

****EMBARGOED UNTIL 11:59 P.M. WEDNESDAY, OCTOBER 9, 2019****

2020

Cook County Executive Recommendation

October 9, 2019



Toni Preckwinkle
President, Cook County Board of Commissioners

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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.

Healthy Communities



New Health Centers will be opening North Riverside and Blue Island to provide enhanced services to residents and extend the footprint of the Ambulatory and Community Health Network (ACHN) towards the edges of Cook County.

Vital Communities



With continued efforts to support the south suburbs, Cook County's Department of Planning and Development will disburse \$10.6 million in Community Development Block Grant (CDBG) funding to suburban Cook County throughout FY2020 to catalyze housing rehabilitation, economic development and infrastructure projects.

Safe & Thriving Communities



Cook County has made investments of more than \$18M in wrap-around services for people involved in the criminal justice system through community-based grants. In FY2020, \$8.6 million is allocated to enhance Cook County's collaboration with public safety partners and continue to transform the criminal justice system into one that is fair, efficient, compassionate and transparent.

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Foundation for the FY2020 Budget



Sustainable Communities



Brownfields is real estate where the presence or possible presence of a pollutant complicates expansion, redevelopment, or reuse. Over 120 acres of brownfield sites are undergoing reuse, planning, or redevelopment in the West suburbs, creating or retaining over 200 jobs. A new federal grant will allow the Department of Environment & Sustainability to assess another 40 sites in the south suburbs over the next three years.

Smart Communities



Federal Communication Commission (FCC) data from December 2018 indicates that up to 25% of Cook County residents lack high-speed internet, and more than 17% of African American and Latinx households lack a computer. Cook County government will leverage capital dollars and augment current public infrastructure to tackle this "digital divide" and provide equitable access to technology to all residents.

Open Communities



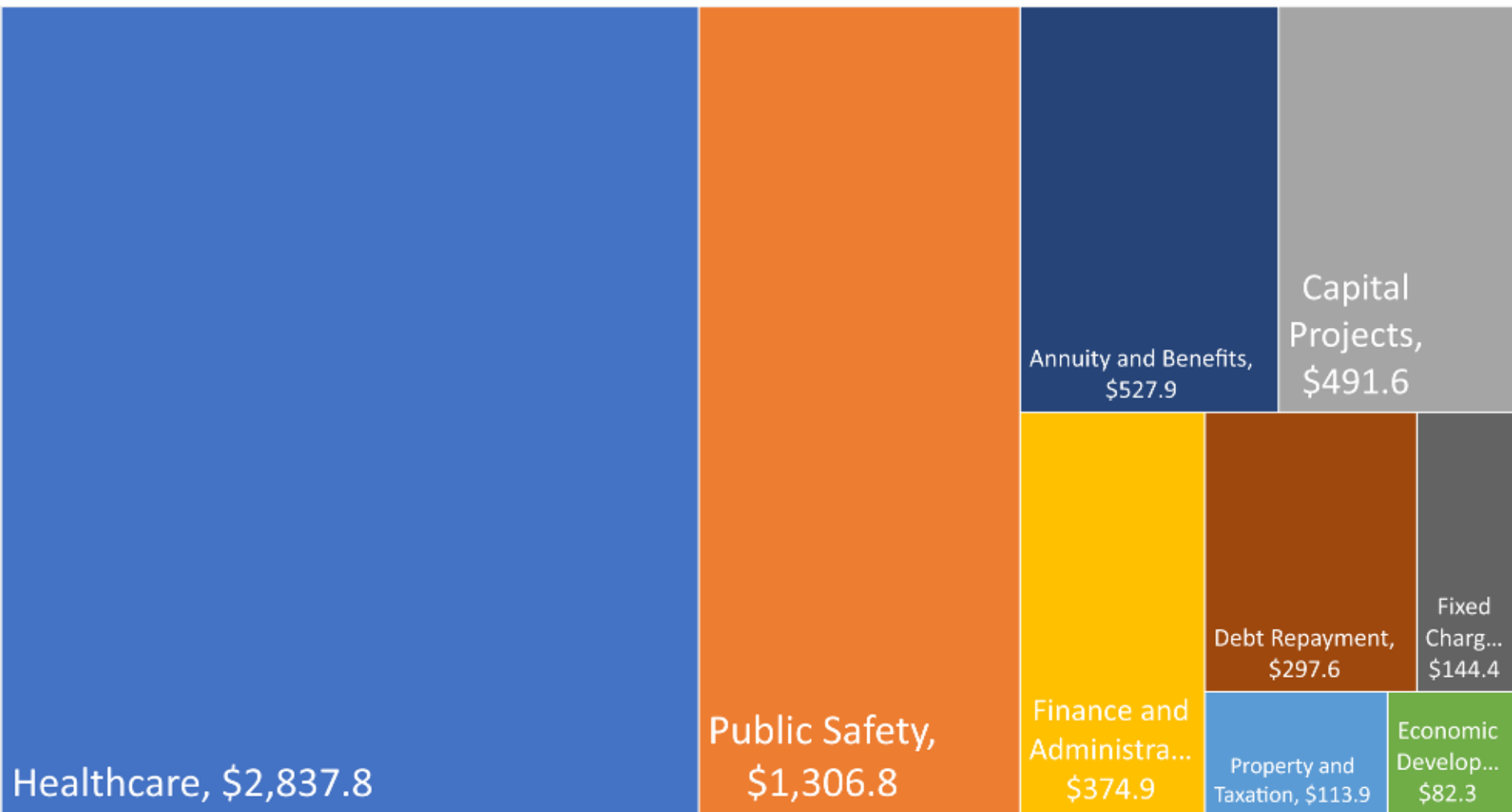
In May 2019 the President's Office published a Policy Roadmap public dashboard for each policy priority. In 2020, Cook County will launch the second phase where each department in OUP will build its own public dashboard, populated with their key performance indicators. Besides creating unprecedented transparency for Cook County residents, this effort will also cultivate data literacy and data-based decision making across the County.

