

Quarterly Report to the IRFC

October 30, 2020



Toni Preckwinkle
President, Cook County Board of Commissioners

Agenda

- Opening Remarks
- Approval of the Minutes
- Updates from the Executive Summary
- Quarterly Updates
 - Principles Advanced and Website updates
 - Variance Analysis
- Motion to Change Dates of the Next Quarterly Meetings
- Public Comment
- Next steps
- Adjournment

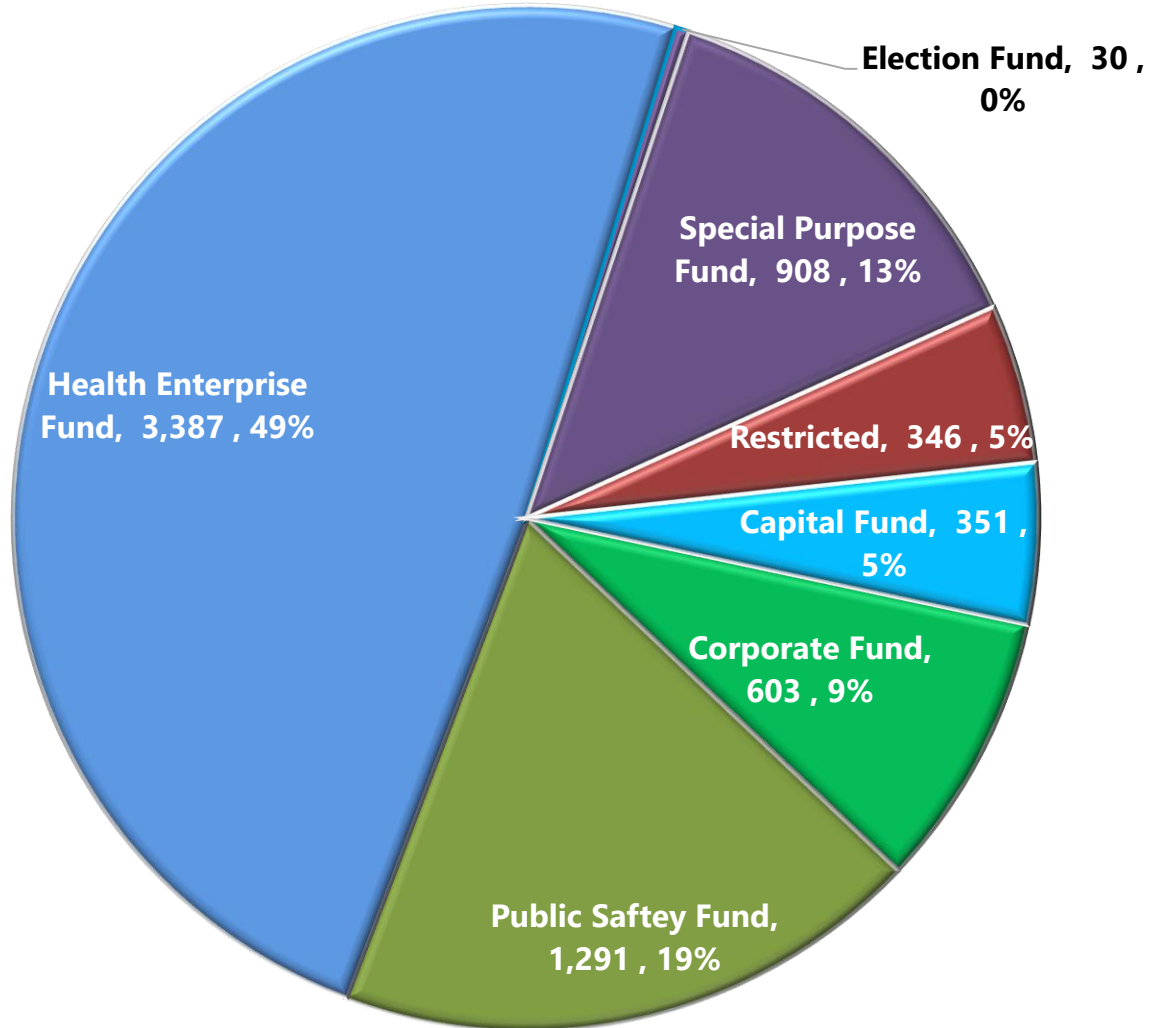
Roll Call

Opening Remarks

Approval of the Minutes from August 30th

Updates from the Executive Summary

FY2021 Total Budget by Fund: \$6.9B

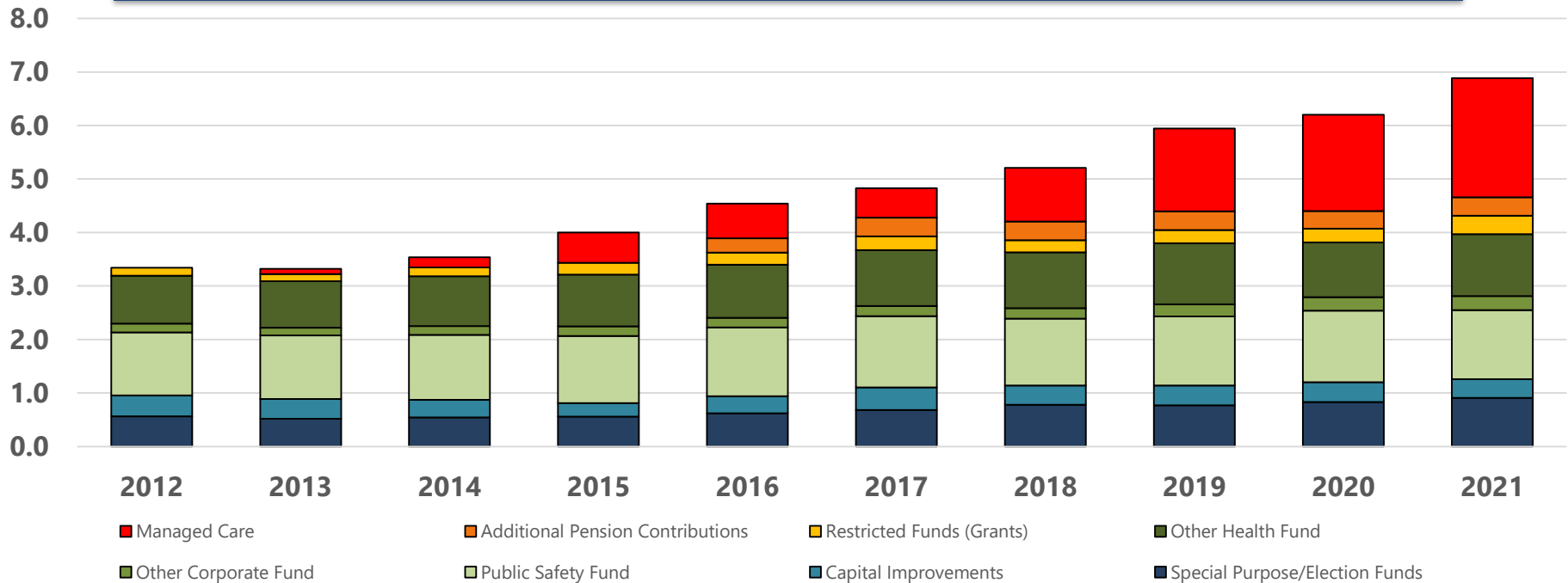


* Further details available starting on Volume I pp. (86) of President's Executive Recommendation FY 2021

