

INTRODUCTION

Cook County government provides vital services for 5.2 million residents of northeastern Illinois, including the city of Chicago, surrounding suburbs and unincorporated Cook County. These services include a system of public hospitals and ambulatory clinics; public safety services including the Office of the Cook County Sheriff and the Circuit Court System comprised of the State's Attorney, Public Defender, the Office of the Chief Judge, and court operations; property valuation and administration of property taxes for the County and all underlying jurisdictions; economic development activities; and finance and administration, including the administration of home rule taxes and central governmental service functions serving Cook County.

This Executive Budget Recommendation is driven by five key themes:

- Promote a long-term plan for fiscal sustainability to address legacy liabilities and incorporate transportation infrastructure needs
- Promote a sustained decline in the pre-trial detainee population at the Cook County Jail, and improve public safety outcomes
- Continue the transition of the Public health system focus on outpatient services versus less effective and more costly inpatient services
- Invest in strategic technology projects to modernize and transform County government
- Reduce County government's real estate footprint and associated cost structure

Over the past six years, Cook County has adopted policies and implemented programs to streamline services provided to residents and reduce costs. Used as a baseline to plan for the FY16 budget, a preliminary forecast prepared in June 2015 identified a \$198.75 million gap between revenues and expenditures. This projection assumed a static operating tax allocation for the Cook County Health and Hospital System of \$164 million; included an increase in legacy debt payments of \$25 million; an increase in labor costs due to settlement of 2012-2017 labor agreements which resulted in FY2016 experiencing the first full year impact of what were essentially the cost of four fiscal years' salary adjustments. The projected operating deficit did not reflect the need for increased transportation infrastructure spending of \$10 million, nor an additional \$270.5 million appropriation for pensions designed to address the outstanding unfunded pension liability at the County Employee's Annuity and Benefit Fund of Cook County. Together, these factors resulted in a \$479.3 million deficit for FY2016.

In the General Fund, the FY16 preliminary budget gap was driven by projected increasing labor costs, increases in employee health benefit costs, increased legacy debt service, and funding necessary to fund the Presidential Election cycle. Tax and fee revenue declines were anticipated at \$22.7 million, driven primarily by a continued decline in Circuit Court case filings. Additionally, a change in the timing of the Property Tax Sale under state legislation results in a decrease in revenue by \$16 million. These decreases were partially offset by modest growth in the County's non-property taxes.

The Cook County Officers' and Employees' Annuity and Benefit Fund of Cook County (the "Pension Fund") continues to face an annual actuarial funding shortfall of \$449 million annually. The County has put forward a comprehensive pension reform legislative package, but the State has not adopted such measures and the Pension Code is governed by State law. While the County will continue to work towards legislative pension

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reform, the current pension benefit and statutory funding structure leads to a significant structural deficit at the Pension Fund. Under this current structure proscribed by State law, the Pension Fund's shortfall is growing by roughly \$1 million a day, a level that will only increase in future years. The statutory payment that the County will send the Pension Fund for FY 2016 is \$195 million. The FY2016 Executive Budget Recommendation incorporates a fiscally responsible, alternative actuarial payment schedule that resulted in an additional \$270.5 million appropriation in 2016 above the statutory payment formula. The payment was set at a level that was the lowest possible payment that would allow the County to consider potential future appropriations that grow at a rate slightly less than 2% in 2018 and thereafter. A payment structure that relies on optimistic future tax revenue growth assumptions in excess of inflation will not be sustainable in the long-run, which is why the County calculated an appropriation that was the lowest possible figure for 2016 that would still allow for growth consistent with the ten-year average of inflation.

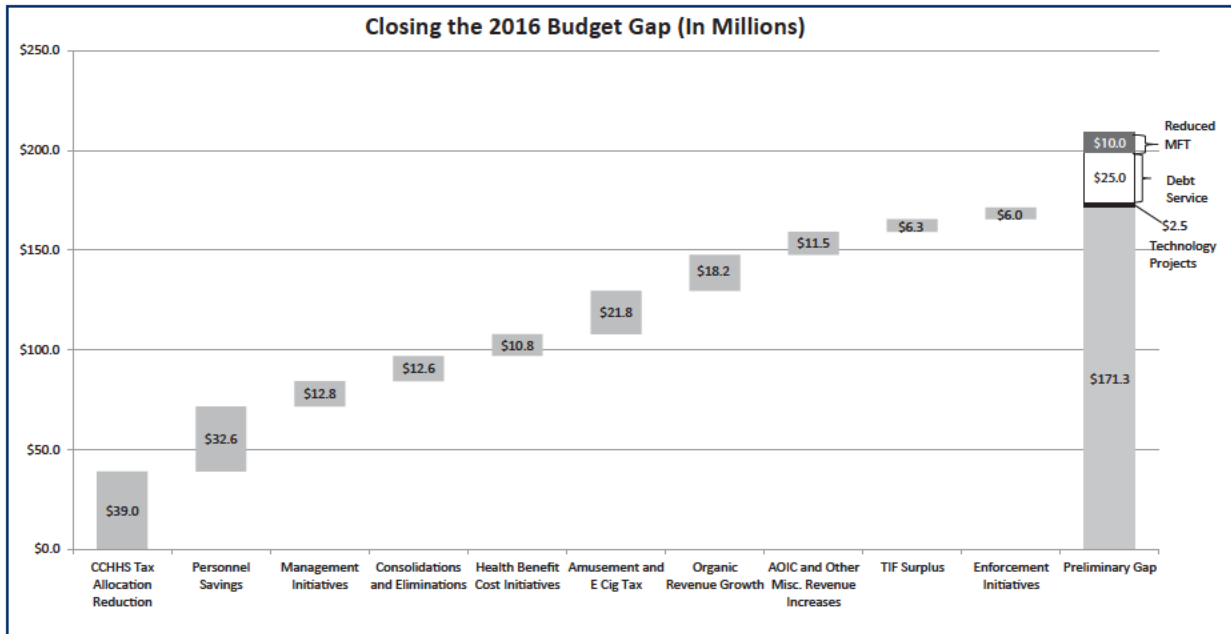
On July 29, the Cook County Board of Commissioners voted to increase the Retailers Occupation and Service Occupation Taxes, collectively referred to as Sales Tax, by 1% effective on January 1, 2016 to provide a projected \$308 million in additional funding to address the \$479.3 million deficit, leaving a remaining \$171.3 million deficit.

The Sales Tax increase provides the County with a solid financial foundation to address growing legacy debt service costs, pension appropriations, and highway infrastructure needs in FY 2017 and beyond. This additional funding also allows the County to transition from debt-funded technology and equipment spending to pay-as-you-go financing as detailed in the table below.

	FY2016	FY2017
Additional Pension Appropriation	\$270.5	\$340.7
Increased Highway Funding	\$10.0	\$64.5
Increased Legacy Debt Service Costs	\$25.0	\$55.0
Pay-As-You-Go for Technology Spending	\$2.5	\$13.6
Total Uses	\$308.0	\$473.8

CLOSING THE PRELIMINARY GAP

Through collaboration between the Board of Commissioners, County elected officials and employees, the 2016 Budget Recommendation incorporates cost reductions, new revenues, and management initiatives which will continue to increase the stability of the County's finances. In order to come to a balanced budget recommendation, the County faced difficult choices that balance the services we provide to County residents, foremost of all the safety of the public, the mandates of the agencies, and the ability to provide a fiscally sound and financially stable government.



EXPENDITURE REDUCTIONS

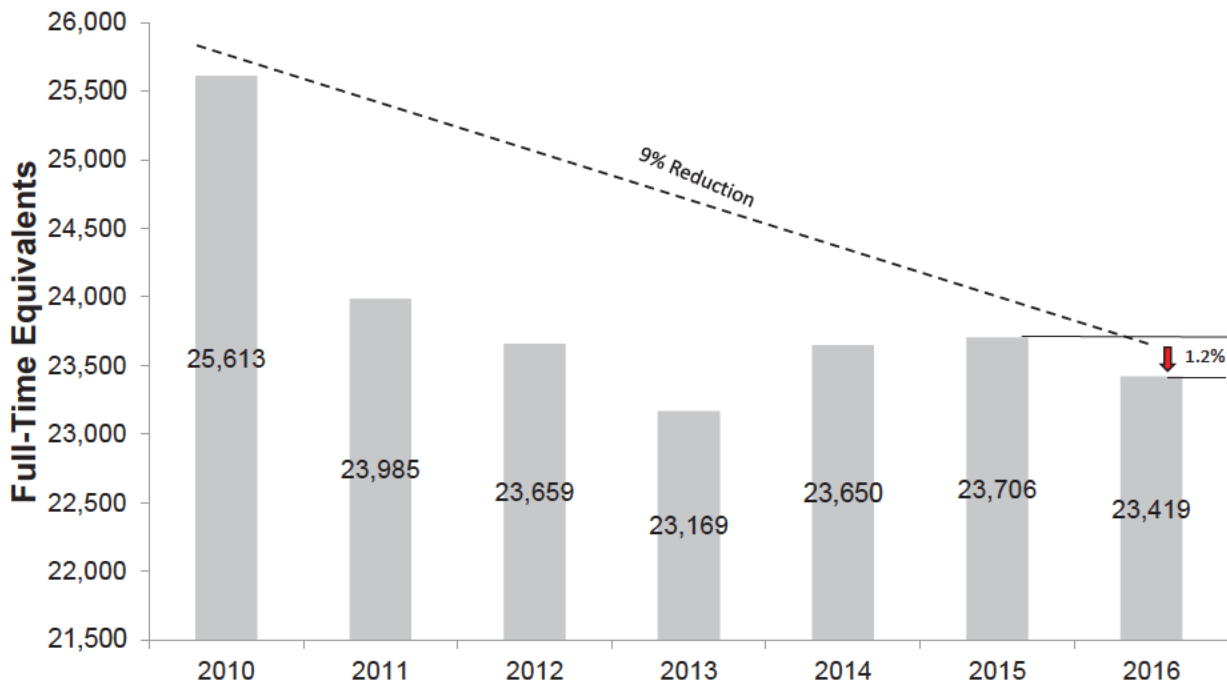
A total of \$107.7 million in cost reductions are included in the FY16 Budget Recommendation. These are comprised of a \$39 million reduction in the tax allocation to the Cook County Health and Hospitals System (CCHHS); personnel savings, primarily vacancy reductions, reductions in overtime, and the freezing of non-union step increases account for \$32.7 million, Program consolidations; the elimination of non-core functions or inefficient programs accounted for \$12.8 million in savings; management initiatives, highlighted by the closure and demolition of three divisions at the Cook County Jail accounts for \$12.6 million in savings; and employee health benefit savings (\$10.8 million), driven primarily by a negotiated increase in employee contributions and plan design changes agreed to in union labor agreements, as well as a program to verify dependent eligibility.