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FY2020 Total Budget: \$6.18B



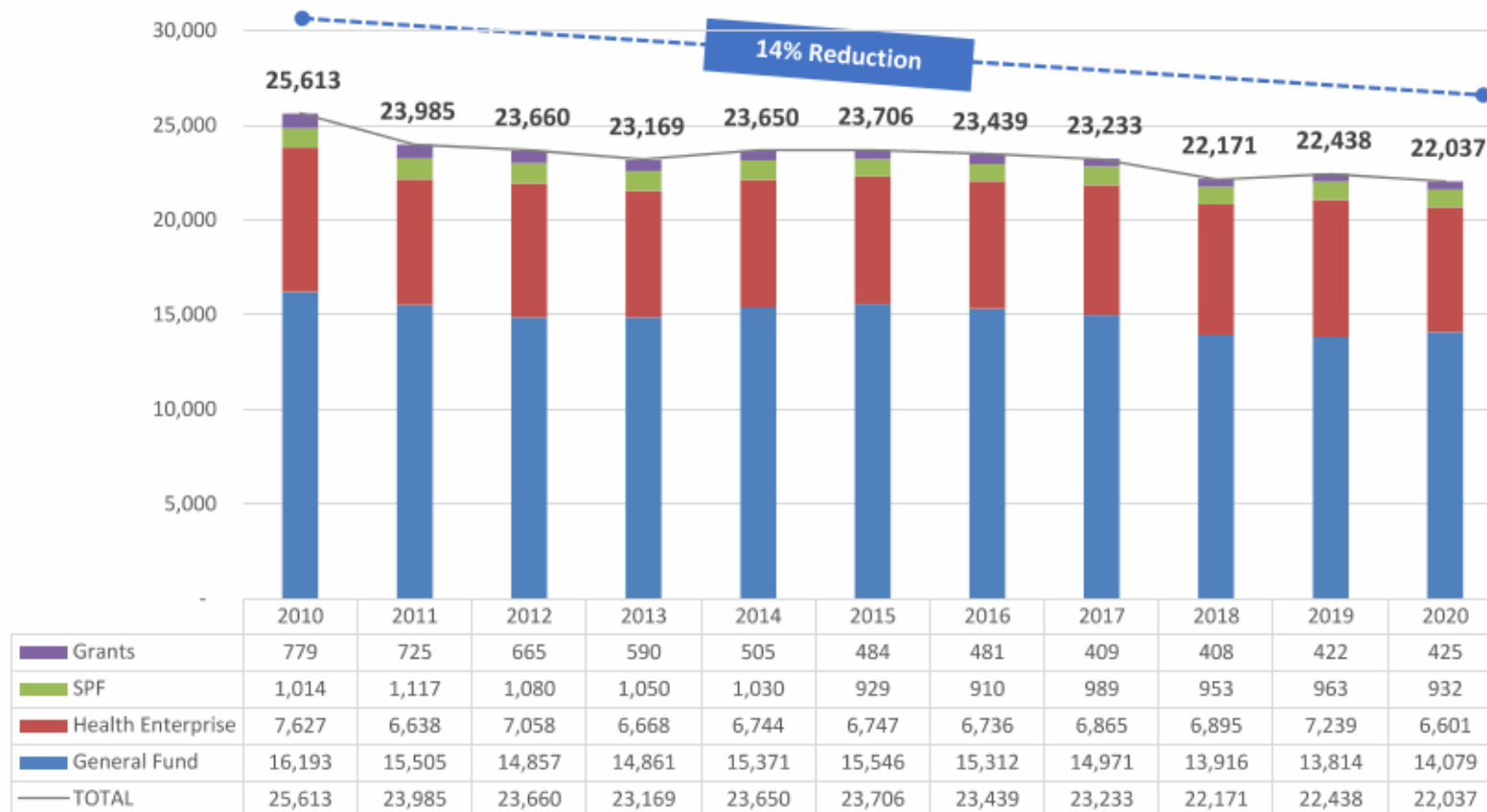
Healthcare and Public Safety make up 67% of the Total Budget (87% of the Operating Budget)



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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

