



COOK COUNTY
BUREAU OF
FINANCE

QUARTERLY UPDATE OF THE LONG-TERM REVENUE FORECAST

**Statutory Report to the Cook County
Cook County Board of Commissioners**

October 29, 2025



The following report provides an update of the long-term financial plan as of October 29, 2025 in accordance with Section 2-78 of the Cook County Code, which states:

- b) The purpose of the Independent Revenue Forecasting Commission (IRFC) will be to review and analyze an annual five-year revenue forecast (the “forecast”) for the County as developed and prepared by the Chief Financial Officer (the “CFO”). Updates pertaining to the forecast will be provided to the IRFC, the Board and posted on the IRFC website on a quarterly basis by the CFO. The forecast will include, but not be limited to, analysis of the following County revenue streams: Sales and Use taxes, Property Taxes, Cigarette Taxes, Fuel Taxes, and other sources of County revenue.

This report includes a summary of the variance analysis comparing the two forecasts and provides an explanation for the significant variances, along with additional supporting detail outlining progress made on the County’s sales tax projections and a summary of the impact of the revenue projections on our long-term expense projections for both the General and Health Funds. The report concludes with FY2026 project plans and an update on recent regional economic activity.

Long-term forecast

Cook County prepares a long-term financial forecast to support responsible fiscal planning. This section provides an overview of updates to the long-term General Fund and Health Fund forecasts.

General Fund

The General Fund accounts for approximately a quarter of the County’s overall budget. It is comprised of the Corporate Fund and Public Safety Fund and supports the County’s general operations. The County's Transportation Related Home Rule Tax Fund is also included in the General Fund's long-term forecast.

Changes in forecasts since June 2025

Table 1 shows the nominal variance between the current forecast and what was presented at the last quarterly IRFC meeting in June. The FY2026 General Fund revenue forecast increased by \$355.1 million. One-time transfers, which had not yet been forecasted in June amount to \$204.2 million of this increase. Additionally, revenues from Illinois Gaming, Cannabis, and Firearms taxes, which were previously designated for the Equity Fund, will now be going to the General Fund, accounting for \$39.1 million of the increase. There is also another one-time transfer to provide for additional transportation-related expenses in the General Fund, pending litigation on allowable use of transportation fund revenues. The long-term forecast for each revenue source was revised upward or downward based on the actual revenues through June 2025, as well as revised economic forecasts.

The County Sales Tax forecast was revised upward for each year of the forecast. A contributing factor to the upward revision in sales tax are favorable results through 2025 driven by legislative changes from



PA 103-0983 being greater than expected.¹ The upward revision of the sales tax forecast incorporates this larger impact, as well as anticipating a larger "accelerated payment" in March 2026, and further legislative changes are expected to impact county receipts beginning April 2026.²

The largest nominal decrease in June's forecast is seen in non-property taxes, due to revised estimates in the Personal Property Replacement Tax from the Illinois Department of Revenue.

Table 1. Significant nominal variances between 06/25/2025 and 10/16/2025 forecast, in millions

Revenue source	June forecast FY2026	October forecast FY2026	Percent change in forecast FY2026	Amount change in forecast from June 2025 forecast				
	FY2026	FY2026	FY2026	FY2026	FY2027	FY2028	FY2029	FY2030
411490 - Other Financing Sources	\$0.0	\$383.9	100.0%	\$383.9	\$48.0	\$34.7	\$22.8	\$16.0
407010-Miscellaneous Revenue	\$45.7	\$79.2	73.2%	\$33.5	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.0)
401150-County Sales Tax	\$1,335.8	\$1,367.2	2.3%	\$31.3	\$31.3	\$28.2	\$23.3	\$19.0
401330-II Gaming Des Plaines Casino	\$0.0	\$25.3	100.0%	\$25.3	\$28.4	\$29.7	\$30.8	\$31.9
401580 - Cannabis Tax	\$0.0	\$12.5	100.0%	\$12.5	\$13.0	\$13.0	\$13.0	\$13.0
407080-Other	\$3.5	\$14.9	332.6%	\$11.5	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)
406010-State of Illinois	\$66.6	\$76.7	15.2%	\$10.1	\$10.1	\$10.1	\$10.1	\$10.1
406008-Indirect Cost	\$14.6	\$23.0	57.7%	\$8.4	\$8.6	\$8.7	\$8.9	\$9.1
400010-Property Taxes	\$113.2	\$121.1	7.0%	\$7.9	(\$2.5)	\$2.0	(\$7.5)	(\$3.0)
400040-Tax Increment Financing Taxes	\$25.5	\$31.9	25.1%	\$6.4	\$0.0	\$0.0	\$0.0	\$0.0
401190-Gasoline / Diesel Tax	\$84.2	\$88.0	4.5%	\$3.8	\$3.8	\$3.7	\$3.7	\$3.7
405010-Investment Income	\$52.1	\$54.7	5.0%	\$2.6	\$1.2	\$1.2	\$2.3	\$2.4
401350-Amusement Tax	\$44.5	\$47.0	5.6%	\$2.5	\$2.4	\$2.4	\$2.4	\$2.5
401590 - Sports Wagering Tax	\$11.2	\$13.6	21.4%	\$2.4	\$2.5	\$2.6	\$2.7	\$2.8
402150-County Clerk	\$51.0	\$52.4	2.9%	\$1.5	(\$0.1)	(\$0.0)	(\$0.0)	(\$0.0)
401370-Parking Lot and Garage Operation	\$50.7	\$52.2	2.9%	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5
401490-Firearms Tax	\$0.0	\$1.3	100.0%	\$1.3	\$1.1	\$1.1	\$1.1	\$1.1
401430-Cigarette Tax	\$71.0	\$67.0	(5.6%)	(\$4.0)	(\$3.8)	(\$3.7)	(\$3.6)	(\$3.4)
401110-Non Property Taxes	\$48.6	\$40.5	(16.6%)	(\$8.1)	(\$10.1)	(\$12.1)	(\$12.8)	(\$13.2)
Subtotal major changes	\$2,018.2	\$2,552.5	26.5%	\$534.3	\$135.1	\$122.9	\$98.6	\$93.3
Other GF revenues	\$364.3	\$364.8	0.1%	\$0.5	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)
Transportation revenue adjustment	\$0.0	(\$179.7)	(100.0%)	(\$179.7)	\$0.0	\$0.0	\$0.0	\$0.0
Total GF revenues	\$2,382.5	\$2,737.6	14.9%	\$355.1	\$134.9	\$122.7	\$98.3	\$93.1

¹ Public Act 103-0983 mandates that all retail sales originating from outside of Illinois and made to Illinois customers by retailers with physical presence in Illinois are now subject to destination-based retailers' occupation tax rather than the State's use tax.

