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IGO Releases Report on World Business Chicago and the TIF Approval Process

The City of Chicago Office of Inspector General (IGO) released a report last week on World Business Chicago (WBC) and the Tax Increment Financing (TIF) approval process.

The IGO report found that WBC staff advocated for the approval of significant TIF subsidies for CME Group and United Air Lines despite the fact that those companies' executives were then serving on WBC's board of directors.

WBC is a City-funded economic development organization. WBC routinely submits to the City letters in support of corporations applying for TIF subsidies administered by the City. In turn, the City relies on WBC's letters as evidence of community support for the proposed TIF projects.

The IGO has determined that WBC lacks an effective conflicts of interest policy necessary to ensure the integrity of the organization's recommendations to the City. Additionally, the IGO report further concludes that the WBC should discontinue its practice of submitting letters in support of specific TIF subsidies and the City should not rely on WBC's letters as evidence of community support for TIF projects because:

- WBC is chaired by the Mayor and dependent upon the City for the majority of its funding and is therefore not an independent organization
- WBC engages in minimal analysis of the merits of the TIF proposals for which it advocates
- WBC directors, who also are active officers or directors of private corporations, each owe a fiduciary duty to their own companies, creating possible conflicts of interest in WBC's evaluation of and advocacy for TIF proposals

Given the persistent concerns regarding transparency in the City's TIF program, the IGO recommends that the Office of Budget and Management (OBM) or the Mayor as WBC Chairman require WBC to adopt a rigorous conflict of interest policy. This policy should require WBC to disclose potential conflicts when making recommendations for City action-including the approval of TIF funds in which its employees, volunteers, officers, or directors have a personal interest.

"When World Business Chicago advocates for the awarding of a TIF subsidy, it purports to do so as an independent community representative, when in fact it is not," said Inspector General Joseph Ferguson. "To prevent the future appearance of conflicts of interest, World Business Chicago either should not advocate for TIF subsidies for particular corporations, or it should ensure its conflicts of interest policies and practices extend to all WBC activities."

The recommendation can be found online at the IGO website: www.chicagoinspectorgeneral.org

The IGO is charged by ordinance with promoting economy, efficiency, effectiveness and integrity in the operations of the City government. In our continuing effort to be fully responsive to the City's challenges and supportive of the efforts of the Mayor and City Council in meeting those challenges, the IGO welcomes any suggestions or comments on our reports, or suggestions of City programs to review.

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