Historical Budget Growth



County Core Service* expenses growing in line with the rate of inflation



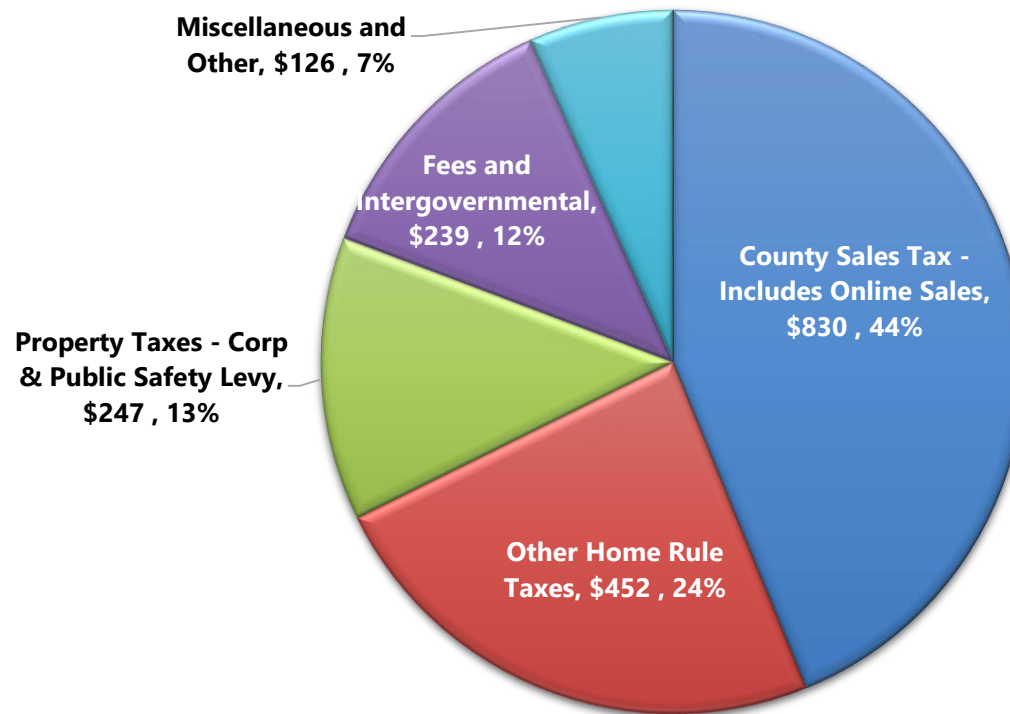
- Annual appropriations have grown by \$3.6 billion since 2012 or 8.4% compound annual growth.
- CountyCare has grown from \$96.2M in 2013 to \$2.2 billion in 2021.
- Additional pension contributions running at approximately \$334M annually since 2017.
- Core services realized a compound annual growth rate of just 1.5% since 2011 vs. inflation for the Chicagoland region, which is projected to grow at a compound annual growth rate 1.5% over the same time period.

*Core services is defined as the general fund and health fund total, less managed care and the additional pension contribution

General Fund Revenue Overview



FY2021 General Fund revenue is projected \$1.89B, which is \$92M or 4.8% below FY2020 adopted revenue



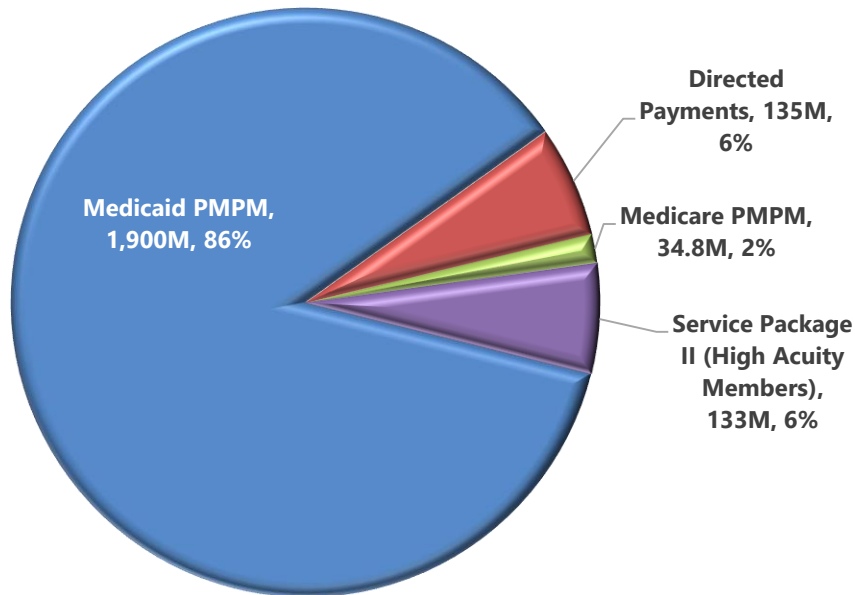
FY2021 – New sources of revenues authorized through State statutes:

- Online Sales Tax = \$80.3M
- Cannabis Tax = \$13.9M
- Sport Wagering Tax = \$3.6M

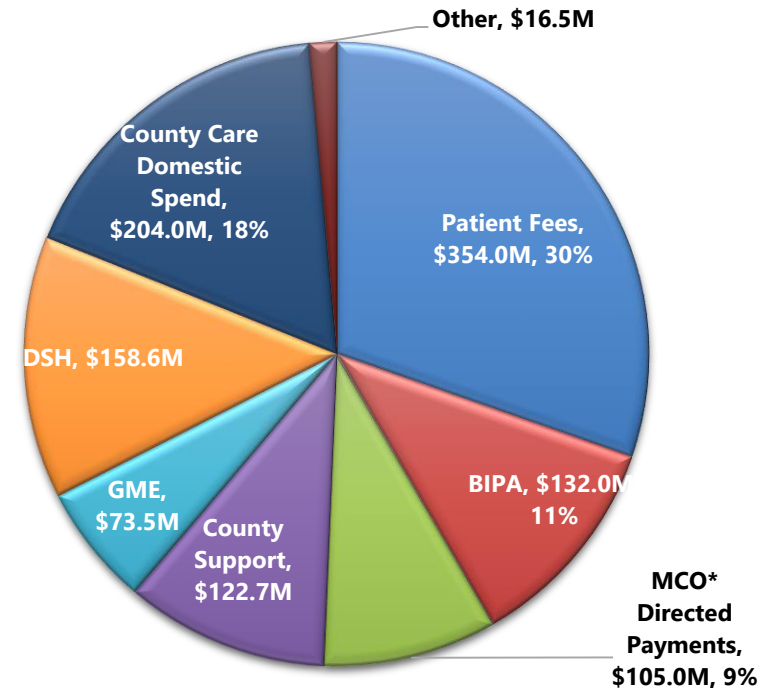
Health Fund Revenue Overview



County Care
\$2.2 billion



Provider
\$1.1 billion

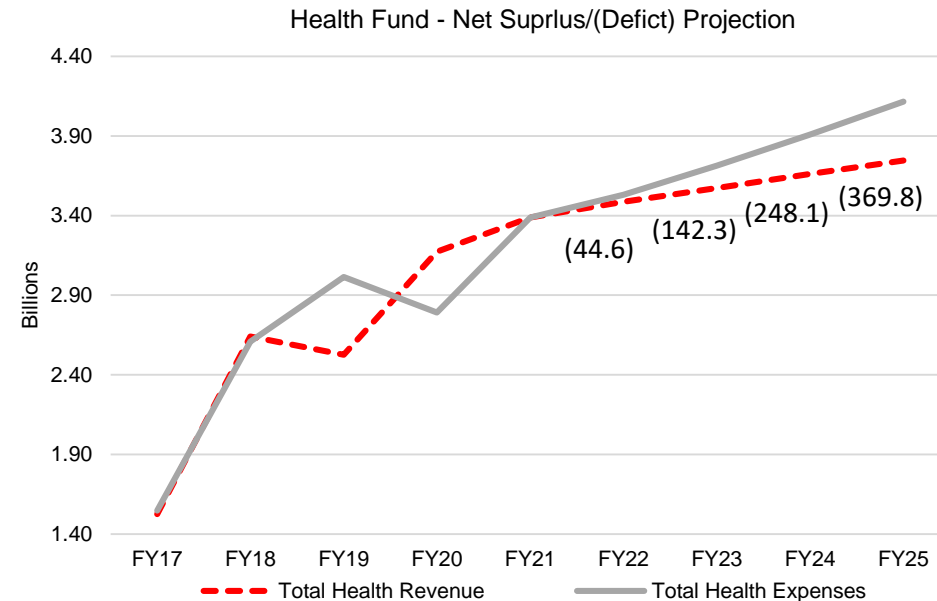
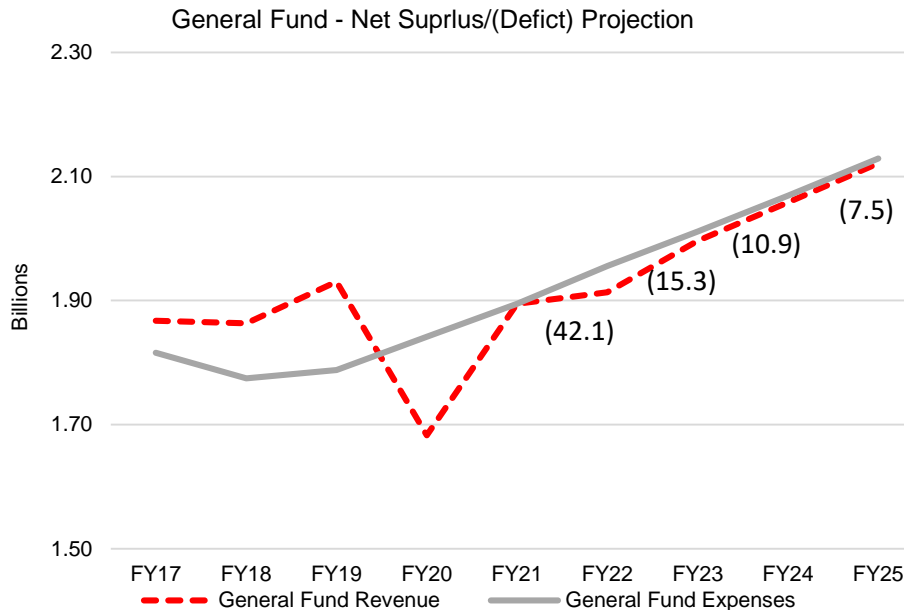


GME: Graduate Medical Education Payments
 BIPA: Benefits Improvement and Protection Act Payments
 DSH: Disproportionate Share Hospital Payments
