

2020

Cook County Executive Recommendation

October 28, 2019



Toni Preckwinkle
President, Cook County Board of Commissioners

Executive Summary



Foundation for the FY2020 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.

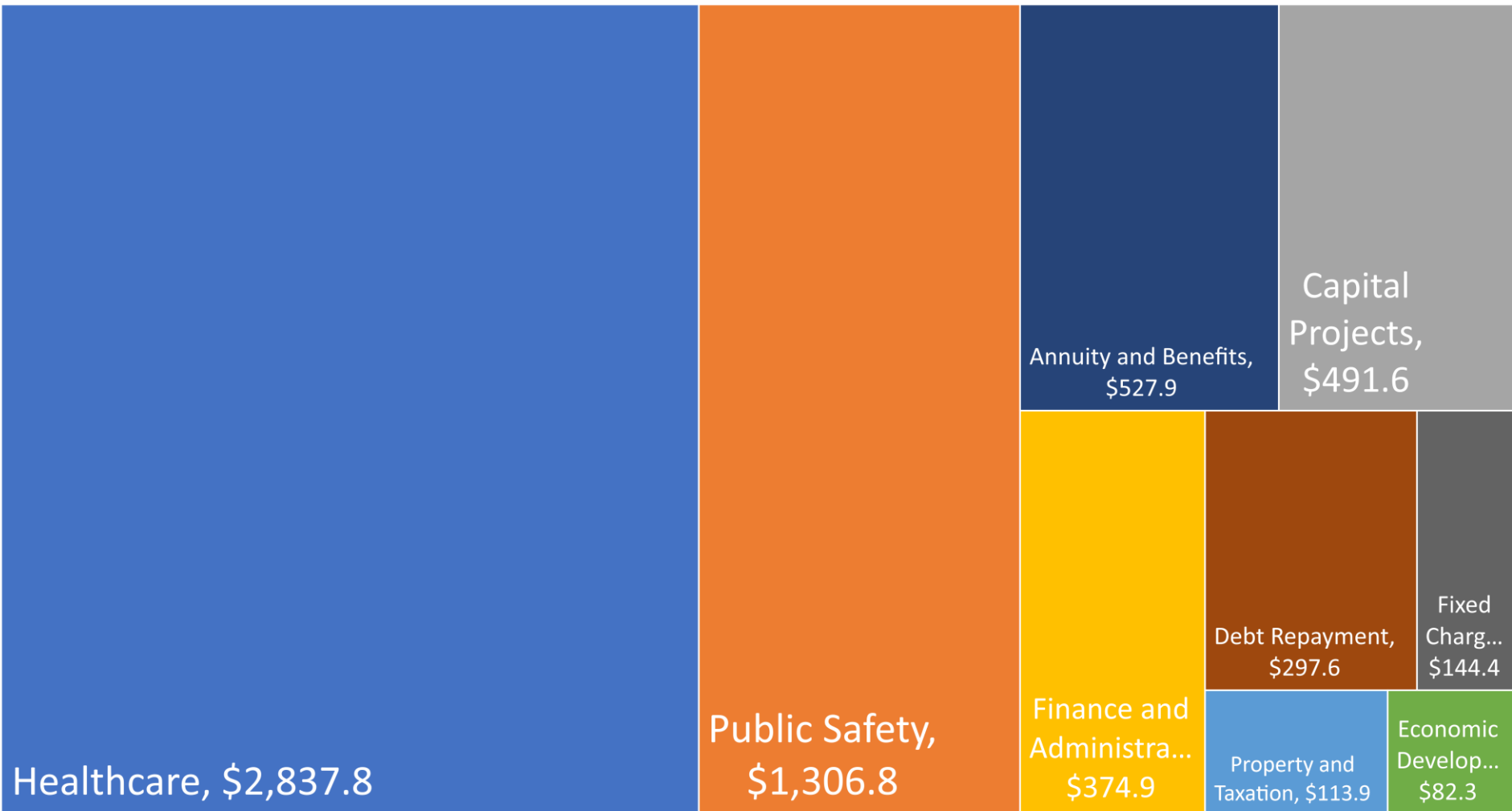
The six policy priorities are the foundation for the FY2020 budget.