The Cook County Health and Hospitals System is reducing taxpayer support for operations by \$39 million, from \$164 million to \$125 million in FY2016; notably \$81 million of this funding is to cover the direct costs of Correctional Health for inmates, and the Department of Public Health—net of this amount the operating tax allocation is \$43.8 million. The Health System continues a shift from inpatient service to more patient-friendly and less costly outpatient strategy. While the CCHHS budget is growing overall, this is largely a function of continued growth in the managed care program known as CountyCare. The CountyCare program has been a central component that has led to a reduction in uninsured/self-pay patients at CCHHS from 56% in 2012 before the advent of a County program to effectively early adopt the Affordable Care Act, to a projected 32.6% in 2016 with the full implementation of the Affordable Care Act. The system is investing in key strategic initiatives to continue to reduce the local taxpayer funding of its operations (discussed in more detail below). In the FY 2016 budget, CCHHS reduced projected pharmacy spending by \$12.4 million, absorbed increasing wages of 6.5% from recently settled labor contracts that essentially absorb four fiscal years of salary adjustments in a single fiscal year during FY2016, and reduced overtime by \$13.3 million. An additional \$8.4 million in savings from the Preliminary Forecast in employee health benefits is reflected in the Health Fund, while maintenance of the Cerner medical records system (\$10 million), and repair and maintenance of facilities (\$15 million) offset these savings.

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In the General Fund, excluding the \$270.5 million additional pension appropriation in 2016 to address the pension fund's growing unfunded liabilities, personnel costs represent 86.7 percent of expenditures. Accordingly, the primary driver of savings in the FY21016 budget is from personnel savings. The budget recommendation reduces Full Time Equivalents (FTE) in the General Fund by 253.9, or 1.6% of positions. Principally from vacant position reductions, the County anticipates saving over \$32 million in personnel costs, while consolidating and eliminating non-core programs leads to an additional \$6.2 million in personnel savings, and an additional \$6.4 million in non-personnel reductions. Across all funds, the County continues to make government more efficient and has reduced the FTE count by 9.2% since 2010.

All Funds Total Full-Time Equivalents Since 2010



Source: Department of Budget and Management Services

After more than \$10 million in cuts to non-Personnel Expenditures during the FY2016 budget process, non-personnel spending in the General Fund rose by 0.7% or \$1.3 million, when excluding an appropriation in 2016 for pension purposes. Notably, technology spending in the General Fund rose by 44%, and excluding technology spending non personnel in the GF actually dropped by \$7.5 million or 4.0.

The County anticipates another \$12.8 million in cost reductions through management initiatives, most notably the closure and demolition of three jail divisions which will save \$3 million in 2016 operating costs and allow the County to avoid \$188 million in capital costs over the next decade. Other management initiatives include savings from implementation of a biometric time and attendance system, a fleet centralization and reduction program, reduction in leased space, savings in utilities and telephone services, and an audit of multifunction copiers and printers.

NEW REVENUES AND ORGANIC REVENUE GROWTH

The Preliminary Forecast projected a \$100 million revenue decline in the General Fund, primarily driven by fixed expenditure increases outside of the fund, resulting in a shift of Property Tax dollars available to fund operations. A \$25 million increase in legacy debt service together with a \$23.4 million increase required in the Election Fund for the Presidential Election cycle and declining revenues at the Clerk of the Circuit Court were responsible for over half of the projected decline in revenues to support the General Fund and Health system operating tax allocation.

The 2016 budget includes eliminating exemptions in the Amusement Tax to include in-home cable and participatory events, while keeping the tax rate steady at 3 percent. These changes, effective February 1, 2016, are anticipated to bring in \$20.25 million in 2016. Proposed changes to the Tobacco Tax to include electronic cigarettes and electronic vapors at \$0.20 per milliliter (mL) effective May 1, 2016, are also included and expected to generate \$1.5 million in revenue in FY2016. These changes were driven by a need for the County to maintain its investment in public safety operational spending for County residents.

Projected organic revenue growth from improved trends accounted for \$18.2 million increase over the preliminary budget. In 2015, a federal court ruling found that Cook County reached substantial compliance in a federal lawsuit involving conditions at the Juvenile Temporary Detention Center (JTDC) and transferred control to the Chief Judge of Cook County. As a result, personnel assigned to JTDC will be eligible for an AOIC subsidy for the entire year. The AOIC has agreed to increase the subsidy from 69% to 88% of salaries which is expected to increase payments to Cook County by \$10 million. Notably, as of October 2015, the State of Illinois has not yet passed a budget for their fiscal year that began on July 1, 2015; the State budget impasse does increase the risk of delayed payment for these funds, though a court order has led to the State continuing to pay personnel salaries so it is believed that ultimately the State will fund these personnel reimbursement costs.

The City of Chicago declared TIF surplus of \$113 million which results in a projected \$6.3 million in additional projected TIF surplus receipts for the County, and enforcement activities including stronger enforcement of the cigarette tax and the Assessor's effort to enforce the Erroneous Homeowner Exemption statute will result in an additional \$6 million in collections.

Together the expenditure reductions and revenue initiatives provide a balanced budget recommendation.

COOK COUNTY BUDGET OVERVIEW

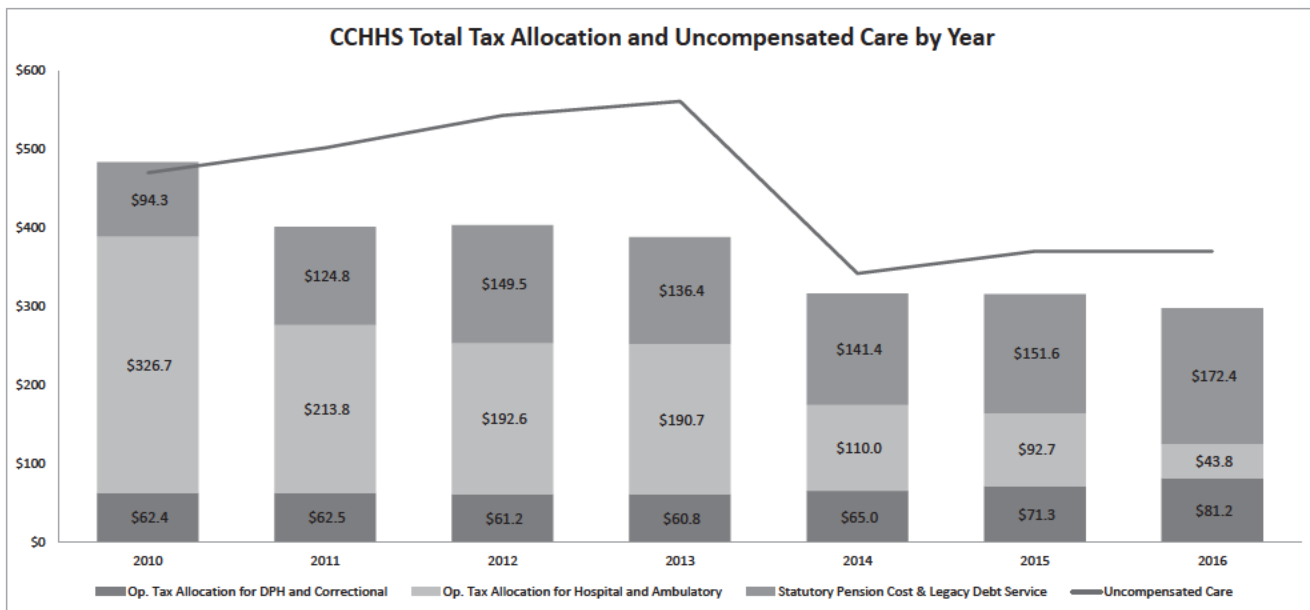
Cook County's total FY 2016 budget is \$4.54 billion, an increase from \$3.99 billion in FY 2015. This increase is driven by the \$270.5 million funding for outstanding pension liabilities and increases in CountyCare (\$79 million), the Capital Budget (\$69.4 million, legacy debt service costs (\$25 million), the Election Fund costs associated with the presidential election cycle (\$22.7 million), and Grants (\$6.6 million).

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To avoid potential confusion, the distinction between the operating and total budget should be emphasized. The operating budget of \$4,219.3 million is the total budget less appropriations for the Capital Budget of \$321.5 million. Capital Budget appropriations are funded primarily by the proceeds from County bond issues, borrowing from lines of credit, pay-as-you-go operating funds and Motor Fuel Tax revenues received from the State of Illinois. The service life of capital improvements are delivered over a period longer than the fiscal year and results in the County obtaining a capital asset.