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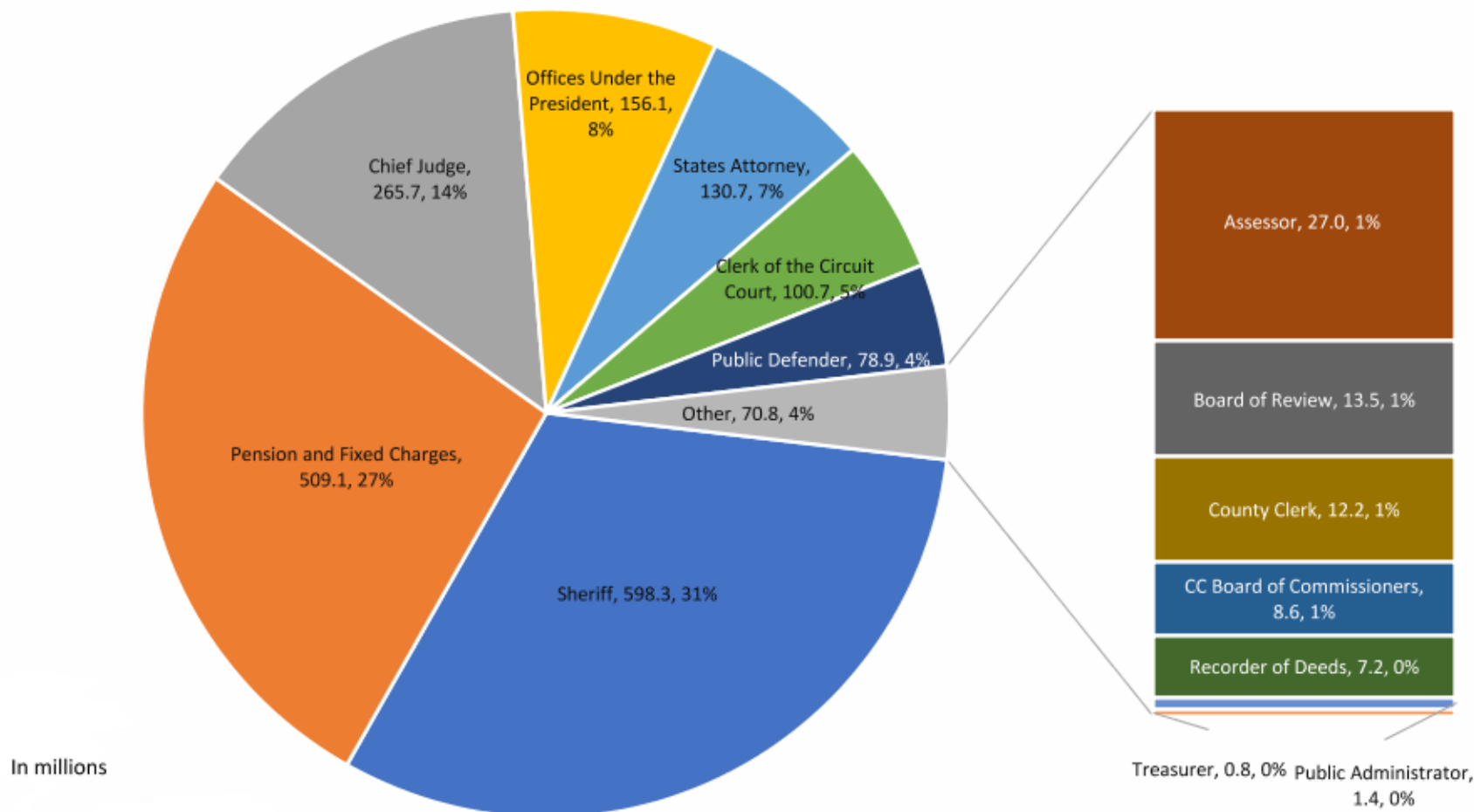
General Fund



