

# 2021

## Cook County Executive Budget Recommendation

November 2, 2020



**Toni Preckwinkle**

President, Cook County Board of Commissioners

# Executive Summary



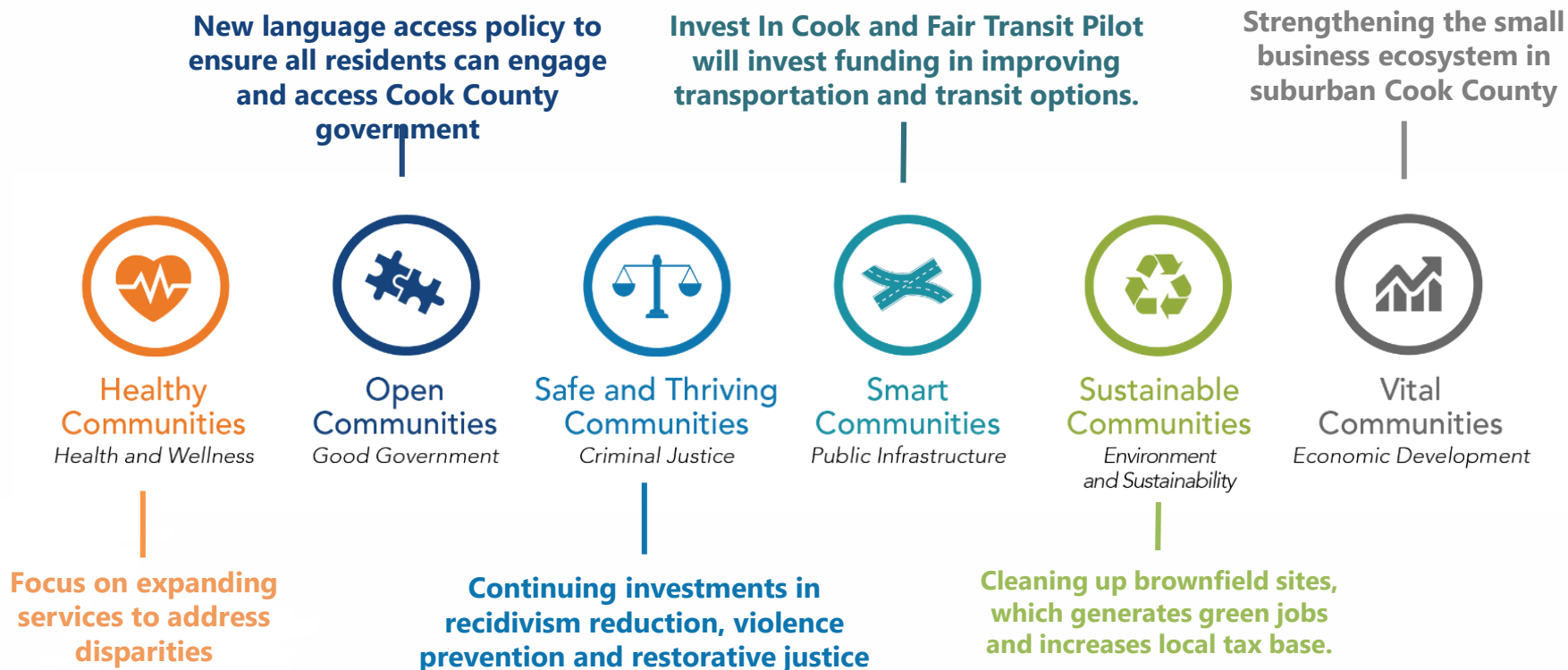
# Foundation for the FY2021 Budget



In fiscal year 2018, the Offices Under the President (OUP) spearheaded the Cook County *Policy Roadmap: Five-Year Strategic Plan for Offices Under the President*.

However, using this policy framework to improve outcomes for residents requires continuous coordination and collaboration with separately elected officials and other partners.

The six policy priorities are the foundation for the FY2021 budget.



# Leveraging the Policy Roadmap to address COVID-19



The onset of COVID-19 dramatically impacted the provision of services by Cook County.  
The Offices Under the President (OUP) spearheaded the Cook County  
***COVID-19 Response Plan: From Rapid Response to Equitable Recovery***

