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MEMORANDUM

Date: June 26, 2018

To: Honorable Chairman John Daley, Cook County Board of Commissioners
Honorable Cook County Board of Commissioners

CC: John Keller, Chief of Staff
Lanetta Haynes Turner, Deputy Chief of Staff
Erik Varela, Legislative and Governmental Affairs

From: Ammar Rizki, Chief Financial Officer, Bureau of Finance

Subject: **Fiscal Impact Note on Item #18-2073 Proposed Ordinance The Consensus Revenue Forecasting Commission For Cook County**

In accordance with Sec. 2-77 of the Cook County Code of Ordinances, this note is prepared to convey the fiscal impact of item **#18-2073 Proposed Ordinance the Consensus Revenue Forecasting Commission for Cook County**.

For the purpose of developing a consensus revenue forecast on an annual basis to be updated quarterly, the Cook County Forecasting Commission, will be responsible for evaluating and forecasting Sales taxes, Property taxes, Cigarette taxes, Fuel taxes and other sources of County revenue, along with any new revenues proposed by the Board and/or the Executive.

The proposed Commission will have seven members appointed by the County Board President and confirmed by the County Board and has the authority to evaluate county revenue sources, purchase subscriptions to economic and financial data, engage outside forecasting resources and hire staff.

The Office of Chief Financial Officer (OCFO) researched comparable Commissions in other jurisdictions and found the following examples:

- 1) The State of Illinois's Commission on Government Forecasting and Accountability (CoGFA)
- 2) King County, Washington's Office of Economic and Financial Analysis (OEFA)

For their respective upcoming fiscal year CoGFA has an annual budget of \$2.7M and has 12 Full Time Equivalent (FTE) positions, whereas King County OEFA has an annual budget of \$492,000 and has 3 FTE positions. Both entities also incur data subscriptions costs, conference related travel costs, publishing costs and other non-personnel costs (office supplies and telecommunications).

The County’s General Fund alone has 20 different types of taxes and 16 distinct fee categories, along with several intergovernmental and other miscellaneous revenue sources. To forecast, analyze and report on these numerous and diverse revenue sources effectively, the Commission will need to employ at minimum 4 FTE positions. Beyond that the staff will need to purchase economic data subscriptions and attend national conferences from time to time to stay abreast of the latest trends in the economy and/or forecasting. They will also incur publishing costs for the quarterly and annual reports and will also have other non-personnel costs for an office of similar size.

Based on the models highlighted above and the assumption made on the resources needed for the Commission to be effective, the OCFO projects the following first full year fiscal impact range:

	Low	High
Salary Costs	\$ 367,051.00	\$ 461,677.00
Fringe Costs	\$ 208,236.00	\$ 220,350.00
Non Personnel Costs	\$ 30,500.00	\$ 48,000.00
Total	\$ 605,787.00	\$ 730,027.00

The range above is based on the following assumptions:

- 1) The Commission will need 4 FTE funded positions:
 - a. One Director – Grade 24 (Annual Salary \$130,000 to \$150,000)
 - b. Two Economist II – Grade 22 (Annual Salary \$91,025 to \$117,996)
 - c. One Administrative Analyst II – Grade 19 (Annual Salary 55,001 to \$75,685)
- 2) Fringe Benefits Costs include, Health, Dental and Vision Benefits costs, along with Pension, Life insurance, Medicare and Unemployment insurance related costs, and are net of employee contributions
- 3) Economic data subscriptions range from \$20,000 to \$30,000 based on rates from Standard and Poor’s, Moody’s Analytics and Bloomberg
- 4) Conference Fees and Travel costs based on average registration fees and travel costs to national conference, using Federal Tax Administrators annual conference and Government Financial Officer’s Association annual conference as examples
- 5) Publishing and other Non-personnel costs range from \$8,000 to \$12,000 annually based on an office of similar size and function within Cook County Government

Therefore, assuming the ordinance goes into effect immediately and the funding needed will need to be allocated by September 1, 2018, the five year fiscal impact will be as follows, using 2% inflationary growth in expenditures:

	FY2018*	FY2019	FY2020	FY2021	FY2022
Low	\$ 151,447	\$ 617,903	\$ 630,261	\$ 642,866	\$ 655,723
High	\$ 182,507	\$ 744,628	\$ 759,520	\$ 774,710	\$ 790,205

**Funding allocation as of September 1, 2018.*