

2021

Cook County Preliminary Forecast

June 26, 2020



Toni Preckwinkle
President, Cook County Board of Commissioners

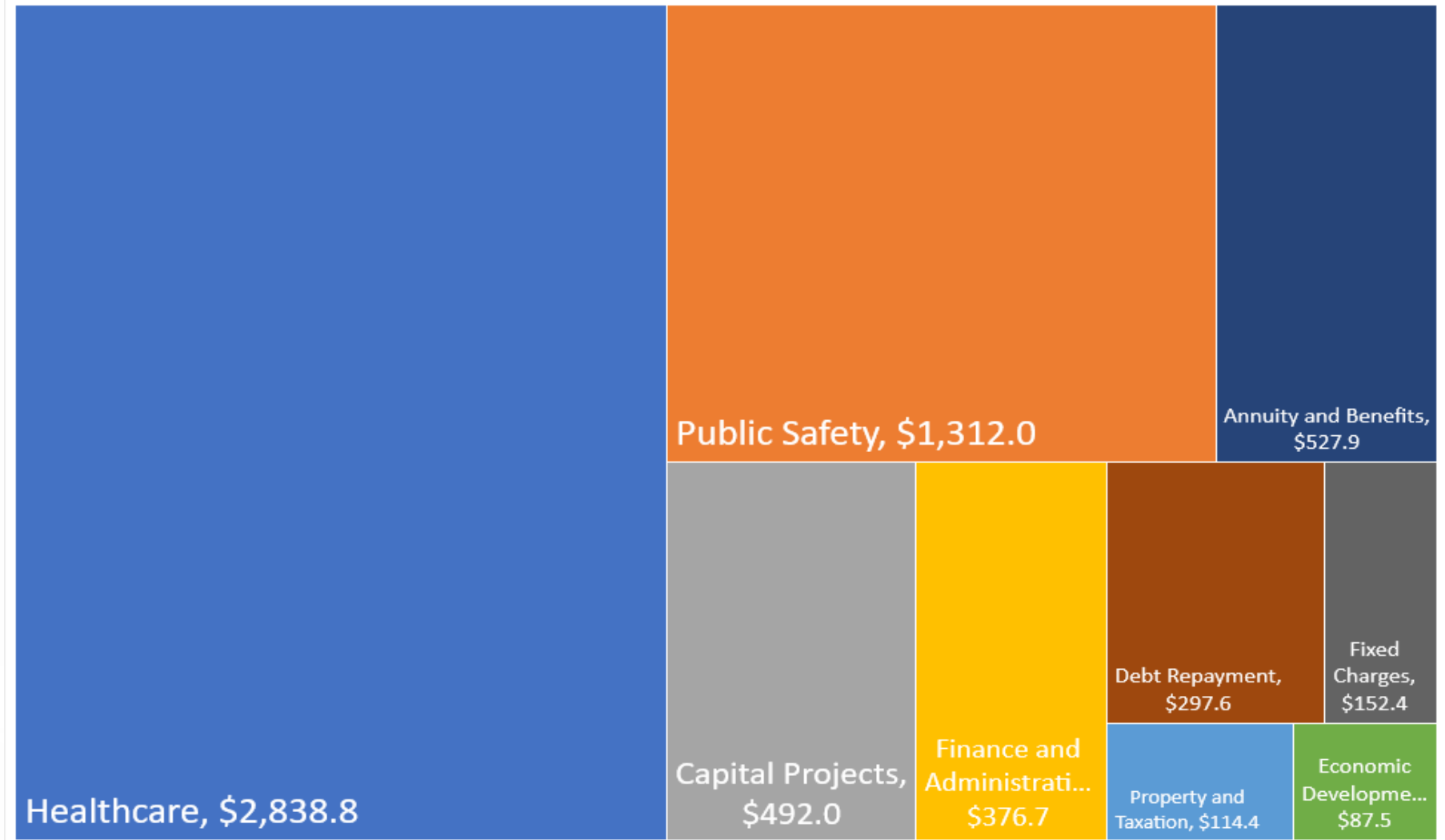
FY2020 Overview



