



THOMAS BALANOFF
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City of Chicago Inspector General's Office
P.O. Box 2996
Chicago, Illinois 60654-2996

October 3, 2012

Dear Inspector General Joseph Ferguson,

We are writing to express our concern about your office's *Budget Options Report* for 2013. A budget is a moral document that reflects a city's priorities, and we are gravely concerned that this one prioritizes corporate welfare over the welfare of the people who live and work in Chicago. We are also concerned about the unprecedented lack of transparency in this year's budget development process.

Of the 24 proposed cuts, 18 are staffing cuts that will increase employee workload and/or cut services, cut benefits to current employees or replace city workers with contracted workers with lower wages and benefits. These 18 proposals **eliminate more than 1,600 positions**. Two of the proposals cut benefits to seniors, a vulnerable population. Only one—the elimination of the subsidy to World Business Chicago—looks to the business community to share in the sacrifice.

Cutting Jobs and Benefits Threatens Public Health & Safety

Many of these cuts not only affect the employees whose positions are eliminated, but can result in reduced frequency and quality of services that pose not only a potential inconvenience, but a potential danger for people who work in, live in or visit Chicago.

For example, the report slashes the number of firefighters, fire engines and fire trucks in the Chicago Fire Department, eliminating the positions of 994 firefighters by taking 31 engines and trucks out of service and reducing the number of crew members assigned to each engine and truck. Most Chicagoans would immediately feel concern that this proposal could endanger the safety of their families and communities. The report itself justifies this concern: "a large scale reduction in the number of Firefighters may compromise public safety and endanger firefighters," citing a recent government report that found that "the size of firefighting crews has a substantial effect on the fire service's ability to protect lives and property in residential fires," where larger crews were safer and more effective.¹

Second, the report requires that contracted janitorial employees in city facilities perform most cleaning tasks every other day (such as vacuuming and mopping) instead of daily. The report claims that the change would reduce costs by 40 percent, or \$5 million, annually. The janitorial contracts mentioned in the report cover the cleaning for highly trafficked public areas such as the offices, hallways and bathrooms of facilities such as City Hall, the Chicago Cultural Center, libraries and police stations.² Many Chicagoans, and potential visitors to Chicago, will be concerned that this proposal would sharply reduce the cleanliness of public facilities and potentially compromise public

¹ http://www.nist.gov/el/fire_research/residential-fire-report_042810.cfm

² <http://ecm.cityofchicago.org/eSMARTContracts/service/dpsweb/ViewDPSWeb.zul>



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health. Cleaning public areas daily is essential to preventing the spread of communicable diseases and ensuring that our busy public buildings are clean and safe.

Alternative Measures to Address Budget Shortfall

Job cuts are bad public policy, especially during economic downturns. The proposed austerity measures unfairly harm working families. Most of the spending cuts in this proposal, and in many of the Mayor’s budget cuts in 2011, require laying off hundreds of janitors, firefighters, police officers and other city employees whose wages contribute to the economy and whose work keeps Chicago safe, clean and attractive to business and tourism. Meanwhile, the City of Chicago gives millions of tax dollars to large, profitable corporations through tax increment financing and other subsidies. In one example, \$454 million tax dollars were siphoned into TIF districts in 2011³ (more than enough to cover next year’s projected \$300 million budget shortfall).

Under previous Mayoral administrations, millions in both state and city subsidies were handed over to some of the country’s largest corporations, such as United Airlines, Boeing and Miller Coors—these taxpayer subsidies have continued under Mayor Emanuel. For example, recent deals by Emanuel include handing over more than \$11 million in City of Chicago tax dollars to Sara Lee (Hillshire Farms), Federal Savings Bank, JMC Steel and Motorola Mobility.

Rather than creating jobs, this administration is slashing jobs, which will increase poverty in our City and further stress straining safety net programs. Emanuel justifies his handouts by claiming that these subsidies create jobs for Chicago, regularly claiming that his administration’s economic development deals have created 20,000 jobs. However, that claim is likely false. A recent Chicago Tribune article found that only about 60 percent of those job pledges are for new positions, the remainder likely will be transfers. Furthermore, the Tribune found that almost a third of the jobs (5,800) are with companies that either failed to provide a definitive timetable for when the jobs would be created or are doing the hiring over many years, raising the question of how firm those pledges are.⁴ Early studies found similarly low levels of job creation in TIF agreements: a 2011 Illinois PIRG report examined 21 large TIF deals and found that only about half the jobs promised had been created.⁵

Lack of Public Input on Budget Development Process

The City of Chicago has a long history of engaging with communities as part of the budgeting process. After 20 years of public community budget hearings, Mayor Emanuel foregoes the traditional town hall meetings and refuses to release any specific information regarding the budget prior to the October 10 City Council hearing. Community groups and concerned citizens should be given ample time to review the proposed budget and to offer their own ideas about how to close the holes in the budget—this is the democratic process we need.

³ <http://www.cookcountyclerk.com/newsroom/newsfromclerk%5CPages/2011TIFReport.aspx> and http://www.ucsfchildcarehealth.org/pdfs/healthandsafety/recommenEN_adr.pdf

⁴ <http://www.chicagotribune.com/business/ct-biz-0819-rahm-jobs--20120819,0,7049009.story>

⁵ <http://www.illinoispirg.org/news/ilp/study-finds-only-52-tif-related-job-creation-confirmed-chicago>. The study found that between 2000 and 2010, the City of Chicago spent more than \$380 million dollars to create 32,396 jobs through Tax Increment Financing projects, but accounted for only 16,948 of those jobs.



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Chicago's approach to the budget development process this year stands in stark contrast to its past practice. In the previous administration, Chicago's preliminary budget was shared with the public as early as three months in advance of the final budget vote, and there were several public town halls in order to allow public testimony, questions and input.

Transparency and formal public input is best practice in other major cities. In New York City, Los Angeles, Seattle, Houston and San Diego, for example, budgets are shared with the public at least one month in advance of the final vote and several public hearings are held between the presentation of the budget and final vote.

The lack of such a process combined with your proposed cuts, which are seen as a blueprint for the budget, raise serious concerns about the underlying agenda at work here. We urge you to take action.

Sincerely,

A handwritten signature in black ink that reads "Tom Balanoff". The signature is written in a cursive, flowing style.

Tom Balanoff
President, SEIU Local 1

