

# Quarterly Report to the IRFC

May 26, 2021



**Toni Preckwinkle**  
President, Cook County Board of Commissioners

# Roll Call

# Opening Remarks

# Approval of the Minutes from January 27th

# Agenda

- Opening Remarks
- Approval of the Minutes
- Quarterly Updates
  - Principles Advanced and Website updates
  - Variance Analysis of Sales tax Results
- Considerations for FY 2021
  - GDP Assumptions
  - Impacts of Stimulus
- Update on CCH Project
- Meeting Schedule
  - Proposed Content
  - Proposed Dates
  - Vote
- Public Comment
- Adjournment

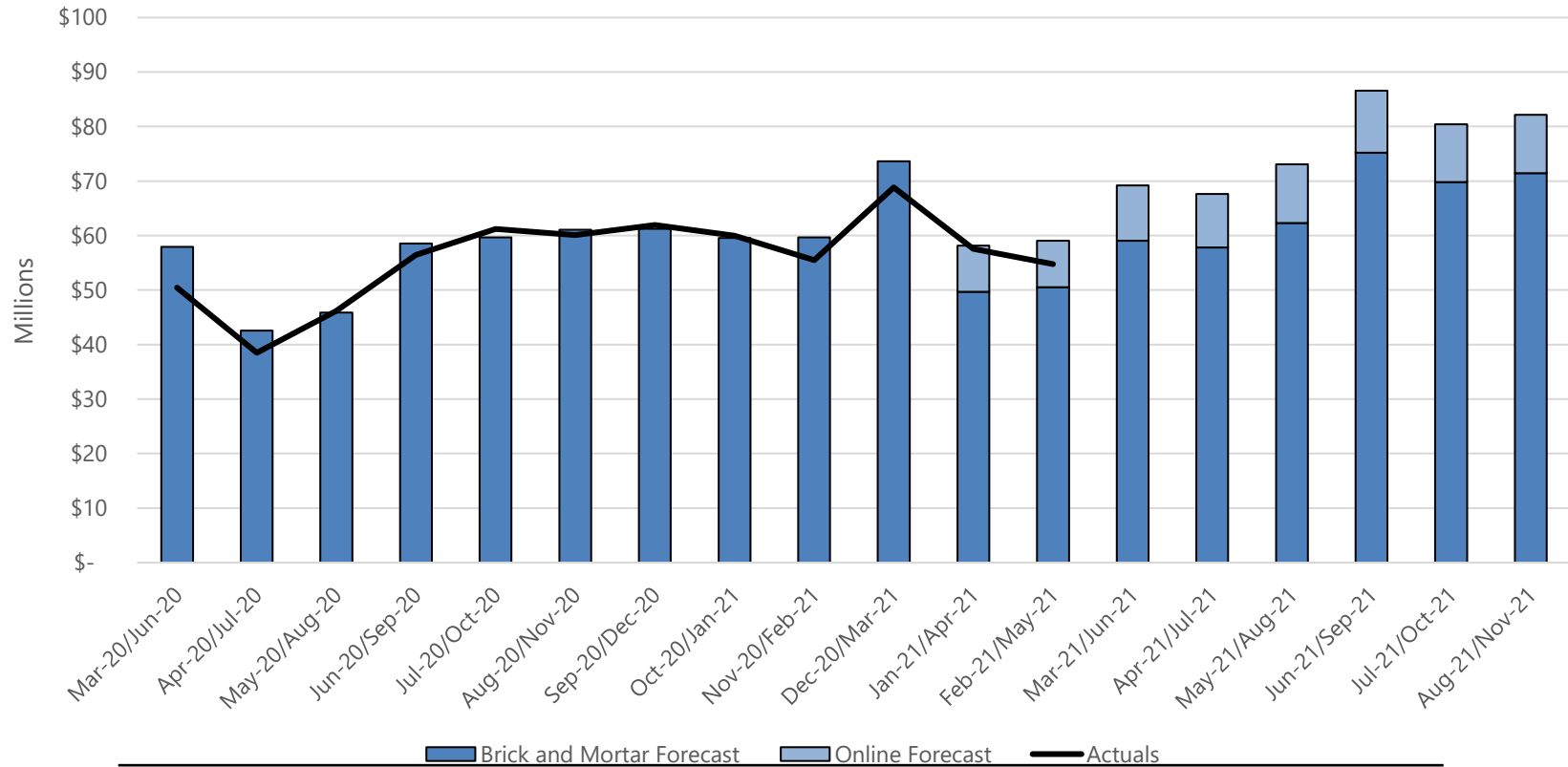
# Quarterly Updates

# Principals of the IRFC - Advanced Since 1/27



<b>Principal</b>	<b>Action Taken</b>
<i>Document Economic and Operational Drivers</i>	<i>In depth review of CCH Data and forecasting processes in accordance with recommendations</i>
<i>Pursue Consistency in Modeling</i>	<i>Implemented an interpolation method to account for Covid-19 decreases in revenue for statistical extrapolations</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>Development of the CCH Report on NPSR and PMPM Revenues.</i>
<i>Review Alternative Scenarios</i>	<i>Considering Leveraging data from WSJ Economic survey to develop alternative GDP forecasts.</i>
<i>Benchmark Forecasts Against Other Jurisdictions</i>	<i>No significant new actions taken</i>
<i>Strive for Greater Collaboration</i>	<i>Reviewed Revenue forecasting methodologies with CCH and developed draft CCH report</i>

# Sales Tax Actuals vs Prior Forecasts



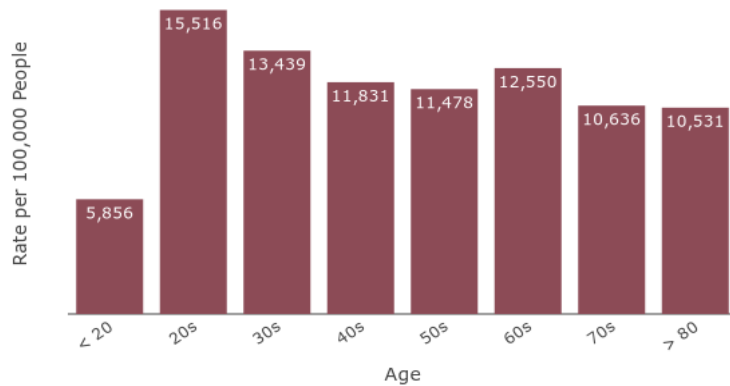
Collection/Remittance Date	Forecast	Actual	Absolute Percent Error
Oct-20/Jan-21	\$ 59,538,003	\$ 59,972,885	0.73%
Nov-20/Feb-21	\$ 59,651,240	\$ 55,502,406	7.48%
Dec-20/Mar-21	\$ 73,606,674	\$ 68,824,078	6.95%
Jan-21/Apr-21	\$ 58,174,700	\$ 57,567,755	1.05%
Feb-21/May-21	\$ 59,033,122	\$ 54,772,163	7.78%



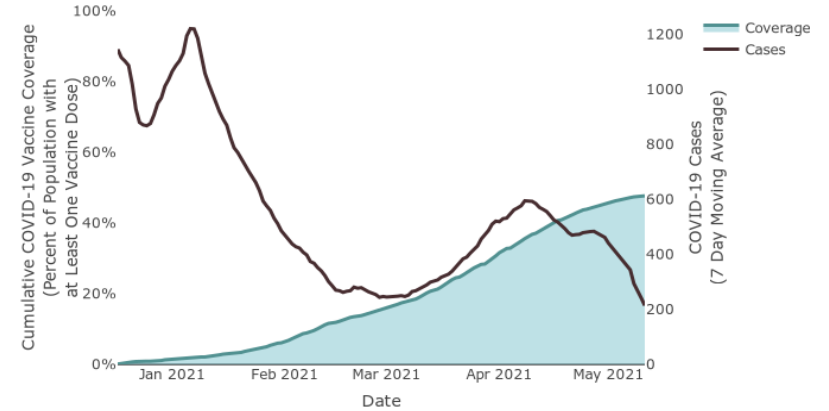
# Considerations for FY 2021

# Vaccinations Targeting High Risk Age Groups

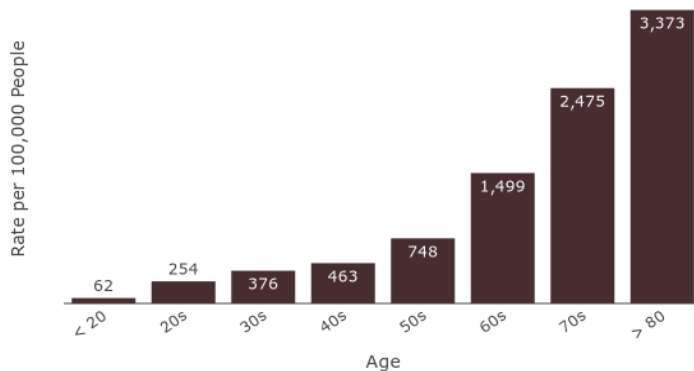
COVID-19 Cases by Age  
in Suburban Cook County, IL