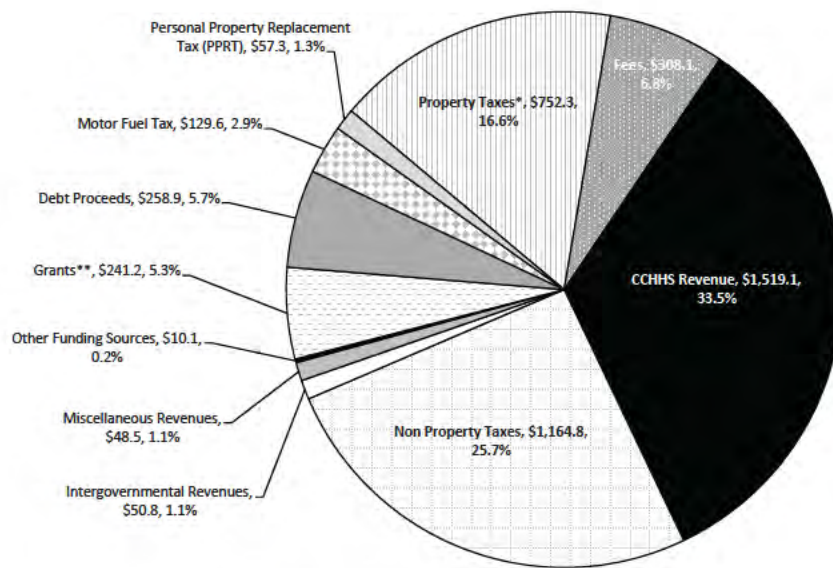
Despite 6.5% wage increases related to settling 2012-2017 collective bargaining agreements, the General Fund increased by only 2.2%, adjusted for the pension funding increase, which is consistent with inflation forecasts of 2.1-2.3% for the coming year. The Health Fund increases by 7.1% overall, driven primarily by the \$79 million increase in CountyCare. However, the local taxpayer operating tax allocation decreased by \$39 million or 23.8% from 2015, and together the General Fund and Health Fund operating tax allocation decrease by 0.44%. This continues a trend that started in President Preckwinkle's first 2011 budget, and the General Fund and Health Fund operating tax allocation have declined by 9.4% since 2010. When adjusting for the impact of inflation the year-over-year decline in 2016 is 2.5%, and the decline from 2010 is 18.9%.

Cook County's operations are funded primarily through the General Fund and the Health Enterprise Fund. The General Fund contains two basic funds: Corporate and Public Safety. The Corporate Fund includes those departments that perform administrative and management functions, economic development, as well as the certain services provided directly to the public under the Offices of the President and the Property and Taxation offices. The Public Safety Fund includes all judicial and law enforcement agencies and the Health Enterprise Fund contains all departments related to the provision of public health care.



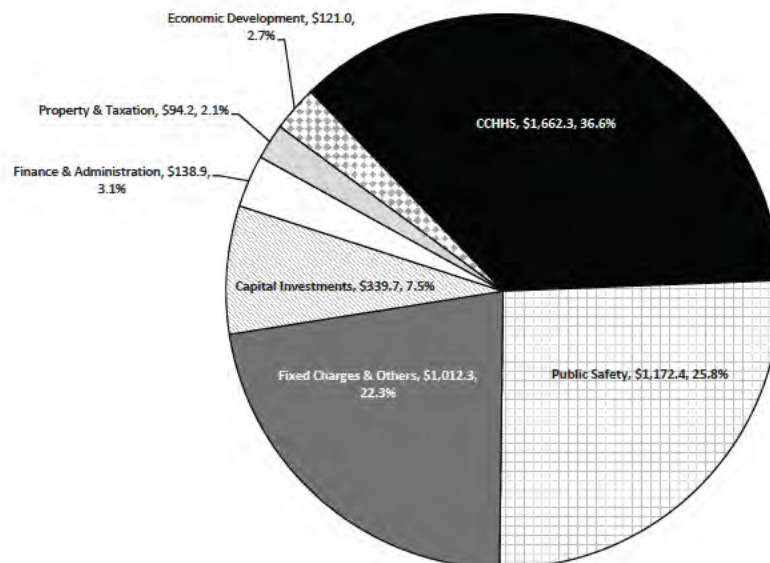
Cook County receives operating revenues from several sources, primarily through Property Taxes, Fees, Home Rule Taxes, Grants, and dedicated Special Purpose Funds revenues. Each of these revenue sources is detailed in the Revenue Estimates section. Revenues are allocated to the County's five service areas of health care, public safety, property and taxation, economic development, and finance and administration. Operating expenses such as employee benefits and building utility payments are categorized as fixed charges. Finally, bond and interest payments and the County's pension expenses are also major operating expenditures. The charts below detail the proposed FY 2016 revenue sources and the proposed allocation of the revenues.

Where the Dollars Come From



* Includes Tax Increment Financing Surplus
 **13.4 Million anticipated in highways not yet included in grants

Where The Dollars Go

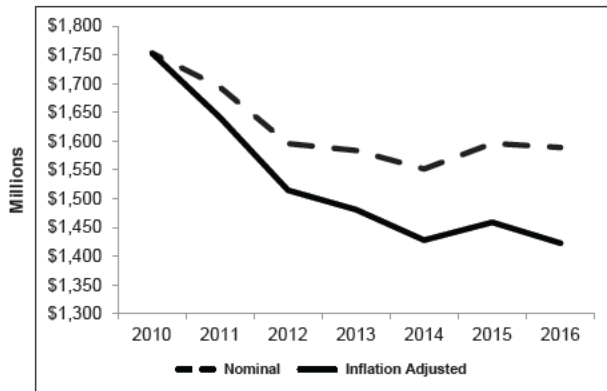


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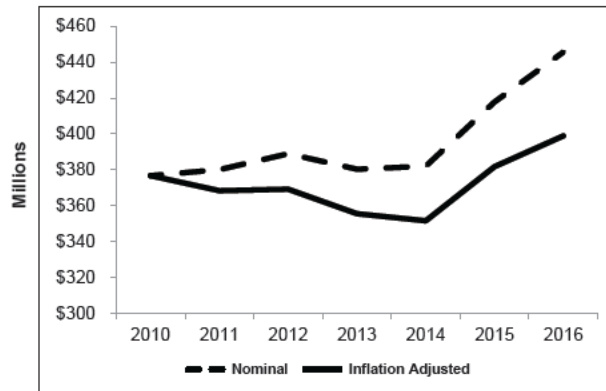
In addition to the General Fund and Health Enterprise Fund, the County utilizes special purpose funds that have dedicated revenues, generally fees, earmarked for a specific purpose. The major special purpose funds are: GIS Fee Fund, Law Library, and several automation funds. Together, the General Fund, Health Enterprise Fund, grants, and special purpose funds are referred to as the operating budget.

As of October 10, 2015, the State of Illinois is 101 days delayed in releasing the State of Illinois budget and has incurred over \$6.1 billion in unpaid bills. There is no indication that the State's budget issues will be resolved before January 2016. This delay is affecting the County's obligated levies, statutory payments, grant reimbursements for services incurred, and delays in the release of future agreements for direct and pass through grants, resulting in an increased risk to the County's cash flow. We are continuing to monitor the State budget situation closely, and committed to making adjustments if necessary during FY 2016. Economic factors and legacy debt also continue to be a factor impacting the financial stability of the County. Local tax supported operating expenditures have declined since 2010 by 9.4% on a nominal basis and by 18.9% on an inflation adjusted basis, while statutory pension and legacy debt service expenditures have grown since 2010 by 18.3% on a nominal basis and by 5.9% on an inflation adjusted basis or by \$22.1M, excluding the additional pension appropriation for 2016. Including the 2016 additional pension appropriation this growth is 90% on a nominal basis or 70% measured in 2010 dollars.

General Fund and Health Fund Tax Allocation



Legacy Liabilities



- Local tax supported operating expenditures have **declined** since 2010 by 9.4% on a nominal basis and by 18.9% on an inflation adjusted basis
- This decline measures \$331.2M as measured in 2010 dollars
- The 2016 Appropriations **decline** by \$7.1 million or 0.4% versus 2015, and \$36.4 or 2.5% on an inflation adjusted basis

- Legacy pension and legacy debt service expenditures have **grown** since 2010 by 18.3% on a nominal basis and by 5.9% on an inflation adjusted basis or by \$22.1M, excluding the additional pension appropriation for 2016
- Including the 2016 additional pension appropriation this **growth** is 90% on a nominal basis or 70% measured in 2010 dollars

Source: Consumer Price Index (measure of inflation)
 2010 to 2014 - Actuals Bureau of Labor Statistics
 2015 & 2016 - Federal Reserve Bank of Philadelphia - Survey of Professional Forecasters
 third Quarter 2015 survey which estimates 2015 at 0.7% and 2016 and 2.1%

