



**STATE OF ILLINOIS
OFFICE OF THE PUBLIC ADMINISTRATOR
FOR THE COUNTY OF COOK**

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Louis G. Apostol
PUBLIC ADMINISTRATOR

MEMORANDUM

To: John P. Daley, Chairman, Finance Committee

cc: Tanya S. Anthony, Budget Director, Dept. of Budget and Management
Services
Ama Baljinnyam, Budget Analyst

From: Louis G. Apostol
Illinois Public Administrator for Cook County

Date: July 20, 2018

Re: FY 2019 Executive Budget Summary

In accordance with your memorandum dated June 29, 2018, the Office of the Public Administrator is submitting this 2019 Executive Budget Summary. The FY2019 budget request has been completed in the Budget Request system. Attached is supporting documentation.

I. EXECUTIVE SUMMARY

- As of August 31, 2018, the Public Administrator's Office will have generated over \$4,600,000 in fees, interest, court costs and unclaimed property. The current (FY2018) budget is \$1,342,506.
- The Total Revenue for the PA's Office is projected to return five (5) times its appropriated budget for FY 2018.
- As of June 30, 2018, the PA's fees have generated a record \$1,079,299 to the County Treasurer. This revenue represents 80% of the budget appropriated for FY 2018.
- The PA projects additional fee revenue of \$364,835, by August 31st. This substantial increase reflects a total of \$1,448,664 through the 3rd Quarter. This amount represents \$109,485 over the amount appropriated for FY 2018 (108%).
- The PA's office has only 14 full-time staff. This represents a reduction of 20% from FY 2016. The PA will add one (1) full-time staff in the 2nd Quarter in FY 2018.
- The PA's office voluntarily eliminated two positions and left one position open in FY2018, resulting in a savings of \$95,822.
- The Office of the Public Administrator has investigated 646 cases in the first two quarters of FY 2018. This number is consistent with FY 2017, although some are of high complexity.
- The PA is partnering with the State Treasurer's Office in FY 2019 to seek and verify additional unclaimed property.
- The budget request for FY 2019 is \$1,294,929, reflecting a reduction of \$44,250.

The Office of the Public Administrator is a significant revenue-producing agency for both the State and County. As stated above, the PA's Office is a zero-based budget in that the revenues it generates annually far exceed its budget appropriation. As such, the PA recommends that additional reductions in FY 2019 will prohibit this office from adequately serving the citizens of Cook County.

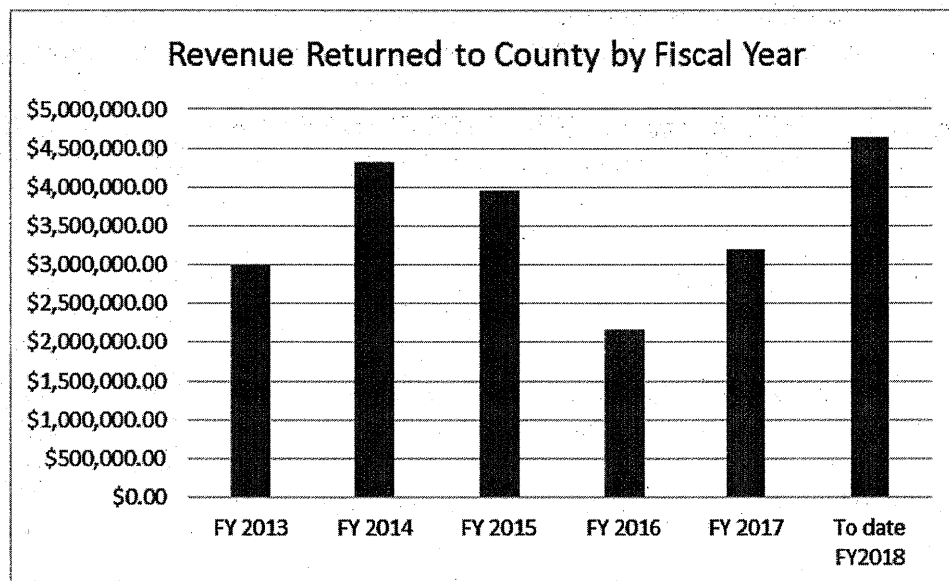
II. OFFICE OVERVIEW

This State of Illinois office and Cook County share a unique and extraordinary relationship. The Office of Public Administrator for Cook County (the "OPA") operates as a quasi-county agency in that our office budget and many personnel, payroll, pension, and collective bargaining aspects are administered under the Cook County systems, although we are legally a state office and almost all of our operations are judicially supervised probate proceedings.

The OPA is also unique among other county agencies in that we are entirely self-supporting from our operations (from fee revenues from administered probate estates) and thus do not ultimately draw on County or state tax revenues even though our budget is part of the County operating budget.

Also uniquely, the OPA regularly generates net funds *to the County* in the form of funds of OPA administered estates that are deposited with the County Treasurer for the benefit of unknown or unlocated heirs. In the past five fiscal years, the OPA has deposited the following amounts into the Cook County Treasury: \$2,989,211.62 (FY13), \$4,322,364 (FY14), \$3,951,257.00 (FY2015), \$2,161,633.65 (FY2016), 3,929,165.42 (FY2017).

In the current FY2018, the 7 month deposit total (to date) is \$3,112,229, which is within the FY 2018 budget goal. Of course, the amount in any year is a function of the number of estates probated by the OPA, their size, and whether heirs exist and can be found. Thus far in FY2018 we have distributed \$7,086,495 to known heirs of the OPA administered estates.



