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Who's getting your tax dollars?

A Financial Profile of Chicago Corporations Receiving TIF funding



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An analysis by the Sweet Home Chicago Coalition



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Tax Increment Financing (TIF) is an economic development tool the city of Chicago uses to redevelop “blighted” neighborhoods with property tax dollars. While the original intent of the tool was to help spur development in areas that otherwise would not see development, Chicago has stretched the definition of “blight” to the point of absurdity, creating TIFs in the flourishing Loop and LaSalle Street financial district, both of which serve as symbols of the city’s economic prowess.

These downtown TIF districts generate hundreds of millions of tax dollars, many times more than any of the neighborhood TIFs have produced. While some of those dollars go for public improvements or cultural institutions that benefit many Chicagoans, a large amount has been funneled to private corporations to rehab new office space.

The Sweet Home Chicago Coalition, a coalition of nine community organizations and three labor unions, launched a campaign in July 2009 to pass an ordinance that would dedicate 20 percent of TIF funds each year for affordable housing. While the city’s TIF districts together have generated over \$3.5 billion since their inception in 1986, only \$151 million or 4 percent has funded affordable housing in the last 15 yearsⁱ.

Homelessness among public school children rose by 18 percentⁱⁱ last year and residential home foreclosures by 48 percentⁱⁱⁱ, yet the city gave away \$365 million from the expiring Central Loop TIF^{iv}. A significant portion of it went to corporations to rehab their offices.

This report profiles corporations receiving TIF money from downtown TIFs since 2000. Where public data is available, it shows the profits for these corporations as well as CEO compensation.

The financial data raises questions about why these corporations are in need of Chicagoans’ tax dollars -- and what the public benefits are. Most are highly profitable and reward their leadership with extravagant compensation. Corporate TIF recipients are required to maintain and/or increase jobs as a condition of receiving TIF funding, however the city’s record of holding them accountable to this has not been stellar.

For example, Republic Windows received \$10.4 million in TIF funding with the promise of maintaining 610 jobs through 2019. In 2008, the company, which at the time employed fewer than 300 people, shut its doors. To add insult to injury, it took a major union sit-in to get the company to pay its laid off employees their vacation and severance pay^v. In another example, CareerBuilder received \$2.9 million in TIF funding in October 2008 agreeing to add 185 jobs. In December 2008, CareerBuilder laid off more than 300 employees, mostly from its Chicago headquarters^{vi}. Finally, CME Group— formed by the merger of the Chicago Mercantile Exchange and the Chicago Board of Trade, received a pledge from the city for up to \$40 million in TIF funding even as it laid off 410 workers as part of the merger.^{vii}

Sweet Home Chicago is calling for a use of TIF funds with a clear public purpose, providing housing for families in Chicago with the greatest housing needs. **If the \$92 million given to the corporations profiled in this report had been spent on affordable housing, an estimated 2,944 people could have had quality, affordable housing^{viii}.**

UPS

Total profit past 5 years: \$12.8 billion^{ix}

Profit Year TIF Received(2004)*:	Profit without TIF subsidy:	Purpose of TIF funding^{xi}:	TIF Funding Received:	Top Executive Compensation year TIF funding received^{xii}:	Alderman:
\$3.3 billion	\$3.29 billion	Merging of scattered distribution facilities into one site (see note)	\$6.9 million	\$2.5 million	Haithcock Former 2 nd ward

Note: The primary reason for UPS relocating its facilities was that the University of Illinois wanted some of its land parcels to be included in the University Village redevelopment project. The University Village development, also funded with TIF dollars, sold affordable housing to people who already owned homes and who flipped the properties for profit, as disclosed this year by the Chicago Sun-Times.