General Fund Budget: \$1.9B



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

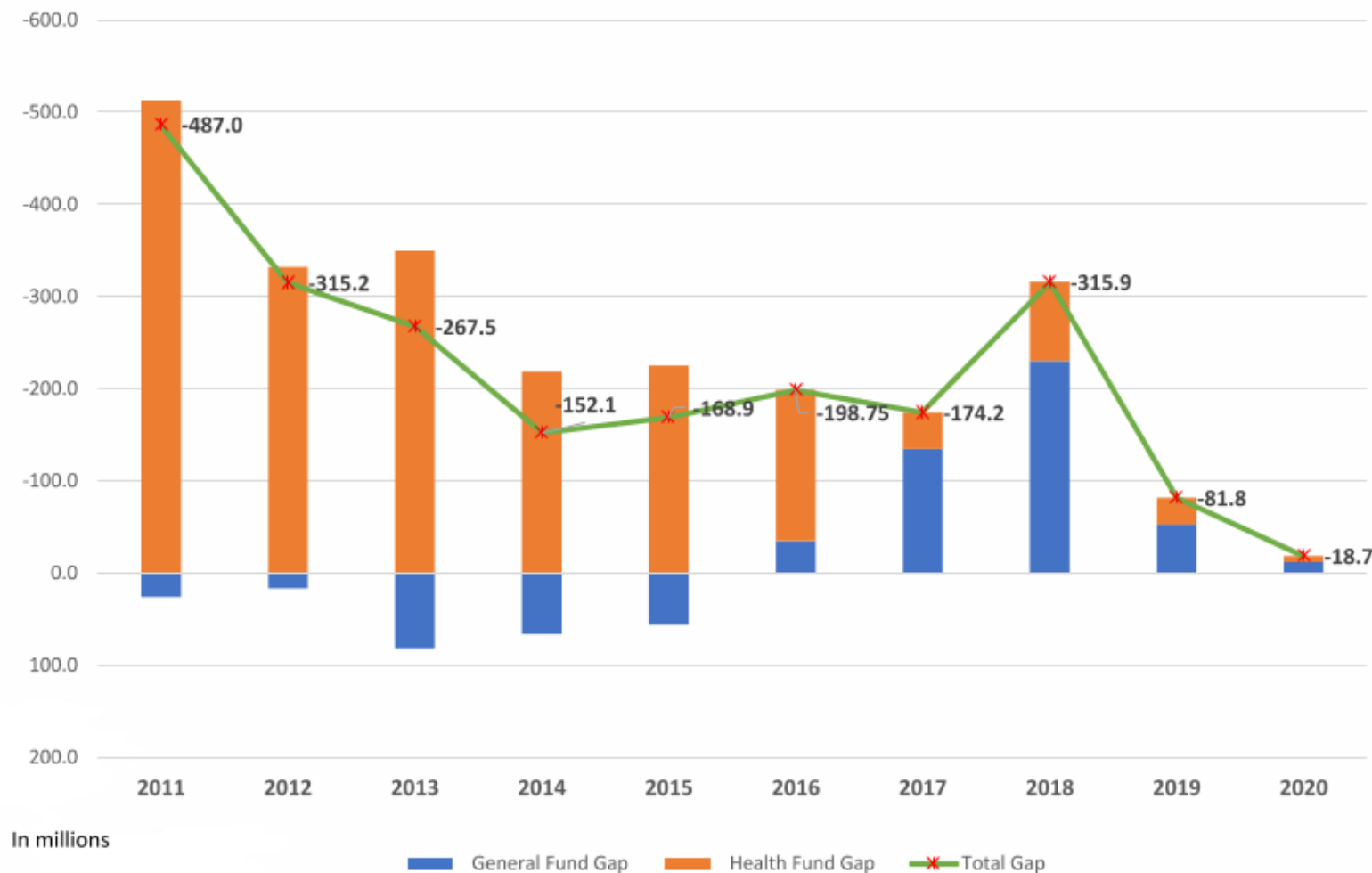


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Historical Budget Gaps



Structural solutions reduced deficits by 96% since 2011

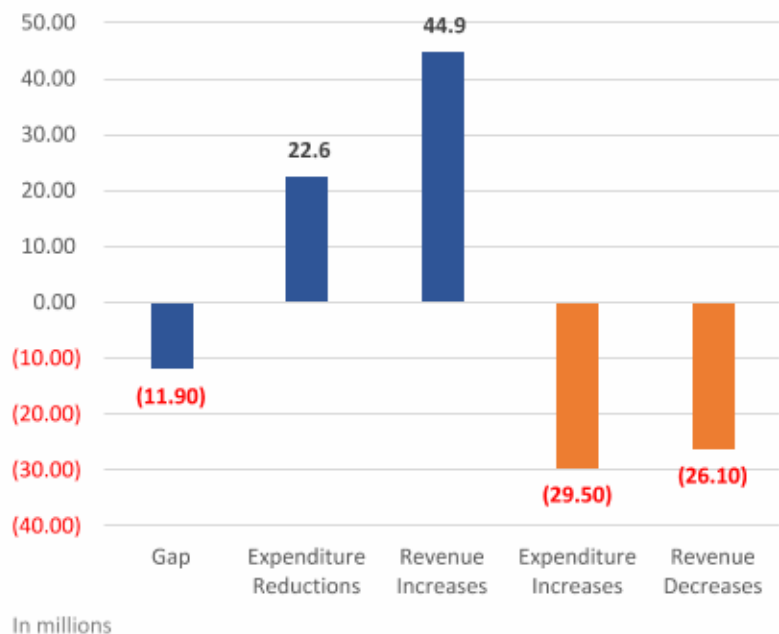


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Closing the General Fund Gap

The General Fund Gap was \$11.9M at the time of the Preliminary Forecast



Expenditure Reductions

- \$9.4M - Health Benefits Re-Projection
- \$8.2M - Statutory Pension
- \$5.0M - Bond and Interest Reduction

Revenue Increases

- \$22.8M - AOIC Increase
- \$10.0M - Fund Balance
- \$5.0M - TIF Surplus
- \$4.0M - Treasurer Revenue
- \$3.1M - County Use Tax

Expenditure Increases

- \$15.9M - 265 New Positions
- \$13.6M - Reserve for Settlements



Revenue Decreases

- \$10M - Allocation to CCH
- \$7.3M - Court Service Fee
- \$4.0M - Sales Tax
- \$3.3M - Cannabis Tax
- \$1.5M - Sports Wagering

The budget is balanced after a series of increases and decreases in both Revenues and Expenditures.

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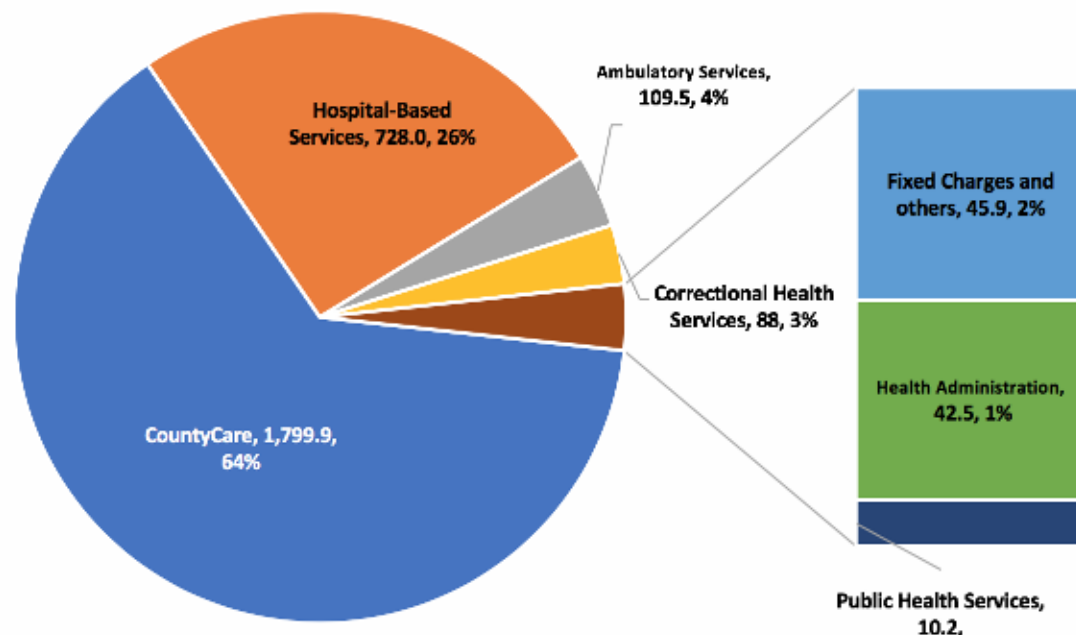
Health Enterprise Fund



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)

