



COOK COUNTY INDEPENDENT REVENUE FORECASTING COMMISSION

August 31, 2020

5:30PM-7PM

Microsoft Teams

MINUTES

Present: Chairman Ammar Rizki, Dr. David Merriman, Dr. Paula Worthington, Karen Walker

1. Logistics

Ty Cratic requested that all participants stay muted and said that registered speakers would be able to comment at the end of the meetings. Individuals who were not registered could sign up to speak in the chat. The meeting was recorded for public record. Ty called the meeting to order.

2. Opening Remarks

Chairman Rizki thanked the commissioners for their time and flexibility, particularly for meeting again in such a short time frame. Expressed appreciation for their help with revenue forecast. This is an uncertain time, and the commission helps us to understand the impact of COVID-19 as we craft the budget. Chairman Rizki spoke to the need to adjust methodologies for revenue forecasting due to the pandemic and expressed that many tax revenues were impacted by the pandemic. The work of the IRFC helps us to develop the County budget, which will be released in October. The work of this commission helps to ensure that the County is relying on best practices and credible data sources while creating our budget.

3. Approval of the Minutes from the Meeting of 07/30/2020

A motion was made by Karen Walker, seconded by Dr. David Merriman, to approve the minutes from the meeting of 07/30/2020. There were no changes to the minutes. The motion was approved unanimously

4. Current Estimates 2020 to 2025

FY2020 Total Budget by Fund

Dean Constantinou discussed Cook County's 2020 budget by fund

General Fund Revenues by Type—Long Term

Dean Constantinou discussed the long-term revenue forecast in light of COVID-19, with particular focus on the role of online sales tax in recovery

Health Fund CCH Revenues—Long Term

Dean Constantinou discussed the forecast for CCH non-managed care revenues through FY25

County Care Revenues—Long Term

Dean Constantinou discussed the forecast for managed care revenues through FY25

5. Review and Consideration of the Recommendations of the IRFC

Recommendation #1: Develop and Analyze Alternative Scenarios

Dean Constantinou discussed the development of alternative scenarios, which are playing a large role in FY21 budgeting due to uncertainty from COVID-19.

These scenarios take the form of three potential paths through the phases of the governor's Restore Illinois plan.

Paula Worthington explained that showing this kind of analysis will be important in shaping the understanding of what the possibilities look like, expressed that scenario-based planning is always a good idea, especially during uncertain times. She would like to see this kind of analysis used for longer-range forecasts going forwards.

Ammar Rizki explained that these alternative scenarios show how significant tourism and economic activity are to our revenues. If we were unable to get tourism revenue next year like this year, this would have significant impacts. Other local governments are facing similar challenges and he agreed that it would be good to incorporate scenario-based forecasting for long-term forecasts going forward.

Recommendation #2: Leverage recent and high frequency data to improve forecasts of existing revenue sources

Dean Constantinou discussed the development of the sales tax estimate, using real-time national sales. Revised brick and mortar component of sales tax estimate to reflect higher increase in Phase 3 and 4, but also higher e-commerce. Shift to e-commerce means less brick and mortar sales tax.

Recommendation #3: Continue to improve forecasts of new revenues by working with national data as well as other jurisdictions and by considering how local regulatory environment may affect these forecasts

Dean Constantinou discussed the role of national and industry data in developing the online sales tax estimate, hotel accommodations tax estimate, and cannabis tax estimate

David Merriman asked about the compliance rate on online sales tax analysis and whether work was being done to ask the state to put additional resources towards this, and would it be worth it?

Ammar Rizki explained that he has been in touch with ILDOR to gauge progress with implementation and that they are cautiously optimistic. Cook County has been advocating for additional resources, but this is a new way of calculating the sales tax in Illinois because it is based on where the person buys something, rather than where the store is. ILDOR is trying to ensure that they have all those pieces in place, but current compliance estimates are best case scenario.

Paula Worthington on the Hotel Accommodation Tax analysis explained that this kind of analysis really shows how these recommendations reinforce one another. This is a revenue that would be sensitive to different scenarios. The \$19.5 mil number for FY21 represents the middle of the road scenario. These scenarios can ultimately be used for subsequent years as well.

Karen Walker noted that the commission was not involved on the healthcare side of the revenues, and that the worst case scenario can still occur, even though the September return to Phase 3 has not occurred. The Commissioner recommend reaching out to forecasting sources like Moody's to see what fine-tuning they are doing, so we can see how reliable they are.

Recommendation #4: Continue to improve long-term forecasts by exploring, analyzing, and testing new models

Dean Constantinou discussed the new GDP and GMP methodologies, as well as the reasonable and conservative approach in selecting methodologies.

6. Conclusions

Dean Constantinou explained that the OCFO has worked closely with the IRFC to make significant changes to increase accuracy and transparency by developing a website with all IRFC materials and data. In his comments Dean said that COVID-19 has had a profound and long-standing impact. The County has had to innovate and put aside old methodologies, as we can no longer assume that what has happened in the past will happen in the future, he explained that we have received assistance from the IRFC in developing new methodologies, forecasting new revenues, and developing communication strategies and that The county was confident that the forecasts presented in the report are reasonable. He then thanked the IRFC members and OCFO staff.

Paula Worthington, in response to Karen Walker's comment regarding CCH revenue forecast expressed it was important to note that IRFC was not involved in these forecasts, but look forward to learning more.

Karen Walker appreciated seeing CCH numbers and would like to help there as much as possible and expressed appreciation for the work that has gone into this process.

David Merriman also mentioned that he looks forward to learning more about health system.

Ammar Rizki explained that he was committed to increasing the understanding of health system revenues and that they have done a lot of work on tax and fee revenues, on health side too. He thanked everyone for their hard work and explained that it was necessary to follow best practices and ensure credibility to ensure that our budget is meaningful. We owe this to our taxpayers and revenue.

7. Vote to "File the Report and Submit it to the Cook County Board of Commissioners"

A motion was made by Karen Walker, seconded by Dr. David Merriman, to file and submit the report. There were no changes to the report. The motion was approved unanimously

Ammar Rizki: Since the commission has adopted these recommendations officially, they will be presented to the Board at the next September meeting.

8. Public Comment

Ty Cratic stated that there were no registered public speakers.

Commissioner Rizki opened it up to speakers that wanted to address the commission.

None came forward

9. Adjournment

A motion was made by David Merriman, seconded by Karen Walker, to adjourn the meeting. The motion was approved unanimously