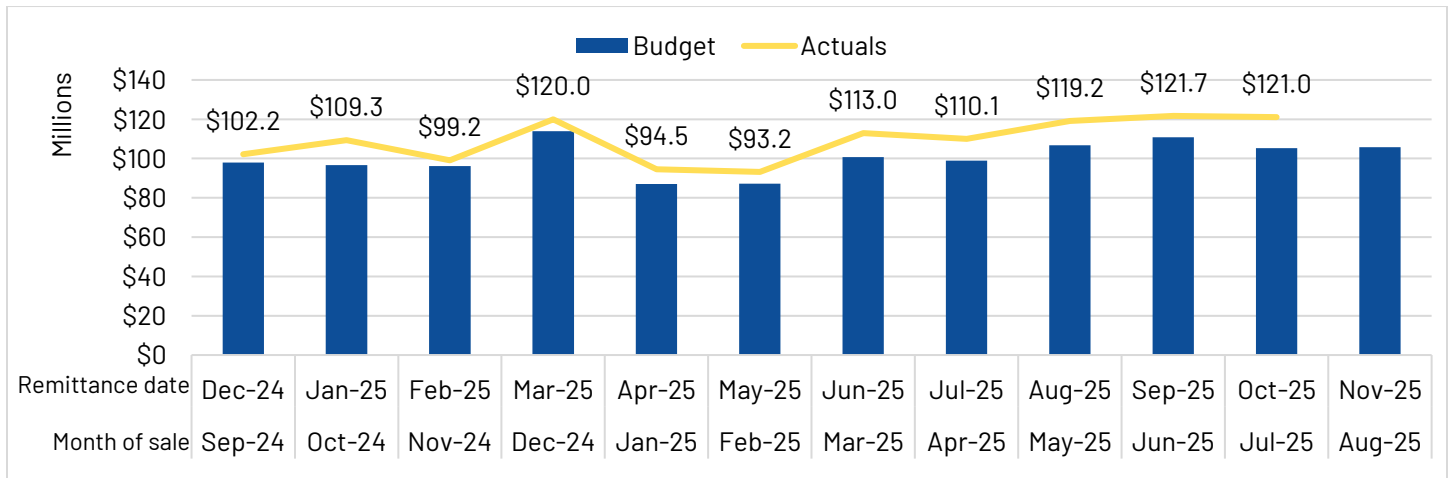
² Public Act 104-0006 shifts sales from serviceman originating from outside Illinois and made to Illinois customers to the destination-based retailers' occupation tax, rather than the State's service use tax.



Sales tax estimate

To date, FY2025 sales tax revenues are 13.3% higher than budget. As previously mentioned, the fiscal impact of PA 103-0983 is the primary driver behind the favorable variance to date. Figure 1 compares FY2025 sales tax revenue through October 2025 with the FY2025 budget.

Figure 1. FY2025 sales tax revenue, actual and forecasted



Long-term fiscal plan

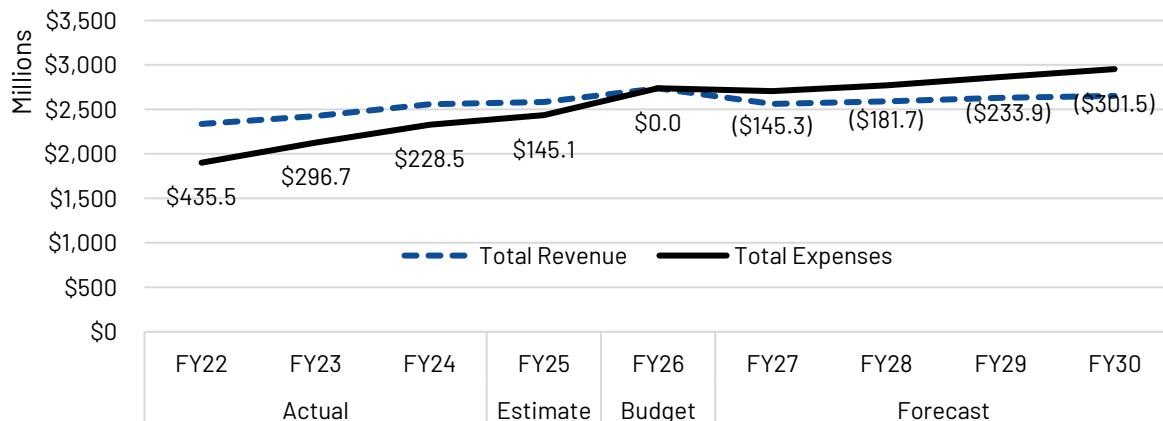
Although Cook County has a diverse revenue base, the natural growth in revenues may not keep pace with expenditures. Expenditures rise over time due to inflationary pressures, with medical trends for health benefits and several other categories of expenditures growing faster than general inflation. Several critical revenue sources are declining over time or growing at rates below general inflation.

The General Fund, including revenues and expenses captured in the Transportation Fund, is projected to have a surplus in FY2025 amounting to \$145.1 million, and the FY2026 budget is balanced. However, growth in expenses is expected to outpace growth in revenues, creating deficits in the outyears. In FY2027, the General Fund is projected to have a deficit of \$145.3 million, increasing each year and reaching a \$301.5 million deficit in FY2030. Between FY2026 and FY2030, total expenses for the General Fund are expected to increase at a compound annual growth rate (CAGR) of 3.9%, while revenues are estimated to increase by a CAGR of 2.9% excluding one-time fund balance transfers in the FY2026 revenue and expense estimates.

Revenue growth in the General Fund can mostly be attributed to sales tax, which is expected to grow \$86.4 million, a CAGR of 1.5%. County Clerk fee revenues are expected to grow by \$14.4 million by FY2030 due to a recovery in the housing market which will result in increases in recording fee revenue. However, a handful of the County's revenue streams are expected to decline over this period, including the cigarette tax, gasoline tax, and alcoholic beverage tax.