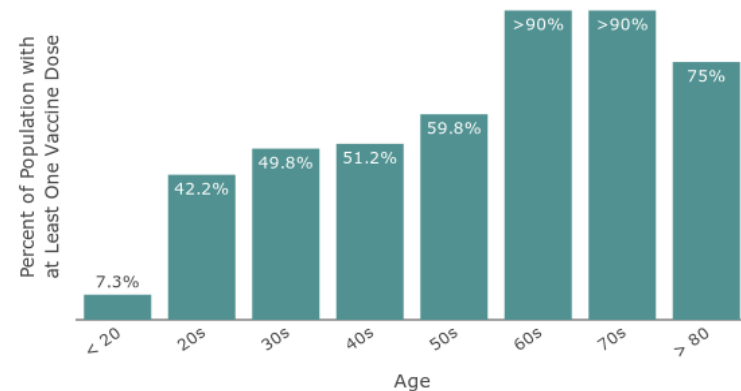
COVID-19 Vaccine Coverage and COVID-19 Cases by Date  
in Suburban Cook County, IL



COVID-19 Hospitalizations by Age  
in Suburban Cook County, IL



COVID-19 Vaccinations by Age  
in Suburban Cook County, IL

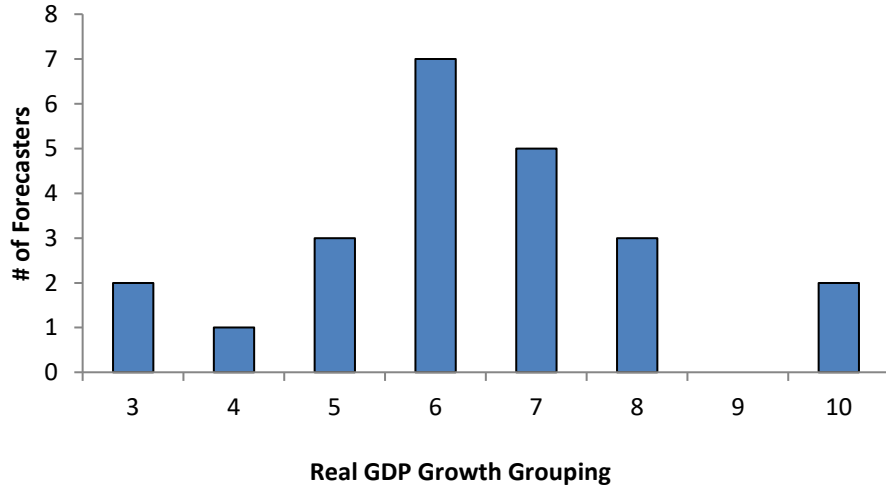


# Federal Spending Impacts are Large, but Uncertain

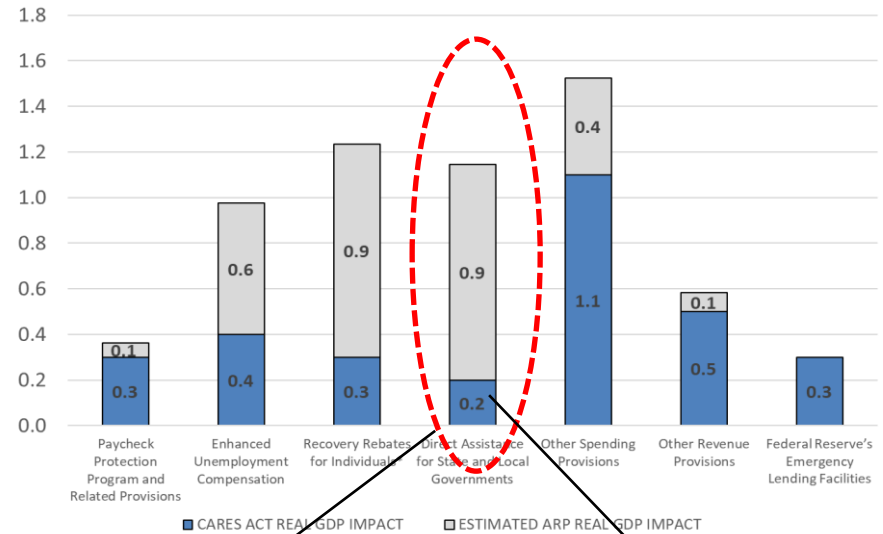
## REAL GDP FORECASTS

Year	Moody's*	SPF	WSJ	CBO	Federal Reserve	Mean
2021	5.0%	4.0%	6.0%	3.7%	6.5%	5.0%
2022	5.9%	3.0%	3.2%	2.4%	3.3%	3.5%
2023	2.3%	2.1%	2.4%	2.3%	2.2%	2.3%
2024	2.1%	2.1%	2.4%	2.2%	1.8%	2.1%
2025	1.5%	2.1%	2.4%	2.2%	1.8%	2.0%

## WSJ SURVEY 2021 REAL GDP GROWTH DISTRIBUTION



Estimated Impacts of Federal Spending Provision on % Change in Real GDP in CY 2021



Increased funding for [State and local] governments will boost GDP by 88 cents for every dollar." The highest spend to production boost ratio of any of the provision within the CARES ACT.

Direct assistance to state and local governments in the CARES act alone will boost the level of real GDP by 0.5 percent in 2020 and 0.2 percent in 2021.

Based on the CBO estimates we expect Total Federal Spending in both CARES and the American Rescue Plan Act (ARPA) to contribute about 6.1 percent to real GDP growth in 2021 alone.

Date	Source	Notes
3/10/2021	WSJ	<a href="https://www.wsj.com/articles/latest-stimulus-package-could-jolt-u-s-growth-revive-inflation-in-2021-11615372201?mod=article_inline">https://www.wsj.com/articles/latest-stimulus-package-could-jolt-u-s-growth-revive-inflation-in-2021-11615372201?mod=article_inline</a>
2/1/2021	CBO	<a href="https://www.cbo.gov/publication/56982#_idTextAnchor003">https://www.cbo.gov/publication/56982#_idTextAnchor003</a> <a href="https://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20210317.pdf">https://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20210317.pdf</a>
3/17/2021	FED	<a href="https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/spf-q1-2021">https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/spf-q1-2021</a>
2/12/2021	SPFS	FGDP\$Q.IUSA_MCHI -March 2021 Vintage *reflects regional
4/5/2021	Moody's	GMP

<https://fred.stlouisfed.org/series/FYONGDA188S>



# Federal Policy Changes

## American Rescue Plan

- American Rescue Plan is providing \$350 billion in emergency funding to local governments
- Money is being given for capital projects, homeowner assistance, emergency rental assistance, and small businesses
- \$1.0 Billion is allocated directly to Cook County
- \$1.9 Billion is allocated to Chicago
- \$257.5 Million is allocated to Suburban Cook County Cities
- Additional funds are allocated to non-entitlement communities within the Region via the State (\$742.2)

## Child Tax Credit

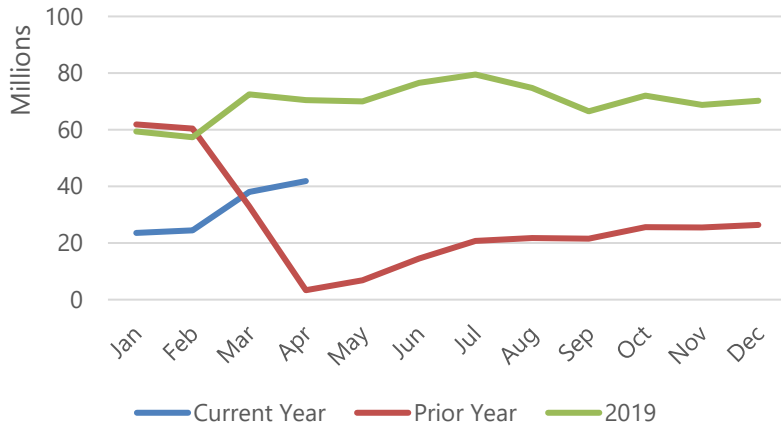
- A tax credit is being delivered to middle- and working-class families
- Tax Credit applied in July
- Estimated to effect 90% of families with children

## American Jobs Plan

- Approximate \$2 trillion plan to improve infrastructure
- Investing in transportation, home care, manufacturing, and more