FY2020 Total Budget: \$6.18B



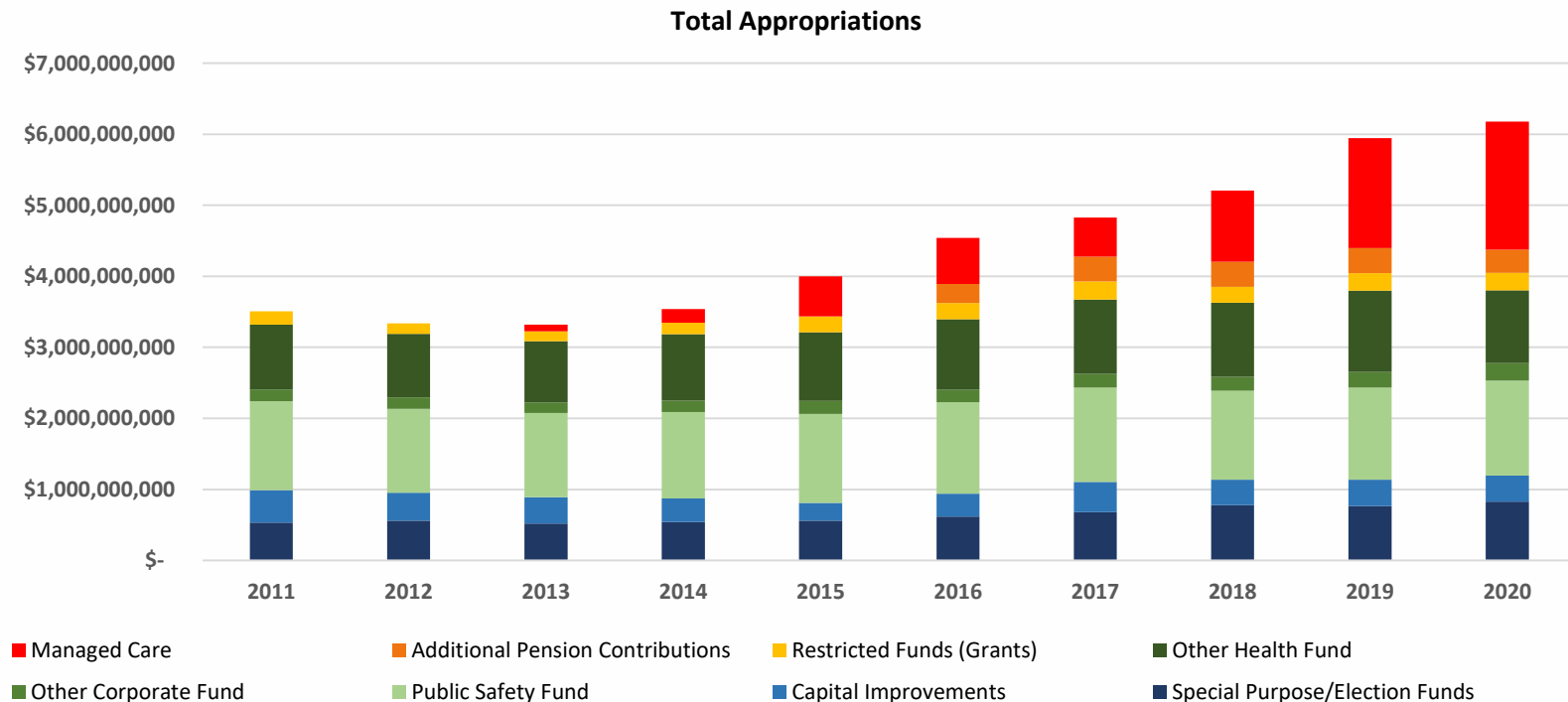
Healthcare and Public Safety make up 67% of the Total Budget (87% of the Operating Budget)



Historical Budget Growth



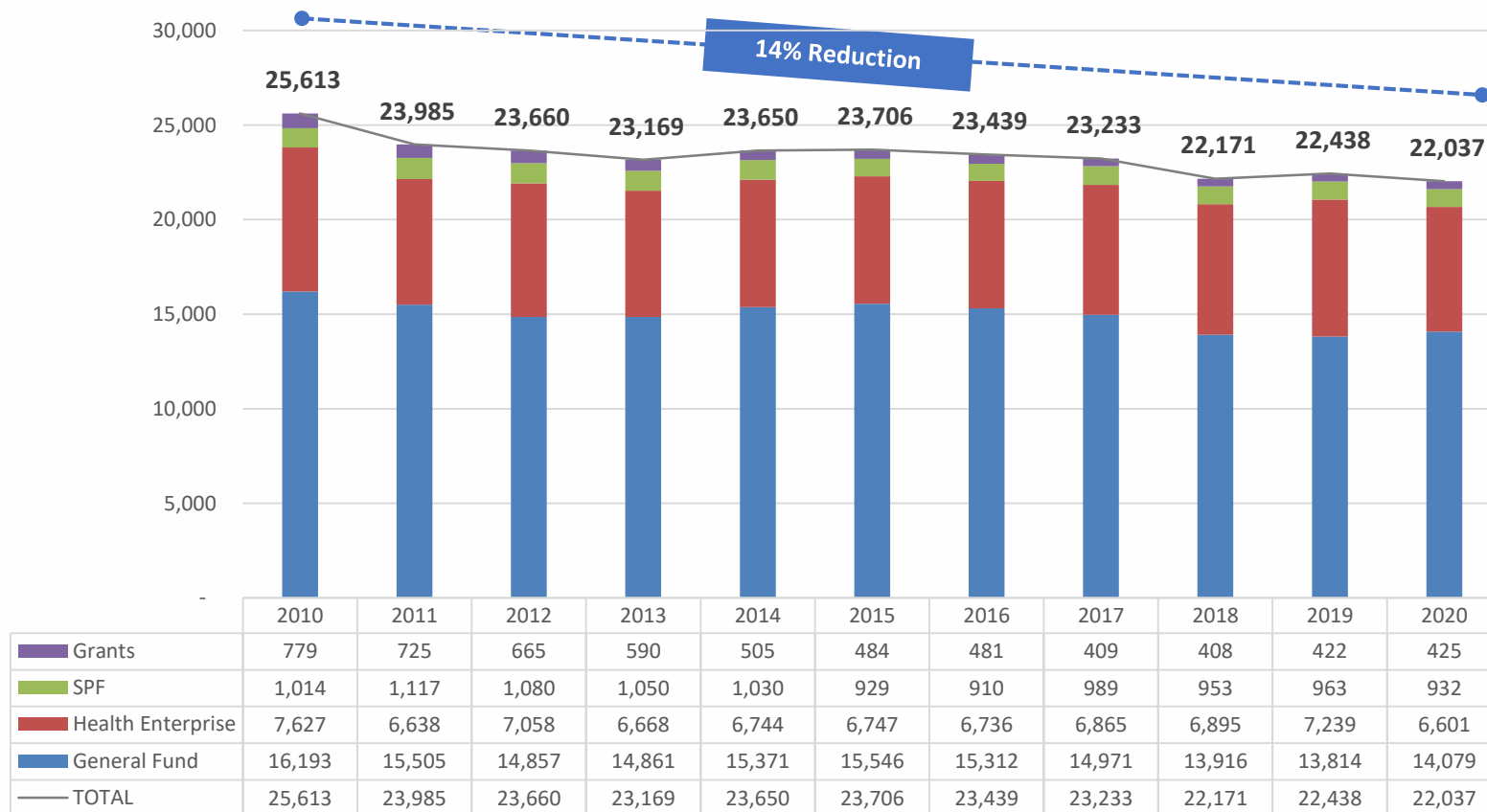
County Core Service* expenses growing slower than the rate of inflation