Fiscal Year 2016 Summary of Activities by Fund Type

Revenues and Other Funding									
Revenue and Other FundingType	General Fund	Health Enterprise Fund	Special Purpose Fund	Grants	Capital Programs	Election Fund	Debt Service Fund	Annuity & Benefits	Total All Funds
Property Taxes*	196.4	125.0				42.7	250.0	138.3	752.3
Fees	229.1	1,519.1	79.1						1,827.2
Non Property Taxes	1,161.7		3.1						1,164.8
Intergovernmental Revenues	50.8								50.8
Miscellaneous Revenues	32.2		16.4						48.5
Other Funding Sources	10.1								10.1
Grants**				227.8	13.4				241.2
Debt Proceeds					258.9				258.9
Motor Fuel Tax	54.5		25.9		49.2				129.6
Personal Property Replacement Tax (PPRT)								57.3	57.3
Revenue Total:	1,734.6	1,644.1	124.5	227.8	321.5	42.7	250.0	195.6	4,540.8
Expenditures									
Control Officer	General Fund	Health Enterprise Fund	Special Purpose Fund	Grants	Capital Programs	Election Fund	Debt Service Fund	Annuity & Benefits	Total All Funds
Health and Hospital System		1,534.8	7.3	11.8					1,554.0
Offices Under the President	184.2		49.4	163.6					397.3
Cook County Board of Commissioners	7.7								7.7
Assessor	24.7		0.8						25.5
Board of Review	9.0								9.0
Board of Election Commissioners						17.9			17.9
Chief Judge	223.6		10.9	4.2					238.7
Clerk of the Circuit Court	82.8		20.3	3.3					106.4
County Clerk	8.3		1.6	0.5		24.8			35.2
Recorder of Deeds	5.3		7.4						12.6
Sherriff	513.8		3.1	7.6					524.5
States Attorney	103.8		4.3	21.7					129.8
Treasurer	1.2		10.7						11.8
Land Bank Authority			3.5	3.0					6.4
Independent Inspector General	2.1								2.1
Public Administrator	1.1								1.1
Veterans Assistance Commission	0.5								0.5
Fixed Charges	566.7	108.3					250.0	195.6	1,120.6
Capital Equipment Plan		1.0	5.1	8.7	59.9				74.7
Capital Improvement Plan				0.9	199.0				199.9
Highway Improvement Plan				2.5	62.6				65.1
Expenditure Total:	1,734.6	1,644.1	124.5	227.8	321.5	42.7	250.0	195.6	4,540.8

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FISCAL YEAR 2016 GENERAL FUND AND HEALTH ENTERPRISE FUND BUDGET

The FY 2016 budget facilitates the primary policy goals of Cook County in the areas of fiscal responsibility, innovative leadership, transparency and accountability, and improved services. These include stabilizing the County's finances, reforming the county's criminal justice system, investing in technology that will modernize Cook County Government, and transforming the public health systems to increase its focus on more effective and patient friendly inpatient care.

FISCAL RESPONSIBILITY

The FY2016 budget recommendation emphasizes long-term fiscal sustainability while addressing **three long-term challenges: legacy debt service, the Pension Fund's shortfall, and infrastructure funding.**

The County has sought to limit the issuance of long-term debt, and has reduced bonded debt outstanding by 8.5% since 2011. This focus on reducing bonded indebtedness has been coupled with a focus on advocating for comprehensive pension reform, providing the public and Board of Commissioners with long-term capital budget and debt forecast, and a long-range transportation plan, the County's first since 1940. This approach was necessitated by the significant debt burden the County faced upon President Preckwinkle assuming office, as well as the \$6.5 billion in unfunded liabilities at the Pension Fund. In the Fiscal 2016 Executive Budget Recommendation the County has incorporated long-term sustainable plans to address each of these challenges and promote fiscal stability for Cook County government and the services it provides to County residents.

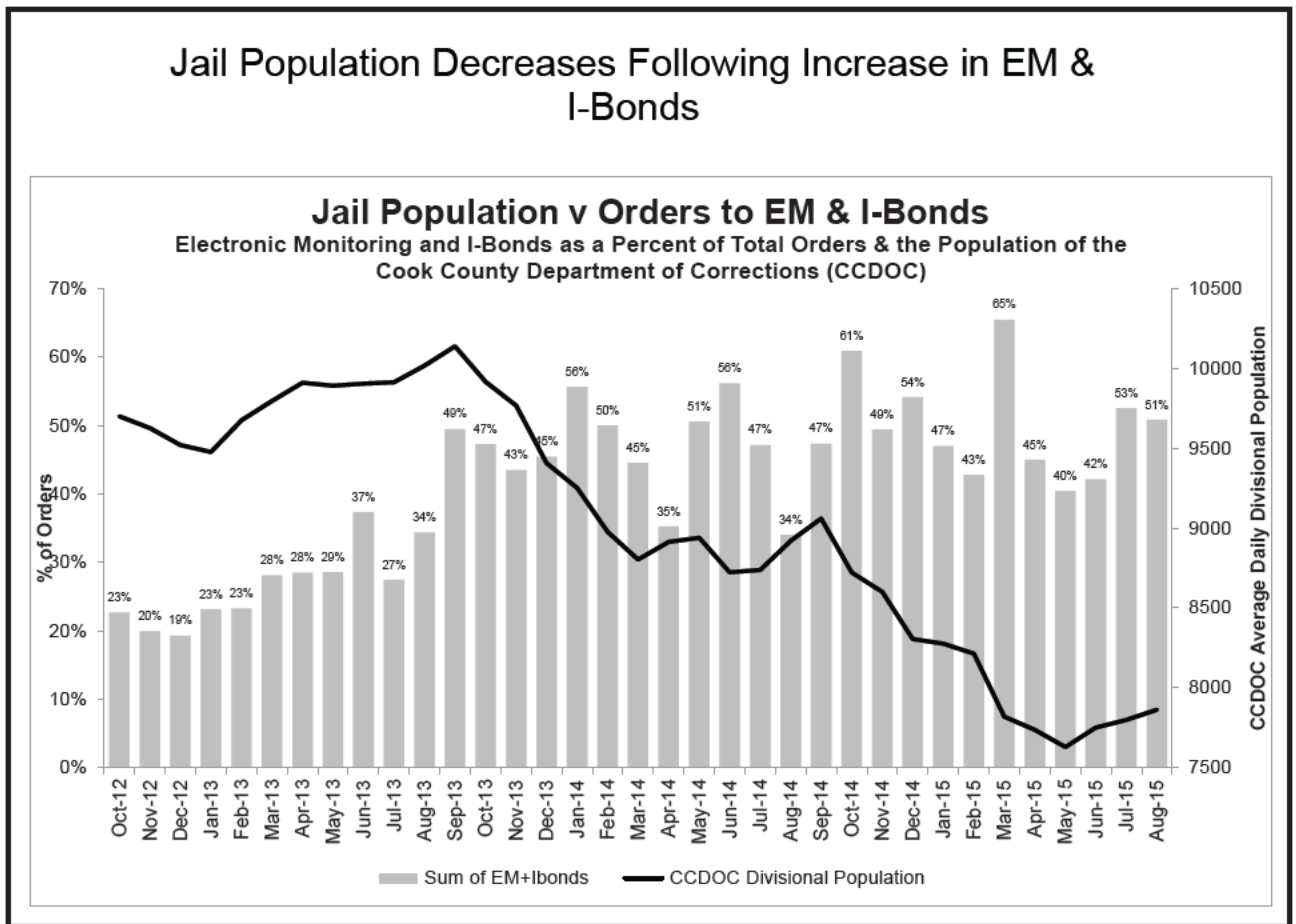
The County is executing the recommendations of the Real Estate Asset Strategic Realignment Plan and plans to be substantially complete by the end of 2018. This includes reducing our footprint by 740,000 square feet in FY 2016 at the Department of Corrections and Oak Forest Hospital Campus and reducing external leased space by terminating a lease at 28 N. Clark for a savings of \$450,000 annually. The County is also finalizing plans to consolidate from two general warehouses to one, shrinking occupancy by more than 400,000 square feet by 2018.

Since 2011, annual revenue from leasing space at Dunne Building (69 W. Washington) has increased by \$2 million by leasing the 4th, 34th and 35th floors. The County is committed to leasing 75,000 square feet by 2018, valued at approximately \$4 million.

INNOVATIVE LEADERSHIP

The Public Safety Fund includes the Sheriff's Office, States Attorney's Office, Public Defender's Office, Office of the Chief Judge, Clerk of the Circuit Court and the Juvenile Temporary Detention Center, and comprises 38% of the total budget. In FY 2016, the Executive Recommendation for Public Safety of \$1,288 million represents a 2.9% increase over the prior year. Several investments were made in this area to achieve compliance with mandates, meet the needs presented by legislative requirements and to improve public safety and access to justice.

Through collaborative efforts with the Public Safety stakeholders, the jail population is at its lowest since 1991. Cook County is moving forward with an effort to demolish three units on the Department of Corrections campus over the next two years. The plan is expected to save almost \$3.5 million in fiscal year 2016 in building operating costs and avoid \$188 million in maintenance costs over the next decade. This is part of President Preckwinkle's continued criminal justice reform efforts to reduce the pre-trial jail population. For years, the daily jail population hovered at roughly 10,000. Today, it is approximately 8,200 largely because of these efforts. The County is working to bring the jail population down to 7,500 in the coming years which is expected to further reduce costs at the jail.



In 2015, a federal court ruling found that Cook County reached substantial compliance in a federal lawsuit involving conditions at the Juvenile Temporary Detention Center (JTDC). Control of the JTDC was transferred to the Chief Judge of Cook County in May 2015. The transfer was the result of the County's efforts to bring the JTDC, located at 1100 S. Hamilton, Chicago, up to approved standards, which involved numerous stakeholders and departments under the Office of the President. The JTDC has now established rooms in each housing unit for young people to have private medical and mental health consultations, and improvements to facilities for suicide prevention. Many of these improvements will pay for themselves by protecting young people and employees and making Cook County eligible for state reimbursements for certain expenses.

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New legislation championed by President Preckwinkle passed in 2015 will also greatly reduce the number of juveniles who are automatically transferred to adult court. The law restores judicial discretion in nearly 70 percent of cases that are currently automatically transferred to adult court. The law requires data tracking and reporting on cases involving transfer and will bring Illinois into compliance with federal reporting requirements on disproportionate minority contact and transfer. This budget supports these continued reforms and improvements in the criminal justice system to improve public safety outcomes for Cook County residents in FY2016 and beyond.