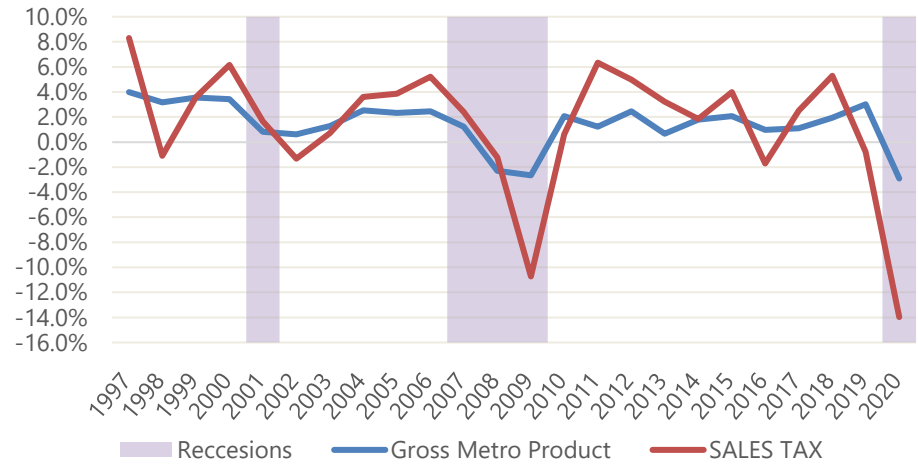
# Early Indications of Upward Trends in CY 2021

## National Passenger Throughput, TSA



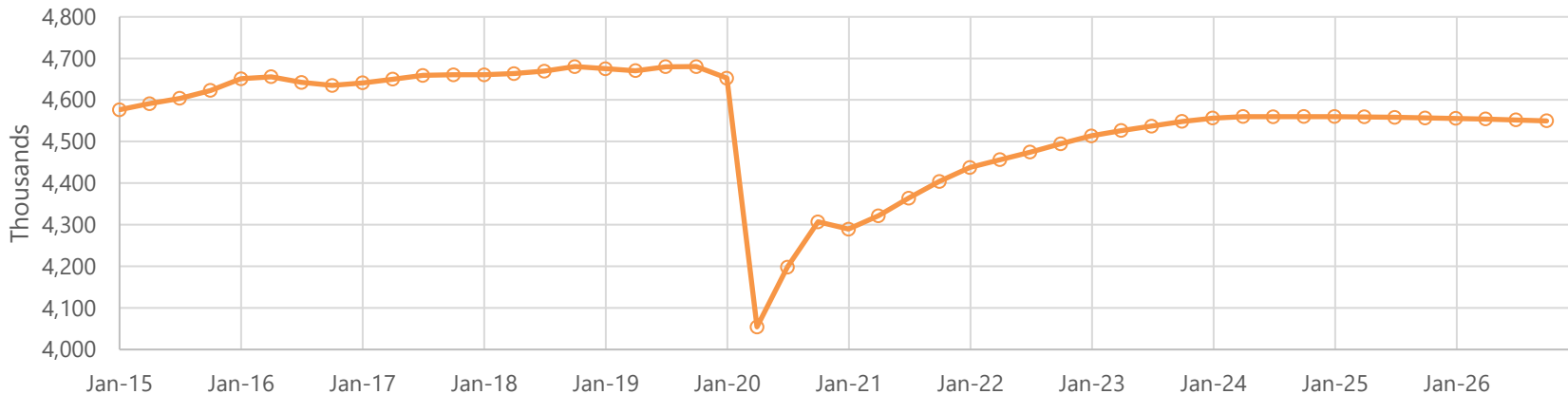
<https://www.tsa.gov/coronavirus/passenger-throughput>

## Annual % Change in GMP vs Sales



\*Moody's Analytics

## Regional Number Employed



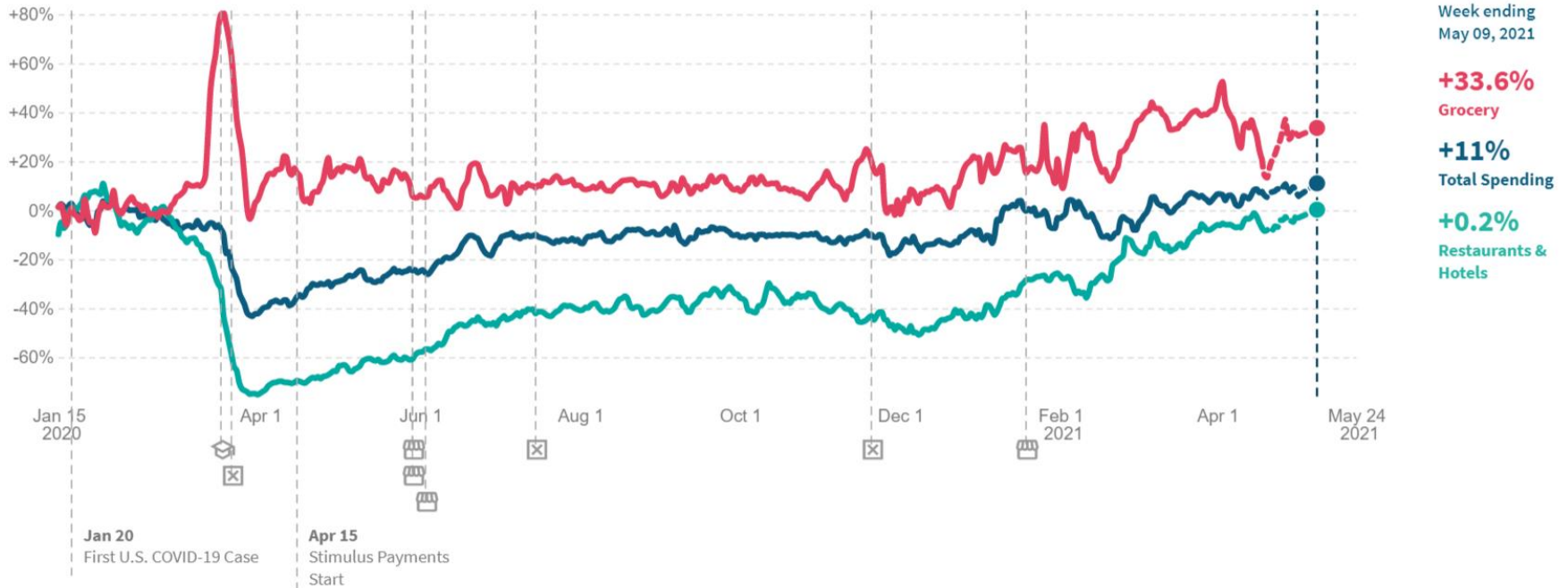
Chicago-Naperville-Elgin, IL-IN-WI Metropolitan Statistical Area

# Local Economic Update



## Percent Change in All Consumer Spending\*

In Chicago, as of May 09 2021, total spending by all consumers **increased** by **11%** compared to January 2020.



data source: Affinity

\*Change in average consumer credit and debit card spending, indexed to January 4-31, 2020 and seasonally adjusted. The dashed segment of the line is provisional data, which may be subject to non-negligible revisions as newer data is posted. This series is based on data from Affinity Solutions.