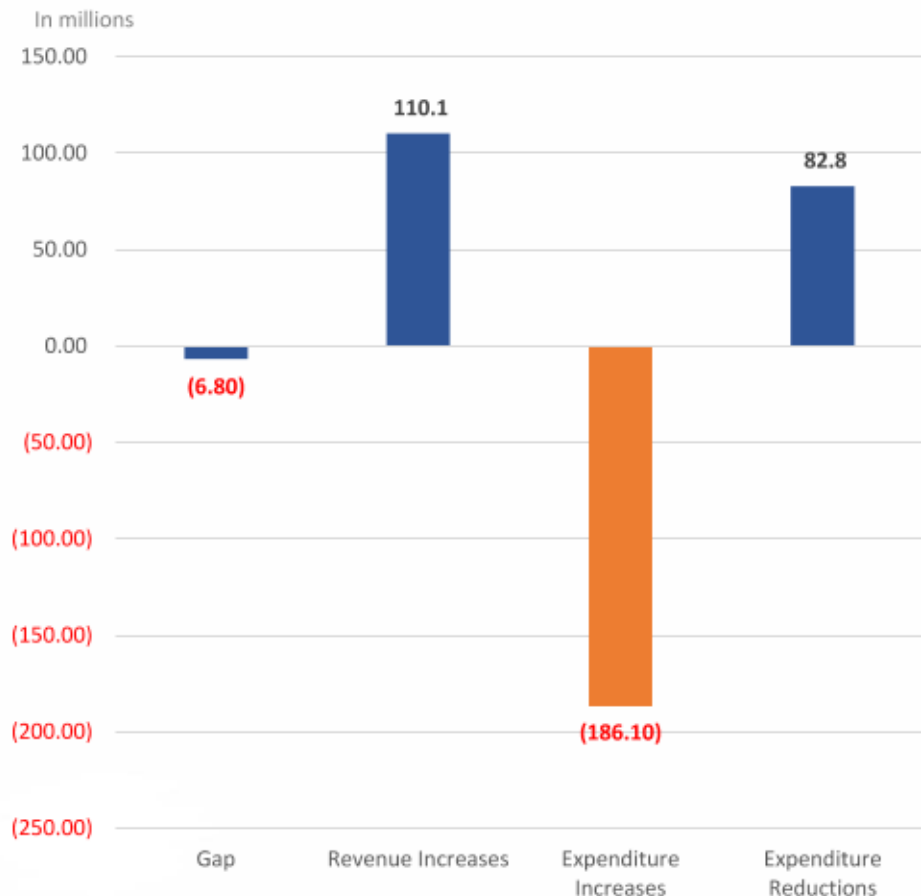
- To clarify the relationship between CountyCare and the rest of CCH, the FY2020 Health Fund appropriation reflects an increase of a \$173.1 million
- This is the projected internal capture, which was previously reflected as an intracompany transfer
- In FY2020 CCH has reflected this as a revenue and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

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Closing the Health Fund Gap



The Health Fund Gap was \$6.8M at the time of the Preliminary Forecast



Expenditure Increases

- \$133.3M - Managed Care Claims
- \$30.0M - Medical/Pharmaceutical Supplies
- \$21.9M - Operations/Maintenance



Revenue Increases

- \$70.0M - Graduate Medical Education Payment
- \$25.0M - New Medicare Managed Care Prgrm
- \$10.0M - Increased Tax Allocation
- \$5.1M - Additional Managed Care Revenue

Expenditure Reductions

- \$53.2M - Vacancy Elimination (net 638 FTEs)
- \$19.0M - Other Personnel related reductions
- \$4.2M - Contractual Services
- \$3.9M - Reimbursement Offset
- \$2.5M - Rental and Leasing Expense Reduction

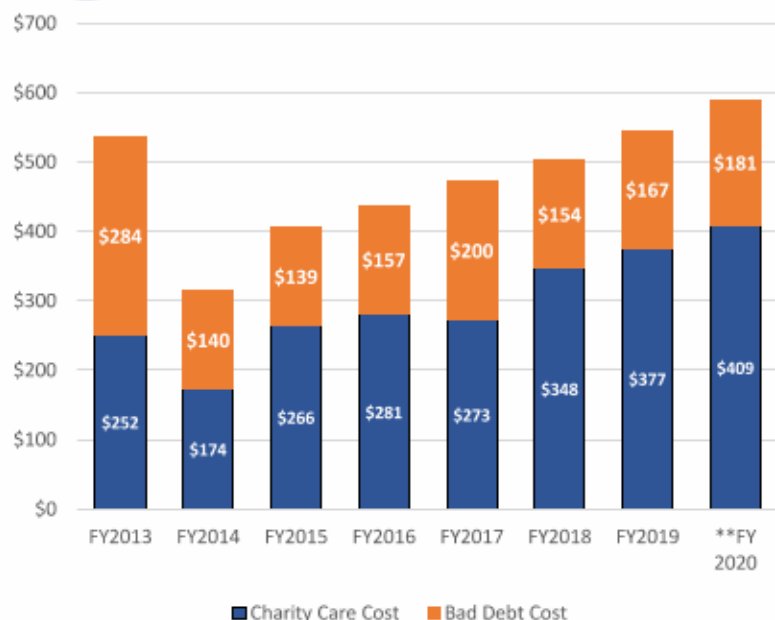
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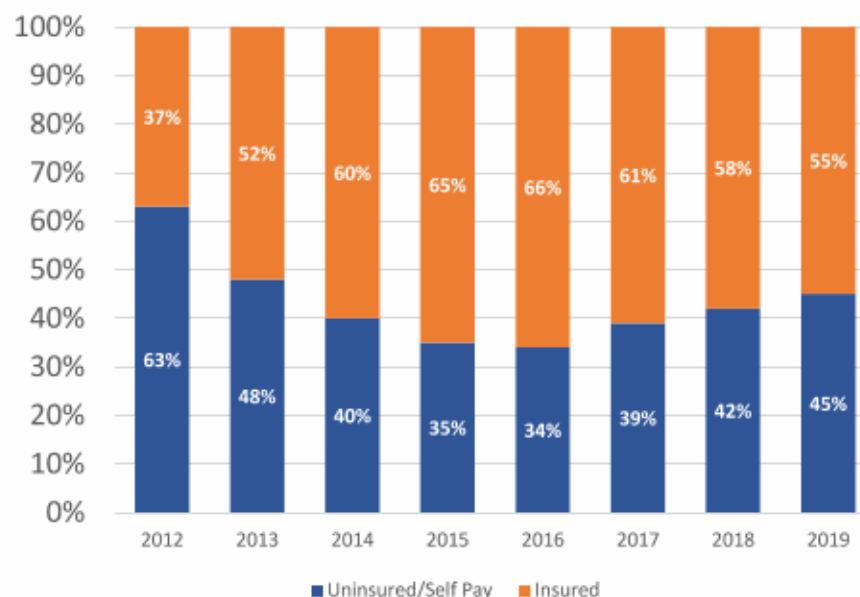
Uncompensated Care