TRANSPARENCY AND ACCOUNTABILITY

In FY 2016, Cook County is making significant investments in technologies which not only modernize operations and improve services to County residents, but also increase collaboration and innovation across the county. These new systems have the potential to dramatically increase the value of County services for its citizens while significantly increasing efficiency. Modernization efforts will allow the County to stop servicing outdated mainframe and mid-range systems over the next five years, and ultimately save \$5.8M annually in coming years.

The Integrated Property system is a landmark collaboration effort for the County's property and taxation agencies. In addition to creating an improved central database of the County's 1.8 million land parcels and all of the related data behind each parcel from five different County agencies it will also provide more streamlined ways of processing land services as they travel between each agency. Similarly, the Integrated Revenue system brings together diverse tax types within a centralized and modern administration system that will improve the experience of our taxpaying public. The system streamlines and automates processes, improving efficiency and accuracy.

The Enterprise Resource Planning (ERP) System will operate County-wide to manage business processes. This system allows the County to collect, store, manage and interpret data across all aspects of County operations, allowing the County to manage its resources efficiently and more cost effectively. A new biometric Time and Attendance system will integrate tightly with the ERP system. It will simplify how time and attendance reporting works across Cook County government, reduce fraud and increase accountability while providing a strong return on investment for County government.

Another major technological advance for FY2016 is the Board of Review's Digital Appeal Processing System (DAPS). DAPS will transform the paper-based appeals process into a digital workflow that will make filing appeals easier for taxpayers and will create a more transparent, efficient, and thorough process, which will save Cook County residents thousands of dollars.

Cook County is also making significant investments in technology in the areas of justice and public safety. The Clerk of the Circuit Court Electronic Case Management and Court Docket System will increase case processing efficiency, decrease repetitive work and improve data sharing between departments, justice partners, and other third parties, as well as reduce reliance on paper and printing. Similarly, The Sheriff's new Computer Aided Booking System (CABS) will replace the current antiquated system with a state-of-the-art system offering a number of important advancements such as mobile fingerprinting and real-time interface with the Chicago Police Department's Automated Arrest application.



IMPROVED SERVICES

The Cook County Health and Hospitals System (CCHHS) continues to expand its managed care program and enroll members in CountyCare, a healthcare option made possible by the Affordable Care Act. Prior to the program's implementation, approximately 57% of patients served by CCHHS were not insured and limited in their ability to pay for medical treatment; data through August 2015 indicates that the self-pay population has declined to 33% of total CCHHS patients in 2015. Membership projections for 2016 forecast 180,000 CountyCare members per month.

CCHHS plans to expand behavioral health services to reduce unnecessary and costly emergency room visits, invest in new and existing clinical services and facilities, bolster the Patient Support Center to improve patient experience and utilization of services, develop more comprehensive care coordination services at the provider level, and improve standardized data and reporting capabilities. The Health and Hospitals System is also expanding ophthalmology and advanced CT, MRI, and mammography services to provide care at appropriate locations throughout Cook County.

The CCHHS budget increases to \$1,644 million from \$1,535 million, an increase of \$109 million, primarily reflecting the increased cost and revenues associated with an increased CountyCare population. After subtracting the associated third party provider costs and personnel expenses, the revenue from the federal reimbursement for CountyCare members is projected to have a net positive impact of \$306 million to offset system expenditures in fiscal 2016.

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COOK COUNTY LONG-TERM REVENUE AND EXPENSE FORECAST

Pursuant to Executive Order 2012-01, Cook County prepares a long-term financial forecast to support responsible long-term planning. The County's \$4.5 billion budget helps support vital public safety, public health and property tax related services for its citizens. Although the County has a diverse revenue base, expenditures rise over time due to inflationary pressures (with medical trends for health benefits and several other categories of expenditures growing faster than general inflation) whereas natural growth in revenues struggle to keep pace. A number of critical revenue sources are declining over time or growing at rates below general inflation. This makes structurally balancing the budget difficult and necessitates difficult decisions.

Importantly, over 97% of the FY2016 budget solutions are structural changes that continue to reduce the deficit in future fiscal years. These are in addition to the structural changes that were implemented in the current fiscal year. The substantial recurring actions taken to balance the 2016 budget have improved the outlook for fiscal year 2017 by reducing the expected deficit by \$209 million versus the projection for FY2017 included in the FY2015 Appropriation bill. Although some of the changes came in the way of revenue increases, they also included over \$100 million in expenditure reductions. Notably the improvement occurs despite the fact that the 2016 projections previously did not include consideration of unfunded pension liabilities.

Despite structural changes made in the 2016 and prior budgets, the long term forecast projects a deficit of \$30 million in the General Fund in FY2017 and \$127M in the Health Enterprise Fund, which grow to \$238 million and \$246 million respectively by FY2020. In future years, we expect cost reductions through operational improvements and strategic investments in technology, as well as revenue forecast revisions to address the substantial and expanding structural deficit shown in the accompanying charts. Though the County is required by statute to present a balanced budget annually, the forecast provides a critical tool in evaluating the long-term fiscal challenges the County faces. This forecast examines the County's General Fund and Health Enterprise Fund only, as special purpose funds are inherently self-balancing. FY2016 is the first year the Health Fund is treated as an enterprise fund separate from the General Fund in the forecast; the Health Fund will still receive a tax allocation in the 2016 budget and is therefore included in the forecast analysis.

METHODOLOGY

In projecting each of the revenue sources the County took into consideration economic drivers like inflation and GDP growth, operating initiatives and regulatory factors that may affect collection of those revenues. This resulted in revenue specific models, which included single and multiple linear regressions that projected a growth or decline rate in each revenue category. Similarly, expenses were analyzed as falling into three primary categories, (i) those expenses that grow at or around the rate of inflation; (ii) employee healthcare related costs that grow at a medical inflation rate that exceeds the general rate of inflation; (iii) CountyCare purchased services from third party healthcare providers, which are a function of enrollment projections. The first category includes salaries, supplies, utilities and other non-personnel costs related to the Health System; the majority of which were projected using a 1.95% growth rate, which is the average rate of inflation (CPI-U) over the last 10 years. The healthcare costs were further divided into medical insurance projected using a 6% growth rate, and pharmacy related costs projected using a 15% growth rate. The final category was projected as a function of projections for CountyCare revenues and related expenses for which the enrollment which is assumed to slowly decline until 2018 and then grow at 5% for the subsequent two years.

PROPERTY TAX

In comparison to FY2015 levels, the forecast continues to show a decline in net Property Tax revenues available for operations due to increasing legacy debt service payments, which are projected to rise from \$250M in FY2015 to \$299M in FY2020. Legacy debt service payments will rise due to substantial borrowings in prior years, coupled with an impact of new borrowings to fund the County's Capital investment needs. Furthermore, the Property Tax levy has not historically kept pace with inflation, and accordingly the value of the gross property tax levy will continue to decline on a real basis, net of inflation. Notably, the County continues to push for pension reform legislation with the Illinois General Assembly. However, any possible changes to the statutory payments associated with the County Annuity and Benefit fund have not been incorporated in this forecast, though for the purpose of this model the forecasters assume that the County will continue to make additional appropriations using the same methodology used in the 2016 Budget recommendation. No representations are being made that these appropriations will continue in this manner, nor should any parties rely on this forecast.

SALES TAX

As of January 1, 2016, the effective sales tax rate in Cook County will be 1.75 percent. This 1 percent sales tax increase is expected to produce approximately an additional \$308 million in year one, which would be used as follows: \$270 million toward contingent pension appropriations, \$10 million towards additional funding for highway infrastructure, and \$25 million to fund rising legacy debt service payments.

In year two, the sales tax is projected to yield an additional \$474 million and be allocated as follows: \$340 million toward pension funding, \$65 million towards highway infrastructure and \$55 million for increased legacy debt service payments. Coupled with expenditure reductions this action aims to confront the Pension Fund's shortfall and the County's long-term fiscal challenges.

COUNTYCARE

FY2015 was the second full year of the implementation of CountyCare, which resulted from Medicaid Expansion as part of the Affordable Care Act (ACA), which has now been expanded from just adults to families, seniors and persons with disabilities. The Cook County Health and Hospital System (CCHHS) receives a per member per month (PMPM) payment for each member enrolled in CountyCare at a 100% Federal match. In FY2016, the average composite PMPM is projected at \$630 and CCHHS expects to retain 180,000 average monthly members in CountyCare for ACA adults, with additional family health plan and senior/disabled populations also participating in the program. Beginning 2017, the Federal match also begins to come down, which is the primary reason for a forecasted decline in revenues for 2017 and 2018. However, the Health System is forecasting an increase in membership beginning 2019 that will offset some of the decline experienced from the match reductions. The Health system also continues to project higher patient fees as they continue to capture a greater share of the CountyCare revenues by driving the membership to increase the use of the system's healthcare facilities.

RESIDENT'S GUIDE

A number of other significant revenue sources continue to decline – the Cigarette Tax continues to be bolstered by the Department of Revenue’s enforcement actions. However, underlying sales continue to fall as smoking cessation programs make their intended impact. Similarly, Fuel Tax also continues to fall, while non-Medicaid patient insurance coverage continues to decline in the Health System. Due to the revenue declines outlined above, overall revenue will trend downwards in the near term and exhibits a mild long-term secular decline.

