

FIRST WE GET THE MONEY...

**\$12 Billion to Fund
a Just Chicago**

**SAQIB BHATTI AND GABRIELA NOA BETANCOURT
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ABOUT THE AUTHORS



The **Action Center on Race & the Economy** (ACRE) drives campaigns that fight for structural change. ACRE directly takes on the financial institutions and megacorporations that are responsible for pillaging communities of color, devastating working-class communities, subverting the democratic process, and harming our environment.



The **People's Unity Platform** is a citywide multiracial coalition of neighborhood community organizations and labor unions in Chicago that work on issues around violence prevention, public health and safety, housing, public education, air and environmental quality, community safety, and workers' rights.

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Chicagoans deserve real community safety—a city in which every child has a fair opportunity to grow up and achieve their full potential and every resident has the resources they need to thrive. Communities that invest in their people are safe communities. Parents in towns with well-funded public schools, public parks and libraries with a lot of youth programs, and strong public health infrastructure don't fear for their kids' lives every time they let them out of the house. Cities with good jobs, free public transit, and free child care give residents the opportunity to provide for their families. Real community safety comes from addressing the underlying issues that lead to crime and violence. The proposals in this report would generate \$12 billion in new revenue and savings that we could invest in our people and neighborhoods.

Addressing issues that underlie crime and poverty requires a commitment to Black and Brown communities on Chicago's South and West Sides. It requires standing up to major corporations that don't pay what they owe. It requires saying no to entrenched interests. This takes courage.

It is far easier to treat the symptoms and ignore the underlying issues. Closing mental health clinics and instead sending police to respond to mental health emergencies does not make communities safer. Slashing after-school programs and instead putting more cops on the streets to enforce anti-loitering laws puts our kids in harm's way. Closing homeless shelters and instead criminalizing homelessness increases violence. Throwing more money at the police is easier than investing in the social safety net and public infrastructure that Chicago's communities need. It also isn't working.



Real community safety comes from addressing the underlying issues that lead to crime and violence.

Chicago has spent 38% of its budget on the police over the last 10 years.¹ During this time, crime and violence continue to plague the city, despite a police to population ratio that's twice the national average.² To make Chicago truly safe, we need to invest in Black and Brown communities. This report details several measures Mayor Brandon Johnson can take to raise or save up to \$12 billion a year to fund true community safety.

PEOPLE'S UNITY PLATFORM

The [People's Unity Platform](#) lays out a series of proposals for bringing true community safety to Chicago by addressing critical issues like housing, education, climate, violence prevention, public safety and health, and workers' rights:

The People's Unity Platform represents the combined wisdom of Black and Brown communities across Chicago to make their communities truly safe.

- **Housing:** Chicago must pass the Bring Chicago Home ordinance, which would eliminate homelessness in Chicago by providing permanent, affordable housing and homeless services by instituting a real estate transfer tax on transactions worth over a million dollars.
- **Education:** Chicago must fully fund loving and liberatory schools, with appropriate class sizes and staff ratios, a nurse and counselor in every school, transformative curricula, restorative justice practices, and a true commitment to sanctuary schools.
- **Climate:** Chicago must invest in improving public health in the 24 industrial corridors across the city that are located in Black and Brown communities. Restoring environmental health to these sacrifice zones through land use and zoning laws would help bring true safety to communities by repairing the harm caused by decades of environmental racism.
- **Violence Prevention:** To prevent violence and bring true safety to our communities, Chicago must stop criminalizing Black and Brown youth. This means canceling its contract with SoundThinking (formerly called

[ShotSpotter](#)), ending the [gang database](#), and investing in [Peace Book](#). It also means providing reparations to survivors of police torture, which includes both payments to survivors and the construction of the delayed [memorial for survivors of police torture](#) under the command of Jon Burge.

- **Public Safety and Health:** Using the [Treatment Not Trauma](#) model, Chicago must reopen its mental health clinics and redirect funds currently held for vacant police positions toward hiring mental health professionals and emergency medical technicians (EMTs) to respond to mental health emergency calls instead of police officers.



- **Workers’ Rights:** Chicago must pass the [Rideshare Living Wage and Safety Ordinance](#) to increase the income of rideshare drivers and improve safety conditions, helping end the exploitation of this largely immigrant and BIPOC workforce.