## FY21 Additional Policy Priorities



Provide support where Cook County can have greatest impact



Prioritize support for most vulnerable populations with a racial equity lens



Maintain continuity of public services



Coordinate efforts and leverage shared resources

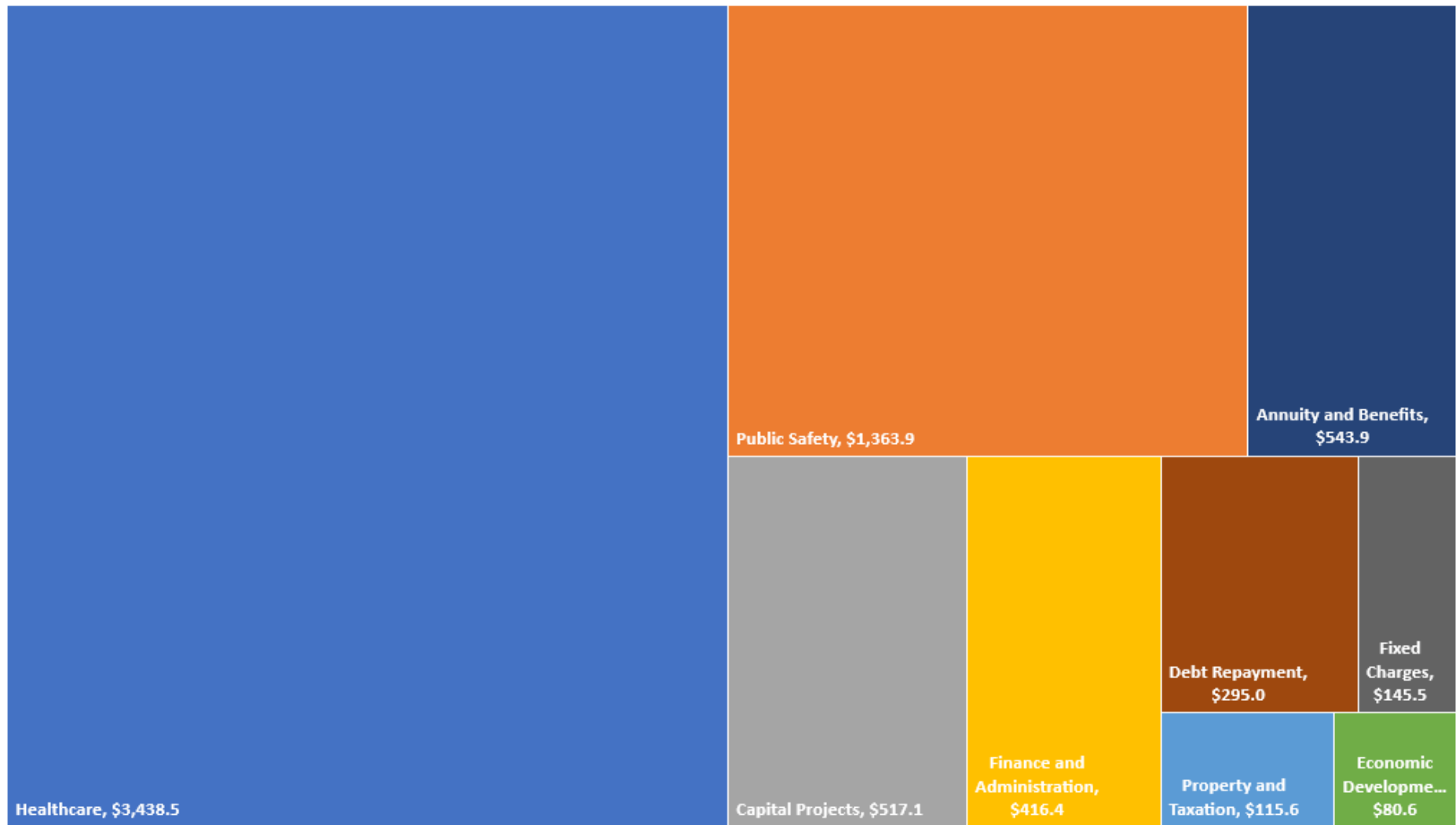


Focus on suburban Cook County, where need is great, but resources limited

# FY2021 Total Budget: \$6.9B



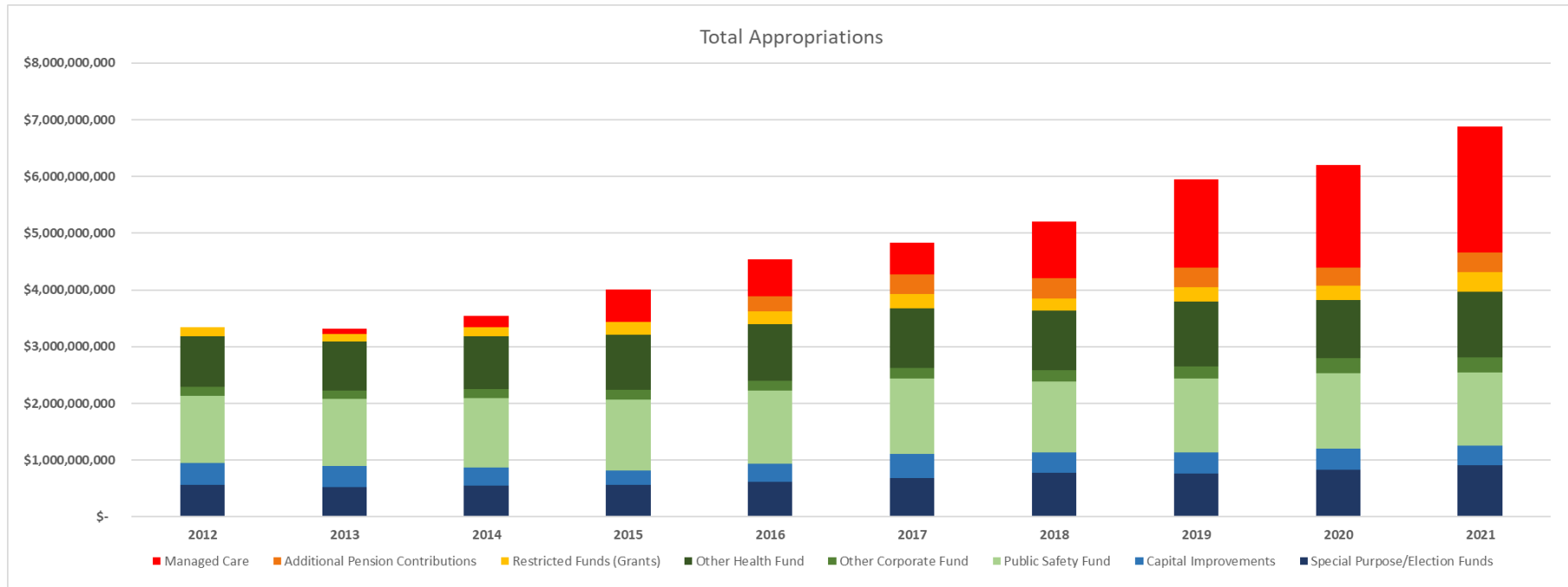
Healthcare and Public Safety make up 69% of the Total Budget (88% of the Operating Budget)



# Historical Budget Growth



**County Core Service\* expenses growing in line with the rate of inflation**

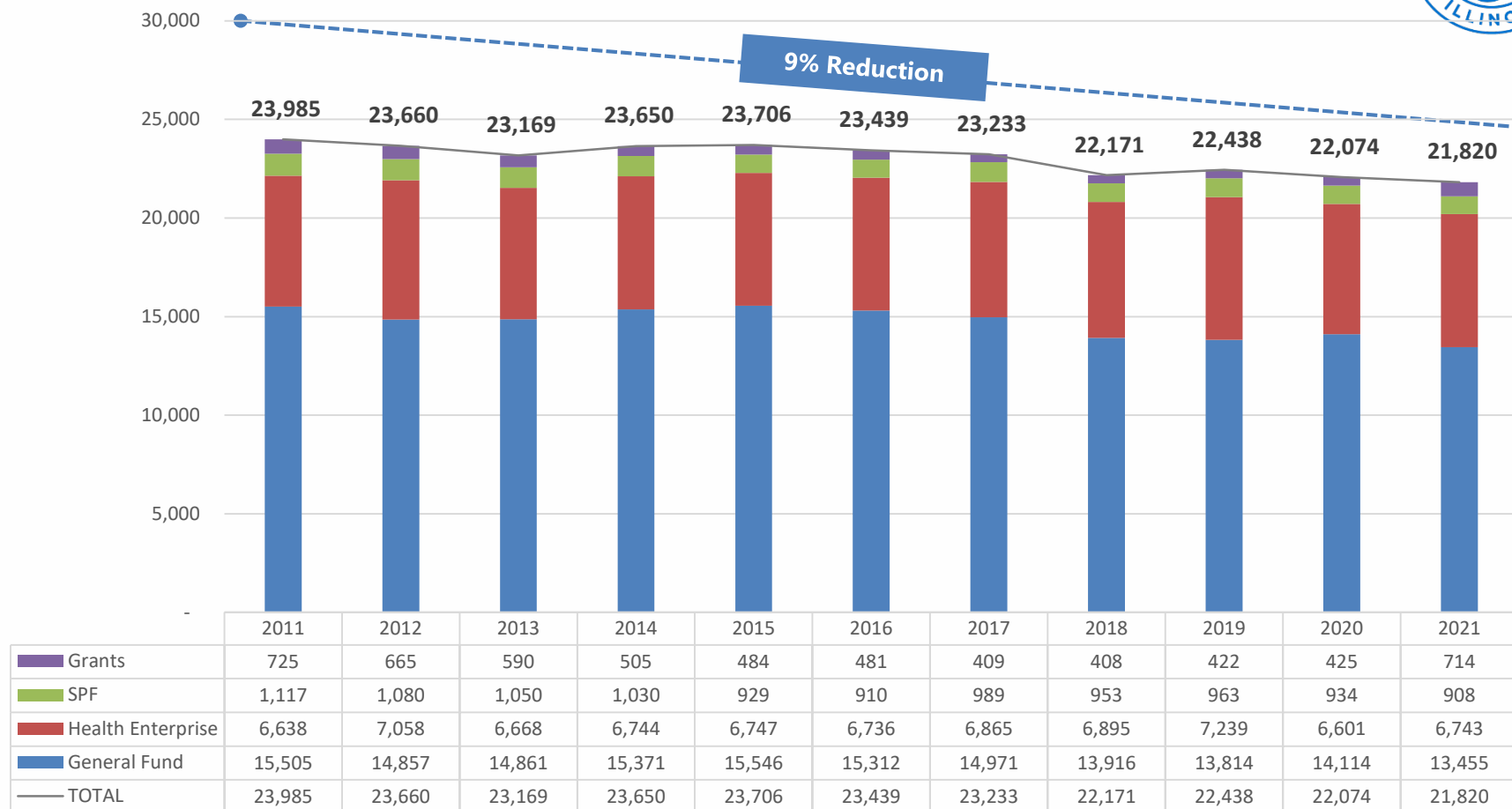


- Annual appropriations have grown by \$3.6 billion since 2012 or 8.4% compound annual growth.
- CountyCare has grown from \$96.2M in 2013 to \$2.2 billion in 2021.
- Additional pension contributions running at approximately \$334M annually since 2017.
- Core services realized an annual growth rate of just 1.5% since 2011 vs. inflation for the Chicagoland region, which also grew at an annual growth rate of 1.5% over the same time period.

\*Core services is defined as the general fund and health fund total, less managed care and the addition pension contribution



# Historical Full-Time Equivalent Count



- Position counts are decreasing by 254 or 1.1% from FY2020
- General Fund decreasing by 659 FTE
- Health Fund increasing by 142 positions, mostly in Stroger Hospital.