- Annual appropriations have grown by \$2.7B since 2011 or 6.5% compound annual growth
- CountyCare has grown from \$96.2M in 2013 to \$1.8B in 2020
- Additional pension contributions running at approximately \$330M annually since 2016
- Core services realized a compound annual growth rate of just 1.3% since 2011 vs. inflation for the Chicagoland region growing by an average 1.4% over the same time period



Historical Full-Time Equivalent Count



- Position counts are decreasing by 401 FTE or 1.8% from FY2019
- General Fund increasing by 265 FTE
- Health Fund decreasing by 638 vacant positions

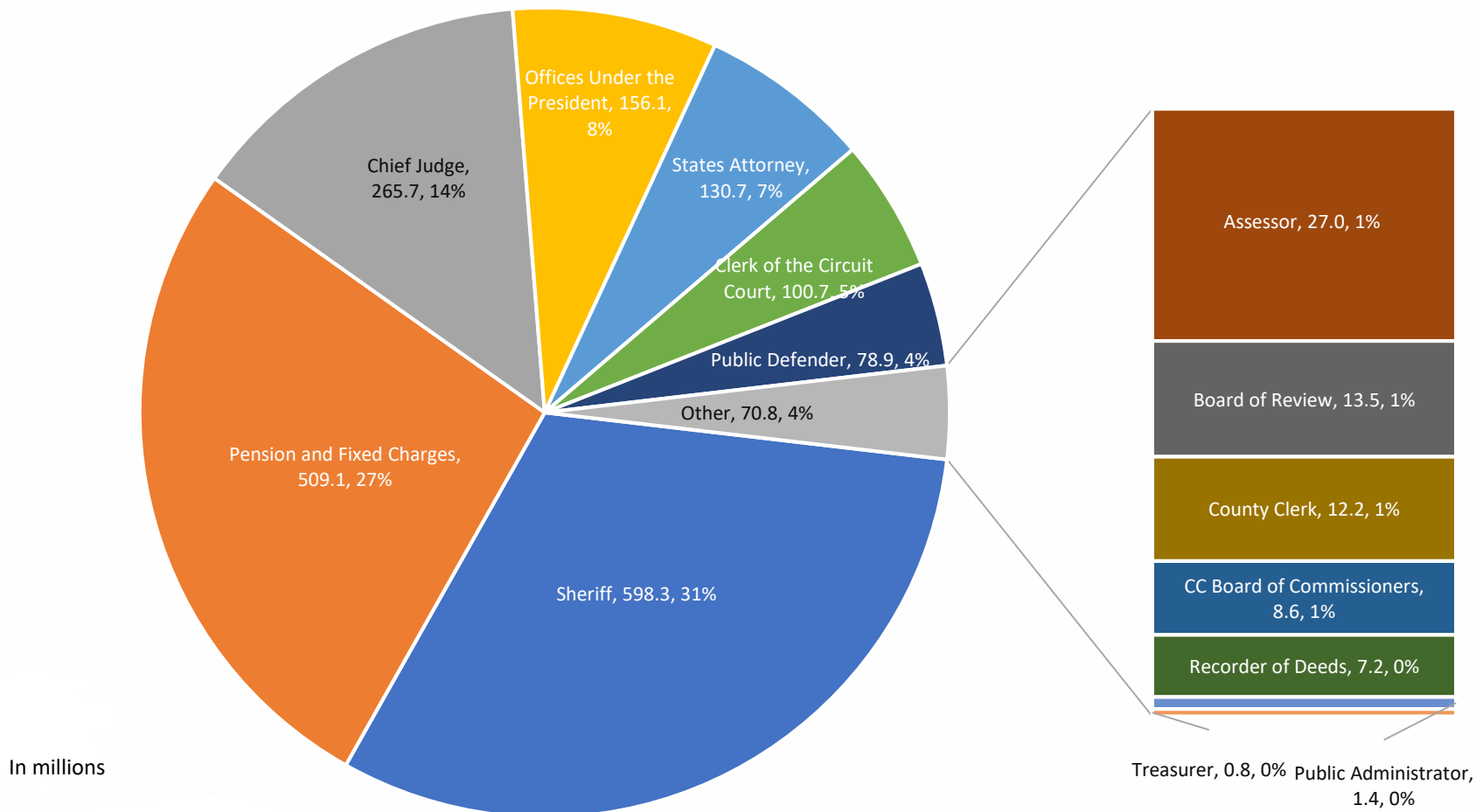
General Fund



