



# **Cook County Preliminary Budget Forecast**

**June, 2016**



# Table of Contents

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- FY2016 Year End Outlook
- FY2017 Preliminary Forecast
- Special Purpose Funds
- Timeline and Next Steps



# FY2016 Year End Outlook

# Preliminary 2016 Year End Forecast



\$ in Millions	2016 Executive Estimate	2016 Year-End Projection
General Fund Revenues	\$ 1,734.4	\$ 1,704.6
Total General Fund Expenditures	\$ 1,734.4	\$ 1,728.0
Health Fund Revenue	\$ 1,640.4	\$ 1,661.6
Health Fund Expenditures	\$ 1,640.4	\$ 1,685.7
Total Revenue	\$ 3,374.8	\$ 3,366.2
Total Expenditures	\$ 3,374.8	\$ 3,413.7
General Fund Gap	\$ -	\$ (23.4)
Health Fund Gap	\$ -	\$ (24.1)
<b>Operating Funds Gap</b>	<b>\$ -</b>	<b>\$ (47.5)</b>

# Proposed Solutions to FY16 Year-End Gap



<b>FY16 Year-End Solutions</b>	<b>Impact (in millions)</b>
Encumbrance Review/Sweep	18.0
General Fund Personnel and Non-Personnel Holdback	5.4
CCHHS Non-Personnel Expenditure Reductions	24.1
<b>TOTAL</b>	<b>47.5</b>



# FY2017 Preliminary Forecast



# 2017 Preliminary Budget Forecast

\$ in Millions	2016 Executive Estimate	2016 Year-End Projection	2017 Preliminary Forecast
General Fund Revenues	\$ 1,734.4	\$ 1,704.6	\$ 1,784.9
Total General Fund Expenditures	\$ 1,734.4	\$ 1,728.0	\$ 1,919.5
Health Fund Revenue	\$ 1,640.4	\$ 1,661.6	\$ 1,700.0
Health Fund Expenditures	\$ 1,640.4	\$ 1,685.7	\$ 1,739.6
Total Revenue	\$ 3,374.8	\$ 3,366.2	\$ 3,484.9
Total Expenditures	\$ 3,374.8	\$ 3,413.7	\$ 3,659.2
General Fund Gap	\$ -	\$ (23.4)	\$ (134.6)
Health Fund Gap	\$ -	\$ (24.1)	\$ (39.6)
<b>Operating Funds Gap</b>	<b>\$ -</b>	<b>\$ (47.5)</b>	<b>\$ (174.3)</b>



# FY2017 Challenges

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- Wage increases outpacing revenue growth in a low inflation climate
- Tax sale date continuing to move forward, which reduces Treasurer revenues
- Increase in legacy debt service to ~\$280M before any new money borrowing
- Increase of in pension costs above the initial forecast for 2017,
  - Based on low ~ 0% investment returns of 2015
- Impact of city changes in cigarette age and Other Tobacco Products tax which is valued at a loss of approx. \$750K/month
- Pending Constitutional Amendment may threaten support to General Fund
- Impact of State budget inaction (e.g. Administrative Office of the Illinois Courts) unknown





# Overview of County Fiscal Structure

## County revenues do not grow on pace with expenditures

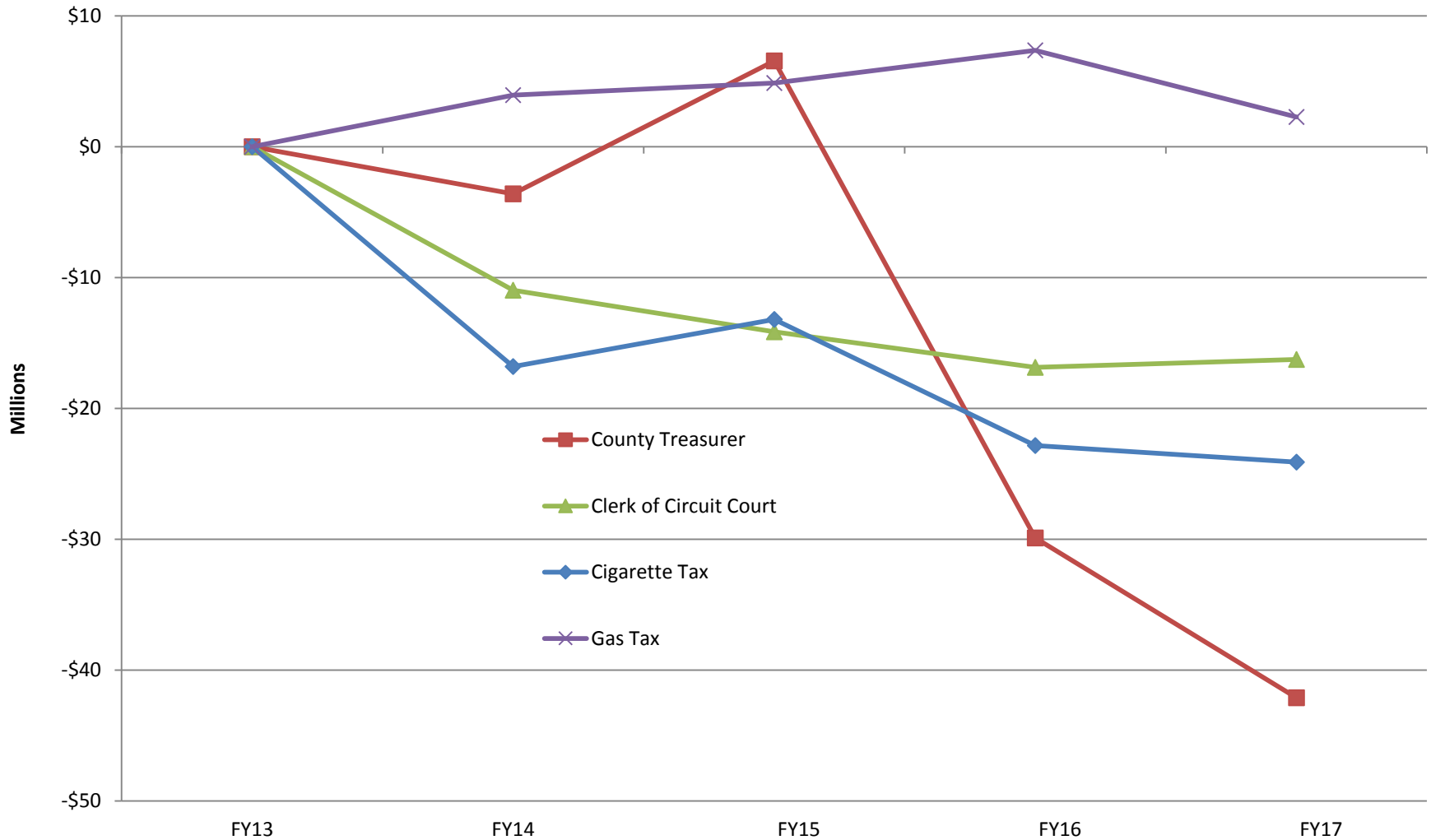
- A significant component of revenues decline each year