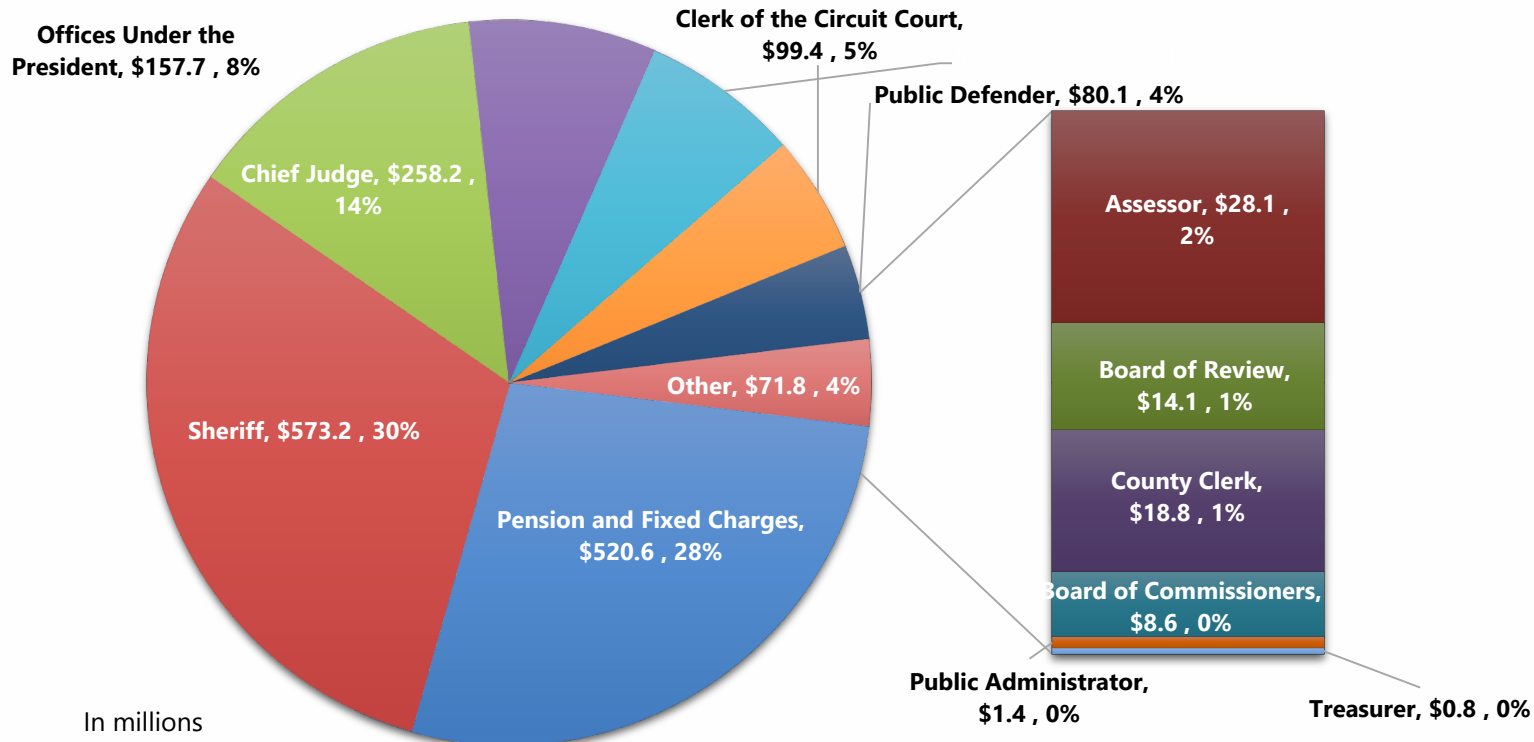
# General Fund



# General Fund Budget: \$1.89B

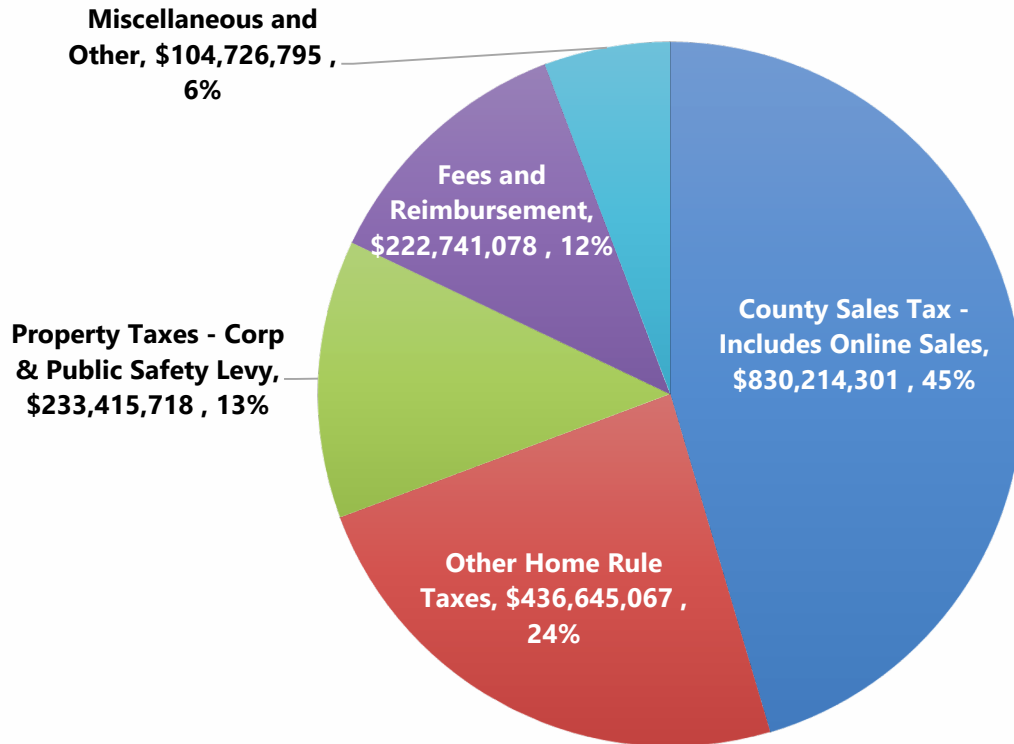


## Offices Under the President make up 8% of the General Fund Budget



Program Areas	2020 Appropriation	2021 Recommended	% Change	% of GF Budget
Public Safety	\$1,177,080,510	\$1,147,006,950	-2.6%	60.5%
Finance and Administration	\$153,216,227	\$155,154,630	1.3%	8.2%
Property and Taxation	\$61,297,033	\$61,719,863	0.7%	3.3%
Economic Development	\$10,643,199	\$10,119,697	-4.9%	0.5%
Fixed Charges	\$517,055,059	\$520,567,401	0.7%	27.5%
<b>Total</b>	<b>\$1,919,292,028</b>	<b>\$1,894,568,541</b>		<b>100.0%</b>

