



# **Executive Budget Briefing**

Cook County

FY2013 Executive Budget Recommendation

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**October 18, 2012**

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**President, Cook County Board of Commissioners**



# Our Vision and Goals

## Our Vision

*“Accountable to its citizens, Cook County will be transformed into the best-run County in the country – a County led by its Board President with an unwavering commitment to open, honest and efficient government that provides higher quality services at lower costs.”*

*- Transition Report*

## Our Four Goals



**Fiscal Responsibility**



**Innovative Leadership**



**Transparency & Accountability**

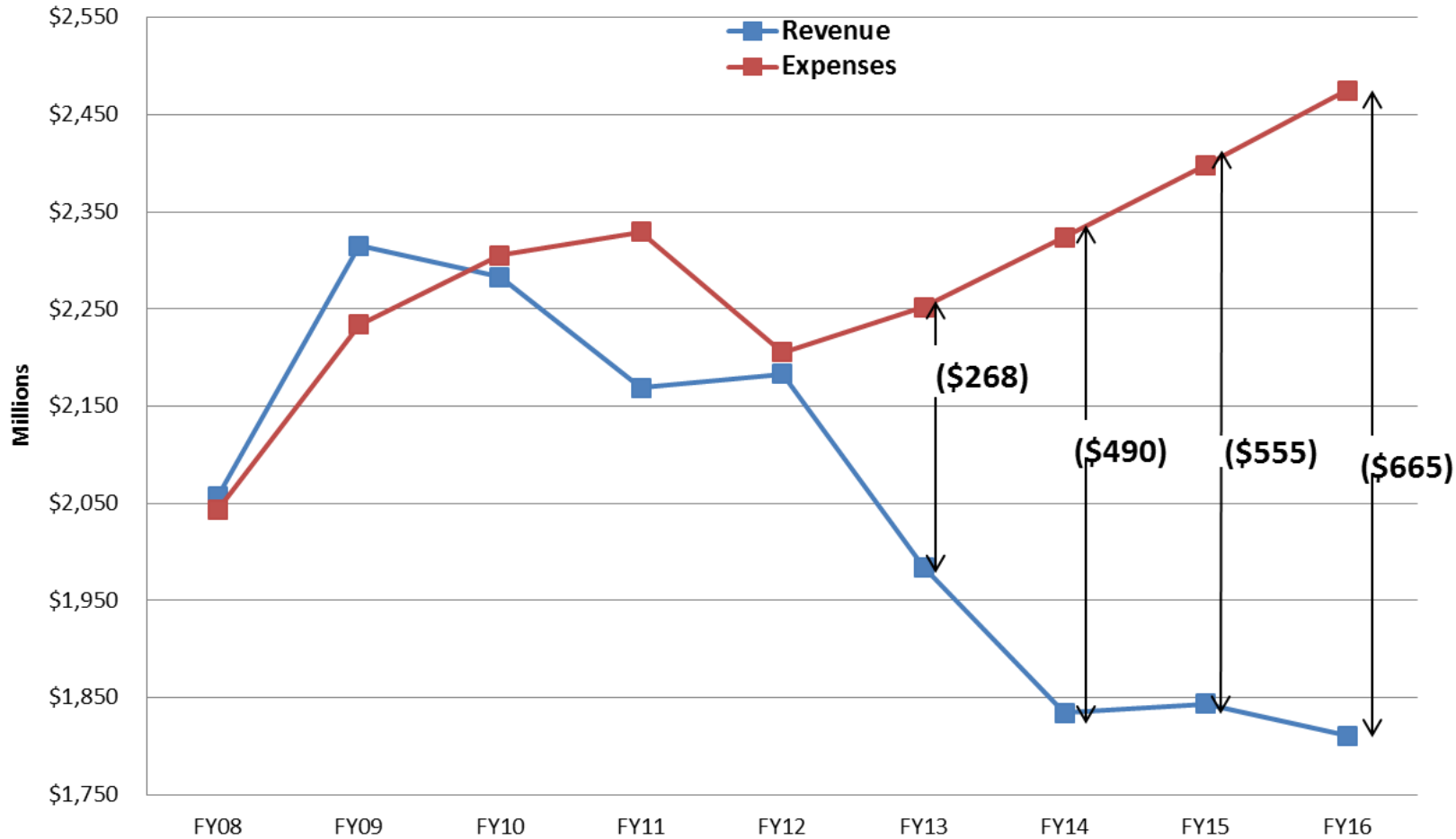


**Improved Services**



# Declining health revenues, sales tax rollback, rising labor costs and debt led to a \$268M gap and dismal outlook

## At Preliminary Budget (June 2012) – The 5 Year Outlook





# Our Framework for this Budget

## Finalize Stroger Sales Tax Repeal

- Saved taxpayers over \$440 million
- Absorbed impact of \$86M in lost 2013 revenue
- Saw \$10M in additional annual sales tax growth

## Invest in Long-Term Finances & Services

- Reprioritized projects to mitigate \$700M in '09-10 Stroger borrowing
- Investing in future cost-saving efforts beyond 2013
- Denying \$152 million in additional requests