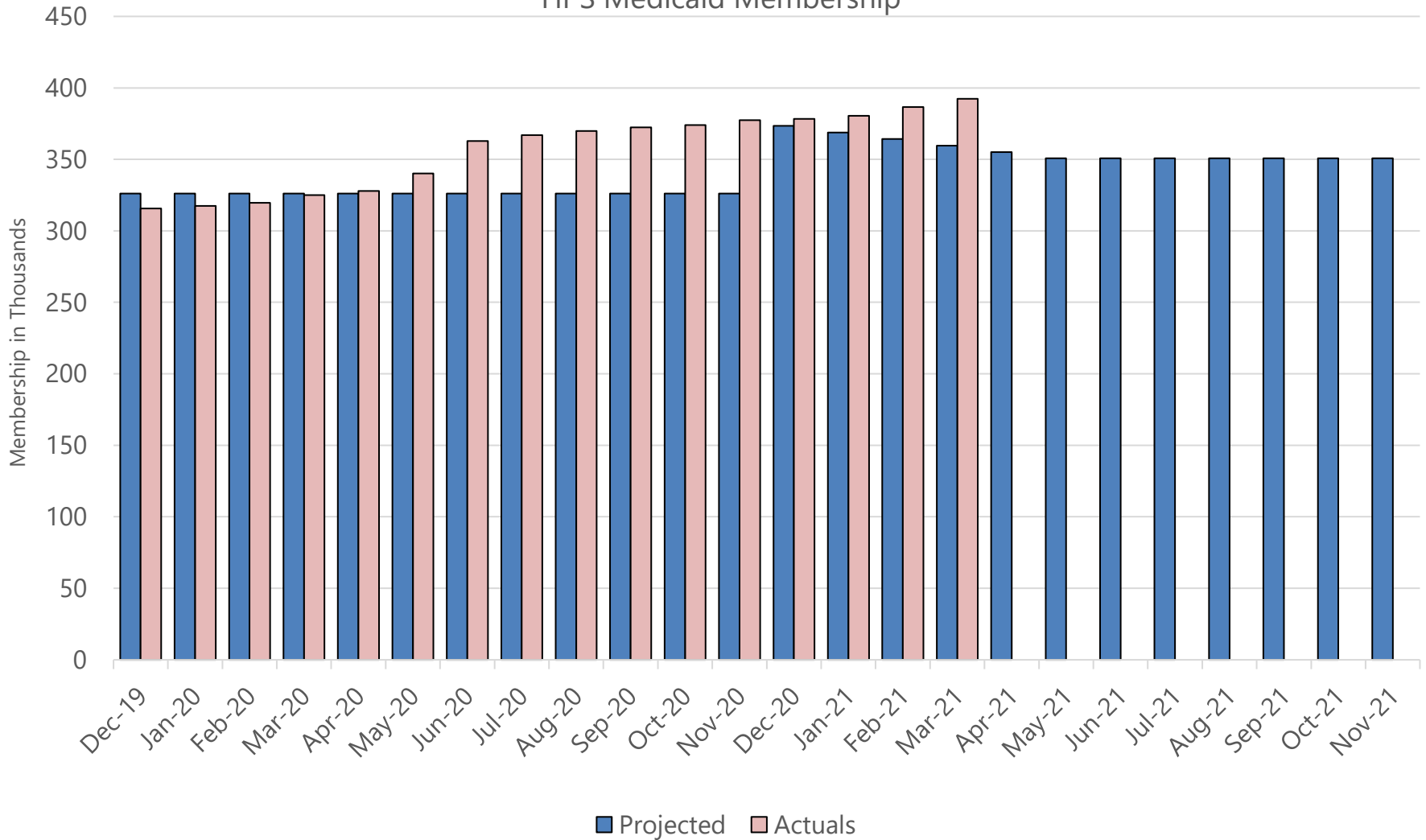
last updated: May 19, 2021 next update expected: May 26, 2021

visit tracktherecovery.org

# Health Plan Services Membership



HPS Medicaid Membership



# Improvements for FY 2021



# FY 2021 General Fund Forecasting Improvements

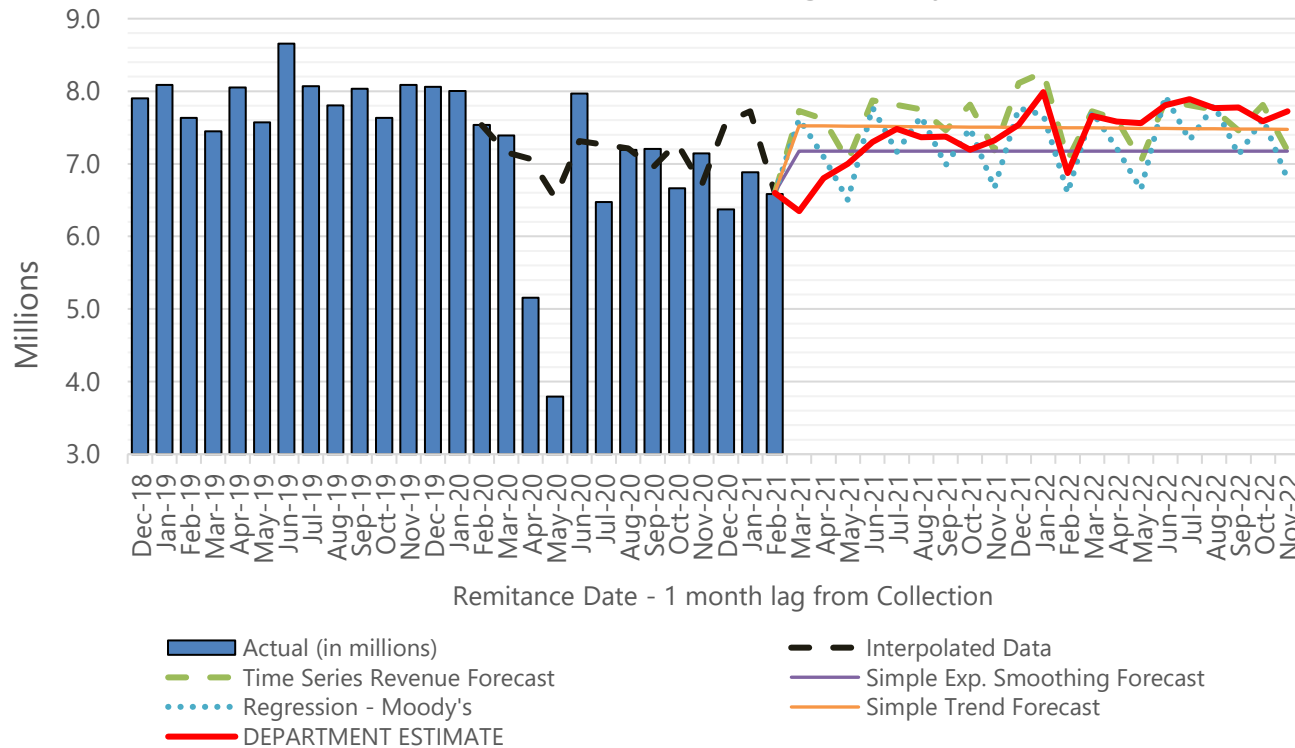


- Continue Advancing the Principles of the IRFC
- Pursue Cross County Consistency in the development of Revenue Forecasts through shared assumptions
- Fine tune quarterly reporting process to include critical economic indicators
- Build on improvements made last year
- Perform additional discovery on Property Tax Receipts and monitor closely against forecasts.

# Short-term Forecast Method(s)



401195-Gasoline / Diesel Tax - Budget Entry



## COVID-19 Impacted Revenues

- County Sales Tax
- County Use Tax
- Gasoline / Diesel Tax
- Alcoholic Beverage Tax
- Amusement Tax
- Hotel Accommodations Tax
- County Treasurer
- Parking Lot and Garage Operation
- Clerk of the Circuit Court Fees
- Il Gaming Des Plaines Casino
- New Motor Vehicle Tax
- Non-Retailer Trans Use Tax
- Sheriff General Fees
- General Sales Tax

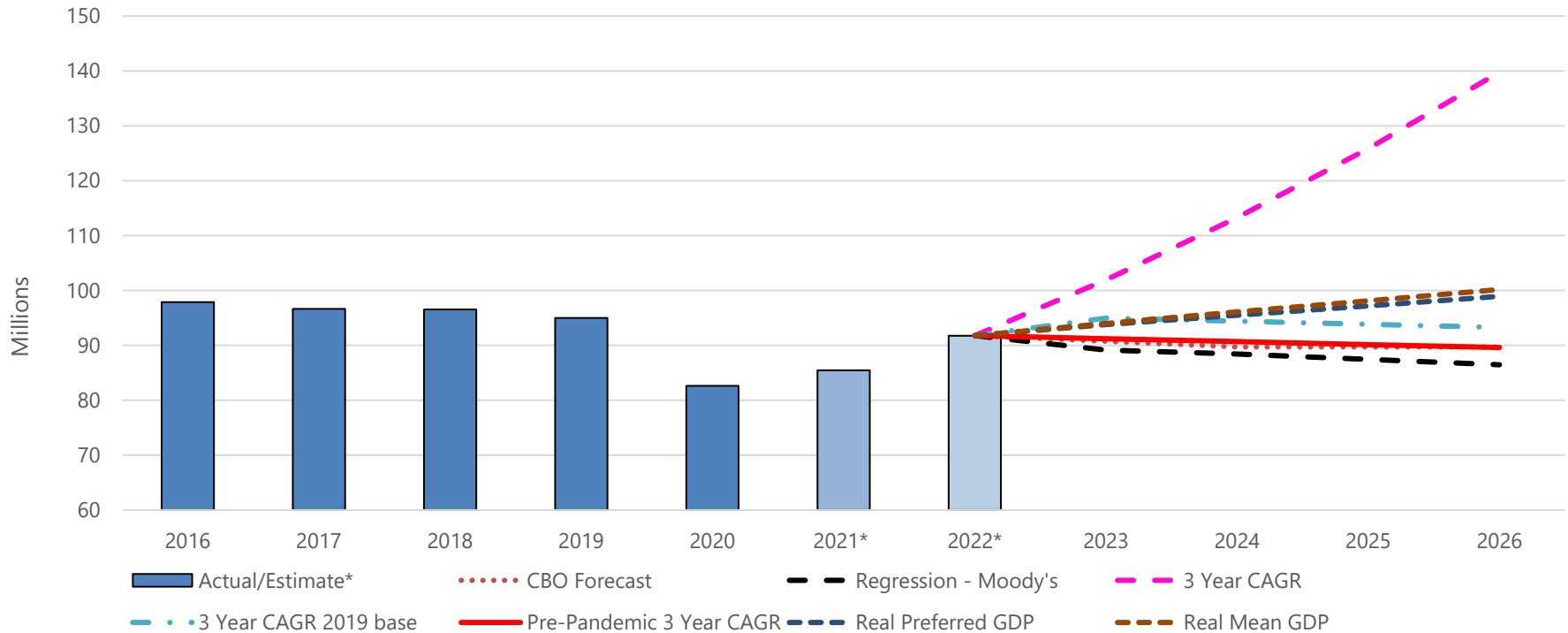
## Assumptions:

- 1) Leverage interpolation methods to develop statistical extrapolation guardrails
- 2) Phase 5 of the Governors Restore Illinois plan will begin in June 2021.
- 3) The federal government has invested unprecedented levels to aid in the recovery which is anticipated to result in 3-6% real GDP growth in 2021.