Figure 2. General Fund* net surplus/(deficit) projections



*Includes Transportation Related Home Rule Tax Fund

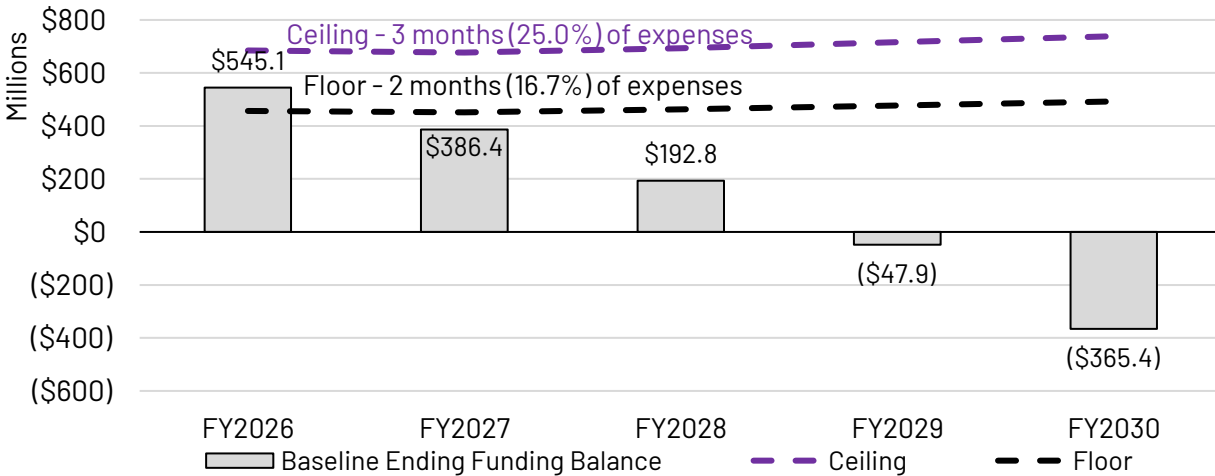
Fund balance projection

Current estimates indicate that the FY2026 unassigned ending fund balance within the General Fund will be \$545.1 million, reflecting \$384 million in fund balance transfers from the General Fund and assignments of \$76.2 million and \$20.0 million to the County's Self-Insurance Fund Reserve and Pension Stabilization Fund, respectively. This unassigned ending fund balance is equivalent to approximately 20% of the County's FY2026 annual budgeted expenditures from the General Fund and the Transportation Fund.

Figure 3 illustrates that the projected unassigned ending fund balances are anticipated to decrease based on the long-term revenue and expense forecasts for FY2026 through FY2030. The purple dotted line ("Ceiling") represents three months of projected General Fund and Transportation Related Home Rule Taxes Fund expenses, and the dark green dotted line ("Floor") represents two months of projected annual General Fund and Transportation Related Home Rule Taxes Fund expenses. The floor is the Government Finance Officers Association's (GFOA) minimum recommended value that local governments maintain in their unassigned ending fund balance.³ As a result of outyear deficits beginning in FY2027, the long-term projected ending fund balance is estimated to decrease, reaching \$386.4 million by FY2027, which is below the \$451.3 million floor. By FY2029, the unassigned ending fund balance would be below zero if the county were to take no corrective action.

³ Government Finance Officers Association, Best Practices: Fund Balance Guidelines for the General Fund, 2015, <https://www.gfoa.org/materials/fund-balance-guidelines-for-the-general-fund>

Figure 3. Unassigned ending fund balance projection, FY2026 to FY2030



Alternative fund balance scenarios

To understand the impact of different economic scenarios on General Fund revenues and the resulting fund balance, the OCFO forecasts economically sensitive revenues based on different economic indicators using Moody's baseline, S1, and S3 scenarios, which represent the 50th, 10th, and 90th percentile forecasts of potential economic conditions, respectively. Indicators such as gross metropolitan product, unemployment rate, and CPI are used for different revenue sources.

Each revenue scenario is compared to the expenditure forecast, along with the fund balance "floor" and "ceiling", as defined above. The revenue scenarios, as well as the floor and ceiling, incorporate both General Fund and Transportation Fund revenues and expenses in order to fully capture the potential economic impact on revenues used by the County for operating expenses.

Figure 4 represents the baseline scenario alongside the optimistic and conservative scenarios. In the baseline scenario, fund balance remains above the fund balance floor through FY2026. The Moody's Analytics baseline forecast published in July 2025 assumes that the Federal Reserve will cut the policy rate by 25 basis points in September and December of 2025 and that inflation will remain elevated. The projected higher inflation growth is the result of the federal government's fiscal, tariff and immigration policies adding to inflationary pressures in the near term. Stronger employment and industrial production offset weak first-quarter real GDP.

The optimistic scenario, where there is a 10% probability that the economy will perform better and a 90% probability that it will perform worse, assumes interest rates and inflation outperform due to strong economic growth, unemployment will decline below the baseline projection, and political and economic tensions between the US and China reduce substantially.

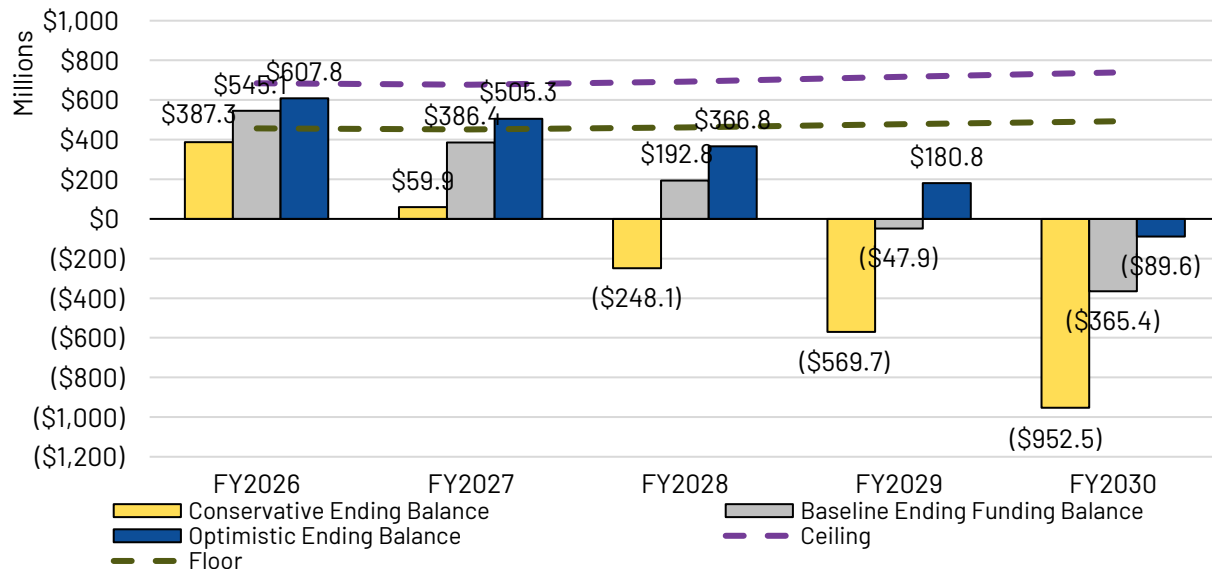
The conservative scenario, where there is a 90% chance of the economy performing better and a 10% chance it will perform worse, assumes tariffs and deportations impact the economy worse than expected, causing inflation to rise above baseline, elevated inflation weakens business and consumer confidence causing the Fed to raise rates, and the economy slips into recession by the end of 2025. This