A MORAL BUDGET FOR CHICAGO

The People’s Unity Platform represents the combined wisdom of leaders from Black and Brown communities across Chicago for the investments needed to make their communities truly safe. Paying for these proposals requires millions of dollars. Chicago has the money. What it needs is bold and courageous leadership from the Mayor’s office. Here are some of the options Mayor Johnson can pursue to implement a moral budget that will pay for the proposals in the People’s Unity Platform:

A MORAL BUDGET WOULD FREE UP OR RAISE \$12 BILLION A YEAR

New revenue from making the wealthy and corporations pay what they owe	\$6.8 billion/year
Savings from values-aligned spending priorities	\$5.1 billion/year
Total New Money Available for Services	\$11.9 billion/year

USE THE CITY'S EXISTING AUTHORITY TO MAKE THE WEALTHY & MAJOR CORPORATIONS PAY WHAT THEY OWE



- **Reinstitute the big business head tax:** Mayor Johnson should reinstitute the big business head tax to make large corporations pay what they owe for benefiting from the city's public infrastructure. The head tax existed previously in Chicago, until Mayor Rahm Emanuel eliminated it as a handout to corporations.³ Reinstating the head tax at a level of \$33 per employee per year would generate \$106 million a year in new revenue.⁴
- **Raise the jet fuel tax:** O'Hare International Airport is one of the busiest in the world, with nearly 1,900 aircraft movements per day in 2021.⁵ Midway International Airport had more than 500 aircraft movements per day.⁶ Chicago's current jet fuel tax of 5 cents per gallon⁷ has remained at that same level since 1986.⁸ Because of inflation, 5 cents in 1986 would be worth 14 cents today, but the tax has not kept up.⁹ Mayor Johnson should raise the jet fuel tax to 14 cents per gallon to force airlines to pay what they owe for using our public infrastructure and profiting from creating pollution in our city. A 9 cent per gallon increase in the jet fuel tax would produce \$96 million a year in new revenue.¹⁰
- **Institute the Bring Chicago Home Ordinance:** Mayor Johnson should work to pass and sign the Bring Chicago Home Ordinance, which would increase the real estate transaction tax on transactions worth more than \$1 million by 1.9 percentage points. This would generate \$163 million a year in new revenue.¹¹
- **Declare an automatic surplus of all TIF funds every year:** The City of Chicago's tax-increment finance (TIF) districts pulled in \$1.2 billion in revenue in 2021.¹⁹ Instead of using Chicago's TIF system as a slush fund to give handouts to wealthy developers that are gentrifying the city, Mayor Johnson could freeze new TIF subsidies and return all TIF funds to Chicago's taxing bodies (e.g., Chicago Public Schools, City Colleges,

Chicago Park District, Chicago Library District, etc.) by declaring an automatic surplus of all TIF funds every year. This would return this \$1.2 billion a year to taxpayers to fund public services.

WORK WITH THE STATE TO EXPAND THE CITY'S ABILITIES TO MAKE THE WEALTHY & CORPORATIONS PAY WHAT THEY OWE

- **Institute a local wealth tax:** Mayor Johnson should work with state officials to change state law to allow the city to institute a tax on the financial and business assets of the 10% wealthiest Chicagoans.¹² The wealthiest 10% of Americans account for nearly 70% of the wealth.¹³ The threshold of a local wealth tax in Chicago could be set at a level that would exempt the assets of 90% of Chicagoans. A 0.4% wealth tax on the financial and business assets of the wealthiest 10% of Chicagoans would generate \$960 million a year in new revenue annually.¹⁴
- **Institute a digital ad tax:** Mayor Johnson should work with state officials to change state law to allow the city to institute a tax on the largest digital advertising platforms in the city. A digital ad tax that exempted smaller platforms would apply only to nine large corporations like Google, Facebook, Amazon, and Twitter. A 13% tax would produce \$193 million a year in new revenue.¹⁵
- **Institute a city income tax on high earners:** Mayor Johnson should lobby Springfield to give the city the authority to institute a municipal income tax on high earners who live or work in the city. A 3.5% tax on household income above \$100,000 would bring in an estimated \$2.1 billion a year in new revenue, of which \$1.6 billion would be from high-earning Chicagoans and \$490 million from high-earning commuters.¹⁶ By way of comparison, New York and Philadelphia both have municipal income taxes with top rates above 3.7%.¹⁷ By exempting the first \$100,000 of income from the tax, the city could ensure the tax is progressive without a change in the state constitution.

