

R E S O L U T I O N

WHEREAS, like all units of local government, the City of Chicago and Chicago Public Schools ("CPS") rely heavily on the timely collection and distribution of property tax proceeds by Cook County to fund essential services, meet payroll and pension obligations, and maintain financial stability; and

WHEREAS, property tax revenue constitutes the single largest source of local funding for both CPS operations generally, as well as the CPS's and the City's pension obligations, with annual financial planning and cash-flow management policies rightly assuming that Cook County will meet its obligations to timely remit property tax distributions; and

WHEREAS, for several years running, Cook County has failed to timely distribute property tax proceeds due to a series of errors, most recently due to a series of known and predictable errors and other setbacks associated with a decade-long technological overhaul of the County's tax collection and distribution system; and

WHEREAS, while Cook County acknowledged that delayed property tax distributions have placed significant strain on taxing bodies and established a \$300,000,000 bridge loan program for certain smaller taxing districts in suburban Cook County, neither the City nor CPS were eligible for participation in that program and therefore had no option other than to incur additional borrowing; and

WHEREAS, the current delay has compounded CPS's existing financial pressures and the district was forced to incur approximately \$1.6 billion in short-term debt for operating expenses as well as an additional \$246,000,000 in debt to maintain solvency of the teachers' pension fund, resulting in approximately \$220,000 *per day* in interest costs on such borrowing – an amount equivalent to the annual salaries of two teachers; and

WHEREAS, delayed property tax disbursements have also strained the City's finances, necessitating adjustments to pension funding schedules, including the administration's choice to divide the required \$260,000,000 pension payment into two installments, and requiring the City to make emergency loans to the various pensions to avoid asset sales and insolvency; and

WHEREAS, governing requires the predictable and timely collection and disbursement of property tax revenues, and these delayed property tax disbursements have undermined efforts to reduce long-term pension debt and unfunded liabilities, minimize reliance on one-time and short-term budget fixes, and avoid future credit downgrades – let alone that money going towards the actual missions of these units of government, such as educating our youth and building and maintaining public infrastructure; and

WHEREAS, Cook County's now-annual delays in the issuance of property tax bills and failure to timely distribute property tax proceeds have caused substantial, but *avoidable*, financial harm to Chicago Public Schools and the City of Chicago – forcing CPS to incur extensive short-term debt and divert millions of dollars away from classrooms and student services while driving the City to make extraordinary budgetary maneuvers in order to fund pension liabilities, complicating the City's ability to meet its legal obligations to its workforce; now, therefore

BE IT RESOLVED, that we, the members of the City Council of the City of Chicago, do hereby call upon Cook County to reimburse Chicago Public Schools and the City of Chicago for all financial losses resulting from the delayed distribution of property tax proceeds, including interest that CPS and the City would have earned on reserves and interest paid on debt incurred due to such delays; and

BE IT FURTHER RESOLVED, that a suitable copy of this resolution be transmitted to the President of the Cook County Board, the Cook County Treasurer, and the Cook County Clerk.

B. J.

Theresa Peters

Barbara Hall 2

Pat Lowell 3rd

Scott Wagnersack 32

Clt T-f. (29)

My Mugh (39)

James Hudson (45)

Mary J. O'Hara (19)

[Signature]
[Signature] (36th)

[Signature] (35)

[Signature] 31st

[Signature] 50

Anthony Beck 9th

T. K. M.
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Livian Inkas-23

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