conservative scenario results in an ending funding balance \$157.8 million below the base case in FY2026 and drops below the floor in FY2027 as revenues decline faster than expenses.

Figure 4 shows the County's ending fund balance as dropping below zero by FY2028 according to the conservative scenario, and in 2029 according to the baseline and optimistic scenarios as an illustration of corrective actions the County would need to execute. However, the County would have sufficient time to implement these remedial actions to prevent ongoing structural deficits.

Figure 4. Unassigned ending fund balance scenarios, FY2026 to FY2030



Health Fund

The Health Fund accounts for nearly half of the County's overall budget. The Health Fund receives revenue from and is used to support health system operations and CountyCare.

Long-term fiscal plan

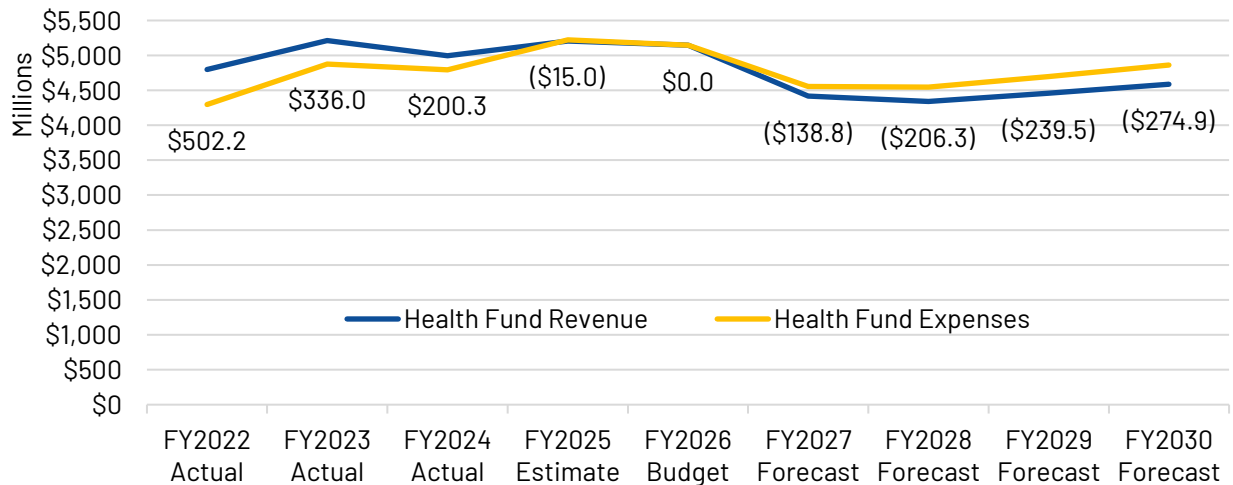
While the OCFO projects the Health Fund to finish FY2025 with a small deficit of \$15.0 million and has a balanced FY2026 budget, widening deficits are anticipated in the outyears. By FY2030, revenues are forecasted to decrease by \$558.7 million, while expenses are anticipated to decrease by \$283.8 million, creating a deficit of \$274.9 million by FY2030.

The outyear gaps between Health Fund revenues and expenses are mostly attributable to Health Care Services. One component of the outyear deficits in Health Care Services is that forecasted revenues have not been expected to keep pace with the cost of providing services, even under previous federal Medicaid policies. The second and more recent component is P.L. 119-21, also known as the One Big Beautiful Bill Act (OBBBA), that was signed into law on July 4, 2025. OBBBA is likely to have a substantial impact, both directly and indirectly, on the Health Fund overall by way of the law's provisions concerning Medicaid. In particular, the OBBBA provisions pertaining to an increase in the frequency of redetermination from 12 months to 6 months for Medicaid expansion adult enrollees and more rigid work requirements to determine Medicaid eligibility are expected to add to the outyear deficits.



The Health Fund is predicted to experience a significant drop in revenue as a result of fewer patients being covered by Medicaid starting in FY2027 and continuing into FY2028 as a result of the OBBBA provisions phasing in beginning in January 2027. From FY2027 through FY2030, expenses in the Health Fund are projected to grow annually by 2.2% while revenues only grow 1.3%. Figure 5 compares forecasted revenues and expenses for the Health Fund through FY2030.

Figure 5. Health Fund net surplus/(deficit) projections



Note: FY2022 through FY2023 includes directed payments and domestic claims that CountyCare passes through to CCH in the revenues and expenses of both Health Plan Services and Health Care Services. Beginning in FY2024, directed payments will only be accounted for in the budget for Health Care Services while domestic claims will be offset in a separate account.

Both Health Plan Services, which administers CountyCare, and Health Care Services are expected to experience considerable revenue declines starting in FY2027. The anticipated drop in CountyCare revenue is propelled by expected membership losses from the phasing in of more frequent redetermination and stricter work requirements defined in OBBBA. The CountyCare baseline membership forecast also decreases due to the Managed Long-Term Services and Supports (MLTSS) population because CountyCare will no longer service that population starting in 2027. Additionally, the baseline membership forecast now assumes the State will end Health Benefits for Immigrant Seniors (HBIS) in 2028 due to fiscal constraints. These population assumptions coupled with the impacts of the OBBBA provisions are projected to lower overall membership through FY2028 before stabilizing around 300,000 members. These trends are mostly offset by per member per month (PMPM) rate increases at Health Plan Services.