FY2020 Total Budget: \$6.2B



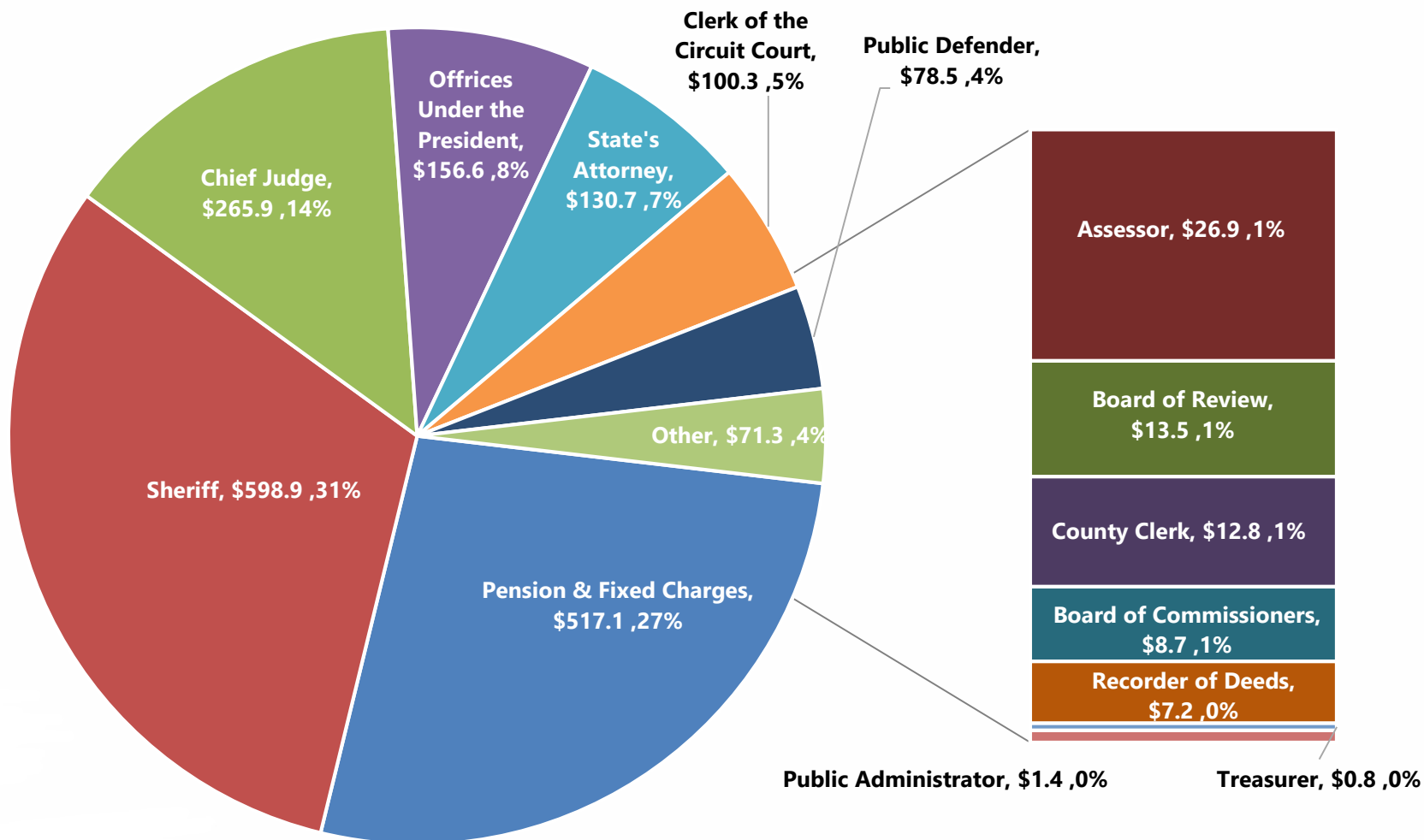
Healthcare and Public Safety make up 67.0% of the Total Budget 87.2% of the Operating Budget)