FY17 Projected Revenues	Amount	%
Declining	\$338,230,000	14.1%
Failing to keep pace with inflation	\$758,179,359	31.6%
Growing with economy	\$1,178,053,984	49.1%
Other Growth/Decline patterns	\$123,912,820	5.2%
<b>Grand Total*</b>	<b>\$2,398,376,163</b>	<b>100.0%</b>

## Expenditures grow faster than inflation, dominated by personnel costs

- 87% of 2016 General Fund Expenditures are personnel related
  - Roughly 80% of County personnel are unionized
- 2016 wages grew by 3% before steps (steps cancelled for non-union employees only, non-union wages grew by slower rate than unionized workforce 2016)
- 2017 wages grow by 3.25% before steps
- Health Benefits and a number of costs increase at rates far in excess of inflation

# Numerous Revenue Source Declines



# 2017 Major Revenue Variances

Compared to 2016 Budget



## General Fund

▼ County Treasurer Interest Revenue	\$12.0M
▼ Cigarette Tax	\$10.0M
▼ AOIC Subsidy for Probation and JTDC	\$6.50M
▼ Non Retailer Use Tax	\$6.00M
▼ Clerk of the Court	\$4.80M
▼ County Sheriff	\$3.20M
▲ Sales Tax	\$169.2M
• Growth reflects a full 12 month of receipts, however utilized for supplemental appropriation to Pension Fund , higher legacy debt service, and transportation funding to eliminate MFT diversions	
▲ County Use Tax	\$3.0M
▲ Hotel Accommodations Tax	\$15.6M

***General Fund Revenue decreases by 4% excluding Property and Sales Taxes***

# 2017 Major Expenditure Variances

Compared to 2016 Budget



## General Fund

▲ Wages	\$54.9M
▲ Employee Fringe Benefits	\$13.4M
▲ Technology Spending shift to operating funds	\$13.1M
▲ OCJ Services for Minors	\$2.4M
▲ State's Attorney Appellate Asst. in General Fund	\$2.0M
▲ Expenses for next round of Labor Negotiations	\$1.9M
▲ Cooperative Justice Initiatives	\$1.9M
▲ Electricity	\$1.5M
▲ Communications Services	\$900K

▲ **Debt Service Fund** \$30M

# 2017 Major HHS Revenue & Expenditure Variances

## Compared to 2016 Budget



### Health Fund

#### Revenue

▲ Patient Fees	\$90.0M
▼ Managed Care	\$30.0M

#### Expenditures

▲ Wages	\$34.7M
▲ Overtime	\$13.6M
▲ Managed Care Capitation	\$35.1M
▲ Medical/Dental/Lab Equipment	\$9.8M
▲ Medical Equipment Rental	\$6.9M
▼ Professional/Managerial Services	\$12.6M
▼ Maintenance of Facilities	\$3.8M



# **FY2017 Special Purpose Funds Outlook**



# FY2017 Special Purpose Funds

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- Projected Negative Variances for 11 of 33 Special Purpose Funds
- SPFs are considered to be self-balancing
- CBA implementation and reduced court filings are putting pressure on FY17 expenditures and projected fund balances;
  - Clerk of the Circuit Court: Automation Fund, Document Storage Fund and Court Administration
  - Emergency Telephone System Board
  - Cook County Law Library
  - County Recorder Document Storage System and GIS Fee Fund
  - County Clerk Automation Fund
  - State's Attorney Narcotics Forfeiture Fund
  - Court Funds: Peer Court and Drug Court
- Budget is working with each entity to develop a plan to address the negative fund balances



# Timeline & Next Steps





# Budget Timeline

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<b>June 30</b>	Release Preliminary Forecast
<b>July 2-10</b>	Provide budget targets to Departments, Open Budget System
<b>July 19</b>	Public hearing held on 2017 Preliminary budget
<b>July 31</b>	Finalize CCHHS budget
<b>August 5</b>	Budget Requests Due
<b>Aug-Sept</b>	Residents and departments provide input. Finalize budgets with departments.
<b>October</b>	Present President's Executive Budget
<b>Oct-Nov</b>	Public hearings held, amendments proposed, Board of Commissioners votes on Appropriation bill.