- Setting the County up for pension reform success

## Advancing a Regional Health Care Model

- Expect to bring in \$99M in net revenue via 1115 Waiver
- Shifting health system from “sick care” to true health care
- Reducing CCHHS expenditures by \$27M outside of waiver
- Improved physician billing

## Does Not Rely on One-Time Fixes

- Reducing real expenditures, positions, headcount
- 99% structural changes
- No additional debt restructuring
- Commitment to protecting fund balance
- Conservative revenue/expenditure estimates



# Final Budget Requests and Our Recommendation

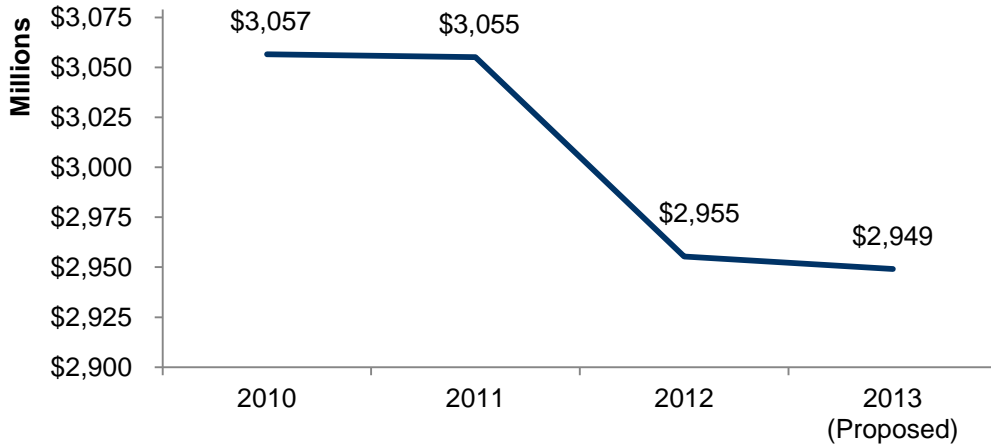
(All budget figures in \$ Millions)	2012 Budget	2013 Final Request	2013 President's Rec.	2012 Budget vs. 2013 Rec.	2010 Budget vs. 2013 Rec.
President's Office	92.5	92.7	92.7	0%	-14%
Public Defender	55.9	55.6	55.6	-1%	-3%
CCHHS Subsidy	253.7	253.7	253.7	0%	-35%
Sheriff	423.8	443.5	443.5	5%	-3%
Chief Judge	132.7	137.3	135.5	2%	-13%
State's Attorney	91.5	90.7	90.7	-1%	-8%
Clerk of the Circuit Court	74.1	73.2	73.2	-1%	-8%
Juvenile Temp. Dtn. Ctr.*	40.6	45.1	41.9	11%	8%
Assessor	21.7	22.7	22.7	5%	-13%
County Clerk**	31.4	26.2	26.2	-17%	-23%
Board of Review	7.5	8.2	8.2	16%	2%
Board of Comm.	7.3	7.4	7.4	1%	-5%
Recorder of Deeds	5.6	5.6	5.6	-1%	-26%
Treasurer	4.8	3.9	3.9	-18%	-28%
Inspector General	1.7	1.7	1.7	-1%	43%
Public Administrator	1.2	1.2	1.1	2%	-6%