# General Fund Revenue Overview



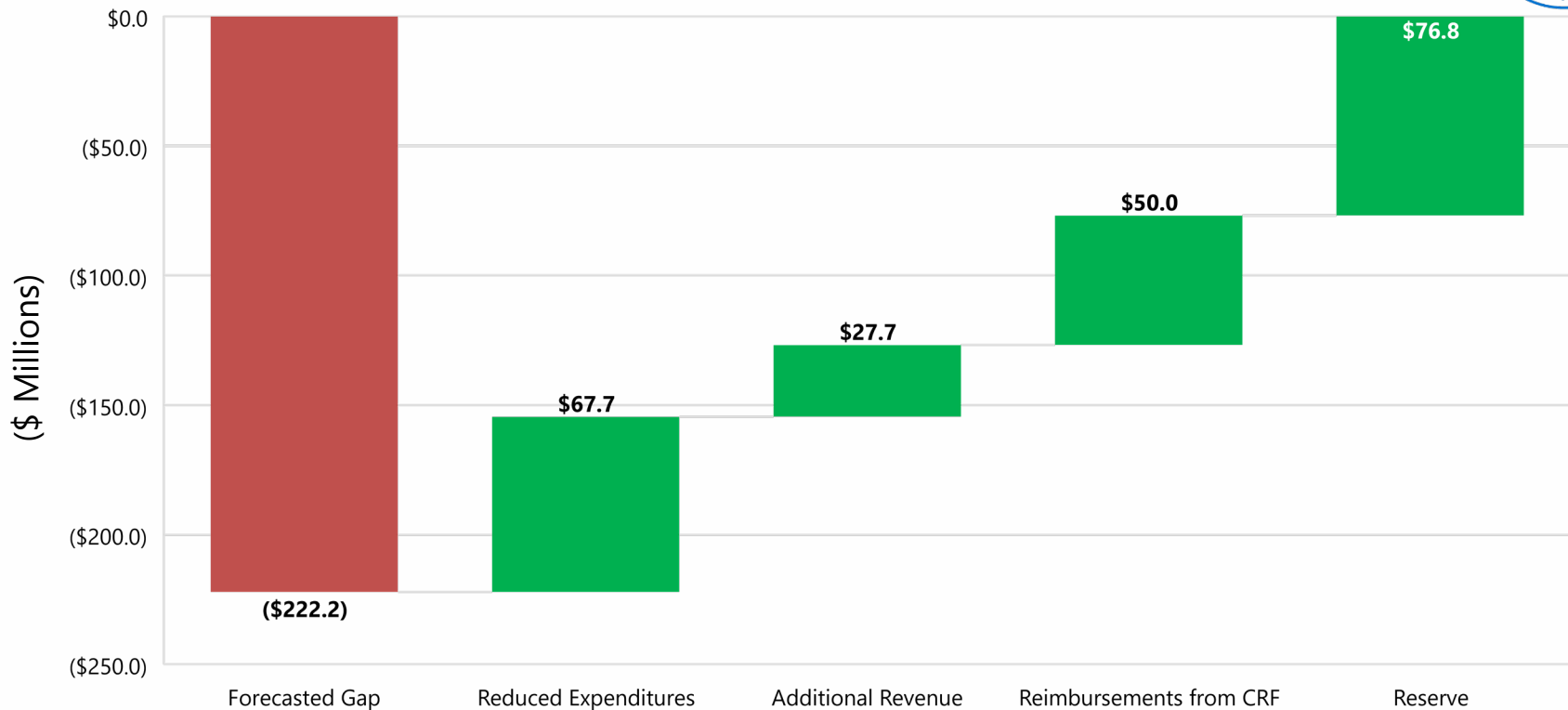
**FY2021 General Fund revenue is projected \$1.82B, which is \$92M or 4.8% below FY2020 adopted revenue**

## **FY2021 – New sources of revenues authorized through State statutes:**

- Online Sales Tax = \$80.3M
- Cannabis Tax = \$13.9M
- Sport Wagering Tax = \$3.6M



# FY2021 Gap Mitigation



- General Fund personnel expenses reduced by approximately \$61.3M due to the reduction of 659 vacant full-time equivalent positions.
- Additional revenues are primarily due to increased Tax Increment Financing revenues from the City of Chicago and increased County Sales Tax projections.
- CRF reimbursements for December 2020 are estimated to be approximately \$50M.

# FY2021 Key Priorities



## Public Safety

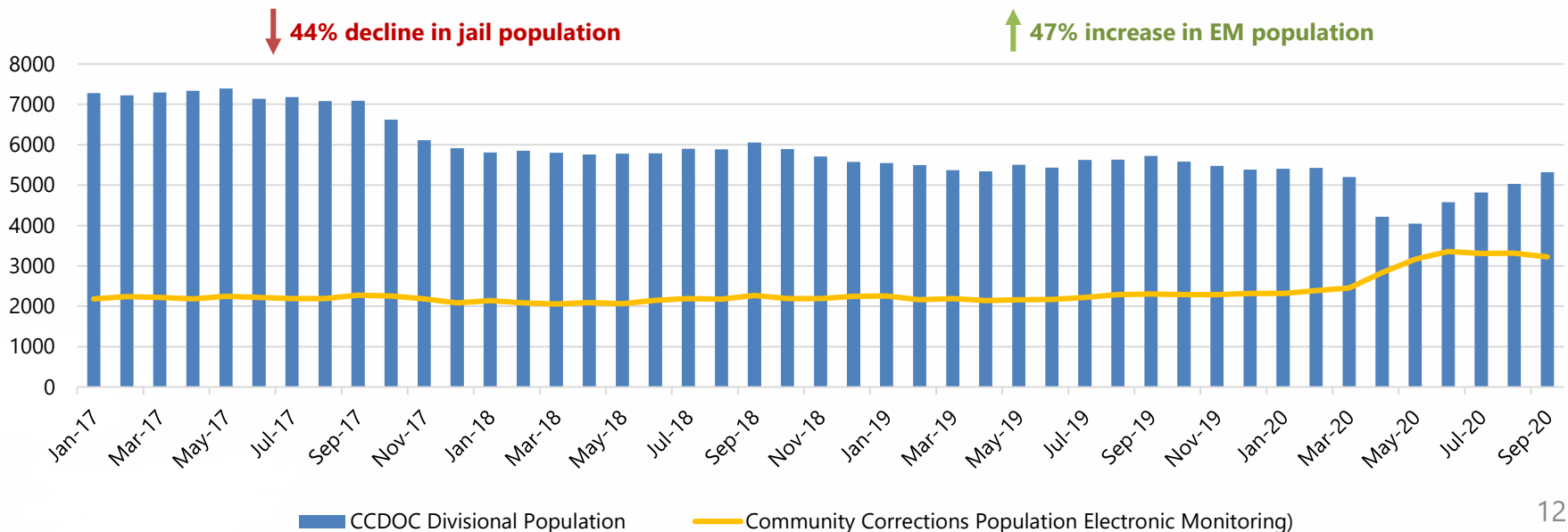


>\$350,000 initial investment in Public Defender Immigration Unit



>\$850,000 investment in new Restorative Justice Courts under the Chief Judge

Jail Population vs Electronic Monitoring





# FY2021 Key Priorities

## Property Owner Services



\$5.8M FY21 capital investment for the continued development of an integrated property tax system.



Treasurer will continue to focus on the automatic refund initiative that since its launch in July 2018, has helped 110,000 property owners receive about \$65.1M in refunds without an application.



Estimated \$1.1M in savings from the consolidation of the Recorder of Deeds into the County Clerk's Office.

## Community Access



\$2.2M in match funding over FY21 & FY22 to invest in the Connect Illinois Broadband expansion initiative.



\$8.5M funding for the Invest in Cook transportation program.



\$30.2M for Fair Transit Demonstration in partnership with regional public transit agencies to reduce fares and improve rider services.