 MCO = Managed Care Organization

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 FY2021 Executive Recommendation:

- General Fund projected FY22 deficit: \$42.1 million
- Health Fund projected FY22 deficit: \$44.6 million
- **Total projected deficit FY22: \$86.7 million**

Structural Concerns

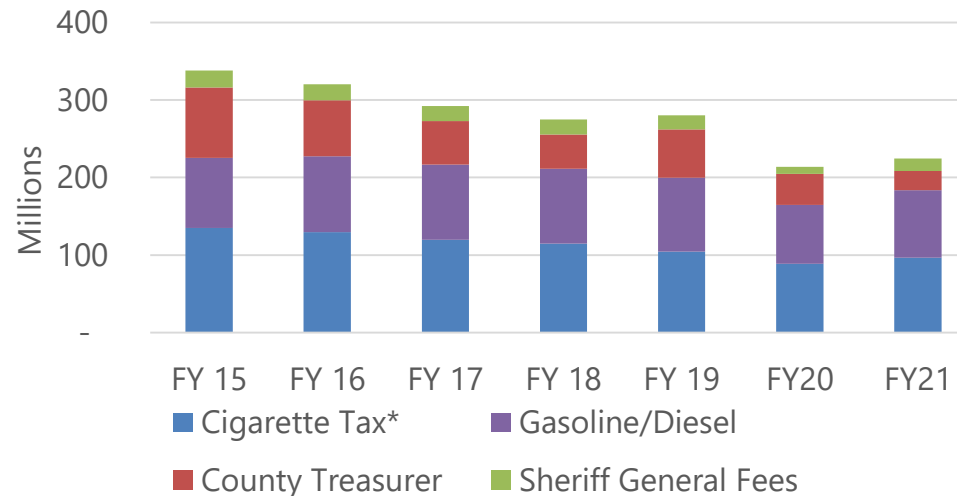


While expenditure growth has been moderated to inflationary levels, several County revenues do not keep pace with inflation

