

FY2019 Mid-Year Budget Review

Cook County Assessor

Objective: Update on FY2019 Goals and Objectives, review FY2019 YTD budget, FY2019 year-end projections and discuss challenges and opportunities impacting the FY2020 budget.

I. Highlights of 2019 – Review of Goals and Objectives

The 2018 Budget Book did not provide 2019 Initiatives and Goals for the Cook County Assessor's Office as the agency was undergoing a transition in administration. The previous administration noted that it could not speak to future initiatives and goals to be set by the incoming administration. As the current administration did not create the 2019 budget, we are also not able to speak to the goals or initiatives identified by the previous administration when it created the 2019 budget.

II. Comparison of YTD budget (as of 5/31/2019) vs expense projections with explanations for major variances and corrective action steps

| Operating Expenses | FY 2019 YTD Budget | FY2019 YTD Actuals | \$ Variance | % Variance |
|------------------------------------|--------------------|--------------------|-------------|------------|
| Personnel | \$10,695,824 | \$9,808,376 | \$887,448 | 8.3% |
| Contractual Services | \$797,629 | \$365,287 | \$432,342 | 54.2% |
| Supplies and Materials | \$187,915 | \$218,468 | (\$30,553) | -16.3% |
| Operations and Maintenance | \$422,438 | \$348,992 | \$73,446 | 17.4% |
| Capital Expenditures | \$- | \$- | \$- | 0.0% |
| Rental and Leasing | \$70,978 | \$79,069 | (\$8,091) | -11.4% |
| Contingencies and Special Purposes | \$- | \$- | \$- | - |
| Total | \$12,174,784 | \$10,820,192 | \$1,354,592 | 11.1% |

Personnel

Thus far, 2019 has seen a lot of transition in the Cook County Assessor's Office, including high attrition due to resignations and retirements, and slow hiring as the new Assessor's Office has worked to solidify its 2019-2020 hiring plan. Thus, the agency has seen an increase in funds saved through the turnover amount while also seeing an increase of funds expended through planned salary adjustments, and high payout amounts in required compensatory and vacation payouts

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for separated former employees. We do plan to reduce the variance seen in personnel costs through upcoming hires and salary adjustments.

Contractual Services

The largest part of the contractual services expenses includes payments to publish assessment notices in the local area newspapers. The largest payments related to such services will come due later this year as the larger towns in the North Triad of Cook County are subject to re-assessment. Thus, the variance seen in this account will reduce over the course of the year as payments are made for our public assessment notices.

In addition, the office restructured how it conducts its administrative law hearings related to Erroneous Investigations. Rather than having Administrative Law judges paid for an entire day (even if a hearing doesn't occur), we now only engage an Administrative Law judge once a hearing date has been set. This has led to a decrease in the amount expended on Erroneous Exemption hearings, leading to a cost savings for the County of approximately \$25,000 this year.

Supplies and Materials

Under the leadership of the new Assessor, the Communications and Outreach Department has expanded and a new Policy Department (focused on intergovernmental affairs) was created. Given the increase in our outreach efforts and the push on new legislative priorities, we anticipate a little overage in this account due to an increase in expenditures related to the monitoring of news publications about the work of the Assessor's Office and an increase in expenditures related to outreach efforts. In addition, due to an increase in the number of appeals anticipated for this year, we have had to increase expenditures related to the office supplies needed to accommodate such an increase.

Operations and Maintenance

A large part of the expenditure in this account is for the Countywide Lexis Contract. When the new administration took over the 2019 budget, we immediately zeroed in on this account as it reflected a large outlay. Though the office has Lexis Nexis accounts for its legal staff, the expense required does not come close the \$139,000 currently allocated in the budget. In reality, our need is much smaller, closer to \$2,500 per year. So, we see this as a large cost savings for the County in the amount of approximately \$136,500.

Rental and Leasing

The variance potentially seen in this account is due to (a) an increase in the number of mobile phones provided to the new leadership team, (b) an increase in the number of printers leased by the Assessor's office due to increased capacity needs and (c) the rental of space for Town Hall meetings with staff.

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Under the new Assessor, communication with leadership staff is key and vital to the transformation of the office. The new Assessor has increased leadership staff, which accounts for the increased number of County-issued mobile phones. In addition, after an initial assessment of printing needs in the office, an additional copier was added to our space to assist with increased capacity needs. Finally, the new Assessor made communication with staff a priority – thus creating quarterly town hall meetings. With over 230 staff members, we have reserved space in the Illinois State building so that the staff can be together in one space at the same time for such meetings.

III. Comparison of YTD budget (as of 5/31/2019) vs revenue projections (if applicable) with explanations for major variances and corrective action steps

| Revenue | FY 2019 YTD Budget | FY2019 YTD Actuals | \$ Variance | % Variance |
|---------------------------------|--------------------|--------------------|---------------|------------|
| 402500 - County Assessor | \$28,380 | \$14,780.60 | (\$13,533.40) | -47.9% |

- The variance seen above is based on smaller than expected receipts collected from our service counter. At this time, it is not known what is contributing to the reduction in collections.