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%**

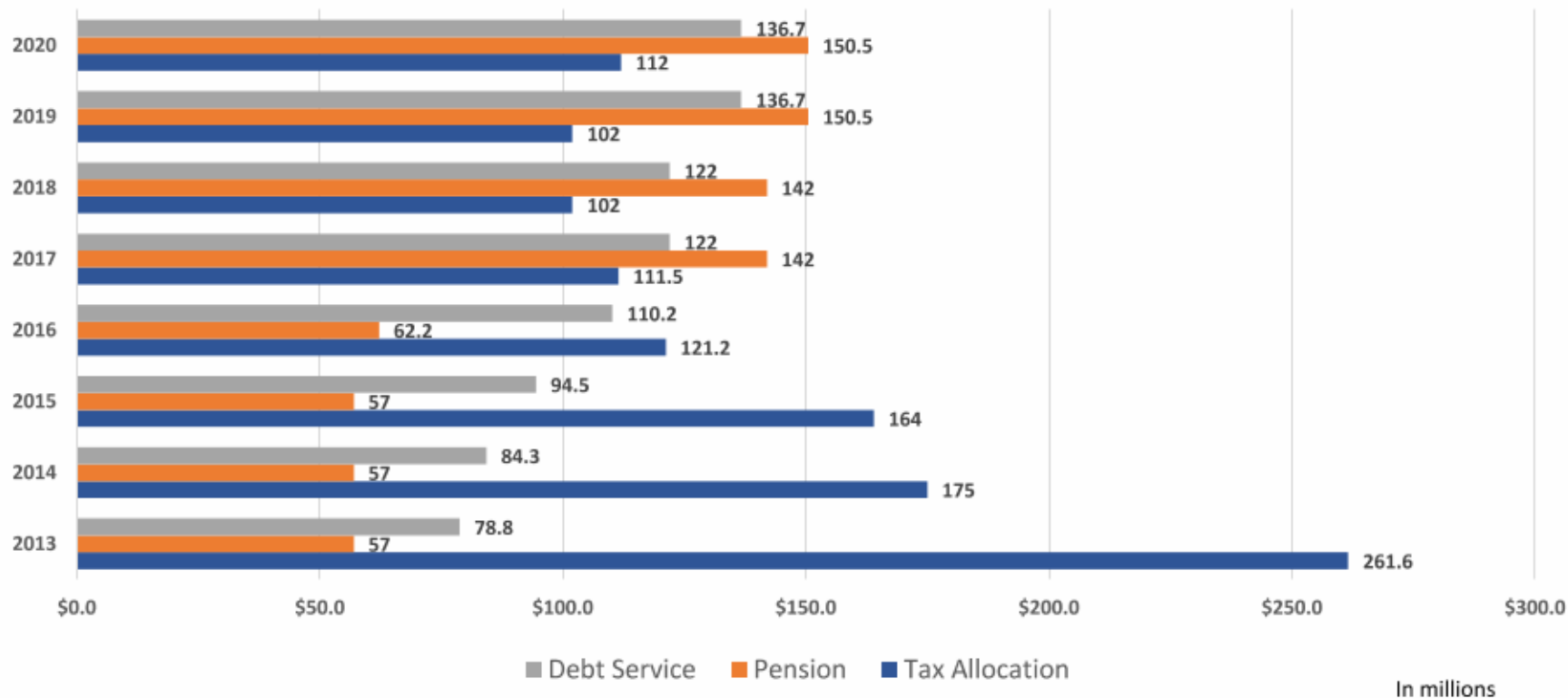


* Uncompensated Care is Charity Care + Bad Debt at cost

** FY2019 and FY2020 Projected

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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.

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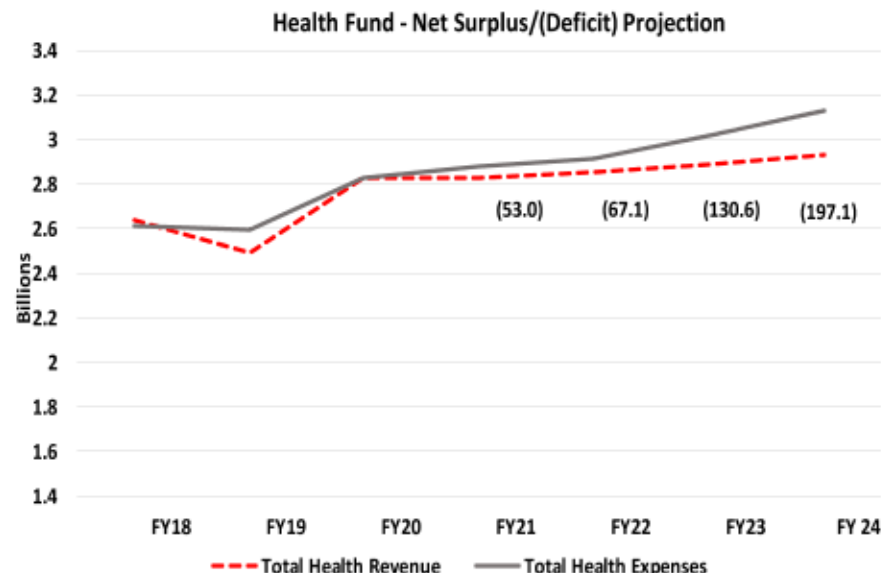
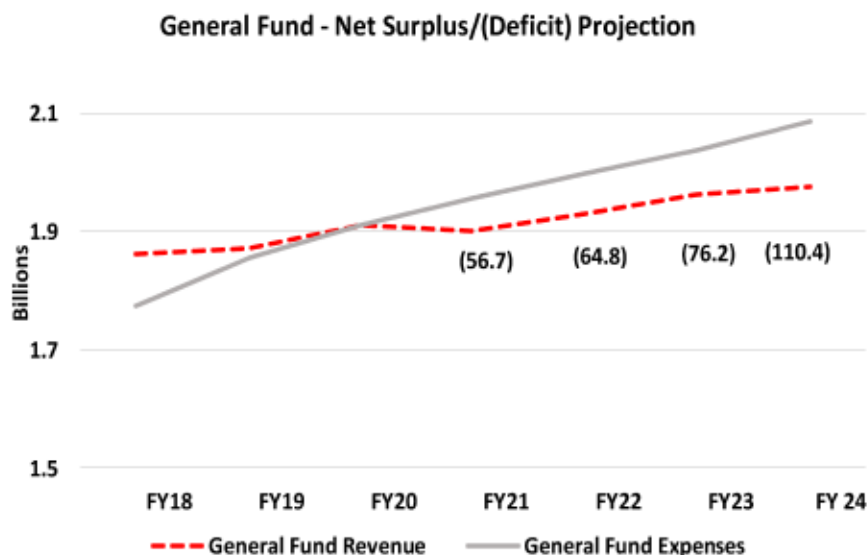
Long-Term Fiscal Sustainability