General Fund Budget: \$1.9B

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



General Fund

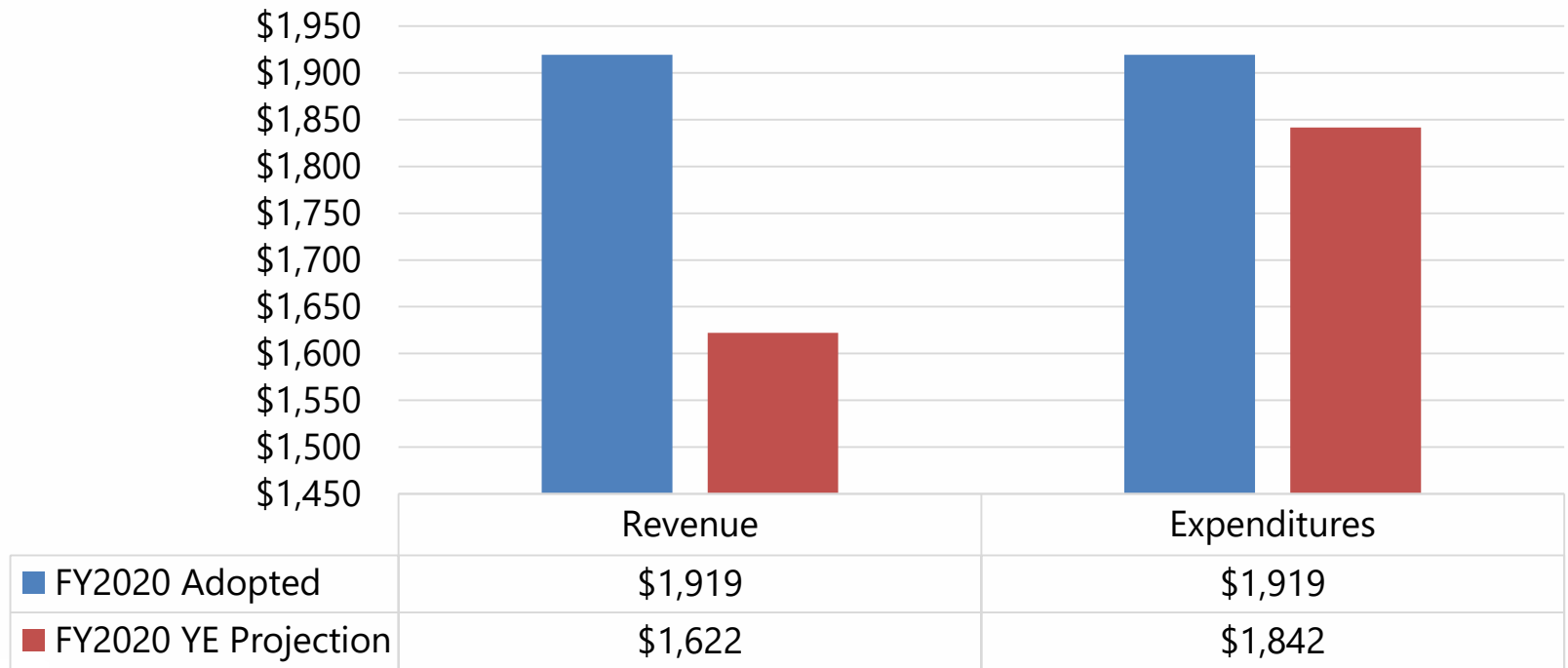


Preliminary FY2020 Year-End Projections



The General Fund is projected to end FY2020 \$219.7M **unfavorable** to budget

General Fund - FY2020 YE Projection



Revenues \$297 million or 15% **below** the adopted budget

Expenses \$77.5 million or 4% **below** the adopted budget.