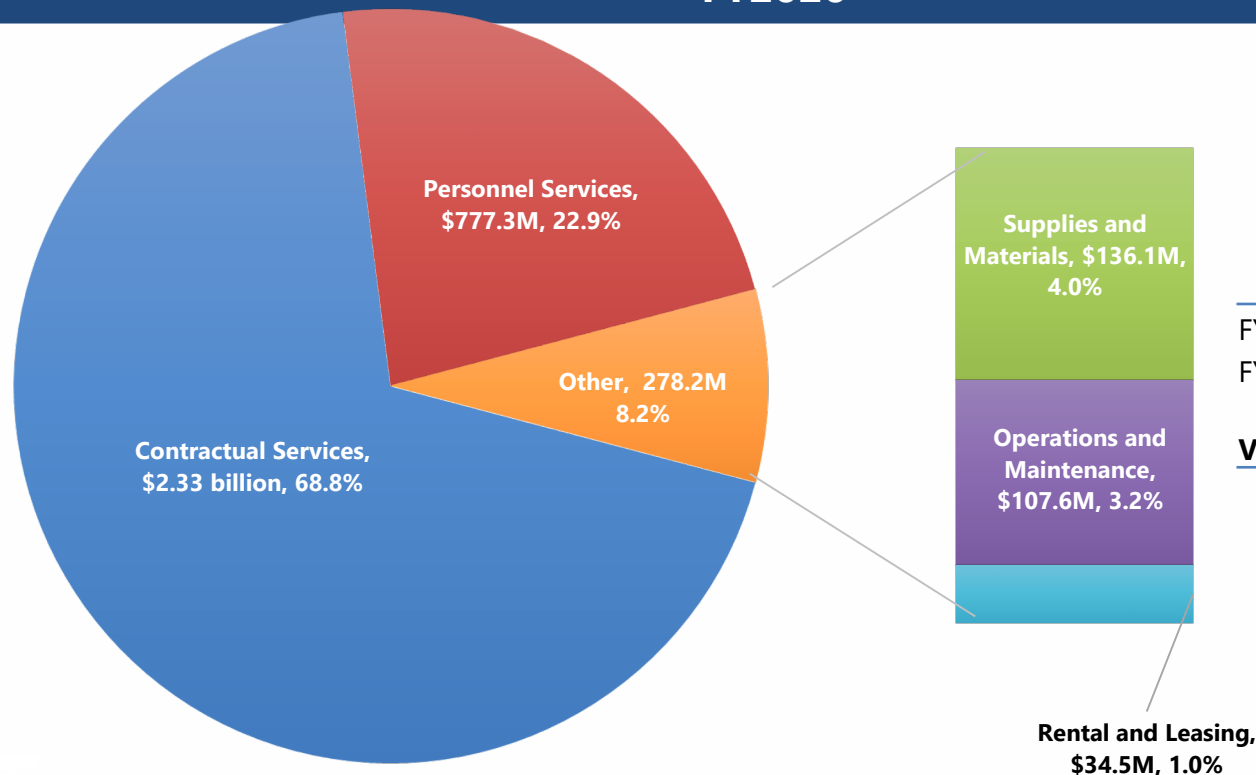
# Health Enterprise Fund



# Health Enterprise Fund Budget: \$3.39B



The Cook County Health FY2021 budget realizes a net increase of \$563.4M/20% from FY2020



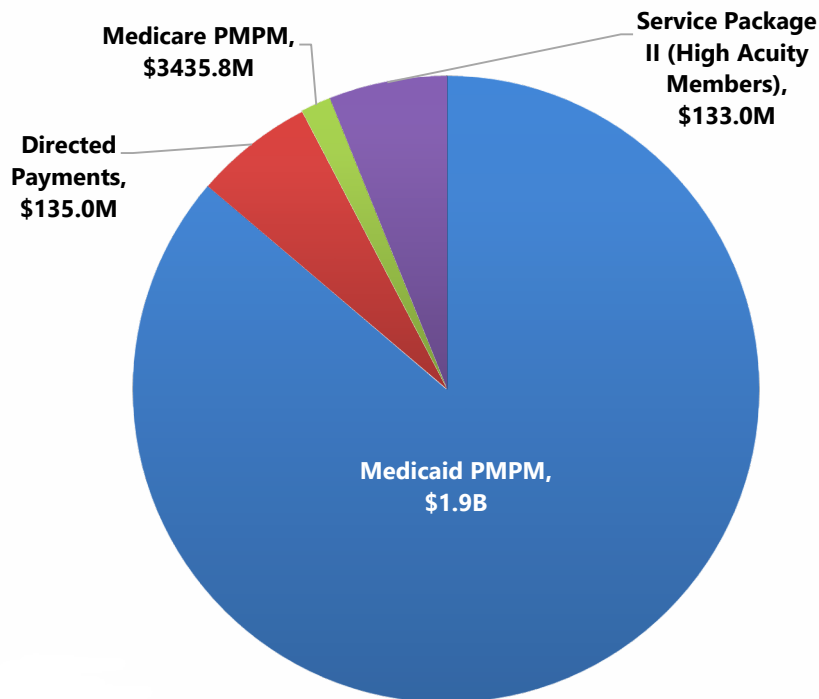
FY2020 Budget	\$2,824.0
FY2021 Budget	\$3,387.3
<b>Variance</b>	<b>\$563.4</b>

- CountyCare increase in membership to an average of 356,000, \$465M increase
- Increase in staffing at the Cook County Jail due to distancing requirements
- Continue commitment to provide \$312M in charity care