FY 21 Projected Revenues	Amount (in millions)	%
Declining	\$297.3	12.1%
Failing to keep Pace	\$1,028.9	41.9%
Growing with Economy	\$915.0	37.3%
Other Growth/Decline Patterns	\$214.3	8.7%
Grand Total	\$2,455.4	100.0%

Includes general fund revenues plus property taxes allocated to the hospital

Declining Revenues



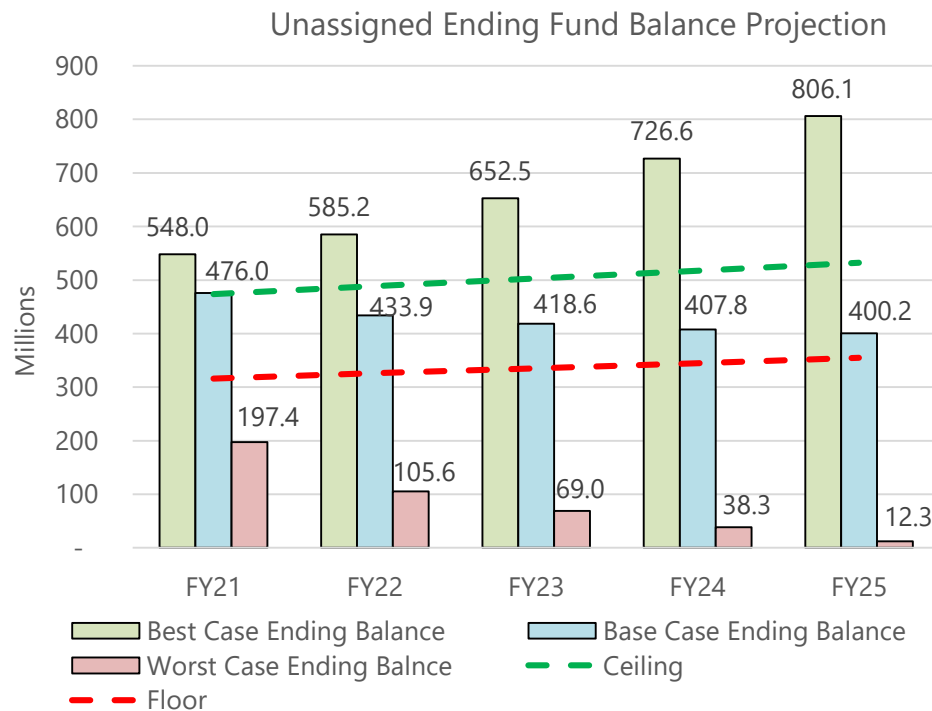
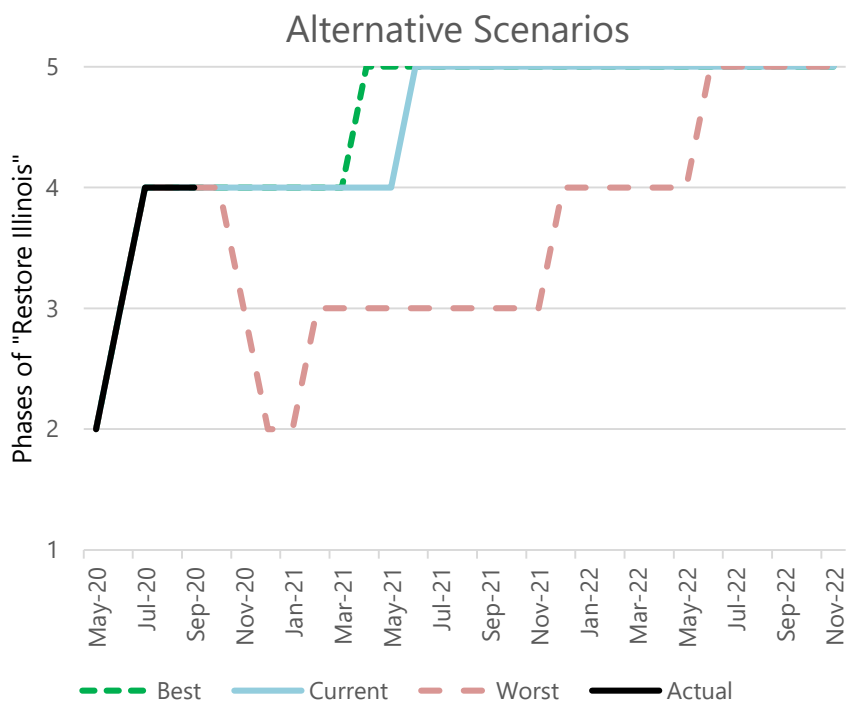
*Cigarette Tax excludes settlements in 2020