**A digital ad tax
would produce \$193
million a year in new
revenue.**

NEW REVENUE FROM MAKING THE WEALTHY PAY WHAT THEY OWE

Measure	New Annual Revenue
Big Business Head Tax	\$106 million
Jet Fuel Tax Increase	\$96 million
Bring Chicago Home Ordinance	\$163 million
Automatic TIF Surplus	\$1.2 billion
Local Wealth Tax on the Ultra-Rich	\$960 million
Digital Ad Tax	\$193 million
High-Earners' City Income Tax	\$2.1 billion
Luxury Apartment Vacancy Fee	Fee is designed to lower
Financial Transactions Tax	\$2 billion
Total New Annual Revenue	\$6.8 billion



- Institute a luxury apartment vacancy fee:** Mayor Johnson should work with state officials to implement a vacancy fee on large, luxury apartment buildings with units that sit vacant for more than 12 months at a time. Landlords who own more than 20 units and are asking for a monthly rental price that exceeds the 75th percentile in the city (based on the number of bedrooms) must pay a fee equal to the median rental price in

the city on each unit that sits vacant for more than 12 consecutive months, if more than three units in the building sit vacant for more than 12 consecutive months. This would encourage luxury developers to charge more affordable rents that can maintain higher occupancy rates. This policy is designed to encourage landlords to lower rents to avoid having to pay the fee; thus, if it works as intended, we hope that it would eventually not produce any revenue for the city but that it would increase affordable housing options.

REIMAGINING PUBLIC HOUSING

Public housing, reimagined, could play an important role in creating a broader vision of what public safety could look like. If public housing projects were fully funded and equipped with wraparound services, they could become anchor institutions in communities. They could have free on-site childcare and after-school programs inside apartment complexes; on-site mental health and urgent care clinics; gardens where residents could grow healthy, organic food; youth sports leagues, year-round youth job programs, and even libraries. All these things and more could be built into the fabric of a reimagined public housing system. Part of the beauty is that the residents themselves could develop a vision for the services they need to make their communities truly safe. There have many been successful campaigns for community schools with wraparound services. Bringing wraparound services to public housing would ensure that public housing provides a place for communities to truly thrive.

- **Institute a financial transactions tax:** Mayor Johnson should work with state legislators to pass a tax on the financial transactions at the Chicago Board of Trade and Chicago Board Options Exchange. A fee of \$1 to \$2 per trade could generate \$10 to \$12 billion, which Chicago could split with the state.¹⁸ If 20% of this money were allotted to Chicago, since the city accounts for approximately a fifth of the state population, this tax would generate at least \$2 billion a year in new revenue for the city.

INVEST FEDERAL DOLLARS DIRECTLY IN COMMUNITIES

“Some studies suggest that ShotSpotter has a false alarm rate of more than 90%.”

- **Refuse to use federal relief dollars to increase police funding or pay Wall Street:** Chicago has received billions in federal money over the past three years between the CARES Act and the American Rescue Plan Act (ARPA), and will receive even more as a result of the Inflation Relief Act (IRA). The city spent 60% of its discretionary CARES Act funding on the police department in 2020.²⁰ In 2021, Chicago increased its spending on police and Wall Street payments by nearly \$1 billion after receiving nearly \$800 million in ARPA funds, effectively giving all of the city’s ARPA money to banks and cops.²¹ Mayor Johnson must commit to investing the IRA money coming to the city on public services that provide true community safety, like public housing with wraparound services.