# Long-Term Forecast Method(s)



401195-Gasoline / Diesel Tax - Budget Entry

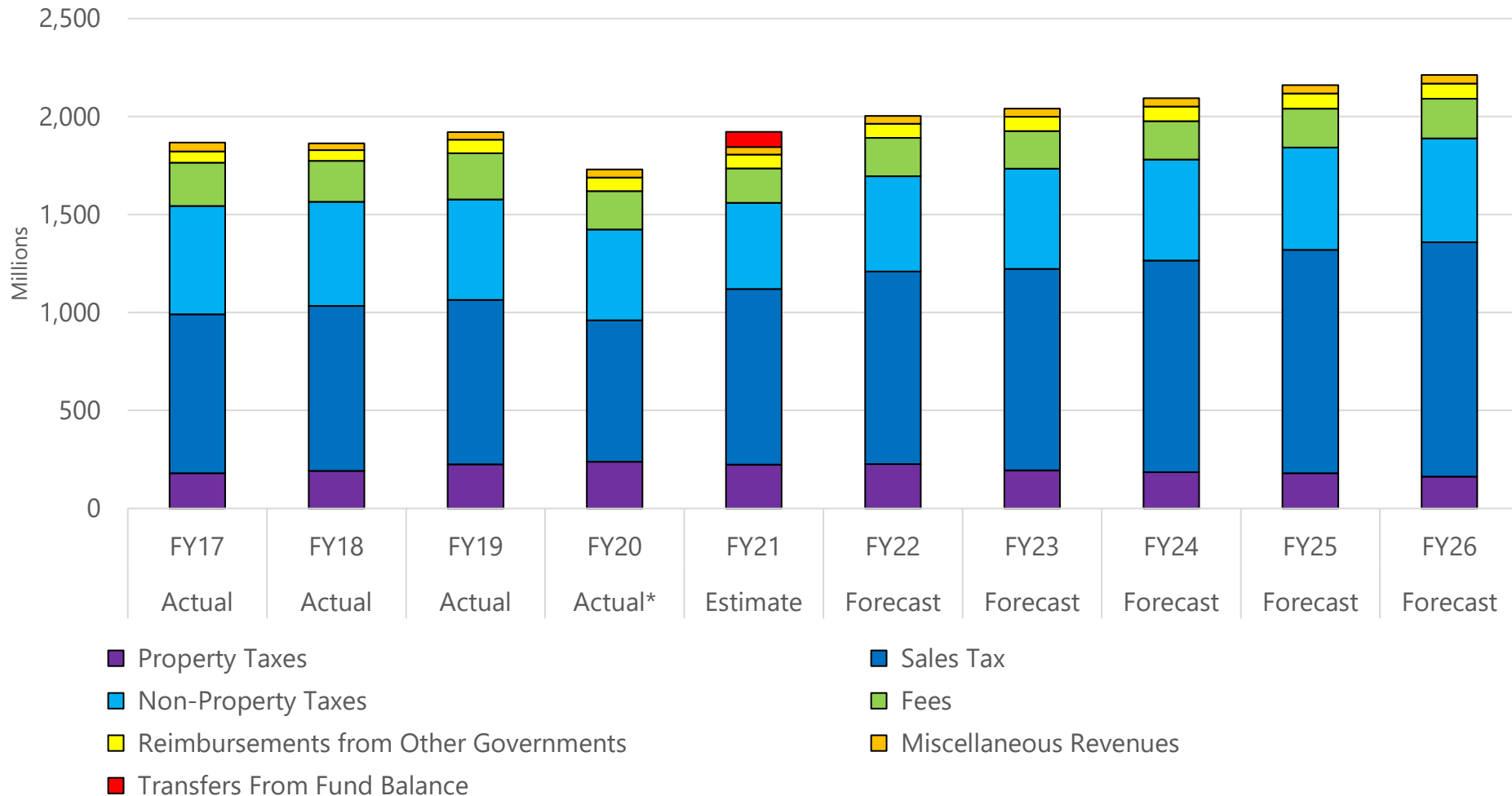


- 1) 2021 and 2022 estimates are based off the short-term forecast methods.
- 2) A new set of methodologies that leverages annualized numbers when appropriate are used for the out years.
- 3) Incompatible methods are excluded.
- 4) The "Reasonable and Conservative" test is applied and presented as the preferred option to the Subject matter experts.