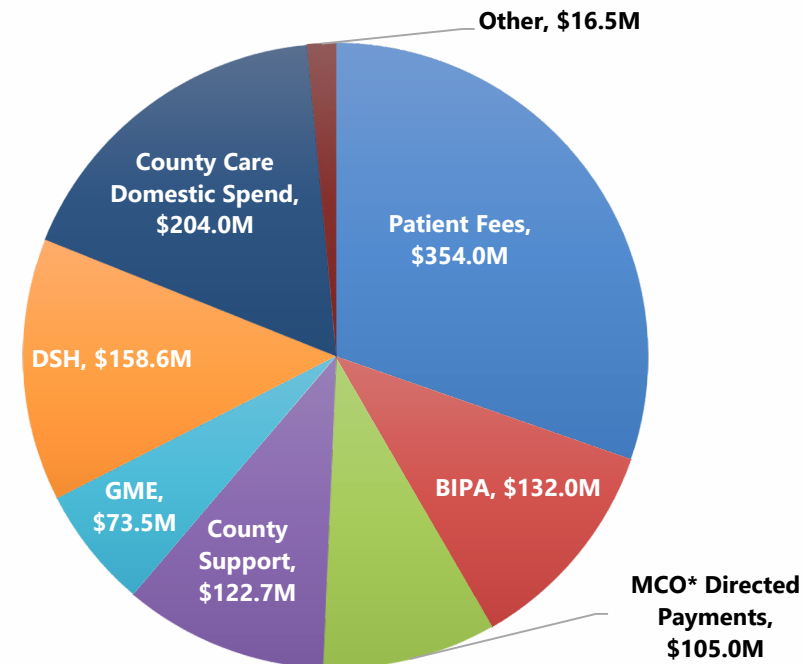
# Health Fund Revenue Overview



County Care  
\$2.2 billion

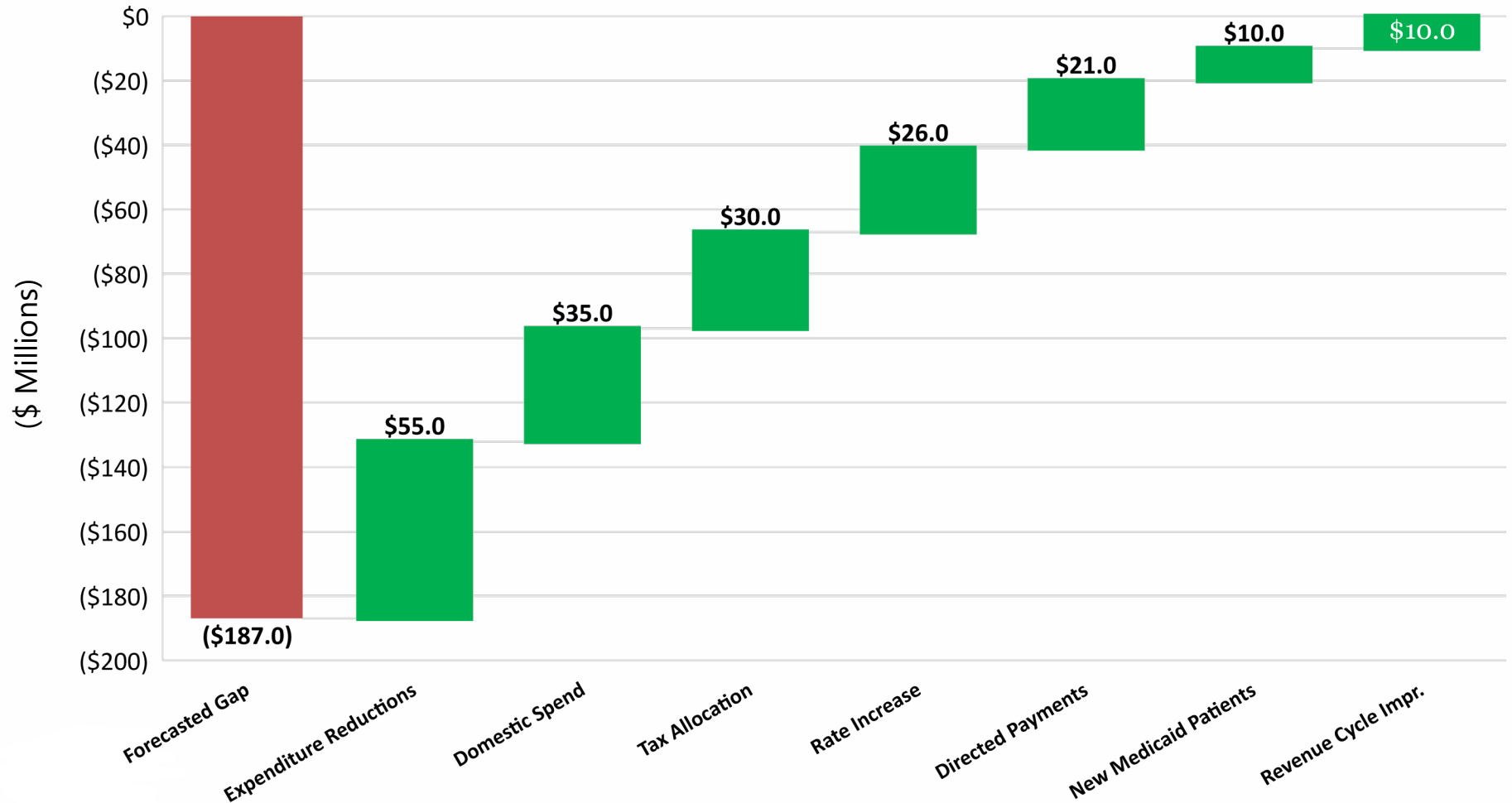


Provider  
\$1.1 billion

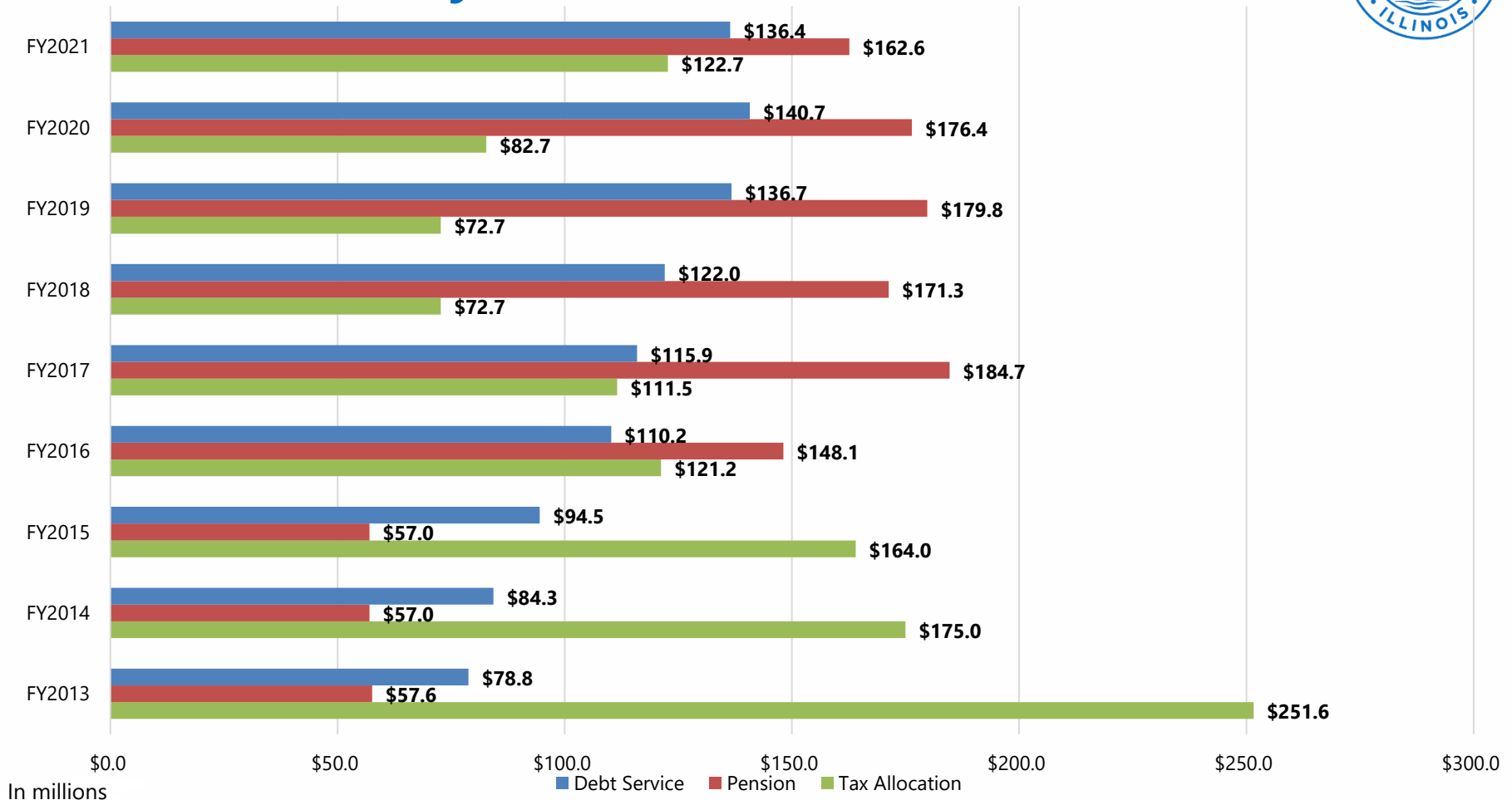


GME: Graduate Medical Education Payments  
BIPA: Benefits Improvement and Protection Act Payments  
DSH: Disproportionate Share Hospital Payments  
MCO = Managed Care Organization

# FY2021 Gap Mitigation



# Cook County CCH Allocations



- In FY2021, the direct tax allocation increased by \$40M to more appropriately underwrite the cost of Correctional and Public Health.
- In FY2021, CCH indirect pension contribution decreased by \$13.8M compared to FY2020.

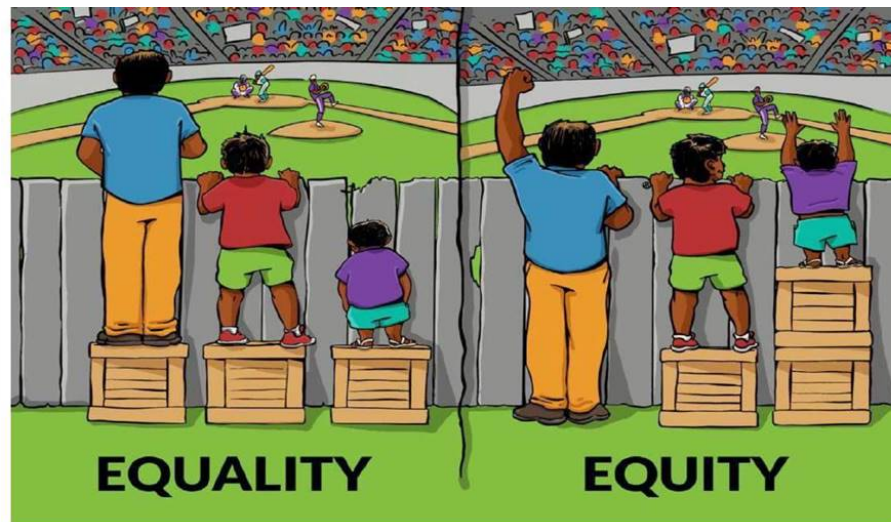
# Commitment to Equity



# Commitment to Equity



- Many of our communities have been historically marginalized and experienced decades of disinvestment.
- Widening of income inequality has led to disparities in housing, food, education, workforce opportunities and healthcare.
- Unfortunately, the COVID-19 pandemic has only further exacerbated these disparities.
- The Policy Roadmap has equity at its heart and serves as an important tool that aligns County's resources to address historical inequities without sacrificing critical services all residents need.