- 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



Uncertainty Abounds

The progression of COVID-19 and the actual impact of new revenues will have significant long-term impacts on the future of the fund balance



- If COVID-19 follows the worst-case scenario with no widespread use of vaccine in 2022, we anticipate a \$328.3 million unfavorable variance in our fund balance from our base case scenario.
- New revenues including, online sales tax, cannabis and sports wagering, represent nearly \$1.1 billion between FY21 and FY25.

Quarterly Updates

Principals of the IRFC - Advanced Since 7/30



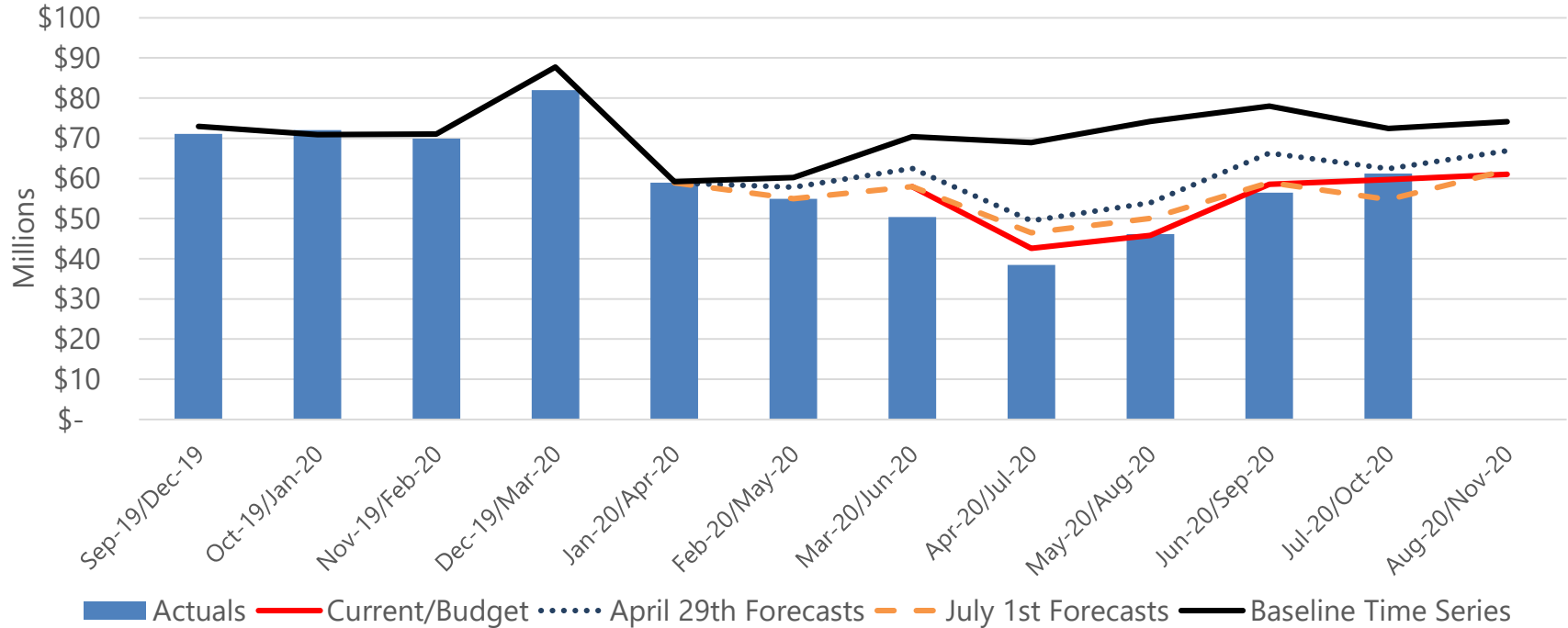
Principal	Action Taken
<i>Document Economic and Operational Drivers</i>	<i>Leveraged Tracktherecovery.org to inform the sales tax forecast.</i>
<i>Pursue Consistency in Modeling</i>	<i>Updated online data set to include unaudited tax revenue*</i>
<i>Systematically Track Monthly Operational and Revenue Data</i>	<i>Revenues on monthly basis continue to be updated. The online Revenue Dataset has also been updated.</i>
<i>Catalogue Historical Rates and Policies</i>	<i>Submitted an Application to UIC CUPPA to advance this principle through their CAPSTONE Project. - Rejected</i>
<i>Review Alternative Scenarios</i>	<i>Advanced the Alternative scenario Analysis in the executive Recommendation</i>
<i>Benchmark Forecasts Against Other Jurisdictions</i>	<i>Incorporated into Cannabis and Online sales tax revenue forecasts</i>
<i>Strive for Greater Collaboration</i>	<i>The OCFO continues its commitment to this principal and will focus on the development of a revenue forecasting model developed in coordination with CCH during the final fiscal quarter of this year.</i>