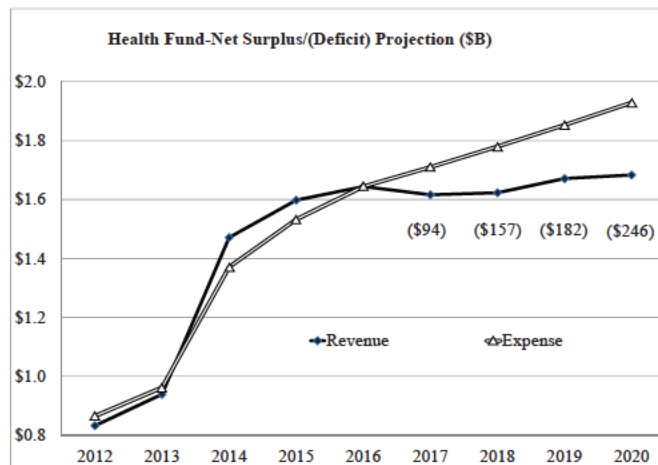
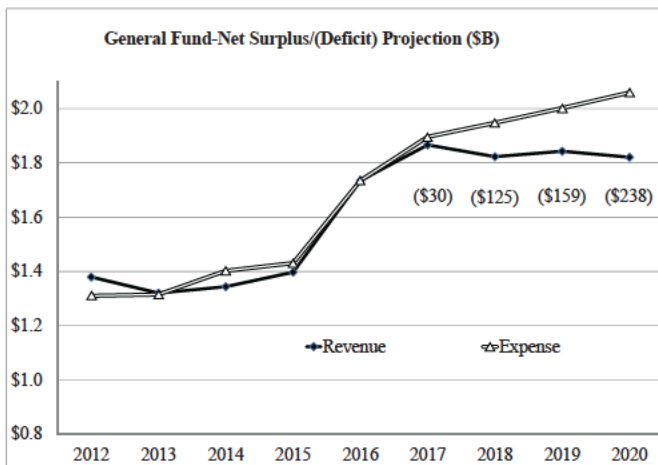
EXPENDITURES

The majority of the expenses including salaries, supplies and utilities are expected to grow at 1.95%, which is the average rate of inflation (CPI-U) over the last 10 years. Health insurance and Pharmacy benefits also are expected to grow at medical inflation rates which significantly outpace general inflation (6% for health insurance and 15% for pharmacy costs). Despite the high growth rate experienced in medical and pharmacy related costs, the overall County healthcare benefit expenditures are going down year over year by approximately \$2.7M in 2016 mainly due to management initiative undertaken to more effectively control health care costs and negotiated benefit concessions with County unions. However, overall trends in health related costs will continue to rise faster than the growth rate of County revenues.

As the County makes substantial investments in technology, the ongoing portion of those costs for example, software and hardware infrastructure maintenance, are expected to grow at 3%. While the majority of the County’s non-personnel related expenses are expected to grow at inflation, the Health system’s non personnel expenses are expected to grow at a 5% rate, due to their healthcare specific supplies including pharmaceuticals.

FISCAL FORECAST

The charts below depicts that the County anticipates a decline in overall revenue and inflationary growth in expenditures in coming years. Accordingly, the forecast model projects growing deficits in out years, despite the balanced budget presented in 2016. The County will continue to focus on structural, recurring initiatives to balance future year budgets in order to improve the long-term fiscal outlook.



General Fund - Projected Annual Revenues and Expenses, by Source

	Actual		Projection	Dept. Estimate	Projection			
	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Property Tax - Tax Levy	275,245,115	311,131,218	201,310,756	185,087,548	194,219,000	152,740,000	174,400,000	152,400,000
Property Tax - TIF Surplus	<u>1,908,785</u>	<u>2,666,265</u>	<u>5,920,000</u>	<u>11,266,000</u>	<u>3,498,000</u>	<u>3,566,000</u>	<u>3,636,000</u>	<u>3,707,000</u>
	277,153,900	313,797,483	207,230,756	196,353,548	197,717,000	156,306,000	178,036,000	156,107,000
Non Property Taxes								
Sales Tax ¹	331,121,305	333,455,361	345,500,000	663,500,000	858,400,000	886,800,000	886,800,000	886,800,000
Use tax	65,383,972	73,344,296	77,701,000	77,000,000	77,700,000	78,560,000	78,560,000	78,560,000
Off Track Betting Commission	2,566,854	1,326,863	1,205,000	1,150,000	1,039,000	1,039,000	1,039,000	1,039,000
Gaming	8,345,435	8,453,396	8,519,000	8,450,000	8,628,000	8,738,000	8,738,000	8,738,000
Retail Sale of Motor Vehicles	2,829,772	3,061,674	3,182,000	3,200,000	3,182,000	3,182,000	3,103,000	3,026,000
Retailer's Occupation Tax	3,114,338	2,828,396	2,580,000	2,440,000	2,300,000	2,170,000	2,050,000	1,940,000
Wheel Tax	3,735,016	3,836,749	3,934,000	4,100,000	4,208,000	4,318,000	4,318,000	4,318,000
State Income Tax	11,748,205	11,963,348	13,480,000	13,900,000	14,330,000	14,780,000	14,780,000	14,780,000
Alcoholic Beverage Tax	35,028,556	35,760,729	36,928,000	37,000,000	38,045,000	39,119,000	39,119,000	39,119,000
Gas Tax/Diesel	85,720,251	89,659,844	88,235,000	88,650,000	87,397,000	86,509,000	85,631,000	84,761,000
Cigarette Tax	3,677,595	4,579,975	121,691,403	134,000,000	130,467,000	127,028,000	123,679,000	120,418,000
Other Tobacco Products	1,923,334	1,576,615	6,151,013	8,750,000	10,950,000	10,950,000	10,950,000	10,950,000
Firearms Tax	244,560	444,672	404,500	800,000	816,000	832,000	849,000	877,000
Gambling Machine Tax	244,560	522,903	463,400	1,500,000	1,550,000	1,601,000	1,653,000	1,707,000
Non Retailer Transactions	14,923,212	9,285,927	14,946,000	22,000,000	18,000,000	18,587,000	19,192,000	19,818,000
Amusement tax	25,827,250	27,791,345	31,961,000	49,750,000	56,830,000	57,092,000	57,355,000	57,618,000
Parking Lot/Garage Operations	41,535,228	44,808,128	45,086,000	45,500,000	45,647,000	45,930,000	46,215,000	46,501,000
Non-Titled Use Tax	<u>4,214,295</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Non Property Taxes	642,183,738	652,700,221	801,967,317	1,161,690,000	1,359,489,000	1,387,235,000	1,384,031,000	1,380,970,000
Fees								
County Treasurer	84,119,202	80,510,200	70,000,000	54,000,000	38,886,000	11,619,000	13,950,000	16,749,000
County Clerk	9,802,771	9,986,333	10,350,000	10,350,000	10,750,000	11,001,000	11,258,000	11,521,000
Recorder of Deeds	40,219,547	35,947,286	32,898,520	33,293,302	42,159,000	43,533,000	43,533,000	43,533,000
Recorder of Deeds Audit	0	0	560,353	750,000	750,000	750,000	750,000	750,000
Clerk of Circuit Court	89,457,031	78,498,527	78,619,243	76,540,000	70,032,000	66,148,000	66,148,000	66,148,000
Clerk of Circuit Court - Title IV D	0	0	0	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000
Sheriff	24,687,386	23,321,700	20,753,731	21,416,600	20,101,000	19,534,000	18,984,000	18,984,000
State's Attorney	1,913,993	1,861,607	1,816,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000
Building & Zoning	3,301,259	3,673,233	3,450,000	3,550,000	4,590,000	5,184,000	5,184,000	5,184,000
Environmental Control	4,871,993	5,126,418	4,550,000	4,770,000	4,770,000	4,770,000	4,770,000	4,770,000
County Assessor	77,532	67,044	56,760	56,760	57,000	60,000	60,000	60,000
Assessor Tax Fraud	0	238,697	2,362,758	3,453,250	3,453,000	3,450,000	3,450,000	3,450,000
Highway Permits	625,046	935,199	1,470,000	1,800,000	2,239,000	2,239,000	2,239,000	2,239,000
Public Administrator	630,871	798,559	900,000	900,000	900,000	900,000	900,000	900,000
Liquor Licenses	340,000	365,904	330,982	330,000	331,000	331,000	331,000	331,000
Public Guardian	2,818,114	2,638,121	3,062,349	3,000,000	3,090,000	3,216,000	3,216,000	3,216,000
Medical Examiner	1,045,893	1,054,581	1,264,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Court Services fee	10,021,713	9,063,448	8,482,335	8,474,000	7,429,000	6,953,000	6,507,000	6,090,000
Cable TV Franchise	1,246,995	1,278,586	1,325,000	1,320,000	1,320,000	1,320,000	1,320,000	1,320,000
Other Fees	<u>46,620</u>	<u>53,953</u>	<u>265,528</u>	<u>262,500</u>	<u>263,000</u>	<u>260,000</u>	<u>260,000</u>	<u>260,000</u>
Total Fees	275,225,966	255,419,396	242,517,559	229,066,412	215,920,000	186,068,000	187,660,000	190,305,000
Intergovernmental Revenues								
State Criminal Alien Assst.(SCAAP)	1,565,152	1,298,659	1,436,985	1,436,985	1,249,000	1,086,000	1,086,000	1,086,000
Probation Off., Juv. CT & JTDC	17,604,542	21,623,559	41,973,890	49,000,000	49,000,000	49,000,000	49,000,000	49,000,000
Salaries of State's Attorney	195,784	195,784	195,784	195,784	196,000	196,000	196,000	196,000
Salaries of Public Defender	<u>120,523</u>	<u>122,945</u>	<u>124,666</u>	<u>129,703</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>
Total Intergovernmental	19,486,001	23,240,947	43,731,325	50,762,472	50,575,000	50,412,000	50,412,000	50,412,000
Miscellaneous Revenues								
Investment Income	135,236	105,000	260,236	260,236	260,000	260,000	260,000	260,000
Estate of Heirs	286,245	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Telephone Commissions	4,297,492	2,837,628	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Real Estate and Rental Income	5,472,260	5,976,277	7,688,040	9,197,270	9,197,000	9,197,000	9,200,000	9,200,000
Other Reimbursements/Transfers	<u>10,787,635</u>	<u>5,085,020</u>	<u>15,601,038</u>	<u>19,823,829</u>	<u>19,824,000</u>	<u>19,820,000</u>	<u>19,820,000</u>	<u>19,820,000</u>
Total Miscellaneous Revenues	20,978,868	14,503,925	26,449,314	32,181,335	32,181,000	32,177,000	32,180,000	32,180,000
Other Revenues								
Motor Fuel Tax	74,500,000	74,500,000	64,500,000	54,500,000	0	0	0	0
Indirect Costs	10,688,563	9,511,455	10,829,358	10,087,429	10,284,000	10,485,000	10,689,000	10,897,000
Total other	85,188,563	84,011,455	75,329,358	64,587,429	10,284,000	10,485,000	10,689,000	10,897,000
Total Revenue	1,320,217,036	1,343,673,427	1,397,225,629	1,734,641,196	1,866,166,000	1,822,683,000	1,843,008,000	1,820,871,000

¹ Reflects rate reductions for FY12 and FY13, and first 4 months of FY14; rate increases for last 8 months of FY16, and first 4 months of FY17.