# General Fund Long-Term Revenue Forecast



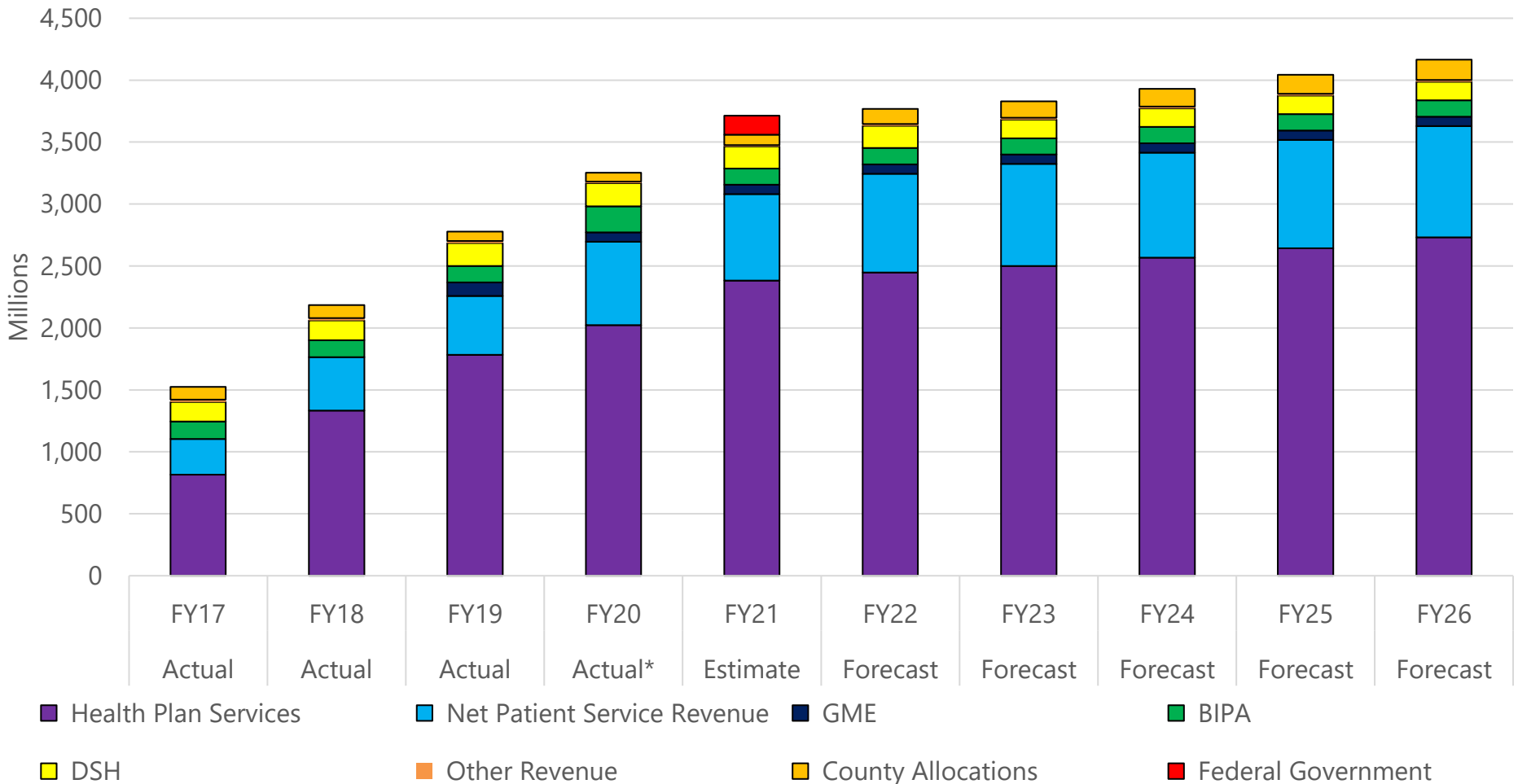
General Fund Long-Term Revenue Forecast



# Health Funds Long-Term Revenue Forecast



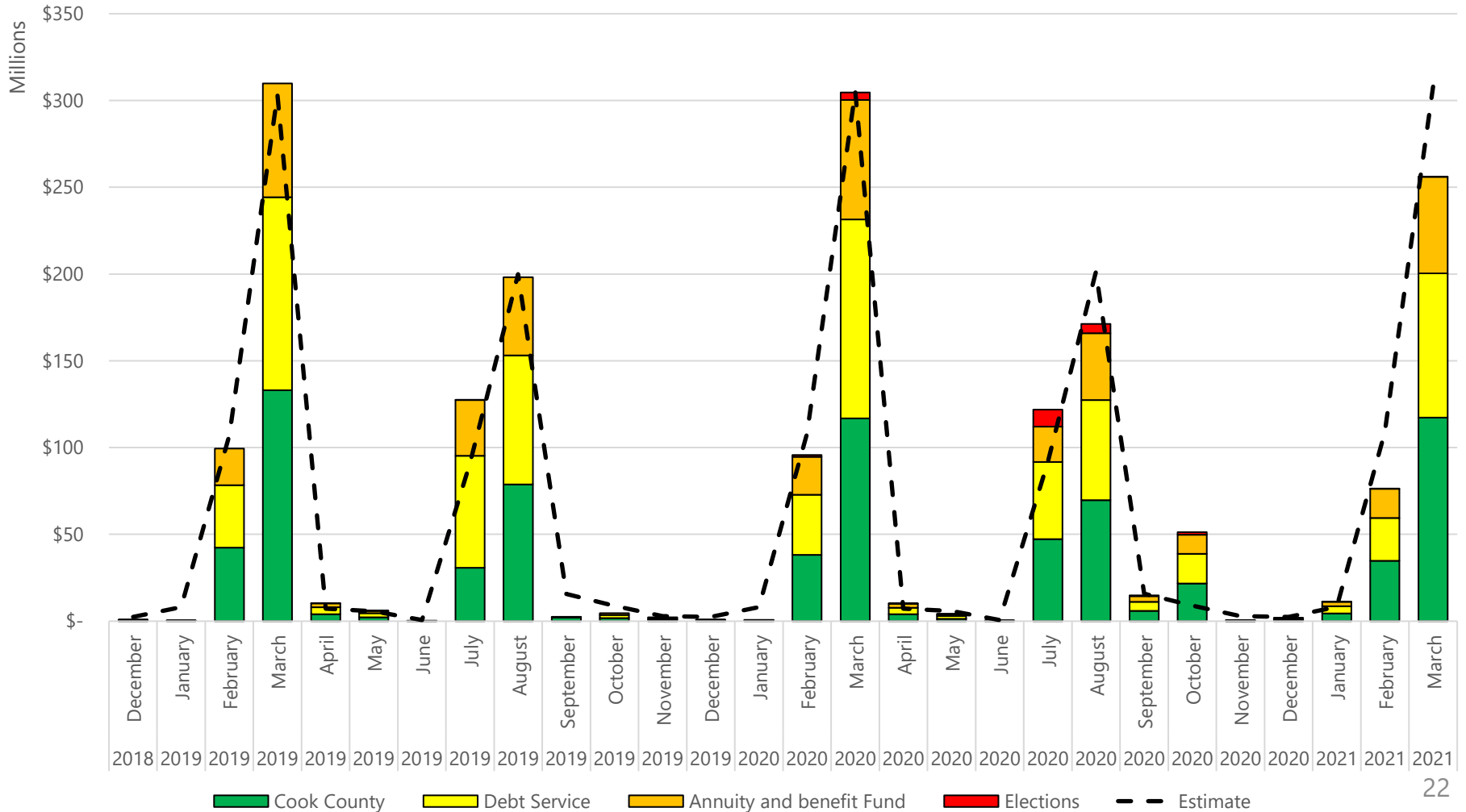
Health Funds Long-Term Revenue Projections



# Property Taxes



Property Tax Revenue



# FY 2021 CCH Project Plan



## Discovery

- Meet with Stakeholders
- Establish Mutual Goals and Timelines
- Document Current Processes
- Gather CCH Sourced Data (and document sources)
- Achieve Semantic Consistency ("common language")

February

## Data Clean Up

- Review data sets and perform comparative analysis to Primary ledger (and document sources of variance)
- Document assumptions and caveats
- Smooth data to identify trends and seasonality

March

## Analysis

- Perform statistical extrapolations on cleaned data sets
- Develop Alternative Scenarios
- Perform Regressions analysis on appropriate measures
- Incorporate into current model

April

## Improvement

- Incorporate Methods into Current Revenue Forecasting Process.
- Recommend COA Improvements as needed
- Establish processes for receipt of updated data
- Further evaluate assumptions and caveats for insights