DIVEST FROM POLICING AND SURVEILLANCE

- **Reduce the bloated police budget:** 31% of Chicago’s 2023 budget is allocated to the Chicago Police Department.²² Mayor Johnson can redirect some of this money from the bloated police budget to the proposals in the People’s Unity Platform that will bring about true public safety. As a first step, the mayor should commit to cutting from the police department budget before cutting other services. Next, the mayor can eliminate the 1,000 vacant police positions, some of which have been vacant for years but remain in the budget.²³ This would represent an estimated 9% cut in the city’s police budget, saving the city more than \$149 million.²⁴ Going forth, if the mayor continues to slash the policing budget by 9% per year in each of their next four years in office, this would free up \$538 million per year by 2027 that the city could put towards community services instead.



- **Cancel ShotSpotter:** Surveillance technologies like SoundThinking’s ShotSpotter cost the city an average of \$9 million per year, but do not



make communities any safer.²⁵ Some studies suggest that ShotSpotter has a false alarm rate of more than 90%, and that its usage leads to over policing, therefore increasing incidents of police violence in the very communities the city claims to be making safer.²⁶ Mayor Johnson must cancel the city's ShotSpotter contract with SoundThinking and refrain from arranging other surveillance contracts with tech corporations. Canceling all surveillance tech contracts, especially the ShotSpotter contract, would save the city at least \$9 million per year.

ESTABLISH A PUBLIC BANK AND STOP PAYING BILLIONS TO WALL STREET EVERY YEAR

A public bank could provide a range of services to the City of Chicago, its related agencies like Chicago Public Schools (CPS), and other municipalities and local agencies in Illinois. The city could use the profits from the bank to plug future budget deficits and invest in infrastructure that brings true safety to Chicago's neighborhoods. Furthermore, a public bank can also help Chicago and its related agencies (including CPS) save on fees and interest on financial deals. Mayor Johnson can enable the city, and its related agencies and pension funds, to save at least \$2.3 billion a year by establishing the City Bank of Chicago. These are some of the ways a public bank would allow the city and its related agencies to save money:

SAVINGS FROM VALUES-ALIGNED SPENDING PRIORITIES*

Measure	Cost Savings Annually
Reduce the bloated police budget	\$538 million
Cancel ShotSpotter & surveillance tech contracts	\$9 million
Self-underwriting municipal bonds	\$26 million
Interest-free municipal bonds	\$2.1 billion
Insourcing pension fund management	\$156 million
10yr return from investing annual pension savings	\$2.3 billion
Total Annual Savings	\$5.1 billion

*If these measures are implemented, Chicago will achieve these annual cost savings by the end of Mayor Johnson's first term, in 2027.

- **Bond issuance fees:** A public bank could underwrite and issue the bonds of the city and its related agencies without charging fees. Chicago and CPS pay nearly \$26 million a year in bond issuance fees.²⁷
- **Interest-free Fed loans:** A public bank can be structured in a way that would allow it to access the Federal Reserve's lending facilities. Mayor Johnson should advocate for interest-free loans that would allow the City Bank of Chicago to sell the loans it underwrites to the Fed on the secondary market for 0% interest, and therefore save taxpayers \$2.1 billion in interest payments every year.²⁸
- **Insourcing pension fund management:** A public bank could hire in-house investment managers to manage Chicago's seven pension funds. This would help the city and its related agencies avoid an estimated \$156 million a year in fees.²⁹ Because the pension funds would be able to invest the money they save on fees, this amount would grow exponentially to an estimated \$961 million after five years, \$2.3 billion after ten years, and \$15.8 billion after 30 years.³⁰

CONCLUSION

A city budget is a moral document. A moral budget should reflect residents' priorities and needs. The challenges Black and Brown communities in Chicago are facing today are a direct reflection of the immoral budgets that mayors and alderpeople have imposed on residents for decades. These immoral budgets take from poor Black and Latine communities to give handouts to wealthy corporations and developers. Chicago has invested billions in a racist policing system that has not made communities safer.



The People's Unity Platform charts a new path forward that's rooted in the vision and needs of the communities who will be most directly impacted by the decisions Mayor Johnson will make in his first term. We can pay for the People's Unity Platform by adopting a moral budget that makes the wealthy and major corporations pay what they owe and stops spending billions in taxpayer dollars on cops and Wall Street. The \$12 billion in new revenue and savings the measures in this report could help achieve are more than enough to bring true public safety to communities across Chicago.

“The challenges Black and Brown communities in Chicago are facing are a direct reflection of the immoral budgets that mayors and alderpeople have imposed on residents for decades.”