\*JTDC under transitional administrator control; \*\*Includes Election Fund

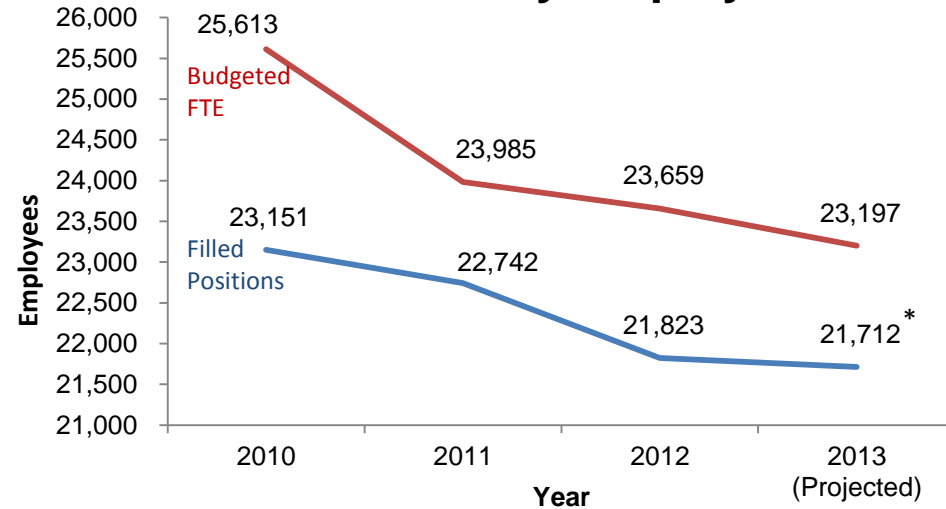


# We are continuing our reduction of expenditures, headcount and positions

## Cook County Operating Budget



## Cook County Employees



Data represents active employees on March 1 of each year

\* 2013 projection includes 1115 waiver investment of 247 positions, and potential reduction of custodial positions due to managed competition



# Focused first on cutting expenditures to complete the sales tax rollback and investing in long-term savings

## Key Expenditure Cut Highlights

- Eliminating 462 total positions – 27M
- Collaborating between City-County to reduce and avoid costs – 24M\* (recurring, since 2011)
- Reducing health care, drug and benefits costs – 9M
- Energy savings reducing electricity and gas usage – 5.6M
- Managed competition of custodial work – 2M
- Achieving procurement savings and efficiencies – 3M \*(incremental)
- Terminating unnecessary leases and consolidating real estate – 1M
- Fleet reduction and instituting ZipCar/iGo-like programs – 300K

## Key Productivity Investments

- Keeping track of Transportation and Highways Department employees via GPS
- Increasing labor productivity via our absence management program

## Key Long-Term Savings Investments

- Investing in capital improvement and renting out coveted downtown real estate
- Moving the Board of Review from all paper to electronic case management
- Providing unincorporated communities with incentive to build infrastructure and incorporate
- Automating other property and tax departments to reduce future personnel needs
- Investing in employees health and plan redesign via wellness to lead to long-term health savings
- Reducing workers compensation backlog by providing direct settlement authority to a higher number of claims adjusters



# Investing in budget priorities and service improvements for both residents and businesses

## Key Public Safety Investments Highlights

- Continuing JTDC population reduction and closing an additional wing
- Investing in personnel and resources in bond court resulting in fairer bond amounts
- Directing resources towards alternatives for prosecution in the State's Attorney Office
- Utilizing the Public Defender's Office for Child Protection Cases rather than outside counsel
- Reducing overtime at the Sheriff's Office via medical call-in and better absence management
- Investing an additional \$2M in jail population reduction