# Discovery and Cleanup



Process Mapping

Methodology Documentation

Glossary

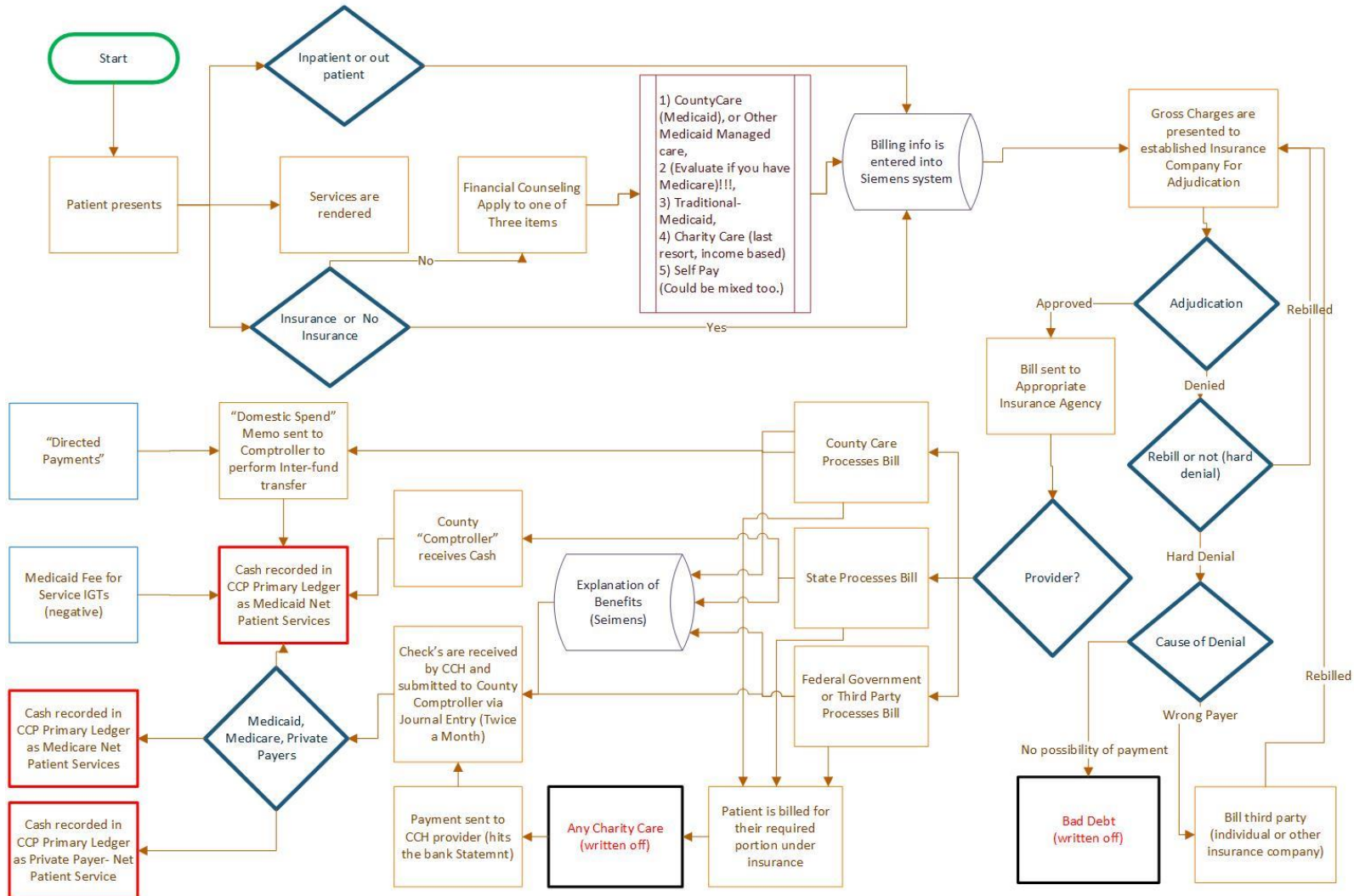
Transaction Analysis



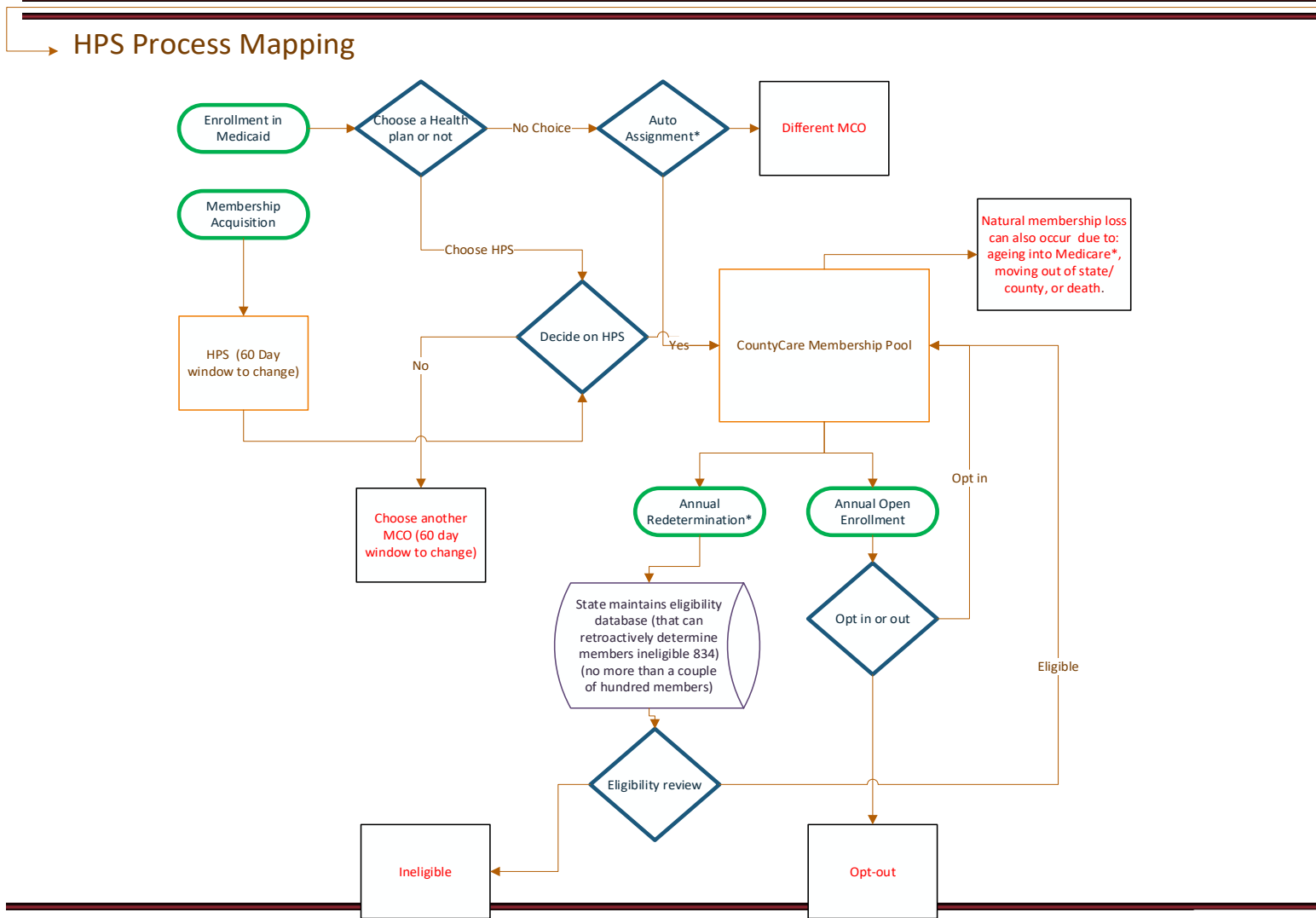
# CCH Discovery



## Net Patient Services – Financial Recording Workflow (Budgetary basis)



# Health Plan Services Discovery Process



# Data Review/Cleanup



Reviewed all cash transactions recognized in the Primary Ledger

Separated transactions into groups based on Account String and transaction descriptions and details

Grouped transactions based on process mapping exercise and descriptions

Developed Proposed Changes to the Chart of Accounts that we believe are actionable based on our review

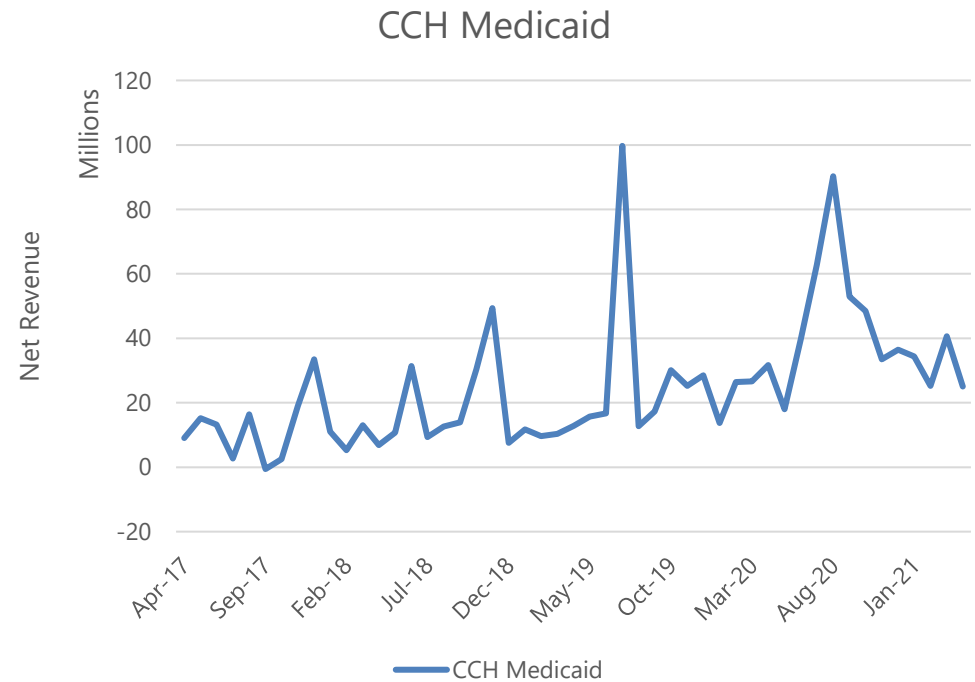
# Analysis: Develop Statistical Extrapolations



Challenging to establish data integrity

Lack of identifiable patterns

Statistical forecasting methods have high errors and uncertainties



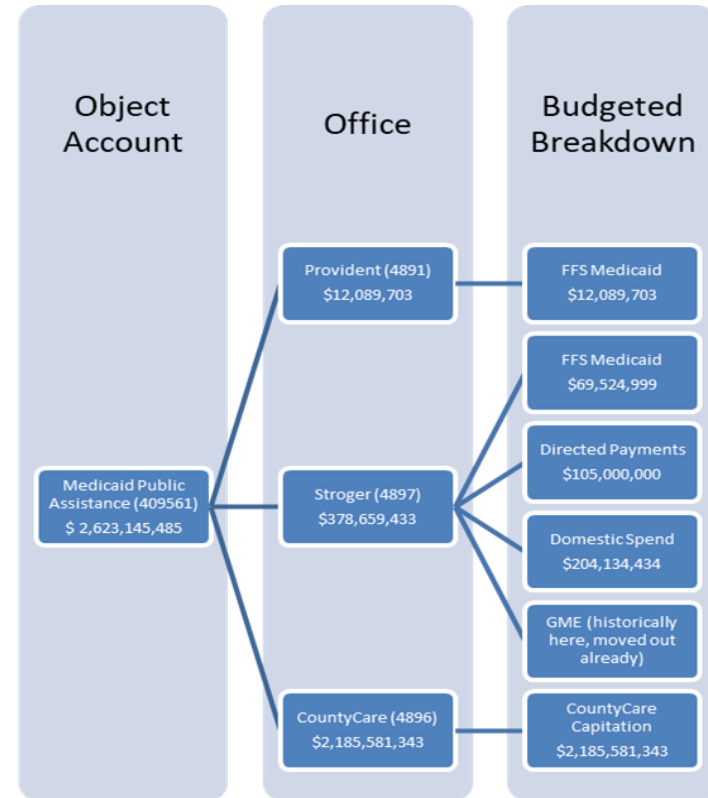
# Analysis: Review of Current Health Fund Budgeting Methods