The United Parcel Service (UPS) Company is the world's largest package delivery company. There have been several key acquisitions in the past ten years: Challenge Air in 1999, Mailboxes Etc. in 2001, Menlo Worldwide Forwarding in 2004, Overnight Transportation in 2005, and LYNX Express LTD also in 2005.^{xiii}

CNA Insurance

Total profit past five years: \$2.1 billion^{xiv}

Profit Year TIF Received (2006)^{xv}:	Profit without TIF subsidy:	Purpose of TIF funding:	TIF Funding Received:	Top Executive Compensation year TIF funding received^{xvi}:	Alderman:
\$1.1 billion	\$1.09 billion	Rehab CNA center to allow other tenants to occupy building	\$13.7 million	\$5.3 million	Haithcock Former 2 nd ward

CNA Insurance is the 7th largest U.S. commercial insurance carrier and the 13th largest U.S. property and casualty insurance carrier. The company currently employs more than 9,000 people in 32 offices across the country. CNA Insurance now lists its assets at being \$56 billion.^{xvii}

MillerCoors

Total profit past 5 years: \$2.1 billion^{xviii} (Molson Coors 2005-2008, SABMiller data not available)

Profit Year TIF Received (2009 -thru 3Q)^{xix}:	Profit without TIF subsidy:	Purpose of TIF funding:	TIF Funding Received:	Top Executive Compensation 2008 (most recent available)^{xx}:	Alderman:
\$741 million	\$735 million	Rehab new offices	\$6 million	\$3.2 million	Fioretti 2 nd Ward

SABMiller and Molson Coors brewing companies came together in 2008 to create MillerCoors. MillerCoors is now the second largest brewing company in the nation, producing 30 percent of U.S. beer sales. MillerCoors operates eight major breweries across the U.S. as well as a craft brewery and two microbreweries.^{xxi} One of the goals of the two companies merging was to decrease shipping and transportation costs. The decrease in cost of shipping and transportation was immediately evident with \$78.4 million in savings in less than a year of operation.^{xxii}

CME Group

Total profit past five years: \$2.7 billion^{xxiii}

Profit Year TIF Received (2009 - thru 3Q)^{xxiv}: \$623 million	Profit without TIF subsidy: \$608 million	Purpose of TIF funding: Rehab merged office space	TIF Funding Received: \$15 million	Top Executive Compensation 2008 (most recent available)^{xxv}: \$3.5 million	Alderman: Fioretti 2 nd Ward
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*TIF funding is pending final approval, expected in 2010

The Chicago Mercantile Exchange and the Chicago Board of Trade (CBOT) merged in 2007 to create the world's largest futures exchange, CME Group. CME Group then acquired the New York Mercantile Exchange (NYMEX).

Willis Holdings

Total profit past five years: \$1.8 billion^{xxvi}

Profit Year TIF Received (2009 - thru 3Q)^{xxvii}: \$373 million	Profit without TIF subsidy: \$369 million	Purpose of TIF funding: Rehab new office space	TIF Funding Received: \$3.9 million	Top Executive Compensation 2008 (most recent available)^{xxviii}: \$9.7 million	Alderman: Fioretti 2 nd Ward
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Willis Holdings, an insurance company, has grown considerably over the past 10 years. Willis Holdings purchased Hilb, Rogel, Hobbs, and Co., one of the largest insurance and risk management companies in the United States in 2008. In 2009, Willis Holdings purchased space in the Sears Tower in Chicago that is now used as the company's North American headquarters. In conjunction with this purchase, Willis Holdings renamed the entire building the Willis Tower.^{xxix}

Quaker Oats

Total profit past five years: \$25 billion^{xxx} (Pepsico)

Profit Year TIF Received (2000)^{xxxi}:	Profit without TIF subsidy:	Purpose of TIF funding:	TIF Funding Received:	Top Executive Compensation 1999 (2000 not available)^{xxxii}:	Alderman:
\$360 million	\$349 million	Construction of new building to house office space	\$11 million	\$4 million (see note)	Natarus Former 42 nd ward

Note: In 2001, the CEO of Quaker Oats received \$19.3 million as part of the merger with Pepsico^{xxxiii}

Quaker Oats is a company that produces oatmeal, cereal, granola bars and other snack foods. In 2001 the company was purchased by Pepsico, creating the fifth largest consumer goods company in the world.^{xxxiv}

NAVTEQ

Total profit past five years: \$306.6 million^{xxxv}

Profit Year TIF Received (2007)^{xxxvi}:	Profit without TIF subsidy:	Purpose of TIF funding:	TIF Funding Received:	Top Executive Compensation year TIF received^{xxxvii}:	Alderman:
\$173 million	\$168 million	Rehab new offices	\$5 million	\$4.7 million	Fioretti 2 nd Ward