III. FUNDING SOURCES OF OPA

The OPA is funded from fees charged to probate estates that the OPA is appointed (by the circuit court) to administer. These fund sources are as follows:

- (1) Real estate and personal property -- escheats.

Pursuant to §5/2-1(h) of the Probate Act, if there are no known heirs of the decedent, any real estate owned by the decedent escheats to the situs county.

The personal property physically located in Illinois and the personal estate physically located or held outside Illinois that is the subject of ancillary administration of an estate being administered within this State escheats to the Illinois county of which the decedent was a resident or, if the decedent was not an Illinois resident, to the county in which the asset is located (usually

Cook County). (All other personal property of the decedent, wherever situated, or its proceeds, escheats to the State and is delivered to the State Treasurer pursuant to the Uniform Disposition of Unclaimed Property Act, 765 ILCS 1025/1, *et seq.*)

(2) Unknown heirs' distributions – escheat after claim period.

Pursuant to §24-20 of the Probate Act, when a ward, distributee (heir or legatee) of an estate or a claimant is known but cannot be located in order to accept the property or distribution, the Public Administrator with court approval may sell the asset/property and deposit the net proceeds with the Cook County Treasurer to hold for that distributee. The person entitled to the deposited money may obtain it, with interest, upon application to the court and with satisfactory proof of right within 7 years; but if no such claim is made and approved by the deadline, the deposited funds escheat to the County.

(3) Public Administrator's Probate Fees.

Revenue is realized by the administrator's fees (and interest thereon) that are awarded by the probate court as compensation for the OPA's administration of estates. These fees are paid to Cook County directly by the OPA.

In FY 2017, the OPA updated its fee structure for the first time in 25 years. This modest adjustment brought the OPA's fee structure in line with fees charged by the private sector and was long overdue. As a result of the fee structure update, the OPA in FY 2018 *to date* has exceeded the revenue and interest it returned to the County in the entirety of FY 2017.

IV. OVERVIEW OF FY2019 BUDGET RELATIVE TO CURRENT YEAR

The FY2019 budget retains the 12 staff positions and 3 management positions currently budgeted (including the P.A.) and one part-time contract attorney.

All line items of the operations budget requested for FY2019 are being requested at the same or lesser amounts requested in the FY2018 budget with the exception of the following:

- Line item #225/520259 (Postage) – an increase of \$600 is being requested due to an increase of mail being sent out on a daily basis;
- Line item #520730 (Premium-Fidelity Bonds and Liability) – an increase of \$100 is being requested to cover the premiums on estate bonds;
- Line item #501010/10155 (Salary/Wages of Regular Employees-Administration) is being requested in the amount of \$ ~5,000 to bring management salaries in line with County averages; and
- Line item #521054/10155 (Administration) is being requested in the amount of \$5,600 to provide the Public Administrator with a cost of living increase; this amount has not been raised since FY2014.

As with the other County offices, the FY18 budget contains a line item for “rent” in the Cook County Administration Building. This \$36,597 line item increases the FY19 budget figure, but is

an accounting item rather than a spending increase because the funds recirculate into the County treasury and are not actually expended.

The FY19 budget contains a 2.1% staff salary increase of \$18,632 which is for mandatory step increases per the union contract.

V. OPA REVENUE TO COOK COUNTY

With respect to FY 2018, as of August 31, the OPA will collect the following revenue:

FY: 2018

To date: July 2018

OPA Budget	\$1,342,506.00
Estates Closed:	29
Estates Opened:	29
Investigations:	766
Monies Deposited to County:	\$3,568,801.94
Revenue/Interest:	\$1,066,162.14
Total:	\$4,639,759.05

In the immediate past years the OPA has accomplished the following:

FY: 2017

To date: July 2017

OPA Budget	\$1,393,586.00
Estates Closed:	57
Estates Opened:	63
Investigations:	1,273
Monies Deposited to County:	\$3,929,165.42
Revenue/Interest:	\$1,070,541.21
Total:	\$4,999,706.63

FY: 2016

OPA Budget	\$1,111,234.00
Estates Closed:	70
Estates Opened:	68
Investigations:	1,289
Monies Deposited to County:	\$1,402,977.31
Revenue/Interest:	\$758,656.34
Total:	\$2,161,633.65

FY: 2015

OPA Budget	\$1,190,191.00
Estates Closed:	73
Estates Opened:	64
Investigations:	1,269
Monies Deposited to County:	\$3,199,569.42
Revenue/Interest:	\$751,687.92
Total:	\$3,951,257.34

FY: 2014

To date:

OPA Budget	\$1,097,074.00
Estates Closed:	69
Estates Opened:	61
Investigations:	1,519
Monies Deposited to County:	\$3,524,260.13
Revenue/Interest:	\$798,103.92
Total:	\$4,322,364.05

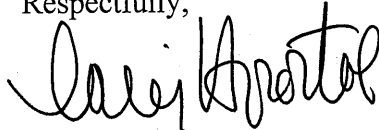
FY: 2013

OPA Budget	\$1,123,481.00
Estates Closed:	77
Estates Opened:	58
Investigations:	1,175
Monies Deposited to County:	\$2,358,340.74
Revenue/Interest:	\$630,870.88
Total:	\$2,989,211.62

It should be noted that these sums represent funds directly earned by this office despite how they may be characterized or accounted by the Treasurer's office after they are deposited there.

As always, please feel free to contact me in the event that you have any further questions or concerns.

Respectfully,



Louis G. Apostol
Illinois Public Administrator for Cook County