General Fund Budget: \$1.9B



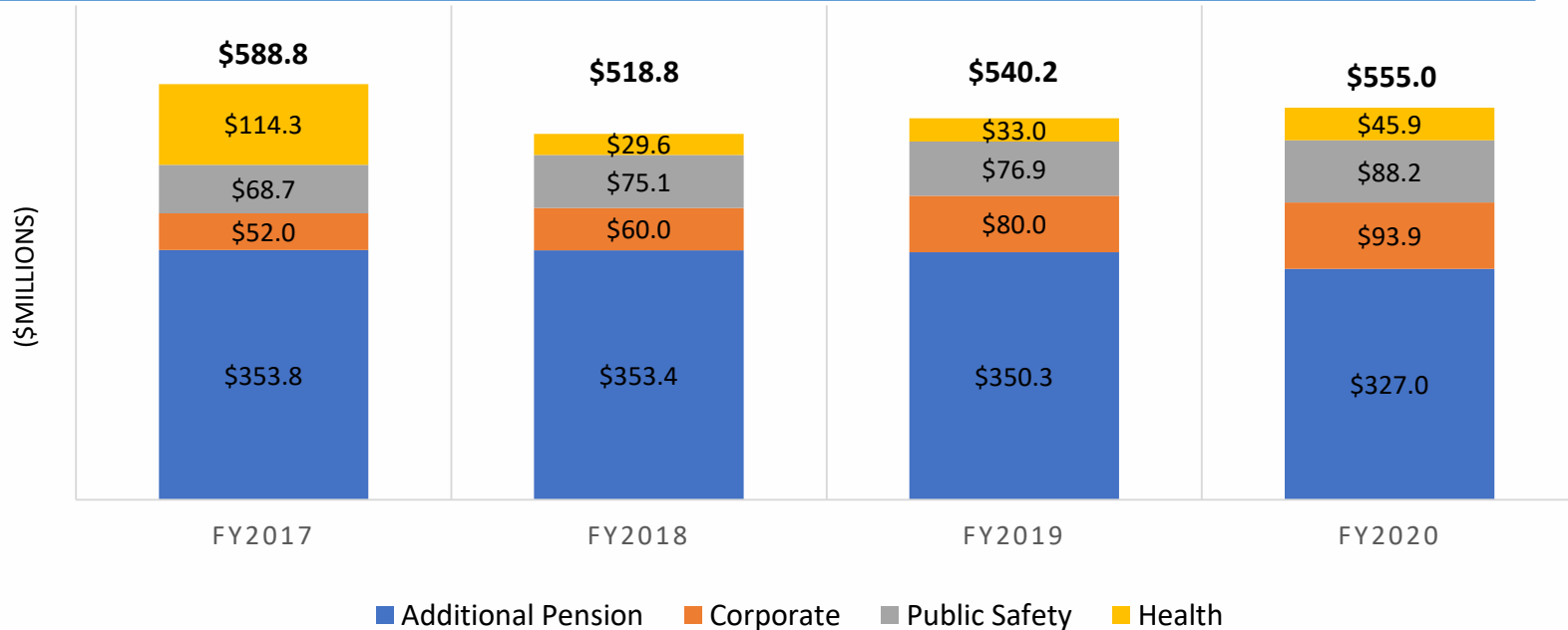
Offices Under the President make up 8% of the General Fund Budget



Fixed Charges and Self Insurance Fund



Fixed Charges expenses increased by 2.7% due to increased Reserve for Claims and Debt Service expenses



- Significant increase in Reserves for Claims (\$28M) in response to actuarial assessments for expected payments and pending class action activity
- Additional investments in justice initiatives
- Increased costs for technology support services

Budget Highlights



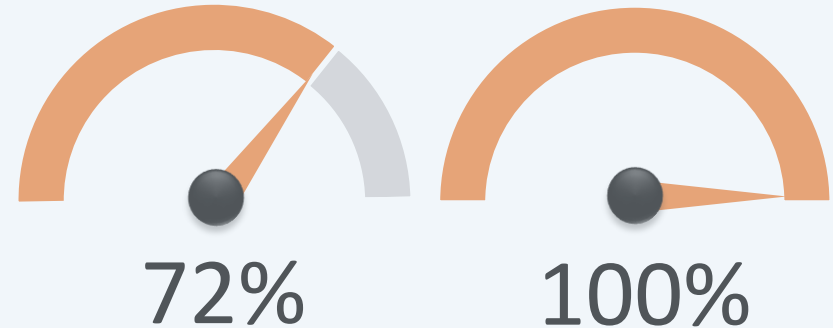
The FY2020 General Fund Budget is 4.2% higher than the FY2019 adopted budget.