18 | EXECUTIVE BUDGET RECOMMENDATION

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General Fund Expenses

	Actual		Projection		Projection			
	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Health Ins (176)		184,636,999	155,114,480	148,546,639	163,412,000	173,220,000	183,610,000	194,630,000
Pharmacy (181)			35,863,375	41,981,774	58,629,000	67,420,000	77,530,000	89,160,000
Payroll				1,027,319,068	1,060,707,000	1,081,390,000	1,102,480,000	1,123,980,000
Pay-Go Capital					15,000,000	15,290,000	15,590,000	15,890,000
Comm. & IS Maint. (220/441)				39,779,597	46,870,000	48,280,000	49,730,000	51,220,000
Contingent Pension Appropriations				270,526,000	340,740,000	347,420,000	354,230,000	361,170,000
All Other Expense				<u>206,488,118</u>	<u>210,515,000</u>	<u>214,620,000</u>	<u>218,810,000</u>	<u>223,080,000</u>
Total	1,315,036,364	1,402,418,356	1,430,773,344	1,734,641,196	1,895,873,000	1,947,640,000	2,001,980,000	2,059,130,000
Total Revenue	1,320,217,036	1,343,673,427	1,397,225,629	1,734,641,196	1,866,166,000	1,822,683,000	1,843,008,000	1,820,871,000
Total Expenses ²	1,315,036,364	1,402,418,356	1,430,773,344	1,734,641,196	1,895,873,000	1,947,640,000	2,001,980,000	2,059,130,000
Surplus/(Deficit)	5,180,672	-58,744,929	-33,547,715	0	-29,707,000	-124,957,000	-158,972,000	-238,259,000

² FY13-14 expenditures from Comptroller's Trial Balances. FY15 from Preliminary Budget

FY16: Budgeted Appropriation. FY17-20: 6.0% CAGR for health insurance, 15% for pharmacy, Comm & IS at 3%, 3.25% for FY17 payroll; 1.96% for Additional Pension Funding; and the 10 year CPI-U average of 1.95% for other.

Cook County Health & Hospital System - Projected Annual Revenues and Expenses, by Source

	Actual		Projection		Projection			
	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
CCHHS Fees ¹								
Patient fees (Medicare, Other)	233,397,899	280,772,465	215,363,631	266,000,000	284,000,000	301,000,000	321,000,000	351,000,000
CCHHS BIPA	161,300,000	101,300,000	131,250,000	131,250,000	131,250,000	131,250,000	131,250,000	131,250,000
Medicaid DSH	170,941,106	169,680,018	162,338,232	162,338,232	152,000,000	152,000,000	142,000,000	132,000,000
Managed Care	101,819,547	727,722,979	918,197,890	952,420,286	917,000,000	907,000,000	942,000,000	932,000,000
CCHHS Misc., CCDPH	<u>6,349,615</u>	<u>20,387,105</u>	<u>7,108,481</u>	<u>7,108,481</u>	<u>7,000,000</u>	<u>7,000,000</u>	<u>10,000,000</u>	<u>12,000,000</u>
Total fees	673,808,167	1,299,862,567	1,434,258,234	1,519,116,999	1,491,250,000	1,498,250,000	1,546,250,000	1,558,250,000
County Tax Allocation	265,225,729	171,288,790	163,877,104	125,000,000	125,000,000	125,000,000	125,000,000	125,000,000
Total Expenses ²								
Health Ins (176)		75,377,095	60,480,354	55,246,048	59,990,000	63,600,000	67,400,000	71,400,000
Pharmacy (181)			16,195,923	19,386,556	22,300,000	25,600,000	29,400,000	33,800,000
CountyCare			566,844,037	646,058,342	647,800,000	647,900,000	678,000,000	678,100,000
Payroll				529,281,077	557,000,000	569,000,000	581,000,000	593,000,000
Comm. & IS Maint. (220/441)				58,033,758	68,400,000	70,500,000	72,600,000	74,800,000
All Other Expense				<u>336,111,218</u>	<u>354,510,000</u>	<u>403,400,000</u>	<u>424,600,000</u>	<u>477,900,000</u>
Total Health	961,668,679	1,370,808,744	1,532,562,619	1,644,116,999	1,710,000,000	1,780,000,000	1,853,000,000	1,929,000,000
Total Revenue	939,033,896	1,471,151,357	1,598,135,338	1,644,116,999	1,616,250,000	1,623,250,000	1,671,250,000	1,683,250,000
Total Expenses	961,668,679	1,370,808,744	1,532,562,619	1,644,116,999	1,710,000,000	1,780,000,000	1,853,000,000	1,929,000,000
Surplus/(Deficit)	-22,634,783	100,342,613	65,572,719	0	-93,750,000	-156,750,000	-181,750,000	-245,750,000

¹ County Care expected to decline temporarily, grow at 5% rate FY19-20. Patient Fees continue to pick up share at 7% rate.

² FY13-14 expenditures from Comptroller's Trial Balances. FY15 from Preliminary Budget FY16: Budgeted Appropriation. FY17-20: CCHHS projections: Personnel costs assume 2% growth. Non personnel costs assume 5% growth.

All Fund Total Surplus(Deficit)

	Actual		Projection		Projection			
	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Revenue	2,259,250,932	2,814,824,784	2,995,360,967	3,378,758,195	3,482,416,000	3,445,933,000	3,514,258,000	3,504,121,000
Total Expenses	2,276,705,043	2,773,227,100	2,963,335,963	3,378,758,195	3,605,873,000	3,727,640,000	3,854,980,000	3,988,130,000
Surplus/(Deficit)	-17,454,111	41,597,684	32,025,004	0	-123,457,000	-281,707,000	-340,722,000	-484,009,000

PERFORMANCE MANAGEMENT

The County is working to create a culture of data driven decision making through the Set Targets, Achieve Results (STAR) program. The STAR Performance Management Program is a collaborative effort of the Board of Commissioners, Agencies, employees, and residents. All offices and agencies of the County report progress toward stated goals through an open-data web portal-- <https://performance.cookcountyil.gov>.

The STAR Program publishes performance reports on the website quarterly, allowing the public to access current performance data in an open data format. The County measures and reports on progress toward critical measures in each of the County's major functional areas. The system-wide goals for public safety, healthcare, economic development, and finance and administration highlight the top outcomes that the systems are working toward delivering.

STAR PROGRAMS

In **PUBLIC SAFETY**, the County has set and achieved a goal of reducing reliance on pretrial detention in the adult criminal court system. The elected officials in the public safety offices meet quarterly on policy changes and operational improvements to improve bond court and pretrial services. Since the start of the project, non-cash orders to release at central bond court, the Leighton Criminal Courthouse, have increased while cash bond amounts have declined. The resulting increased release of defendants at and after bond court has generated a reduction in the jail population, to 7,800 detainees from over 10,000. The County is now working to implement a pilot bond court project that utilizes a state-of-the-art risk assessment tool and to further reduce the use of monetary bonds.

The **COOK COUNTY HEALTH AND HOSPITALS SYSTEM** continues its transition and expansion of the managed care model of health care delivery. The number of patients enrolled in the County's managed care network, CountyCare, has increased to 170,000 per month through September 2015, and is projected to grow to 180,000 per month in 2016. As the Health System moves to expand the managed care model they are working to improve scheduling and access to their clinic network through extended hours and improved preauthorization. The Health System is also focused on improving the patient experience at the County's two hospitals by improving staff communication and customer focus in an effort to make the Health System the provider of choice. Finally, the Emergency Department at Stroger hospital has achieved a reduction in wait times from arrival to discharge by 35%, as well as a decrease by 75% of the number of patients who leave without being seen by a provider.

The County's **ECONOMIC DEVELOPMENT** team is working to coordinate regional economic development efforts. President Preckwinkle, in partnership with the six neighboring counties and the City of Chicago, has launched the Chicago Regional Growth Initiative (CRGI). As a result of this unprecedented collaboration, CRGI works to support and strengthen the metal and machinery sectors through the establishment and work of the Chicago Metro Metal Consortium, increase export opportunities for small and medium sized businesses via the one year old, Metro Chicago Exports and rationalize the permitting process for overweight and oversized trucks in conjunction with CMAP, the Supply Chain Innovation Network of Chicago (SINC) and transportation leaders.

RESIDENT'S GUIDE

CRGI meets semi-annually to review the progress of current efforts, identify additional opportunities for collaboration and to deepen the relationships among the public and private sectors economic development leaders. In 2016 CRGI anticipates developing a strategy to foster Foreign Direct Investment in the manufacturing and service sectors to further economic growth of the region.