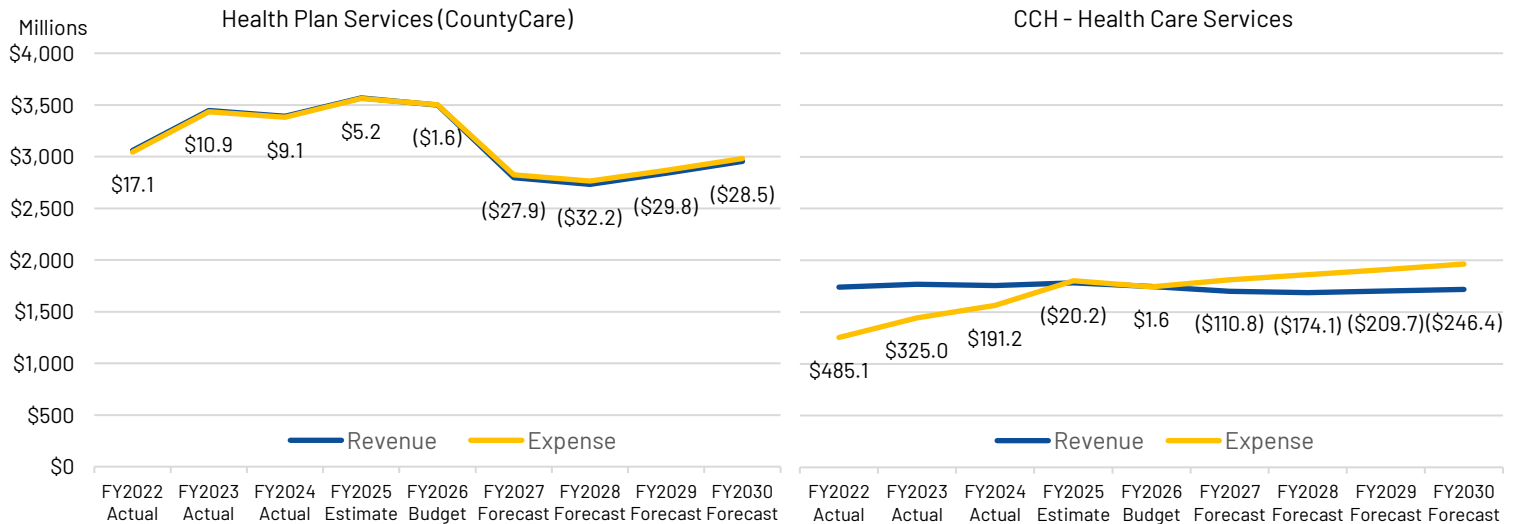
Health Care Services revenue is comprised of Net Patient Service Revenues (NPSR), Directed Payments, and other sources. The NPSR forecast, making up about one-third of Health Care Services revenue, had already anticipated slower growth in the outyears driven by lower volumes and growth in uncompensated care. The forecast for NPSR was expected to decrease further in FY2026 due to the full-year impact of the State ending Health Benefits for Immigrant Adults. In addition, the impacts of OBBBA are expected to add to the deficits in the Health Care Services, as individuals currently covered by Medicaid become uninsured, leading to more uncompensated care.

Figure 6 illustrates how the deficits in the overall Health Fund are primarily driven by declines in revenue for Health Care Services, while the cost of providing services continues to grow. Salaries and



professional services are expected to grow at a CAGR of 3.0% from FY2026 through FY2030, while NPSR is unable to keep pace because a higher proportion of patients are expected to be uninsured. By FY2030, the deficits for Health Plan Services and Health Care Services are \$28.5 million and \$246.4 million, respectively.

Figure 6. Health Plan Services and Health Care Services net surplus/(deficit) projection



*Domestic claims elimination excluded from totals in both charts.

Net patient service revenue scenarios

The NPSR forecast centers around building assumptions related to future service volumes, payor mix, and net collection rates from various insurers relative to gross charges billed by the system. Forecast assumptions consider past trends, potential policy changes, and economic factors that may affect insurance coverage and utilization of services. For example, due to the future potential changes in eligibility and coverage available resulting from OBBBA, the percentage of patients covered under Medicaid is expected to decrease. This would decrease the percentage of gross revenues charged to Medicaid and increase the percentage charged to self-pay patients, who reimburse the County at a much lower rate than Medicaid managed care organizations.

All NPSR scenarios assume a shift in patients currently covered by Medicaid to uninsured patients as a result of OBBBA. Presently, the OCFO has not integrated any assumptions into the scenario forecast as it relates to the impact of OBBBA on patient volumes. However, if more patients become uninsured it could impact volumes in the immediate or long-term, but this has yet to be determined.

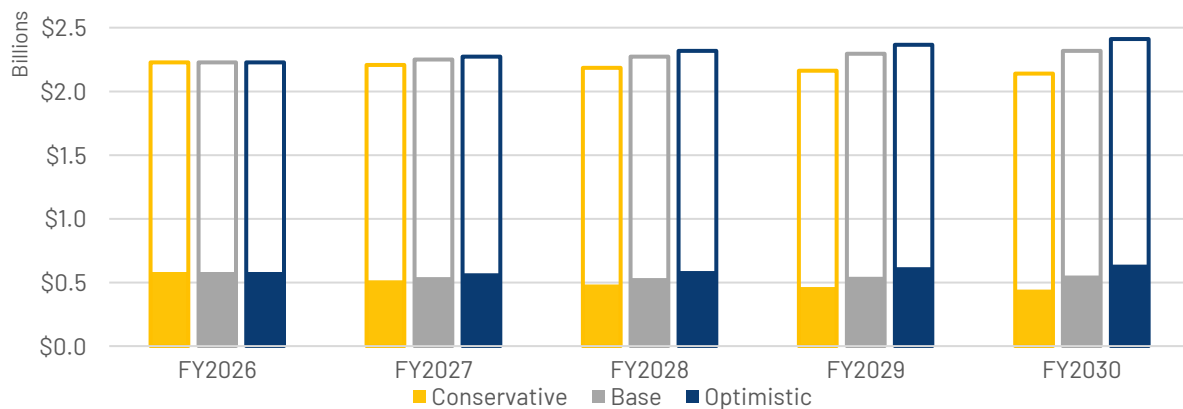
Notwithstanding the adjustments to all scenarios around OBBBA, the baseline scenario assumes gross charges will grow annually at 1%, coverage patterns keep stable, and reimbursements rates remain flat. This baseline scenario results in total NPSR of \$553.5 million in FY2030, or a yield of 23.9% compared to gross charges, and \$27.2 million less than FY2026. For comparison, the FY2026 projected NPSR of \$580.7 million has a yield of 26.1% against gross charges.