Primary FY2020 Variance Drivers



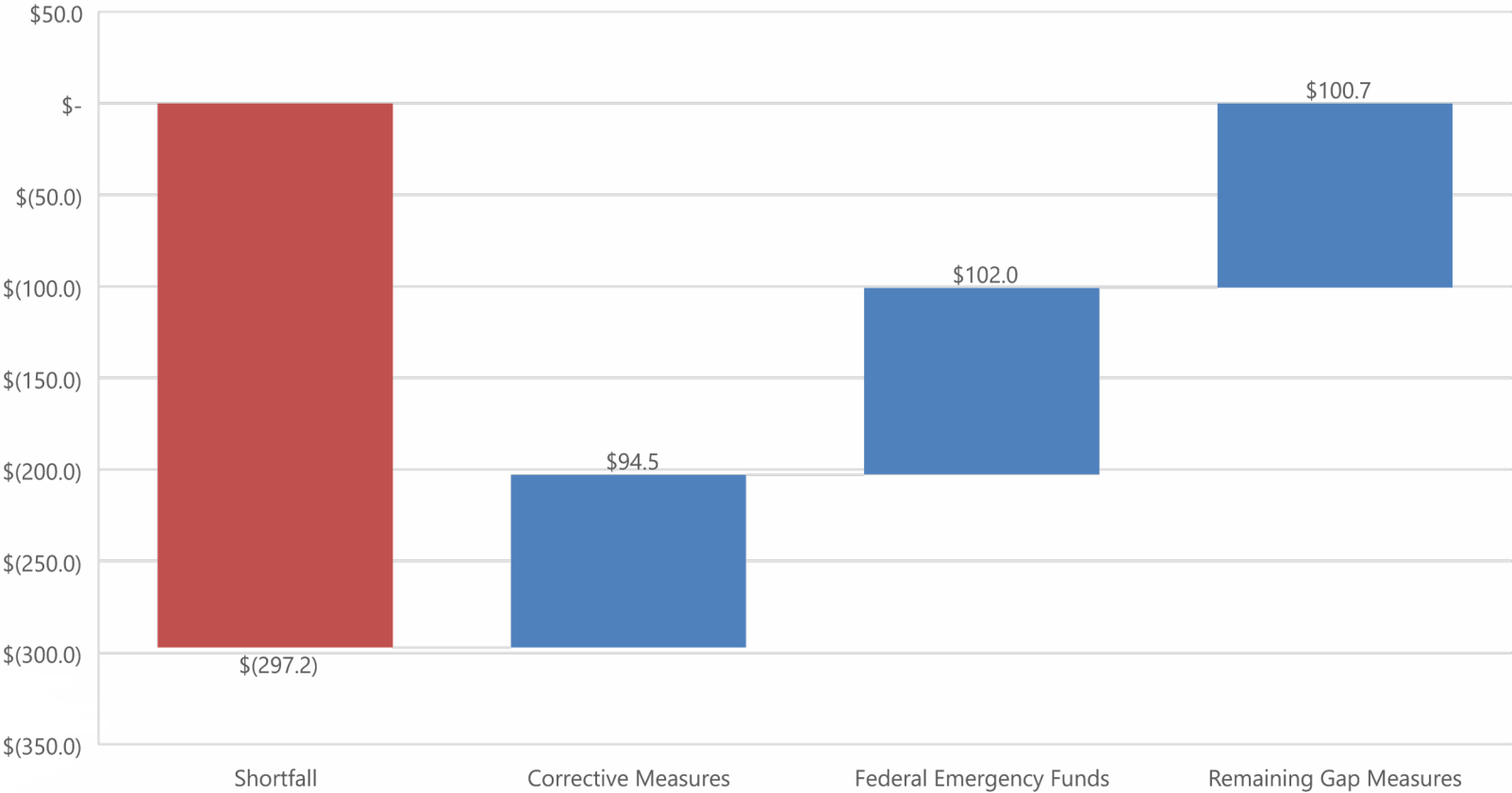
Revenue Drivers (\$297M)

- Economically sensitive revenue declines of \$257.9M (19%) due to COVID-19
 - **Sales taxes down** by \$110M/13%
 - **Amusement Tax down** by \$33.5M/84%
 - **County Use Tax down** by \$22.3M/27%
 - **Hotel Accommodations Tax down** by \$20.7M/60%
- Fee and License revenue declines of \$27.2M (13%) due to operational closures
 - **Clerk of the Circuit Court Fees down** by \$16.9M/22%
 - **Sheriff General Fees down** by \$7.0M/43%

Expense Drivers \$77.5M

- Increase in expenditures to address COVID-19
 - **Overtime expenses up** \$43.5M/209%, largely driven by costs in public safety offices
 - **Supplies and Materials up** \$1.2M/8.8% due to increased costs to address COVID-19 pandemic
- Expenditure savings in response to economic downturn
 - **Salaries/Wages down** \$68.6M/7% due to expenditure control measures and delayed hiring.
 - **Contractual Services down** \$13.0M/12.8% due to deferral of planned projects.