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**

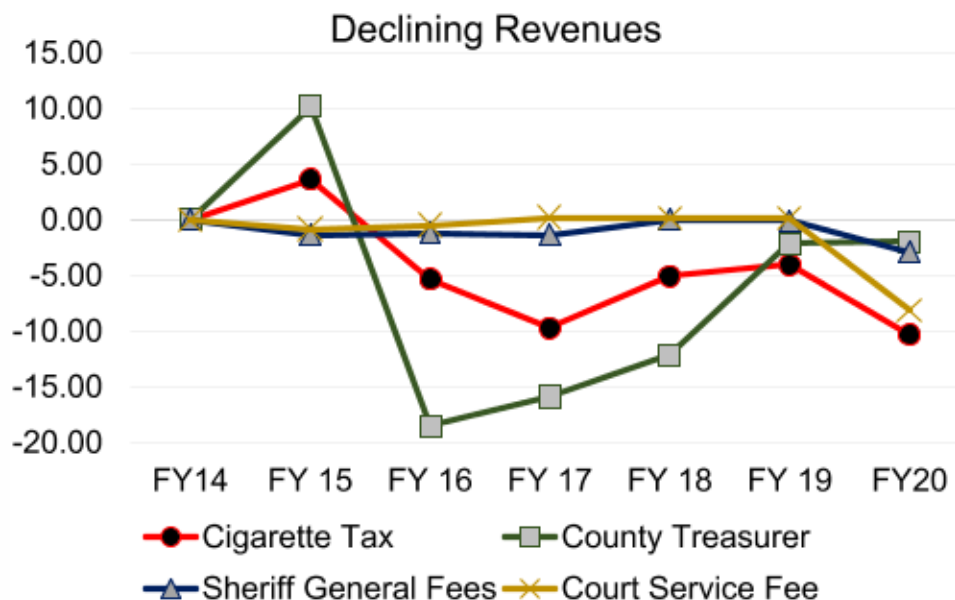
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Structural Concerns



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

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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

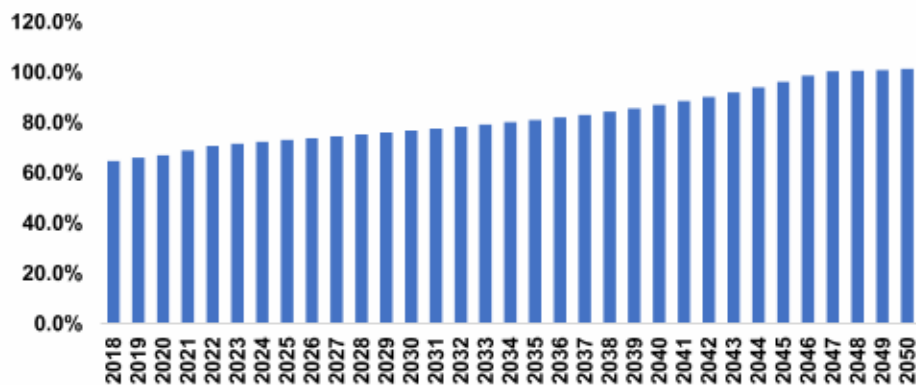


Addressing Pension Fund Liabilities

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

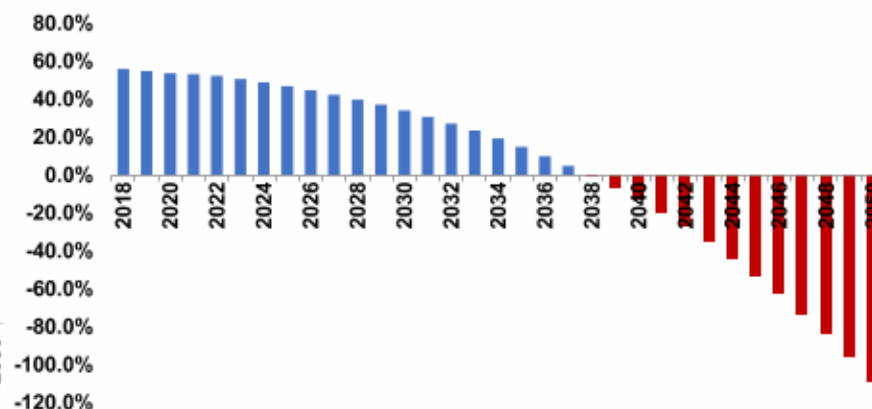
- The County has an annual Intergovernmental Agreement ("IGA") with the Pension Fund, which includes supplemental payments in addition to the statutorily required maximum contribution
- These payments will total, by the end of FY19, over \$1.3 Billion, allowing the Pension Fund to keep its assets invested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

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Capital Highlights



New Provident Hospital Facility

- Campus improvements include the demolition of the current Sengstacke Clinic.
- The new single 9-story, 230,000 square foot facility will provide a state-of-the-art patient care facility.
- This new facility will improve access to needed healthcare services in this geographic area.