Revenue Growth:

- \$22.8M - AOIC Increase
- \$17.6M - Sales Tax
- \$3.3M - Gambling Machine Tax
- \$1.8M - Sports Wagering Tax

2020 Highlights:

- Expanded Pre-Trial Services
- Building Capacity in Property Assessments
- Expanded Capacity in courts



Reimbursement from the AOIC for pre-trial staff increasing from an average of 72% to 100% in 2020

State Revenue Review



Tax Name	Description	Implementation Date	Projected FY2020 Revenue at Prelim	Currently Projected FY2020 Revenue
Cannabis Regulation and Tax Act	Provides that Counties would be permitted to impose up to a 3% tax on recreational cannabis sales that occur within municipalities and 3.75% for sales occurring within unincorporated areas.	January 1, 2020 Collection won't begin until 9/20	\$3.3 Million	\$0 Receipts not expected until FY21
Illinois Gaming Act	Provides that 2% of adjusted gross receipts generated by the Chicago and south suburban Cook casino shall be paid, subject to appropriation to Cook County for criminal justice – Expands number of gaming positions (slots/video)	July 1, 2019	\$3.2 Million*	\$3.2 Million*
Sports Wagering Act	Establishes additional 2% tax on adjusted gross wagering receipts for wagers placed in Cook County. Pays the additional 2% tax directly to Cook.	July 1, 2019	\$3.3 Million	\$1.75 Million
Online Sales Tax	Allows County to apply its 1.75% Retailer Occupation Tax (Sales Tax) to online sales being made in the County.	TBD	TBD	\$0

*Estimate is limited to County Ordinance revenue collected from expanded terminals in Cook County for existing gambling entities e.g. Rivers Casino and racetracks

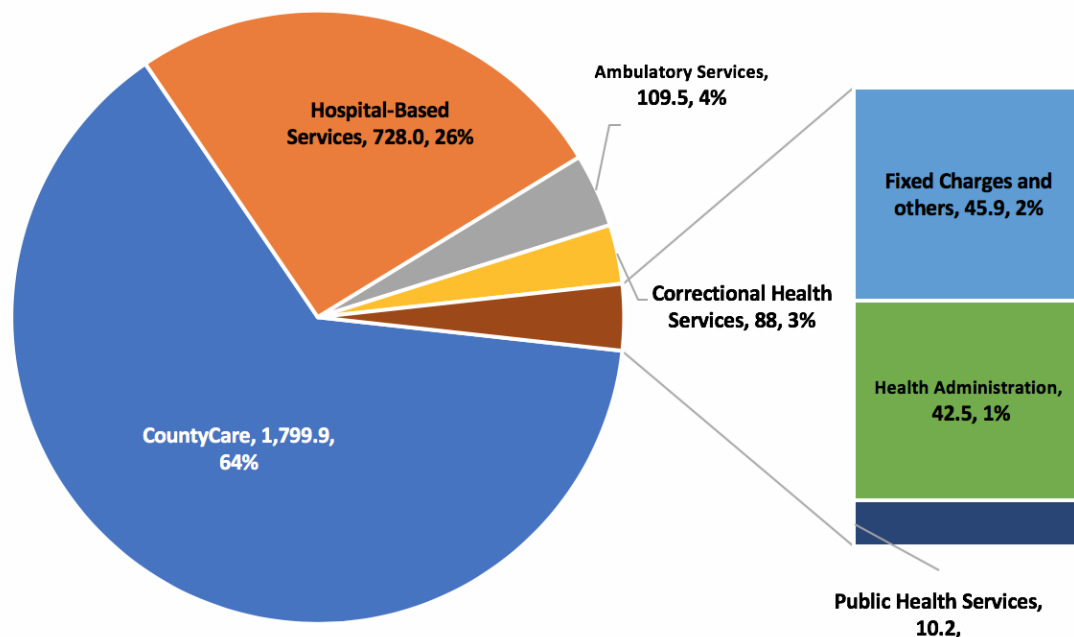
Health Enterprise Fund



Health Enterprise Fund Budget: \$2.8B



The Cook County Health FY2020 budget realizes a net decrease of \$39.5M/1.5% from FY2019



FY2019 Budget	\$2,690.5
FY2020 Budget	2,824.0
Variance	133.5
Internal Capture	(173.1)
Net variance	(39.5)

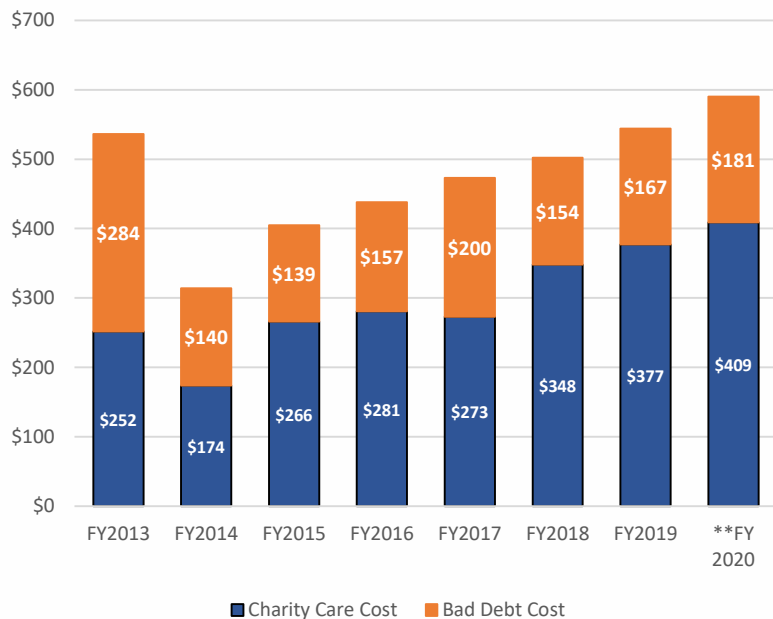
- To clarify the relationship between CountyCare and the rest of CCH, the FY2020 Health Fund appropriation reflects an increase of a \$173.1 million
- This is the projected internal capture, which was previously reflected as an intracompany transfer
- In FY2020 CCH has reflected this as a revenue and offsetting expense, which nets to a zero impact