# Equity Investments



- Over the last few years Cook County has devoted hundreds of millions of dollars in resources annually towards equitable investments:
  - Justice Advisory Council Grants – Totaling \$26.8M since 2015
  - Charity care at Stroger and Provident – over \$250M annually since 2015
  - Leveraging Federal Grants for Economic Development – \$82M alone in 2020
- Through prudent fiscal governance and in collaboration with the County Board, as well as our separately elected officials, the County has been able to achieve efficiencies that allow it invest its resources into much needed equity programs in three key areas:

***Justice***  
***Economic Development***  
***Healthcare***

- The FY2021 budget supports close to **\$100M** to be invested over the next 2 in restorative justice, violence prevention, digital equity, public health, workforce training, affordable transportation and housing assistance.

# Equity Investments



Over 2 years

In FY2021



## Justice Initiatives

**\$20 Million**

- Grants for:
  - Anti-recidivism
  - Restorative Justice
  - Violence prevention/violence reduction
  - Re-entry services/housing support to returning residents/EM pop
  - Felony drug diversion programs/court support services



## Economic Develop.

**\$20 Million**

- Small Business Assistance
- Workforce training
- Housing and resident needs, including:
  - Legal aid for foreclosure mediation)
  - Food, utility and direct cash assistance



## Healthcare

**\$40 Million**

- Support for Charity care
- Increased behavioral health care in South and West sides of Chicago
- Support other safety net providers
- Address health equity in underserved communities

# Long-Term Fiscal Sustainability

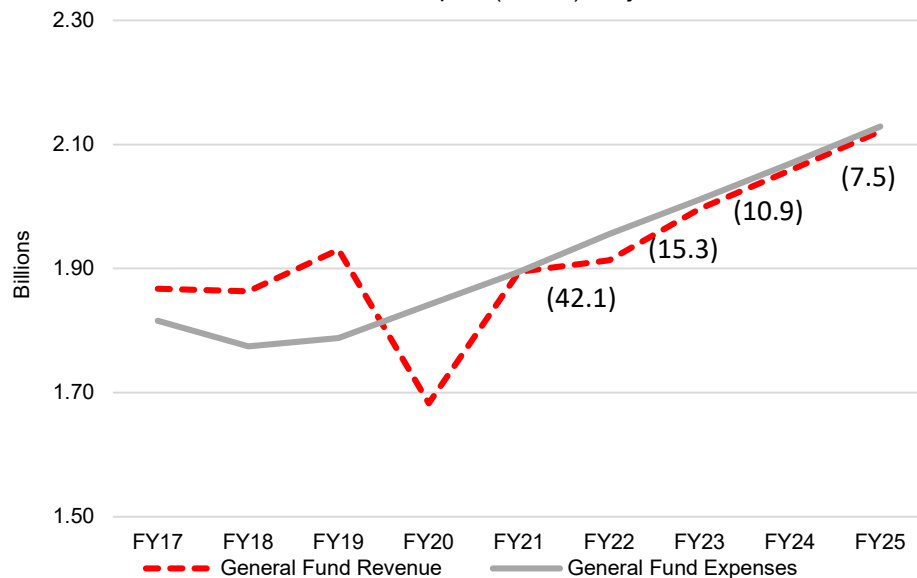


# Long-Term Fiscal Planning

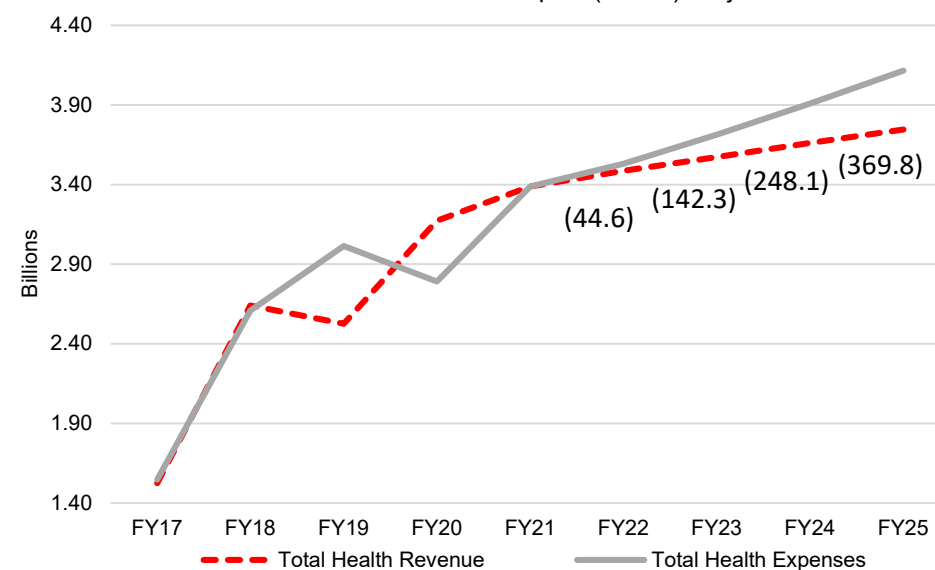


By implementing structural budgetary solutions, the County's five year forecasted deficits continue to shrink

General Fund - Net Surplus/(Deficit) Projection



Health Fund - Net Surplus/(Deficit) Projection



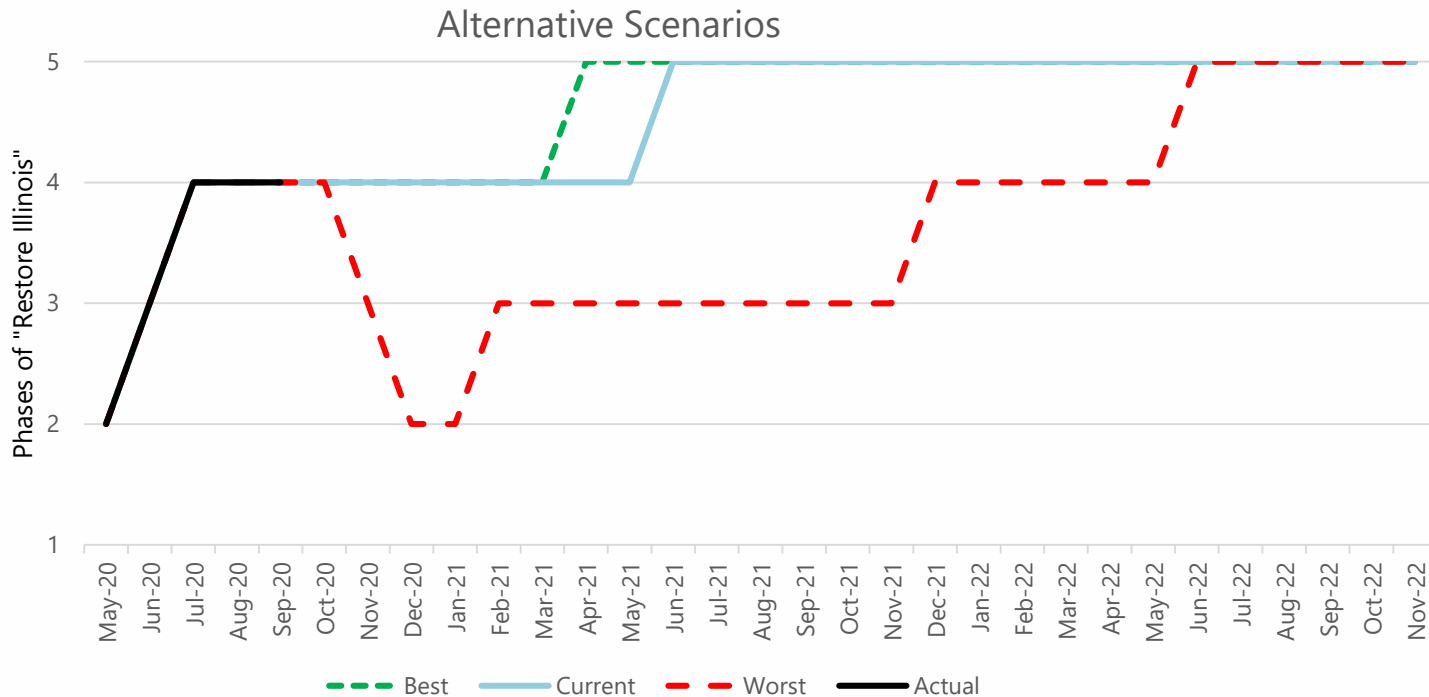
Projections based upon data submitted for FY2021 Executive Recommendation:

- General Fund projected FY22 deficit: \$42.1M
- Health Fund projected FY22 deficit: \$44.6M
- Total projected deficit FY22: \$86.7M**

# Uncertainty Abounds

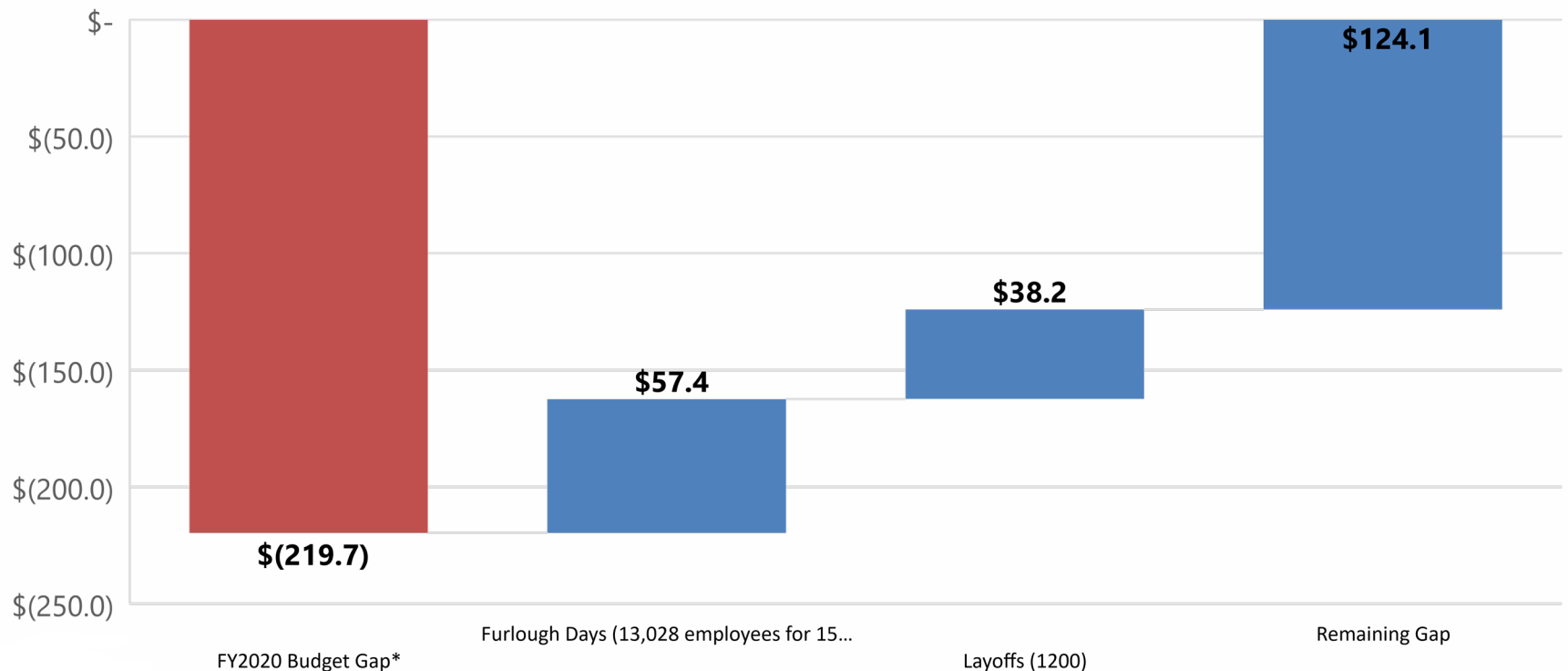


The progression of COVID-19 and the actual impact of new revenues will have significant long-term impacts on the County's fiscal health



- If COVID-19 follows the worst-case scenario with no widespread use of vaccine in 2022, we anticipate a \$328.3 M unfavorable variance in our fund balance from our base case scenario.
- New revenues including, online sales tax, cannabis and sports wagering, represent nearly \$1.1B between FY21 and FY25.

# FY2020 Gap Mitigation Scenario Without Federal Emergency Funds



\*The FY2020 Budget Gap only reflects filled positions and does not include vacancies.

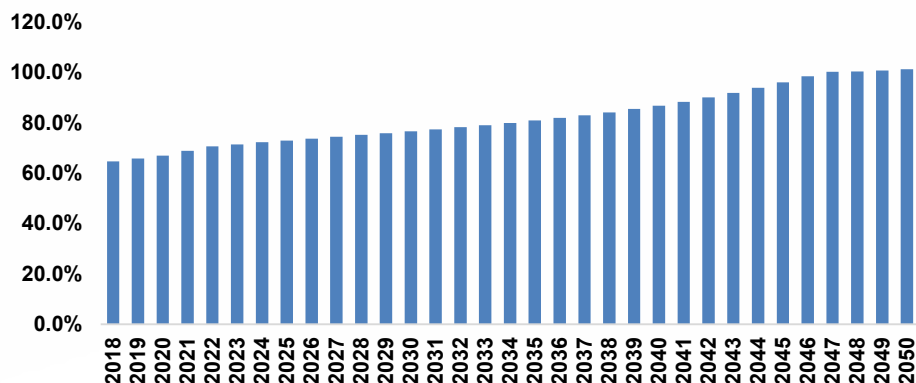


# Addressing Pension Fund Liabilities

**Pension Fund's funded ratio increased to 61.2% in just 4 years; without supplemental funding the ratio would be 54%**

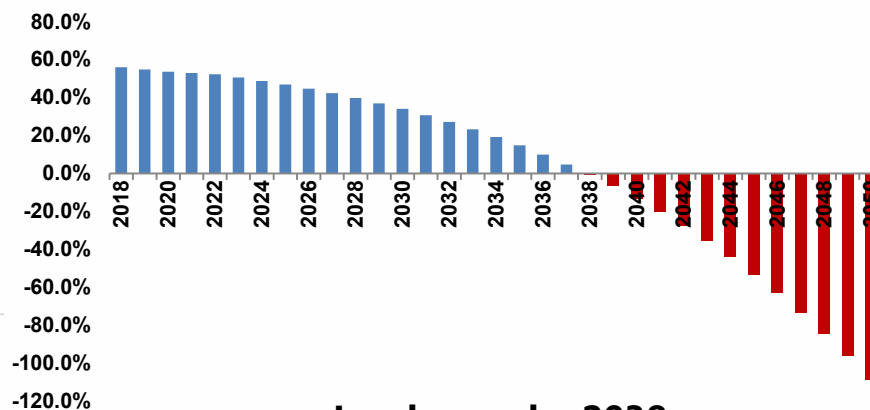
- The County has an annual Intergovernmental Agreement ("IGA") with the Pension Fund, which includes supplemental payments in addition to the statutorily required maximum contribution
- These payments will total, by the end of FY20, over \$1.6B, allowing the Pension Fund to keep its assets invested and take advantage of good market performance

**Projected Funded Ratio with Supplemental Funding**



**On track to achieve 100% by 2047**

**Projected Funded Ratio without Supplemental Funding**



**Insolvency by 2038**

The FY21 budget recommends a supplemental pension amount of \$342M.

# Budget Calendar



NOVEMBER						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	★	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

## NOVEMBER – BUDGET APPROPRIATION

**2<sup>nd</sup> – 9<sup>th</sup>** – Department Budget Hearings  
**6<sup>th</sup> – 13<sup>th</sup>** – Commissioner Amendment Phase  
**20<sup>th</sup>** – Amendments posted  
**24<sup>th</sup>** – Budget vote