IV. Year-End Projections

| Revenue | FY 2019 Adopted Budget | FY2019 Year End Estimate | \$ Variance | % Variance |
|---------------------------------|------------------------|--------------------------|-------------|------------|
| 402500 - County Assessor | \$56,760 | \$56,760 | \$- | 0.0% |

| | FY 2019 Adopted Budget | FY2019 Year End Estimate | \$ Variance | % Variance |
|-----------------------------------|------------------------|--------------------------|-------------|------------|
| Operating Expenses | | | | |
| Personnel | \$22,104,285 | \$21,220,018 | \$884,267 | 4.0% |
| Contractual Services | \$2,680,858 | \$2,350,447 | \$330,411 | 12.3% |
| Supplies and Materials | \$749,960 | \$749,961 | \$(1) | 0.0% |
| Operations and Maintenance | \$579,543 | \$579,838 | \$(295) | -0.1% |
| Capital Expenditures | \$- | \$- | \$- | 0.0% |

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|---|--------------|--------------|-------------|--------|
| Rental and Leasing | \$108,556 | \$109,555 | \$(999) | -0.9% |
| Contingencies and Special Purposes | (\$800,000) | \$0 | \$(800,000) | 100.0% |
| Total | \$25,423,202 | \$25,009,819 | \$413,383 | 1.6% |

The CCAO believes it will be slightly under its projected 2019 budget in both salaries and contractual services due to high turn-over, slow hiring and a slight overestimation in the cost of publishing assessment notices by the prior administration.

V. Challenges/Opportunities to be addressed in FY2020 budget

The greatest challenges to be resolved by the upcoming budget include:

1. Hiring staff to address the CCAO's chronic understaffing.
2. Re-organizing the physical plot of the CCAO's main office to provide for operational efficiency and a larger space in which to assist taxpayers.

Since taking office at the end of 2018, the Assessor has seen how understaffed the office is and has been. Intent on understanding the critical needs of the office from a staffing and technical expertise standpoint, the new Assessor commissioned a report from the International Association of Assessing Offices, which concluded that the office is chronically understaffed and under-resourced in order to properly carry-out assessments according to best practices. Our 2020 budget seeks to address this by hiring additional staff in the areas of assessments/valuations and administration of special assessment programs.

In addition, our budget seeks funds to re-organize the public space in our main office. Currently taxpayers are sent to opposite ends of our floor to handle issues related to their assessments notices. This is because our public areas are small for the volume of visitors we receive and not conducive to a "one stop shopping" experience for taxpayers visiting the Assessor's Office. Similarly, staff who work on similar processes or processes dependent on one other should be near each other. Now, they often sit at opposite ends of the floor (or are separated between our 3rd and 9th Floor spaces) due to the current configuration of the office space. We seek to revise how our office works by re-organizing the office space to promote a more customer-friendly and customer-focused approach for taxpayers visiting the office.

Area of opportunities include:

1. Investments in technology to move the CCAO from an almost 100% dependency on manual, time-intensive, paper-driven processes.
2. Reducing the number of in-person processing hours, external mailings and taxpayer calls needed for senior exemption renewals each year.

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The investments in technology will be huge drivers for operational efficiency in our office. This will be seen through the (a) deployment of Tyler's Integrated Property Tax System, (b) investing in new assessment-related data sources to improve the quality of the assessments conducted by the office, (c) deploying new call center technology and updating our Integrated Voice Response system to be intuitive for taxpayers calling the office, and (d) the hiring of GIS [Geographic Information Systems] expertise in our field department who will use new field laptops to gather field data related to assessment.

With the pending deployment of Tyler's Integrated Property Tax System, our office will be able to shift away from paper-driven processes, which require a lot of FTE time, to more computer and data driven processes. This will free up our employees to work more efficiently and productively with newer tools that allow assessments to be done with fewer steps. It will also more effectively connect the departments within our office that work together on the annual assessments. Lower level FTE support and clerical staff will be shifted towards assisting with the more cyclical clerical work needed throughout the office.

Through partnerships with data sources such as Trepp, Inc. (which provides information related to commercial and industrial properties), the Assessor seeks to improve the quality of the information the office has about property in order to provide more accurate assessments. Getting such information on the front-end when assessments are initially made will build credibility in the quality of the work done by the Assessor's Office. We believe this will reduce the volume of appeals filed each year. Currently, in order to address the large number of appeals received each year - and to do so within the highly controlled assessment calendar - the office has been required to offer significant overtime to staff. By providing more accurate assessments and reducing the volume of appeals filed each year, we expect to be able to cut the number of overtime hours offered to staff.

Following the County's recent upgrade to new VOIP phone systems, we are seeking to leverage the County's contract to bring call center technology to our taxpayer assistance teams. Even though we are one of the primary call centers for assessment and property tax related questions for Cook County, we currently have little oversight of our phone system. Through the introduction of call center technology, we hope to be able to upgrade the call experience by the use of call scripts and by recording calls for quality assurance evaluation. Additionally, this will lead to better accountability of the staff responsible for assisting taxpayers on the phone.

We are also seeking to direct our personnel expenditures toward FTE positions with greater technical skills, such as GIS expertise. Modern assessment offices rely on GIS technology in the field to more accurately assess changes in property, cutting down on the labor-intensive volume of outside field checks. This expertise, combined with the use of new computer tablets by our field staff, will make staff more efficient by increasing both the volume of their work and their accountability.

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Another anticipated opportunity for cost savings and operational efficiency will be the reduction of hours needed to process senior exemptions, deriving a drop in the number of calls fielded from taxpayers regarding their senior exemptions and a decline in the costs associated with mailing senior exemption renewal documents each year. This savings stems from the recent passage of the automatic senior renewal statute, which extends the life of a senior exemption to a four-year period. In addition, we are exploring ways of deploying all exemption forms online so that the completion and processing of such forms will occur through an online database update rather than a manual data entry process. This will assist in moving the number of FTE hours away from clerical data entry work to taxpayer support work.