The conservative scenario assumes a decline in patient volume and a reduction in gross charges. It also predicts that a larger percentage of patients will be uninsured, leading to a shift away from Medicaid. As a result, this would reduce revenue growth compared to the baseline. The conservative scenario has an NPSR of \$443.0 million in FY2030 and yield of 20.7%.

The optimistic scenario assumes more patients who were previously self-pay would be covered by Medicaid. Additionally, gross charges are expected to increase 2% annually, and reimbursement rates are anticipated to grow in line with inflation, driving stronger revenue growth than in the baseline scenario. The optimistic scenario has an NPSR of \$640.5 million in FY2030 and yield of 26.6%. Figure 7 illustrates the impact of these assumptions on NPSR by scenario while Table 2 provides an overview of the assumptions used in each scenario.

Figure 7. Net patient service revenues compared to gross charges, 2026 through 2030



*Estimates of gross charges billed by CCH are represented by the full outlined bar and net patient service revenue estimated to accrue to CCH is represented by the filled in portion of the bar.

Table 2. Annual change in net patient service revenue assumptions, by scenario

Assumption	Conservative scenario	Base scenario	Optimistic scenario
Gross charges, annual % change	1% decrease	1% increase	2% increase
Payor mix	2 percentage point annual shift from Medicaid to self-pay; maximum self-pay set at 38%	Constant	2 percentage point annual shift from self-pay to Medicaid, minimum self-pay set at 25%
Annual shifts in Self-Pay/Medicaid proportions			
Reimbursement rate	2 percentage point decrease for Medicaid CountyCare, and Medicaid Managed Care	Constant	2 percentage point increase for Medicaid, CountyCare, and Medicaid Managed Care

Health Care Services revenue scenarios

In addition to NPSR, Health Care Services revenue is derived from several other sources, including Disproportionate Share Hospital (DSH) revenue. DSH is designed to offset the costs associated with treating a high percentage of uninsured or Medicaid patients. CCH typically receives about three-

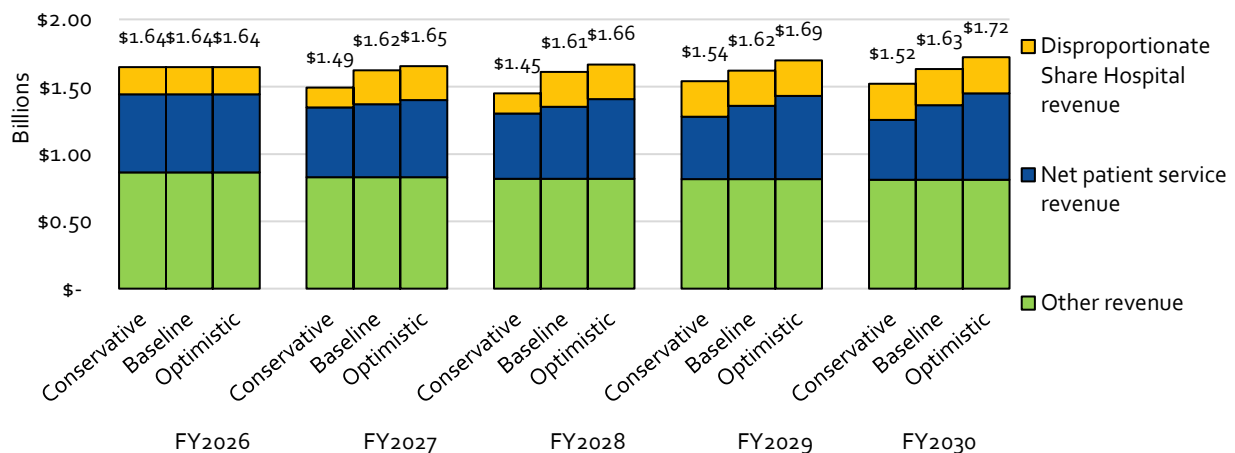


quarters of the Illinois DSH allotment, and in the proposed FY2026 budget DSH revenue is projected to be \$200.0 million. However, DSH funding currently faces significant risks as there has not been any movement on federal legislation to postpone reductions to DSH funding, which were scheduled to begin October 1, 2025. After the Affordable Care Act went into effect in 2010, DSH funding was intended to be reduced as the ACA was expected to shrink the number of uninsured patients that hospitals serve. Congress has delayed these cuts to DSH in prior years, however, as the number of uninsured patients has not decreased as expected. As of this writing, the federal government has not moved forward with legislation to further delay the reductions to DSH funding, resulting in the State reducing its allotment to the County. If no action is taken by the State or federal government to address DSH funding, the County will need to re-evaluate its estimates for DSH revenue.

In the conservative scenario for Health Care Services, the forecast assumes federal DSH cuts would commence and that in FY2027 and FY2028, DSH revenue would be approximately \$100 million below the baseline DSH projections for those years, under returning to prior levels in FY2029. Revenues under this conservative scenario in FY2028 total \$157.3 million less than the baseline scenario.

In contrast, both the baseline and optimistic scenarios assume that CCH will continue to receive \$200.0 million in DSH funding for FY2026, as well as continued postponements in the outyears. This outcome would depend on either ongoing federal postponement of DSH reductions or an increase in state contributions to compensate for the cuts. Figure 8 illustrates the DSH revenue impact in each scenario.

Figure 8. Total Health Care Services revenue by scenario



CountyCare revenue scenarios

CountyCare revenue is primarily a function of two factors: total enrollment and PMPM rate. Both are heavily influenced by policy decisions. Changes in policy can directly impact both membership counts and the composition of enrollees, leading to shifts in the average PMPM revenue. To evaluate how external shifts such as state and federal Medicaid policy changes may impact revenue, the OCFO models the long-term forecasts using conservative, baseline, and optimistic scenarios.

All CountyCare scenarios integrate OBBBA's provisions changing the frequency of redetermination and the implementation of more rigid work requirements, both of which are projected to impact the number of ACA enrollees starting in FY2027. The scenarios also incorporate the MLTSS population being

shifted out of CountyCare in January 2027. Additionally, all the scenarios assume that the State will end its Health Benefits for Immigrant Seniors program due to OBBBA reducing the State's fiscal capacity to continue its support for HBIS, however, timing for the termination of HBIS varies across the scenarios.