Department of Corrections Division Demolitions

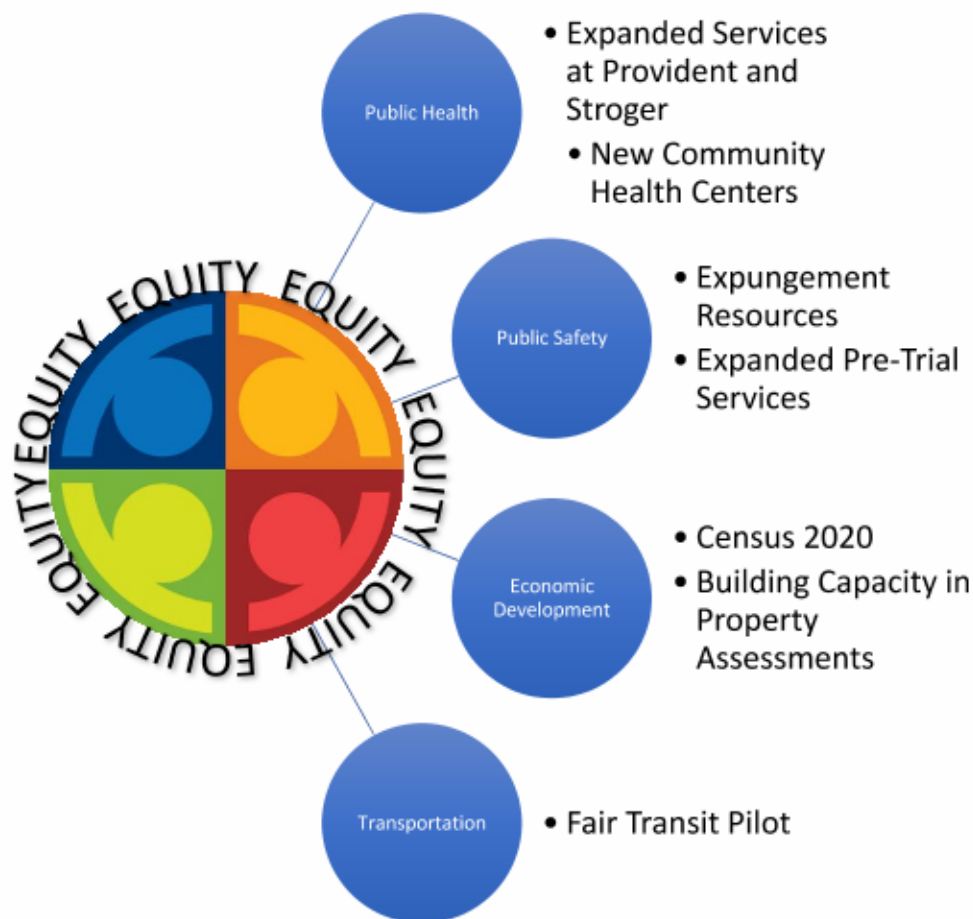
- As the detainee population has declined, the Sheriff has taken buildings offline; Demolition of Divisions 3 and 17 are complete.
- The design and bidding phases for the demolition of Division I & IA occurred in FY2019. Demolition of these large and outdated structures will continue into FY2021.
- In the continued evaluation of redevelopment and restructuring opportunities, Division IV has been identified as the next building on the DOC campus to be evaluated for demolition. This evaluation is planned to occur in FY2020.

Election Equipment – The Election Equipment and Tally System (EETS) will:

- Provide wireless transmission of in-precinct voting results from individual precincts to a central location
- Provide wire- based transmission of results from regional receiving stations to a central location
- Improve voting accessibility, security, auditability, deliver transparency, and faster results reporting
- Benefit over 1.5 million registered voters in suburban Cook County and improve election administration for all stakeholders

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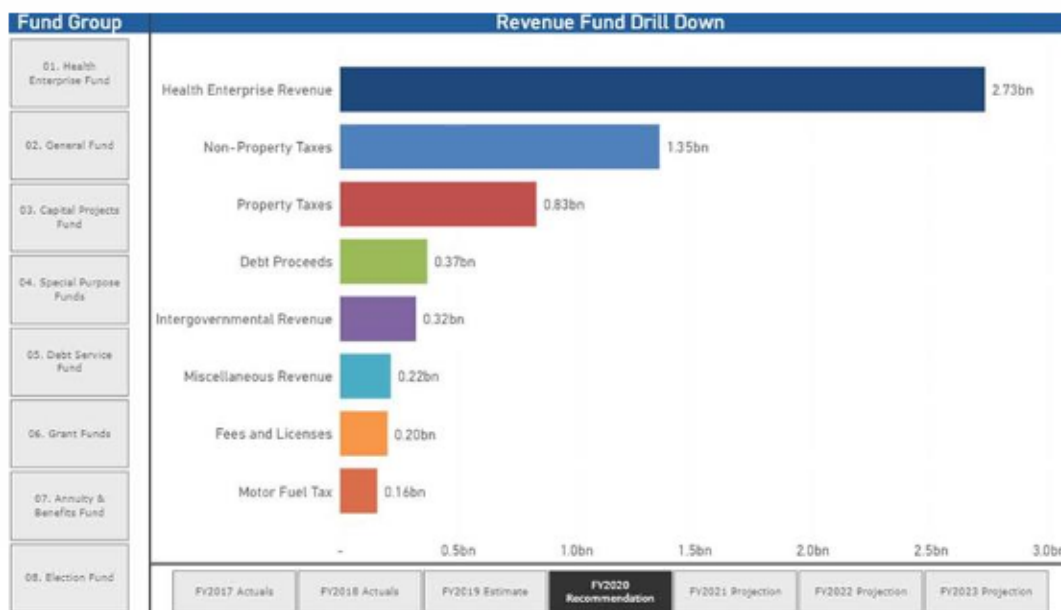
Policy Initiatives



Equity is a foundational value in the development of the FY2020 budget.
An equity lens is used in all of our strategies, in policy and practice.

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New Interactive Budget Site



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Budget Timeline



BUDGET RELEASE

Launch New Interactive
Budget Website

October 10th

October 28th –
November 4th

DEPARTMENT AND
PUBLIC HEARINGS

BUDGET VOTE

November 21st

December 1st

FY2020 BEGINS

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