Uncompensated Care



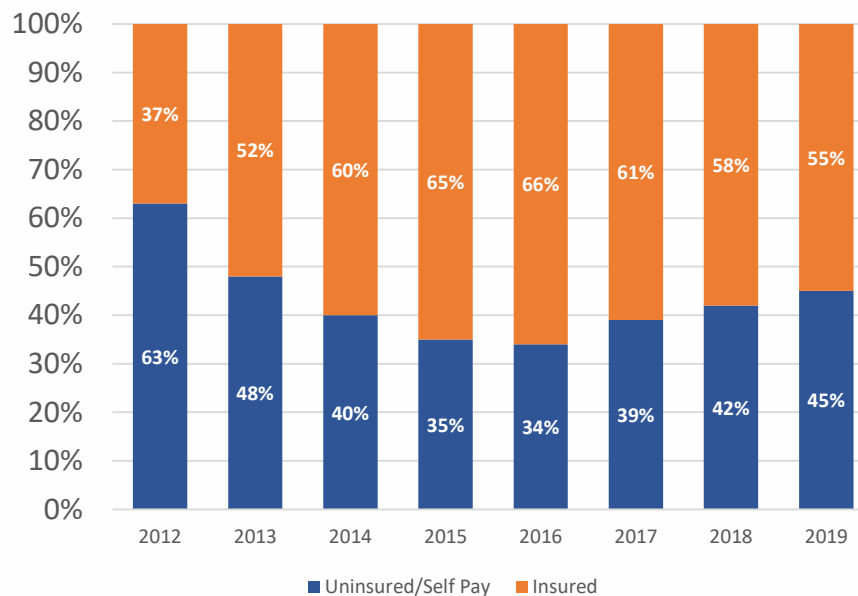
Uncompensated Care* at CCH has increase by \$104M between 2017 and 2019

28%



The number of Insured patients by visit at CCH has declined from 66% in 2016 to 55% in 2019.