The baseline scenario assumes PMPM rates follow a normal growth trend. After experiencing declines in FY2027 and FY2028, CountyCare revenue under the baseline scenario is projected to resume growth as membership stabilizes and PMPM rates continue to steadily rise. Overall, baseline revenue drops by \$537.5 million from FY2026 to FY2030, representing a -4.1% CAGR.

The conservative scenario applies a downward adjustment to baseline PMPM rate growth and together with a larger OBBBA impact on membership leads to a \$909.2 million decline by FY2030, representing a -7.3% CAGR. The optimistic scenario features higher enrollment retention, stronger PMPM growth, and OBBBA having a minimal effect on membership. Under these assumptions, CountyCare revenue declines slightly to \$3.44 billion by FY2030, a \$48.6 million decrease from FY2026. Figure 9 shows projected revenues for CountyCare in each scenario.

Figure 9. CountyCare projected revenues, by scenario, FY2026 through FY2030

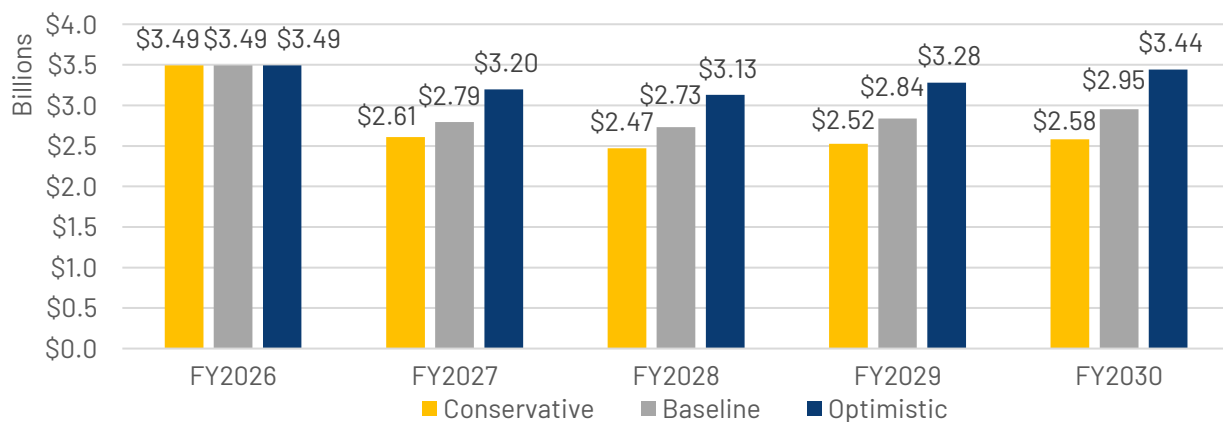
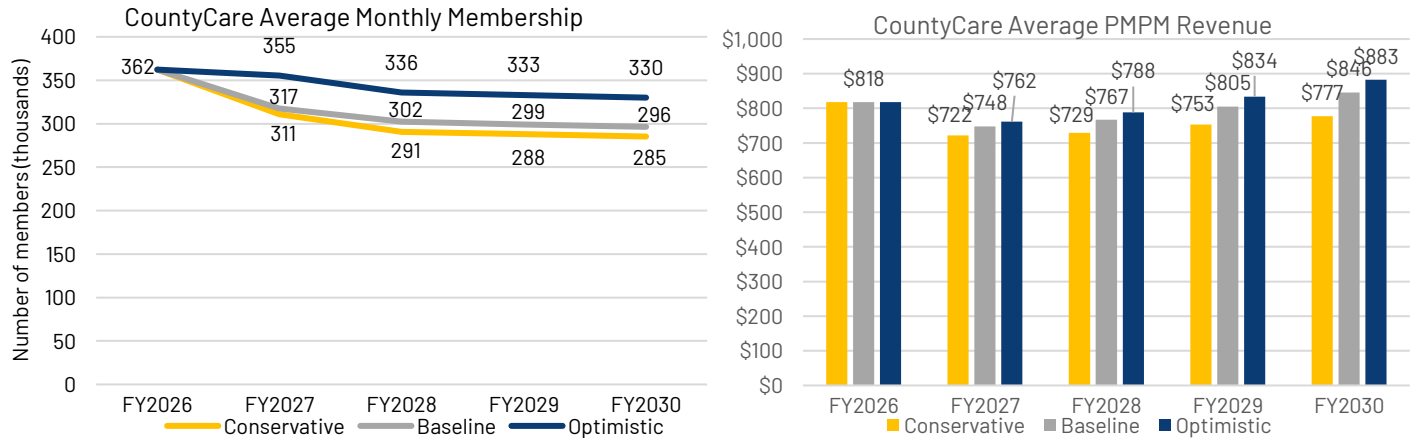


Figure 10 compares growth in monthly membership with growth in average PMPM revenue. Average PMPM rate changes reflect the loss of high-cost MLTSS enrollees across all scenarios, resulting in lower averages starting in FY2027. The baseline scenario assumes an average annual PMPM revenue growth of 0.8% from FY2026 to FY2030, while average monthly membership sees significant declines due to the combination of the assumed HBIS termination, MLTSS members no longer being on CountyCare, and the impacts of OBBBA. The conservative scenario assumes OBBBA to have more sizeable negative impact on the ACA membership population. This outlook, coupled with lower PMPM rate growth, produces an average PMPM revenue growth rate of -1.3% from FY2026 to FY2030. In contrast, the optimistic scenario anticipates stronger PMPM rate growth and member retention, as well as OBBBA having less of an impact on ACA membership. Average PMPM revenue is forecasted to grow by 1.9% annually in the optimistic case.

Figure 10. CountyCare average PMPM revenue and monthly membership projections



Impact of OBBBA: Provider tax provision

Since the last quarterly report, P.L. 119-21, or OBBBA, was signed into law on July 4, 2025. The provisions of OBBBA make significant changes to the Medicaid program and as noted above, the County has begun incorporating aspects of the law, such as more frequent redetermination and stricter work requirements to determine Medicaid eligibility, into the Health Fund's long-term forecast. The IRFC also recommended at the August 27, 2025 meeting that the County work towards assessing the impact of OBBBA's provisions on the Health Fund. Since then, the OCFO has been conducting research on the provisions and their potential impacts on the Health Fund. This section will provide an update on the provision pertaining to Provider Taxes.