NAVTEQ is a company that creates digital map data and content. NAVTEQ digital map data is found in hundreds of applications around the world. NAVTEQ data is found on most vehicle navigation systems sold in the U.S. and Europe, and on top Internet navigation sites. Cell phone company Nokia bought NAVTEQ in Oct 2007.^{xxxviii}

Ziegler

Total profit past five years: \$9.1 million^{xxxix}

Profit Year TIF Received^{xl} (2007):	Profit without TIF subsidy:	Purpose of TIF funding:	TIF Funding Received:	Top Executive Compensation 2008 (most recent available, does not include stock options)^{xli}:	Alderman:
\$5 million	\$2.6 million	Rehab new offices	\$2.4 million	\$419,750	Fioretti 2 nd Ward

Ziegler is a financial services firm that offers investment banking, asset management, wealth management, and alternative investments. Ziegler is one of the leading investment banking firms for non-profit healthcare and senior living providers, as well as religious institutions and schools. Zeigler has \$2.2 billion in total assets under management.^{xlii}

United Airlines

Total profit past five years: \$384.6 million^{xliii}

Profit Year TIF Received (2009-thru 3Q)^{xliv}: (\$57 million) loss	Profit without TIF subsidy: \$(82 million) loss	Purpose of TIF funding: Rehab new Offices	TIF Funding Received: \$25 million	Top Executive Compensation 2008 (most recent available)^{xlv}: \$10.3 million	Alderman: Fioretti 2 nd Ward
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United Airlines operates approximately 3,300 flights a day to more than 200 U.S. domestic and international destinations. United is one of the largest carriers based in the U.S. United's employees live in every state around the U.S. as well as many countries around the world.^{xlvi}

CareerBuilder

Profit year TIF Received (2008): Public info. not available	Profit without TIF subsidy: Public info. not available	Purpose of TIF funding: Rehab new offices	TIF Funding Received: \$2.9 million	Top Executive Compensation year TIF received: Public info. not available	Alderman: Reilly 42 nd Ward
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Careerbuilder.com maintains the largest job search website in the U.S. It has 23 million visitors per month and 1 million jobs posted by 300,000 employers. CareerBuilder is owned by Gannett Co., Inc., Tribune Company, The McClatchy Company, and Microsoft Corporation. It has more than 1,600 partners, including 140 newspapers, and it powers more than 9,000 websites. Career Builder and its subsidiaries operate in the U.S., Canada, Europe, and Asia.^{xlvii}

ⁱ City of Chicago Department of Housing Quarterly Progress Reports and Cook County Clerk Website

ⁱⁱ Chicago Public Schools, Students in Temporary Living Situations Office

ⁱⁱⁱ Woodstock Institute, *The Chicago Region's Foreclosure Problem Continued to Grow in 2008*, Geoff Smith and Sarah Duda, January 28, 2009

^{iv} Chicago Reader, *Mr. Big Spender*, Ben Joravsky, August 5, 2009

^v Chicago Reader, *Out the Window*, Ben Joravsky, December 18, 2008

^{vi} Chicago Tribune, *CareerBuilder Lays Off 300*, December 10, 2008

^{vii} Crain's Chicago Business, November 23, 2007, "CME to shed 410 CBOT jobs, get city cash."

^{viii} Estimate based on TIF funding covering 50% of the cost of construction for units for family of four.

^{ix} Financial information retrieved from United Parcel Services of America, Inc. (2009) www.ups.com

^x Financial information retrieved from United Parcel Services of America, Inc. (2009) www.ups.com

^{xi} All references to "Purpose of TIF funding" or "TIF Funding Received" in this report are from cityofchicago.org, TIF District Overviews, CDC Reports and Redevelopment Agreements

^{xii} Financial information retrieved from United Parcel Services of America, Inc. (2009) www.ups.com

^{xiii} Company information retrieved from United Parcel Services of America, Inc. (2009) www.ups.com

^{xiv} Financial information retrieved from Continental Casualties Company (2009) www.cna.com

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