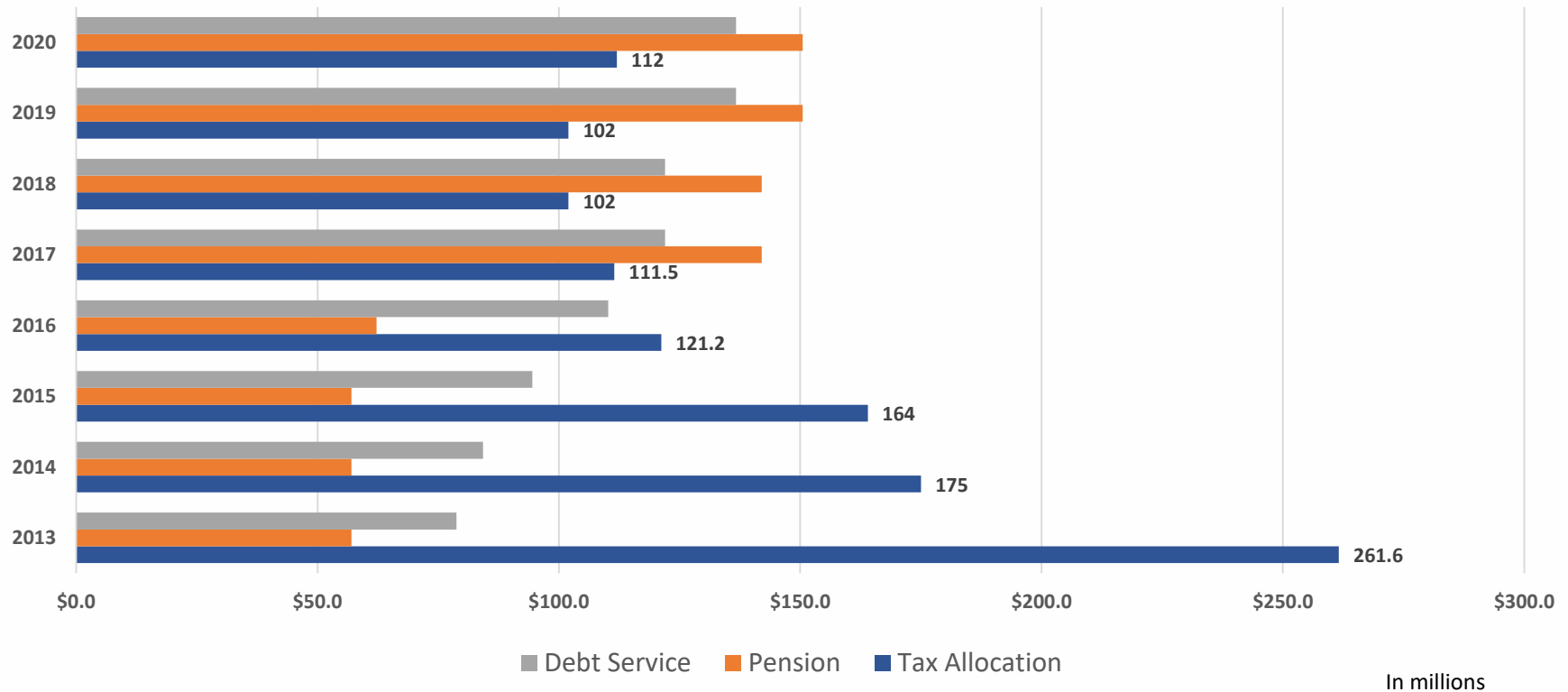
55%



* Uncompensated Care is Charity Care + Bad Debt at cost

** FY2019 and FY2020 Projected

Cook County Pension, Debt Service & Operating Allocation



- In FY2018 and FY2019 CCH began directing \$29M from the tax allocation to pension costs
- In FY2020 the tax allocation will increase by \$10M to provide assistance above the cost of Correctional and Public Health
- In FY2020, CCH will continue to direct \$29M to pension costs

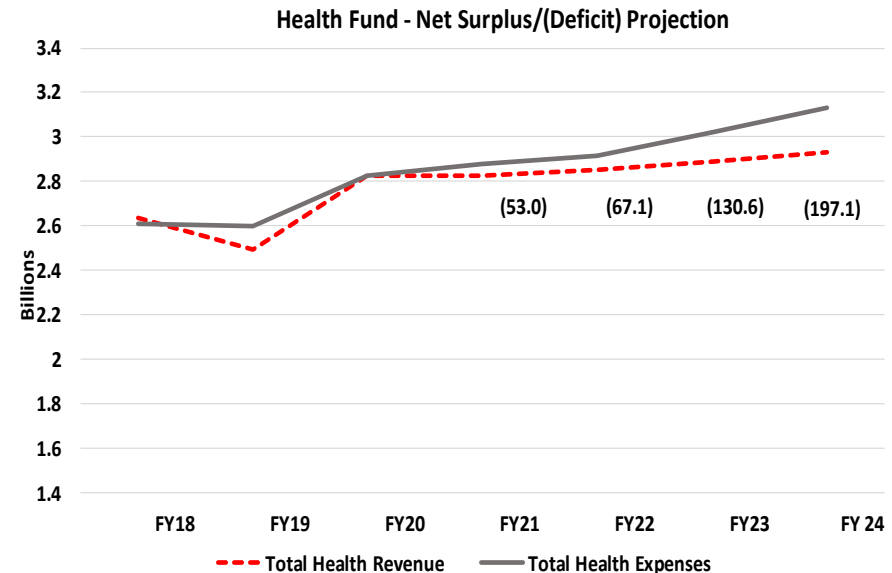
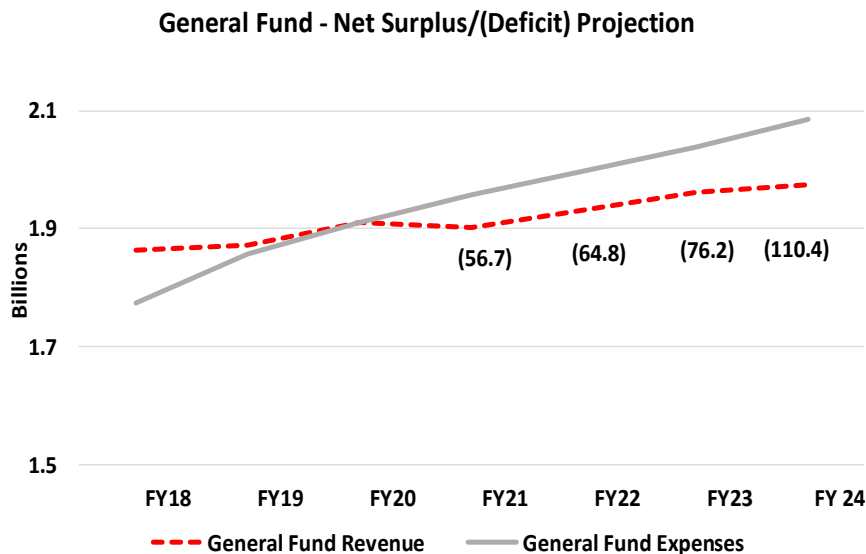
Long-Term Fiscal Sustainability



Long-Term Fiscal Planning



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



Projections based upon data submitted for FY2020 Executive Recommendation:

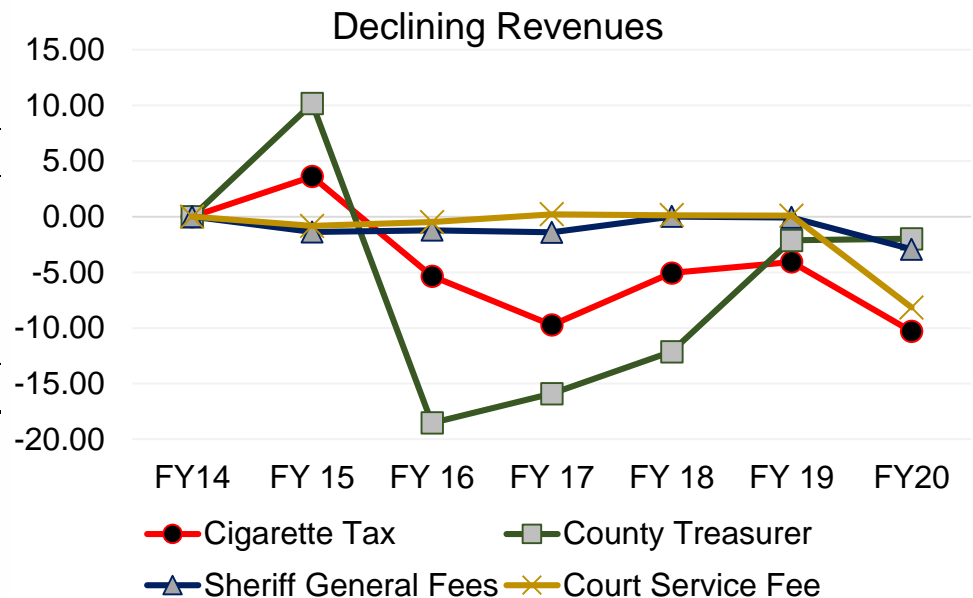
- General Fund projected FY21 deficit: \$56.7 million
- Health Fund projected FY21 deficit: \$53.0 million
- **Total projected deficit FY21: \$109.7 million**

Structural Concerns



While expenditure growth has been moderated to inflationary levels, several County revenues do not keep pace with inflation

FY 20 Projected Revenues	Amount	%
Declining	\$ 506,099,188	18.9%
Failing to keep Pace	\$ 879,331,821	32.8%
Growing with Economy	\$ 1,176,906,487	43.9%
Other Growth/Decline Patterns	\$ 119,208,223	4.4%
Grand Total	\$ 2,681,545,719	100.0%



- Cook County's base property tax levy has not increased in over 20 years
- Most local governments increase their levies annually by the rate of natural growth
- If Cook County took natural growth over the last 20 years, the base levy would be close to \$1.2B

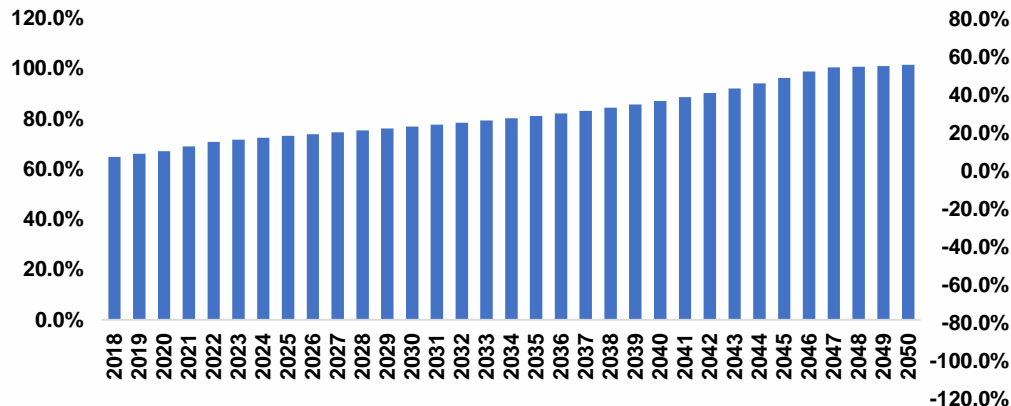
Addressing Pension Fund Liabilities



Pension Fund's funded ratio increased to 60.8% in just 3 years; without supplemental funding the ratio would be 55%

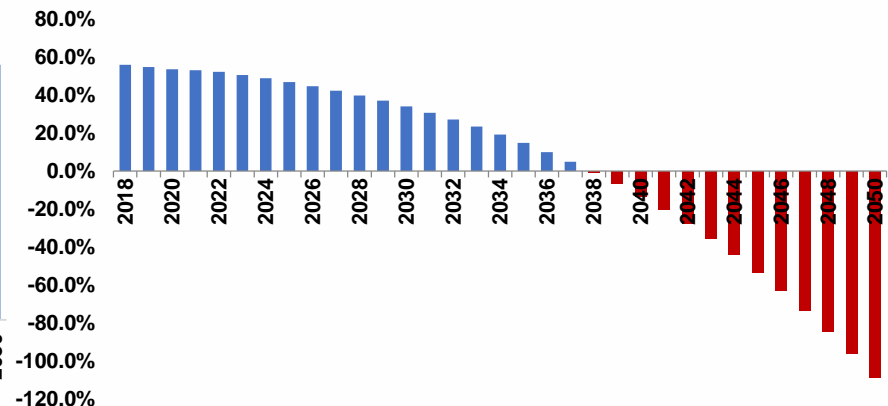
- The County has an annual Intergovernmental Agreement (“IGA”) with the Pension Fund, which includes supplemental payments in addition to the statutorily required maximum contribution
- These payments will total, by the end of FY19, over \$1.3 Billion, allowing the Pension Fund to keep its assets invested 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 FY20 budget recommends a supplemental pension amount of \$327 million, of which \$20 million will be allocated to the pension reserve account

2020 Policy Initiatives



Public Health

**Expanded Services
at Provident and
Stroger**

Public Safety

**Expungement
Resources**

Economic Development

Census 2020

Transportation

Fair Transit Pilot

EQUITY ENGAGEMENT EXCELLENCE

New Interactive Budget Site