The federal government permits states to finance the non-federal share of Medicaid spending through health-care-related taxes. States can impose taxes on healthcare providers, hospitals, and nursing facilities, and then the revenue generated from those taxes can be used to fund state Medicaid services, as well as generating additional funds by way of the Federal Medical Assistance Percentage (FMAP). Generally, these taxes, which are levied on a provider's NPSR, do not exceed 6%, because then they would come under higher scrutiny from the Centers for Medicare and Medicaid Services (CMS). This is because the provider taxes have a requirement to hold providers harmless. This is also known as the Safe Harbor limit.

Effective July 4, 2025, OBBBA prohibits states from increasing the rates of existing provider taxes, as well as establishing any new provider taxes. Further, for states that have adopted the ACA expansion, like Illinois, the Safe Harbor limit threshold of 6% must be phased down by 0.5% annually until the 6% reaches the 3.5% threshold in federal FY2032. This decline in revenue for the State of Illinois, as well as any additional funding generated through FMAP, will reduce federal funding sources for Medicaid programming. The State of Illinois's Department of Healthcare and Family Services (HFS) estimated that the State could lose \$4.8 billion in provider tax revenue and associated federal matching funds over the Safe Harbor implementation period beginning in federal fiscal year 2028.

One thing to note is that the County does not pay provider taxes. The County instead has a separate intergovernmental agreement with the State in which it transfers funds to the State to generate funding. While there is not a direct impact to the County from the provider tax provision, there could



still be an indirect impact due to the possible reduction in fiscal capacity for State Medicaid programming. The OCFO will continue to monitor this provider tax provision, as well as the other OBBBA provisions, and provide more updates in the future as more information becomes available.

Update on recommendations of the IRFC

The IRFC provided three recommendations to the OCFO on August 27, 2025.⁴ Table 3 outlines progress in implementing these recommendations.

Table 3. Progress on recommendations of the IRFC

Deliverable	Progress
ARPA sustainability analysis of the potential impact on the fund balance of providing funding support after 2026	Programs to be sustained in part with ARPA sustainability reserve were incorporated into the long-term General Fund forecast
Assessing impact of H.R.1 (P.L. 119-21) provisions on the Health Enterprise Fund	The OCFO is scoping next steps
Revenue growth	The OCFO is scoping next steps

Economic data releases

The OCFO monitors economic indicators that inform the County's revenue and expense forecasting. Economically sensitive revenues account for 64.5% of the General and Transportation Fund forecast, and the County's expenses are impacted by inflation. Table 4 provides a schedule of economic data releases from several of the agencies that the OCFO tracks, to ensure that the most updated indicators available are used in forecasting, pending changes due to the federal shutdown.

Table 4. Economic data releases, November 2025 through January 2026*

Release Date	Indicator
November 2025	
November 7	Employment Situation
November 13	Consumer Price Index
November 26	Gross Domestic Product, 3rd Quarter 2025 (Second Estimate)
December 2025	
December 5	Employment Situation
December 10	Consumer Price Index
December 19	Gross Domestic Product, 3rd Quarter 2025 (Third Estimate)

⁴ Recommendations of the Independent Revenue Forecasting Commission, August 2025, <https://cook-county.legistar.com/LegislationDetail.aspx?ID=7660694&GUID=2B80C0AB-7F94-46A4-A5DD-B470AD0D2886&Options=&Search=>



Release Date	Indicator
January 2026	
January 9	Employment Situation
January 13	Consumer Price Index
January 29	Gross Domestic Product, 4th Quarter and Year 2025 (Advance Estimate)

Economic update

Due to the ongoing government shutdown as of this writing, the release of some scheduled economic indicators have been delayed or paused by the reporting agencies, complicating an analysis of the economy. In their September data release (the latest estimate), the U.S. Bureau of Economic Analysis reported national real Gross Domestic Product (GDP) growth to be 3.8% for the second quarter of 2025, which was an increase of 4.4% from the first quarter's contraction of -0.6%. This increase of 3.8% was 0.5% higher than Moody's Analytics' September projection of a 3.3% for second quarter real GDP.

In their most recent forecast, Moody's Analytics forecasted that the Gross Metropolitan Product for the Chicago-Naperville-Elgin metropolitan area would see weaker growth in 2026 and 2027, before returning to more historical trend levels again in the outyears. Moody's projects that unemployment will surpass 5% in 2026 and will remain above that threshold until 2029. After experiencing a downward trend in inflation over the past few years, inflation is expected to rise in the coming months as the impacts of the tariffs imposed by the federal government make their way through the economy. Inflation is expected to moderate back towards 2% in 2028 and stabilize in the outyears. Table 5 provides an overview of economic indicators that are considered when developing revenue forecasts.

Table 5. Economic indicators, actual and forecasted, Chicago-Naperville-Elgin Metropolitan Area, 2024 to 2030

Economic Indicator	2024	2025	2026	2027	2028	2029	2030
Gross Metro Product, (% change, Ch. 2017, SAAR)	1.8%	1.8%	1.3%	1.1%	1.4%	1.7%	2.0%
CPI, All Urban Consumers, (% change, SA)	3.5%	3.1%	3.2%	2.7%	2.0%	1.7%	1.7%
Resident Population: Total, (Ths. #)	9,408.6	9,440.0	9,421.7	9,385.2	9,340.5	9,291.8	9,249.2
Disposable Personal Income, (% change, SAAR)	4.4%	3.8%	4.5%	3.9%	3.4%	3.5%	3.6%
Labor Force Participation, (% SA)	66.1%	66.0%	65.7%	65.8%	65.9%	66.0%	66.1%
Labor: Unemployment Rate, (% SA)	5.1%	4.9%	5.5%	5.6%	5.2%	4.9%	4.5%
Income: Median Household, (SAAR)	\$90,770	\$93,760	\$97,542	\$101,351	\$104,593	\$107,716	\$111,122
Income: Per Capita, (SAAR)	\$80,152	\$83,428	\$86,974	\$90,569	\$93,976	\$97,754	\$101,812
Labor: Number of Employed, (Ths. #, SA)	4,756.1	4,777.1	4,725.2	4,712.7	4,724.6	4,732.8	4,741.8
Retail Sales: Total, (% change, SAAR)	3.1%	3.9%	2.5%	2.3%	2.7%	2.7%	2.8%

Source: Moody's Analytics, October 2025 baseline scenario