ENDNOTES

1. Portion of 2013–2023 General Funds spent on 2013–2023 Police Department Budget, based on data provided in Annual Appropriations Ordinance Report. <https://www.chicago.gov/city/en/depts/obm/provdrs/budget.html>.
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11. “What is Bring Chicago Home?” Bring Chicago Home. Accessed on 03 Feb 2023. <https://www.bringchicagohome.org/what-is-bring-chicago-home>.
12. The term “financial and business assets” refers to all stocks or shares of incorporated or unincorporated companies, business trusts, mutual funds, notes, bonds, and other obligations for payment of money, and all comparable financial instruments, whether or not publicly traded.
13. Federal Reserve. “Distribution of Household Wealth in the U.S. since 1989.” 2022 Q3. <https://www.federalreserve.gov/releases/z1/dataviz/dfa/distribute/table>.

14. Estimates were derived by modifying IRS Statistics of Income (SOI)-Individual Income Tax Return data for Cook County with capitalization factors created by Emmanuel Saez and Gabriel Zucman. "Wealth Inequality in the United States Since,1913: Evidence from Capitalized Income Tax Data." Working Paper 20625. National Bureau of Economic Research. <http://www.nber.org/papers/w20625>.

The capitalization factors used to move from income tax data to our estimates can be found here: <https://gabriel-zucman.eu/uswealth/> . This is the same methodology used by Marc Stier and Eugene Henninger-Voss from the Pennsylvania Budget & Policy Center to estimate the wealth in Philadelphia County, <https://krc-pbpc.org/wp-content/uploads/Philadelphia-Wealth-Tax.pdf>.

Since the IRS does not provide city data, a household ratio was utilized to estimate the capitalized wealth for the City of Chicago.

15. Calculated based on digital ad revenue data by company from Emarketer and the 2020 American Community Survey Tables XK202801 and XK200104 from the Census Bureau.
16. This updates an estimate from the 2019 *A World-Class City* report using 2021 American Community Survey microdata, obtained from IPUMS-USA at the University of Minnesota (<https://usa.ipums.org/usa>); Bhatti, Saqib and Alyxandra Goodwin. *A World-Class City*. Action Center on Race and the Economy. Feb 2019. <https://acrecampaigns.org/wp-content/uploads/2020/04/AWorldClassCity-Feb2019.pdf>.
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27. Based on costs of issuance for all bonds for Chicago and its related agencies in 2022.
28. Based on interest expense reporting in the latest CAFR for Chicago Housing Authority, Chicago Park District, Chicago Public Schools, City Colleges of Chicago, City of Chicago, and Chicago Transit Authority.
29. Over the last five fiscal years, the Municipal Employees' Annuity and Benefit Fund of Chicago, the Laborers' & Retirement Board Employees' Annuity & Benefit Fund of Chicago, the Policemen's Annuity and Benefit Fund of Chicago, the Firemen's Annuity and Benefit Fund of Chicago, the Chicago Park Employees' Annuity and Benefit Fund, the Chicago Teachers' Pension Fund, and the Chicago Transit Authority Employees Retirement Plan paid on average \$156 million in alternative investment fees per year. Because alternative investment managers and consultants typically fail to disclose all information related to the fees they charge to pension funds, and because when they do disclose these fees, the figures are often unreliable, this analysis uses the methodology established in The American Federation of Teachers' *The Big Squeeze* to estimate fees paid. Because the Chicago pension funds analyzed rely heavily on funds of funds, management fees are calculated at 2 percent of AUM and incentive fees are calculated at 20 percent of return on investment. All AUM and net return data obtained from CAFRs for the five most recent fiscal years for each pension fund except the Municipal Employees' Annuity and Benefit Fund of Chicago (for which only two years of data were readily accessible). In cases where the pension fund did not disclose net return data, return rates from the BarclayHedge fund of funds index were used; *The Big Squeeze: How Money Managers' Fees Crush State Budgets and Workers' Retirement Hopes*. American Federation of Teachers. May 2017. p. 18–20 https://www.aft.org/sites/default/files/bigsqueeze_may2017.pdf.
30. *Ibid.*