>80% of Medicaid, ~2/3 of whole CCH budget is in booked in a single revenue account

Cash basis vs accrual basis

Lack of naming and tracking consistency



Current CCH Medicaid Chart of Accounts

# Proposed Improvements



Update Chart of Accounts to reflect Current Business practices

Consistently recognize revenues in the same accounts moving forward

Improve transparency and documentation of forecasting processes and methods

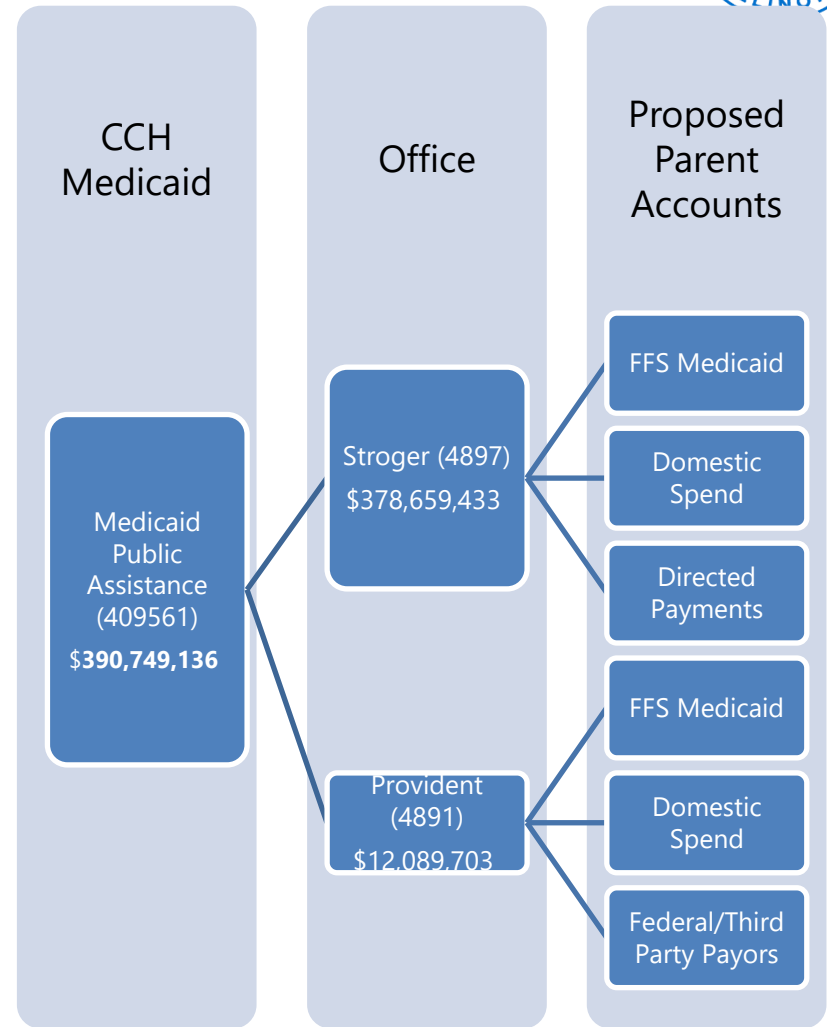
# Improvements: Proposed CCH CoA



Separate CCH and HPS revenues

Proposed account structure should reflect the budget development process

Further adjust the chart of accounts to reflect current practices enumerated in transaction details



Proposed CCH Chart of Accounts

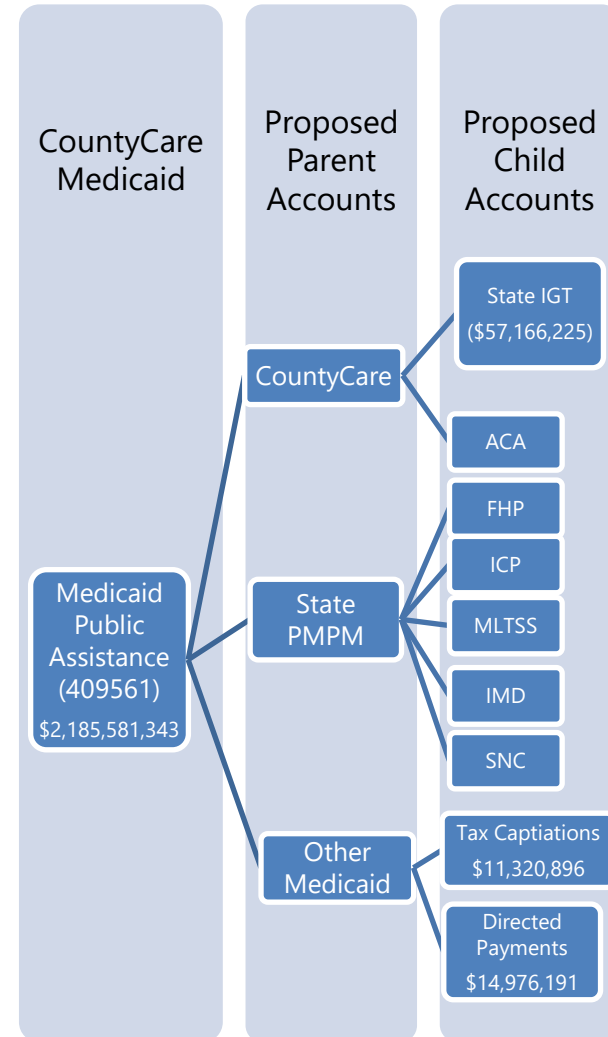
# Improvements: Proposed HPS CoA



Separated from CCH

Population subgroups are broken out

State IGT, Directed Payments, Tax Capitulations also broken out



Proposed HPS Chart of Accounts



Next steps

# FY2022 Budget Calendar



## May - July

Depts. submit anticipated budget requests; budget gap calculated by DBMS and forecast published; mid-year budget hearings held.



## October - November

Board proposes budget neutral amendments



Capital Budget

Preliminary Forecast

Budget Request

Amendments

Budget Vote

## April - June

Depts. submit CIP and CEP requests to DBMS and projects approved/rejected.



## July - October

Depts. submit FY22 budget requests; Executive Budget released; Department meetings held with Board.



## Mid-to-late November

Board votes on budget and Annual Appropriation Bill released

# Upcoming Budget Dates

APRIL						
Mo	Tu	We	Th	Fr	Sa	Su
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

## APRIL – CAPITAL BUDGET

- 1<sup>st</sup>: System opens for capital budget requests
- 20<sup>th</sup>–21<sup>st</sup>: First Quarter Budget Briefings with Commissioners
- 30<sup>th</sup>: Deadline for Capital Budget requests

JUNE						
Mo	Tu	We	Th	Fr	Sa	Su
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

## JUNE – MID-YEAR BUDGET

- 21<sup>st</sup>–22<sup>nd</sup>: Prelim Forecast Briefings with Commissioners
- 24<sup>th</sup>: Prelim Forecast released

MAY						
Mo	Tu	We	Th	Fr	Sa	Su
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

## MAY – PRELIMINARY FORECAST

- 10<sup>th</sup>: System opens for prelim submissions
- 21<sup>st</sup>: Deadline for prelim submissions
- 26<sup>th</sup>: IRFC Quarterly Meeting

JULY						
Mo	Tu	We	Th	Fr	Sa	Su
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

## JULY – BUDGET SEASON

- 1<sup>st</sup>: System opens for Budget requests
- 8<sup>th</sup>: Prelim Forecast Public Hearing
- 21<sup>st</sup> – 23<sup>rd</sup>: Mid-Year Budget Hearings
- 23<sup>rd</sup>: Deadline for Budget Requests
- 29<sup>th</sup>: IRFC Quarterly Meeting

# Proposed Schedule

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<u>Date</u>	<u>Purpose</u>
Thursday, July 1, 2021	Provision of Current Estimates and Methods
Thursday, July 29, 2021	Quarterly Meeting and Approval of Methods
August 2021 TBD	Additional Meeting as Required
Tuesday, August 31, 2021	Issuance of Recommendations
Thursday, October 28, 2021	Quarterly Meeting
Monday, January 31, 2022	Quarterly Meeting, Confirmation of Commissioners
Thursday, April 28, 2022	Quarterly Meeting

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Vote

# Public Comment

# Adjournment