OFFICE OF THE PRESIDENT
BOARD OF COMMISSIONERS OF COOK COUNTY
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August 15, 2018

Honorable Jesús C. Garcia
Cook County Commissioner – 7th District
118 N. Clark Street, Suite 567
Chicago, IL 60602

RE: 2018 Mid-Year Budget Hearings

Dear Commissioner Garcia,

Please see below for the Offices Under the President's responses to your July 30th, 2018 questions.

QUESTIONS FOR THE CHIEF FINANCIAL OFFICER

1. ***Please explain how you arrived at the anticipated increase in revenue in 2019 over the projected revenue in 2018 given the expected absence the Home Rule Accelerated Payment ($12.2M), the absence of sweetened beverage tax revenue ($11.4M) and the Treasurer's revenue being down $30M. How much of an increase in sales tax revenue (compared to 2018 budgeted levels) do you anticipate in 2019 and the basis for that increase?***

   Please note that the fiscal year 2018 (FY2018) Revenue Estimates did not include either the Accelerated Payment or the Sweetened Beverage tax revenue: the Accelerated Payment was an unpredictable one-time revenue, and the Sweetened Beverage tax had been repealed

   We expect two significant revenue increases in fiscal year 2019 (FY2019):
   - The normal odd-year reduction in Election expenses, which will increase the property taxes available to the General Fund; and
   - An increase in Sales Tax revenue. Our preliminary budget projects an increase in Sales Tax of $37M. This is based on growth in consumer sales resulting from the national economy's continued strength and a 0.5% reduction in the administrative fee imposed by the State of Illinois which was originally at 2% in 2017 and has been reduced to 1.5% ($4M) for this fiscal year.

2. ***Please specify current estimates of the one-time and mid-year savings you have seen or expect (and when) from the actions included in the 2018 budget including:***

A. Closure of Board of Review satellite offices

The closures of the Board of Review satellite offices is not a "one-time" savings initiative. Rather, closing the satellite offices permanently provides ongoing, sustainable savings. By eliminating the ten positions that staffed the satellite offices, the County will save $611,118 annually.

B. ***Reductions in spending due to sustained jail population reductions***

In FY2018, the Department of Corrections (DOC) reduced their operating budget by $37.7M under the FY2017 budget. This includes a reduction of FTEs, garnering savings in the Salaries account of $14.2M. DOC reduced overtime expenditures by nearly $7M and operating expenses by an additional $16.5M. Again, these are not considered "one-time" savings as long as the lower population levels that allow for these budget reductions are sustained. In addition to personnel and overtime reductions, the President's Office will continue working with the Sheriff's Office to secure cost savings by reducing the physical footprint of the jail campus through the demolition of buildings that are not currently in use.

C. ***Closure of some units and staffing reductions at the JTDC***

The FY2018 budget anticipated savings from closing one Center in the Juvenile Temporary Detention Center (JTDC), valued at $1.75M. However, this anticipated savings was reinvested into the Office of the Chief Judge's (OCJ) budget to expand pre-trial services, with a net budgetary impact of zero. However, the OCJ/JTDC did not facilitate any of the budgeted efficiencies prior to the settlement agreement being finalized. The settlement agreement includes closure of one Center at the JTDC with an expected annualized impact of approximately $1.75M in savings, should the Center close and remain closed through the ensuing fiscal year.

D. ***Closure of a certain court building***

The FY2018 budget anticipated savings from closing one branch court, valued at $537K. However, these savings were not achieved due to the OCJ litigation preventing any of the budgeted layoffs to occur. The OCJ did not facilitate any of the budgeted efficiencies prior to the settlement agreement being finalized. The settlement agreement includes closure of two branch courts by September 2018, though anticipated savings are currently unspecified.

E. ***Merging of CCHHS HR department with the County and the States Attorney IT department with County (and any other mergers)***

In FY2018, the Bureau of Human Resources (BHR) Labor Relations Division resumed responsibility for labor relations management for Cook County Health and Hospitals System (CCHHS). The elimination of labor-related positions at CCHHS and the consolidation of services offered through the BHR Labor Division has yielded an estimated net savings of over $800K.

The merger of the State's Attorney's IT Department with the County's is not a cost savings measure but of efficiency. The merger has yet to occur and is anticipated in FY2018.

3. ***Please provide the basis for asking each Department and Office (other than the Chief Judge) to limit budget increases from the final 2018 budget to 2%.***

   A 2% increase over the FY2018 appropriations is sustainable through the preliminary revenue and expenditure estimates, which accounts for overall expenditure growth at the rate of inflation. Unfortunately, cuts will still be needed in offices where expenditure growth exceeds 2%. The Bureau of Finance will work through those reductions with the Board of Commissioners as part of the upcoming budget process.

   The OCJ is subject to the same methodology after adjusting the FY2018 budget by the amount of the settlement.

QUESTIONS FOR THE CHIEF OF STAFF REGARDING THE BUREAU OF ECONOMIC DEVELOPMENT

1. ***What was the impact of last year's budget cut on BED programs and services?***

   Due to FY2018 budget cuts, BED had to delay many vital programs. In FY2018 the Department of Building and Zoning did not have the funds to start inspecting rental housing throughout unincorporated Cook County through the Residential Rental Licensing Program, which the Board passed to protect the public health, safety and welfare of the people living in unincorporated Cook County. Additionally, the Department of Planning and Development was unable to advance, Industrial Growth Zones, a key economic development initiative, because the Department did not have the funds to support a staff position to manage the program or to engage outside professionals to conduct environmental assessments of industrial sites.

2. ***Do you plan any new or expanded initiatives on the south or southwest sides of Chicago and the County in 2019?***

   Developing and implementing a vibrant growth strategy for the south suburbs to reinvigorate the region as an economic powerhouse that drives growth in the regional economy remains a priority for BED, as described in "The South Suburban Economic Growth Initiative" (SSEGI). The County will anchor our efforts in the south suburbs by amplifying and further connecting to regional resources and initiatives. For example, the County has significantly increased its support of the South Suburban Mayors and Managers Association (SSMMA), including providing funds for an outreach and program manager, and will continue that support in FY2019. Other ongoing work that will be continued or expanded in FY2019 include:
   - Beginning a site prioritization process;
   - Assessing market opportunities related to key industry clusters in metal and machinery, food manufacturing, and transportation, distribution and logistics;
   - Exploring strategies to increase institutional capacity in the south suburbs; and
   - Launching working groups related to housing, workforce and business development.

   Additionally, the County is exploring and embracing industrial development opportunities and increasing institutional capacity in partnership with the Civic Consulting Alliance, Chicago Metropolitan Agency for Planning, SSMMA, OAI Inc., Neighborhood Housing Services and others.

3. ***If you limit any budget increase to 2% in 2019 what programs or services under the BED will be impacted?***

   The President's Office will meet the cut, it's unfortunate that based on the 2% there are some things we would like to do that might not be possible but at this moment we are not done finalizing our budget. The Budget Office is currently meeting with offices to help make cuts and support program needs.

Please let me know if we can provide further information.

Sincerely,

John Keller

Chief of Staff
Office of The President