The **PROPERTY AND TAXATION** system has successfully issued the second installment of the property tax bills on time for five years in a row after issuing them late for over three decades. The property and tax elected offices continue to meet quarterly to automate the process and build upon the progress that has been made.

REPORTING

In the Offices under the President, the Performance Management Office (PMO) holds weekly accountability meetings led by the Chief of Staff and attended by County Bureau Chiefs and Bureau of Finance Department Heads. The County continues to demonstrate progress on efforts to reform the operations of its finance and administration functions. To read reports for each of the offices and agencies of the County, please visit the STAR website at <https://performance.cookcountyl.gov/star-reports>.

In addition to the reporting responsibilities, the Performance Management Office works with agencies to refine measures, train midlevel managers on how to integrate data into their day-to-day decision making and perform process improvement evaluations, so targeted operational objectives are achieved. In 2016, the Performance Management Office will continue the process of aligning measures with programs and costs and conducting data audits to ensure accurate data is available. This process will also be used to further facilitate departments' understanding and use of "zero based budgeting" a practice the County Board mandated by ordinance in 2015.

Zero based budgeting will represent a break from the traditional use of incremental budgeting. With incremental budgeting departmental managers justify only variances versus past years based on the assumption that the "baseline" is automatically approved. By contrast, zero-based budgeting requires that a budget request be re-evaluated thoroughly, starting from the zero-base. This involves, as a start, calculating the actual current cost of a department's activities by the cost per unit (for Facilities Management an example would be "operating cost per square foot of building.")

WE WANT TO HEAR FROM YOU:

What are your ideas for improving county services?
 What are your ideas for making county government more efficient?
 How can we improve the budget process for next year?

For more information and to share your ideas, visit our website:
<http://www.cookcountyl.gov/budget>

Finance & Administration		Reporting Office	2013 Actual	2014 Actual	2015 YTD	2015 YTD Target	Variance	2016 Target
Number of Departments Tracking Above Current Budget Overall	Budget		13	20	12	0	-	0
Revenue Collected from all Home Rule Taxes (excluding Tobacco Tax) (Millions)	Revenue		\$260	\$297	\$239	\$231	3%	\$305
Revenue Collected from Tobacco Tax (Millions)	Revenue		\$150	\$133	\$104	\$99	5%	\$134
Paid Sick Leave per Employee in Offices Under the President in Hours Per Month	Human Resources		5	7	7	5	40%	5
Average Hiring Cycle Time	Human Resources		88	90	80	90	-11%	98
Percent of Procurements Completed on Target	Procurement		55%	29%	39%	70%	-31%	70%
Invoice Payment Cycle Time	Comptroller		50	49	46	30	53%	30
Public Safety								
		Reporting Office	2013 Actual	2014 Actual	2015 YTD	2015 YTD Target	Variance	2016 Target
Average Daily Population - Adult (CCDOC Divisional Population)	Justice Advisory Council		9,715	8,870	7,879	7,500	5%	7,500
Percent of Orders at Central Bond Court Resulting in I-Bonds or Electronic Monitoring	Justice Advisory Council		29%	46%	49%	65%	-16%	65%
Average Daily Population - Youth (Juvenile Temporary Detention Center)	Justice Advisory Council		262	308	333	325	2%	325
Adult Transfer Population held at JTDC	Justice Advisory Council		72	97	135	-	-	-
Healthcare								
			2013 Actual	2014 Actual	2015 YTD	2015 YTD Target	Variance	2016 Target
Number County Care Enrollees	Managed Care		61,020	93,635	169,034	157,576	7%	180,000
Venous Thromboembolism (VTE) Prevention (%)	Stroger Hospital		-	84%	85%	99%	-15%	99%
Surgery Begins at the Scheduled Time (%)	Stroger Hospital		-	40%	48%	80%	-32%	80%
Willing to Recommend Hospital (%)	Stroger Hospital		-	65%	68%	85%	-17%	85%
Venous Thromboembolism (VTE) Prevention (%)	Provident Hospital		-	90%	97%	99%	-3%	99%
Surgery Begins at the Scheduled Time (%)	Provident Hospital		-	40%	41%	80%	-40%	80%
Willing to Recommend Hospital (%)	Provident Hospital		-	63%	68%	85%	-18%	85%
Percent Moving Through the Clinic Visit	ACHN		-	68%	65%	75%	-10%	75%
Percent of Ease Getting Clinic on the Phone	ACHN		-	62%	62%	75%	-14%	75%
Average Hiring Cycle Time	CCHHS		-	203	151	139	9%	139
Economic Development								
		Reporting Office	2013 Actual	2014 Actual	2015 YTD	2015 YTD Target	Variance	2016 Target
Number of Businesses Assisted	Planning & Development		18	106	70	54	30%	70
Number of Affordable Housing Units Supported	Planning & Development		-	136	192	75	156%	100
Number of Estimated Construction Jobs Supported by Tax Incentives	Planning & Development		-	1,200	1,710	534	220%	750
Property & Taxation								
		Reporting Office	2012 Tax Year	2013 Tax Year	2014 Tax Year	TY2014 Target	Variance	2015 Target
Date Second Installment Tax Bills are Mailed	Countywide		6/26/2013	6/27/2014	7/1/2015	7/1/2015	0%	7/1/2016
Valuation Time for Assessment Process	Assessor		350	326	310	330	-6%	331
Date to Complete Complaint Session	Board of Review		4/19/2013	4/17/2014	4/15/2015	4/18/2015	-1%	4/18/2016
Percent Property Tax Parcels Paid On-Time	Treasurer		90%	90%	90%	90%	0%	90%

RESIDENT'S GUIDE

CITY/COUNTY COLLABORATION

In March of 2011, President Preckwinkle and Mayor Emanuel appointed the Joint Committee on City-County Collaboration, comprised of eight civic leaders, to recommend ways the County and City could streamline services, improve residents' interactions with government, and reduce costs. In June 2011, the Joint Committee issued a report describing 19 areas for collaboration and set the goal of achieving \$66 to \$140 million in a combination of savings and revenue by the end of 2014. To date the County and City have identified a total of \$67.5 million since the inception of the Collaboration.

The County and City reached this milestone by eliminating duplicative services, identifying new efficiencies through coordinated enforcement and service delivery, and leveraging economies of scale through joint procurement and grant applications. In addition, the County and City continue to generate additional revenue through various initiatives, including joint tobacco enforcement efforts and the exchange of updated tax registration files on Amusement taxes, Vehicle Fuel taxes, Parking taxes, Liquor taxes, and Non-titled Use taxes.

BUDGET PROCESS

Cook County prepares an annual budget that provides a spending plan for the next fiscal year. The County produces a balanced budget, as required by the State of Illinois' Counties Code, which accounts for the County's estimated revenue and intended spending. The budgetary basis of accounting is a cash (plus encumbrances) basis, while the County's Comprehensive Annual Financial Report (CAFR) is prepared using the accrual basis of accounting for the government-wide financial statements and the modified accrual basis of accounting for the governmental fund financial statements. The Health Enterprise Fund's annual budget is also prepared on a cash plus encumbrance basis, while their financial report is prepared using the accrual basis of accounting.

The budget process begins in early summer when departments inform the Department of Budget and Management Services (DBMS) of their expected personnel and non-personnel needs for the next year. DBMS prepares revenue estimates and analyzes other resources available to accurately forecast the fiscal outlook for the coming year.

DBMS prepares the preliminary budget forecast based on the departmental request and estimated collected revenues. The preliminary forecast is required to be filed with the President's Office by June 30 of each year. The forecast is provided to the Cook County Board of Commissioners and made available for County residents. This year, the County presented its preliminary budget forecast on June 30, 2015. Pursuant to Executive Order 2012-01, the President holds a preliminary budget hearing to allow residents to express their opinions concerning items within the proposed budget. After receiving input from residents, the President of the County Board and DBMS work with each department to develop a final executive recommendation.

The executive budget, as recommended by the President, is submitted to the County Board's Committee on Finance, which in turn holds hearings with each department. The Finance Committee holds public hearings at four sites throughout the County to hear resident comments regarding the budget. The County Board considers the budget carefully and may submit amendments that have a net zero impact to the overall County operating budget.

The County Board approves the final budget, in the form of the Appropriation Ordinance. The Appropriation ordinance is implemented at the start of the fiscal year, which begins on December 1 of each year.

COOK COUNTY BUDGET CALENDAR

MAY/JUNE

Departments submit preliminary revenue and expense estimates to the Department of Budget and Management Services (DBMS). The agencies specifically summarize issues, request specific funding levels, and justify staffing requests.

JUNE

DBMS prepares the preliminary budget forecast based on the requests submitted by the departments and the revenue the County expects will be collected. The preliminary budget forecast is filed with the President's Office by June 30.

JULY

The President holds a public hearing on the Preliminary Budget, allowing the public to provide feedback during the development of the Executive Budget Recommendation.

SEPTEMBER

Residents and departments provide input during the final development of the County budget. The President and DBMS work to balance department requests with available resources.

OCTOBER

The President submits the Executive Budget Recommendation to the Committee on Finance of Cook County.

OCTOBER – NOVEMBER

The proposed budget is made available for public review at various locations throughout the County. Public hearings are conducted during which the Committee on Finance considers testimony from service providers, program staff, and the general public. After the hearings have been completed and any amendments inserted, the Board of Commissioners approves and adopts the Appropriation Bill, which authorizes funding and staffing levels for each department.

DECEMBER

The fiscal year begins. The Appropriation Ordinance is implemented on December 1.

ONGOING

Quarterly allotments are implemented and monthly expenditure and revenue reports are reviewed to ensure the resources allocated through the Appropriation Ordinance are managed. In accordance with the STAR Performance Management program, offices report data about how well programs are functioning and services are being provided to ensure high quality services are provided with the resources collected.