## Key Service Improvement Investments for Businesses

- Set up electronic payables and direct wire transfers to pay vendor in 7 days rather than 37
- Launched a \$200 million financing initiative to increase access to capital for small businesses
- Increased cash flow for small businesses by mandating vendors pay subs within 14 days
- Providing an OCIP to lower insurance costs for small businesses in construction
- Moving towards adopting an International Building Code to align building practices with other municipalities

## Key Service Improvement Investments for Residents

- Investing in the next phase of our property tax website to provide more online services
- Investing in a solid waste plan to divert valuable materials from landfills to increase jobs
- Implementing an online Building and Zoning permitting system to increase response times





# Our Strategic Revenue Priorities

## All Tax/Fee Revenue Initiatives

- Increasing the cigarette tax by \$1/pack to promote public health – 25.6M
- Levying a tax on gambling machines to fund public safety – 1.3M
- Instituting a firearm and ammunition tax to fund public health and safety – 1M
- Incentivizing businesses to buy within Cook County (“non-titled use tax”) – 15M
- Eliminating Building & Zoning Fee Waivers – 250K
- Increasing Medical Examiner, Highways Fees – 200K



# Other Non-Tax/Fee Revenue Initiatives

## Key Initiatives

- Applying for the 1115 Waiver, and making the appropriate investment – 99M
- Increased, conservative revenue growth – 13.5M
- Increased federal payment due to move towards electronic medical records – 8.7M
- Improved CCHHS billing services – 7M
- Capturing new properties coming on the rolls in property tax – 3M
- Cracking down on scofflaw businesses and unpaid violations and citations – 4M
- TIF surplus – 1.4M



# Top priorities included long-term financial planning

## Previous administration left County in precarious shape

- Significant borrowings in 2009-10, including \$80M for unfunded pension contributions
- Capital borrowings of \$700M leading to a scheduled \$90M increase in debt service levy

## We needed to protect Cook County's long term future

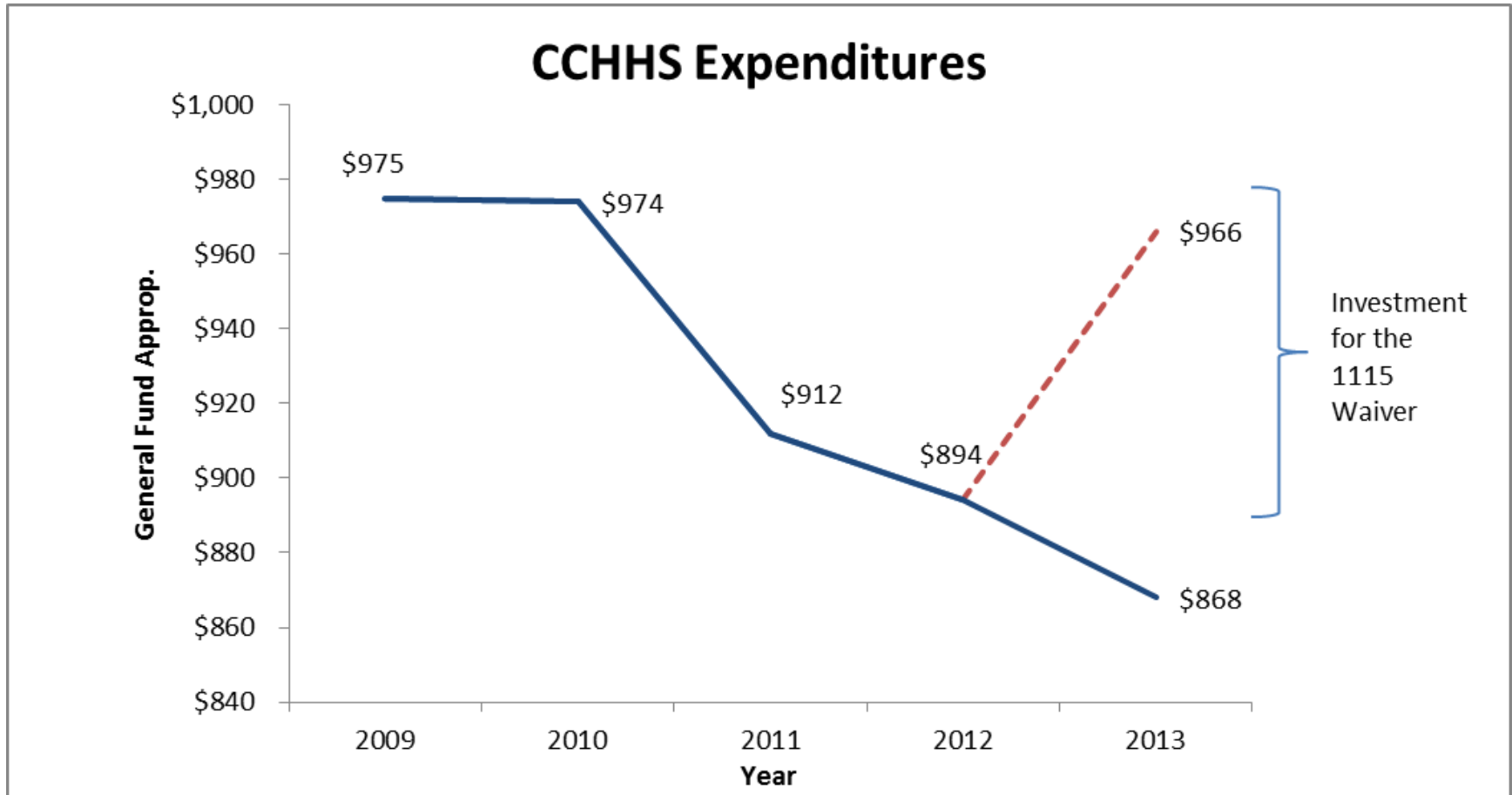
- Rebuilt fund balance from \$61M in 2010 to \$197M in 2013
- Budget is entirely structural changes except for \$3.9M in one-time revenue (TIF surplus, settlements, special fund sweeps)
- Reprioritizing capital funding and stretched projects to limit 2011-13 borrowing