Changes in Forecasts since 8/31



Revenue	Estimate	Budget	Forecasts			
	FY20	FY21	FY22	FY23	FY24	FY25
400010-Property Taxes		9,476,857	(36,360,984)	(42,561,851)	(48,595,556)	(54,454,744)
400040-Tax Increment Financing Taxes		10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
401170-County Use Tax		3,000,000				
401190-Gasoline / Diesel Tax		1,000,000	496,000	334,000	146,000	
401330-Il Gaming Des Plaines Casino		750,000				
401390-State Income Tax		(2,554,636)				
401430-Cigarette Tax	60,838,459					
402548-Clerk of the Circuit Court Fees		(750,000)				
402300-Building and Zoning		300,000				
402500-County Assessor		49,000				
404040-State of Illinois		(338,046)				
406008-Indirect Cost		1,277,087	1,302,628	1,328,681	1,355,254	1,382,359
406010-State of Illinois		7,337,996	7,484,756	7,634,451	7,787,140	7,942,883
407080-Other		15,130,455	15,131,000	15,131,000	15,131,000	15,131,000
411495-Other Financing Sources		76,825,582				
TOTAL VARIANCE	60,838,459	121,504,295	(1,946,600)	(8,133,719)	(14,176,161)	(19,998,501)

FY20 Sales Tax Actuals vs Prior Forecasts



Remittance Date*	Aug-20	Sep-20	Oct-20	MAPE
Collection Date	May-20	June-20	July-20	
Actuals	46,160,237	56,464,654	61,177,462	
Baseline Time Series	74,225,224	78,009,614	72,467,535	39.14
April 29th Forecasts	53,960,928	66,271,048	62,408,996	12.09
July 1st Forecasts	50,053,234	58,956,311	54,767,846	7.77
Current Forecast	45,845,385	58,528,593	59,681,865	2.26

FY2021 Proposed Budget Calendar



June 26	Release Preliminary Forecast
July 1	Provision of current estimates and methods
July 8	Public hearing on 2020/2021 Preliminary Forecast
July 20-24	Mid-Year Budget Hearings
July 30	Approval of Methods and Quarterly Meeting
Aug	Additional meeting as required -Optional
Aug 31	Issuance of Recommendations
July - Sept	Finalize FY2021 budget requests with Departments
October 8	Present President's Executive Budget Recommendation
October 26	Department and Public Hearings Start
October 30	Quarterly Meeting
November 6	Commissioner Amendments Due
November 19	Board of Commissioners Vote on Appropriation Bill
January 29, 2021*	Quarterly Meeting
April 30, 2021*	Quarterly Meeting

New Business

Public Comment

Adjournment