## 99% structural changes allow us to pursue pension reform

- Our structural changes allow us to pursue a solution without overburdening taxpayers
- Understand that shared sacrifice is necessary, with government committing to fund its share



# Cutting expenses and investing in the 1115 Waiver





# The 1115 Waiver allows us to invest in a regional health care strategy

## **Moving from *sick care* to *health care***

- Out in communities
- Primary and preventative care
- Coordination of care

## **1115 Waiver allows for this strategy to be viable**

- Federal government investment
- Allows 115,000 Cook County residents to receive better care at CCHHS
- Provides increased access to care through FQHCs and other partners

## **Focusing on three critical items for strategy to be successful**

- Improving operations – billing, how we buy supplies
- Great patient experience
- Creating structure and priorities for regional partnerships

**Regional health care will be a massive but critical undertaking  
which will have an incredible public health impact**



# What's Next

## ***Commitment to pass budget prior to FY2013 fiscal year***

*Oct. 18 – Early Nov.*

### **Gather feedback**

- Hold department hearings with Finance Committee
- Hold public hearings (North, South, West, City)
- Incorporate feedback into budget revisions, as necessary

*Early Nov. – Nov. 16*

### **Pass budget**

- Amendments will be presented over next 3 weeks
- Amendments must be budget-neutral
- Present budget for Board vote

*Dec. 1, 2012 – Nov. 30, 2013*

### **Budget accountability**

- Quarterly review sessions via STAR
- Implementation of 1115 Waiver Plan
- Increased budget controls via quarterly reports & allocations



# This is a Forward-Looking Budget

## **Finalize the sales tax repeal**

- \$440M in tax burden relieved from consumers

## **Protect our fund balance**

- Grown from \$61M to \$197M in three years

## **Invests in key policy priorities**

- Stabilizes our health system and creating a regional health model
- Furthers criminal justice reform

## **99% structural changes**

- No additional debt restructuring savings used to plug operating budget
- Reduced expenditures, headcount and positions, even when including 1115 Waiver Investment