FY2020 Corrective Action Plan

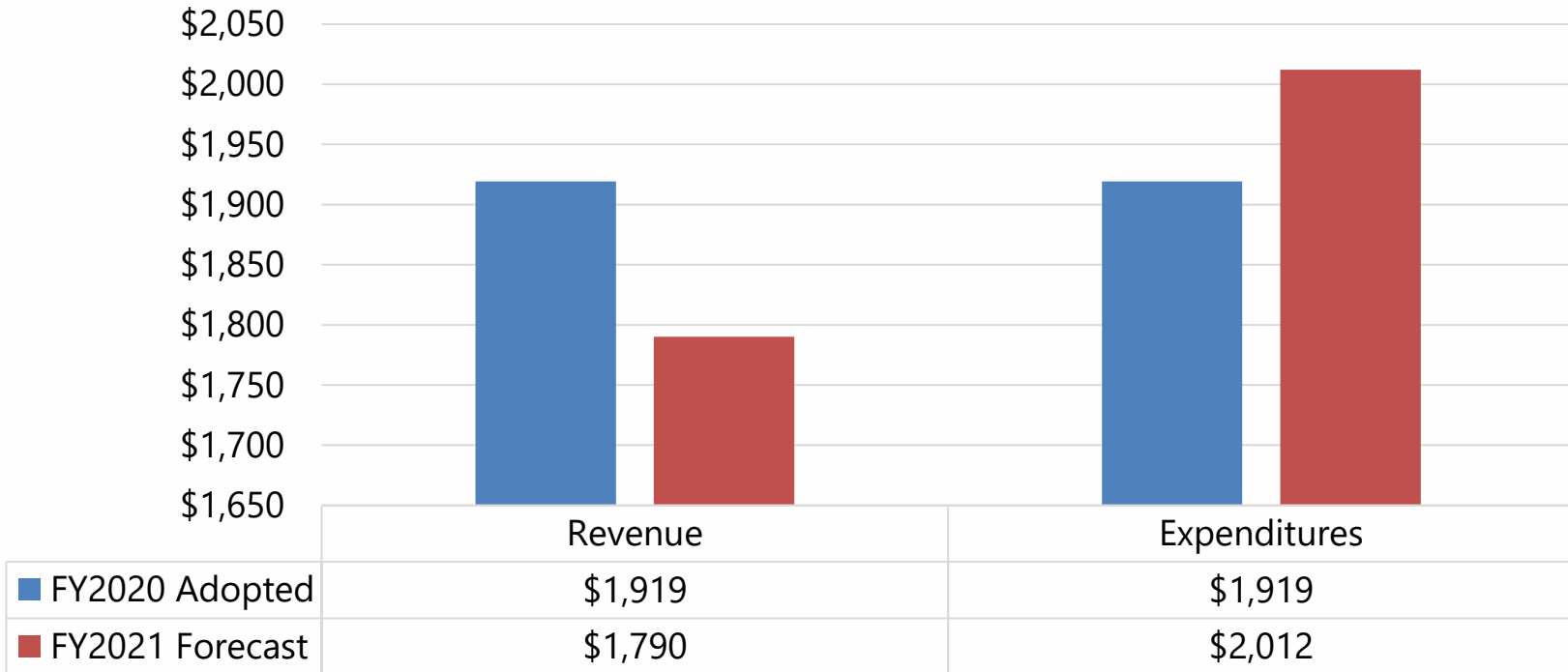


FY2021 Preliminary Forecast



The outlook for FY2021 includes a General Fund **deficit** projected at \$222 million

General Fund - FY2021 Forecast



Revenues \$129 million or 7% **below** FY2020 adopted budget

Expenses \$92.9 million or 5% **above** FY2020 adopted budget

Primary FY2021 Variance Drivers



Revenue Drivers (\$129M)	Expense Drivers (\$92.9M)
<ul style="list-style-type: none">• Non-property tax revenue declines of \$73.8M (5%) due to lingering impact of COVID-19<ul style="list-style-type: none">– Sales taxes down by \$30M/4%– Amusement Tax down by \$15.5M/39%– County Use Tax down by \$15M/18%• Continued declines of \$22.6M (11%) in fee and fine revenues of<ul style="list-style-type: none">– Clerk of the Circuit Court revenues down by \$11.3M/15%– County Treasurer revenues down by \$10M/25%	<ul style="list-style-type: none">• Continued increases in expenditures to address COVID-19 pandemic<ul style="list-style-type: none">– Contractual Services up \$7.9M/7.8% due in part to need for enhanced screenings at County building entrances.– Supplies and Materials up \$1.3M/10% due to continued need for COVID-19.• Increased personnel expenditures<ul style="list-style-type: none">– Health care expenditures up \$23.2M/10.7%<ul style="list-style-type: none">• PPO rates up 12%• HMO rates up 9%– Salaries/Wages up \$13.5M/1.4% due to year-over-year increases in payroll.– Overtime up \$31.2M/\$149% mainly due to increases in public safety offices.

State Fiscal Impact



Tax Name	Description	Implementation Date	FY2020 Budgeted Revenue	FY2020 Estimated Revenue	FY2021 Revenue Estimate
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.	1-Jan-20 Collection won't begin until 9/20	\$0	\$2.3 Million	\$13.9 Million
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)	1-Jul-19	\$3.2 Million*	\$0*	\$1.5 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.	1-Jul-19	\$1.75 Million	\$250 Thousand	\$3.57 Million
Online Sales Tax	Allows County to apply its 1.75% Retailer Occupation Tax (Sales Tax) to online sales being made in the County.	1-Jan-2021	\$0	\$0	\$53.7 Million

*Estimate is limited to County Ordinance revenue collected from expanded terminals in Cook County for existing gambling entities (e.g. Rivers Casino and race tracks)

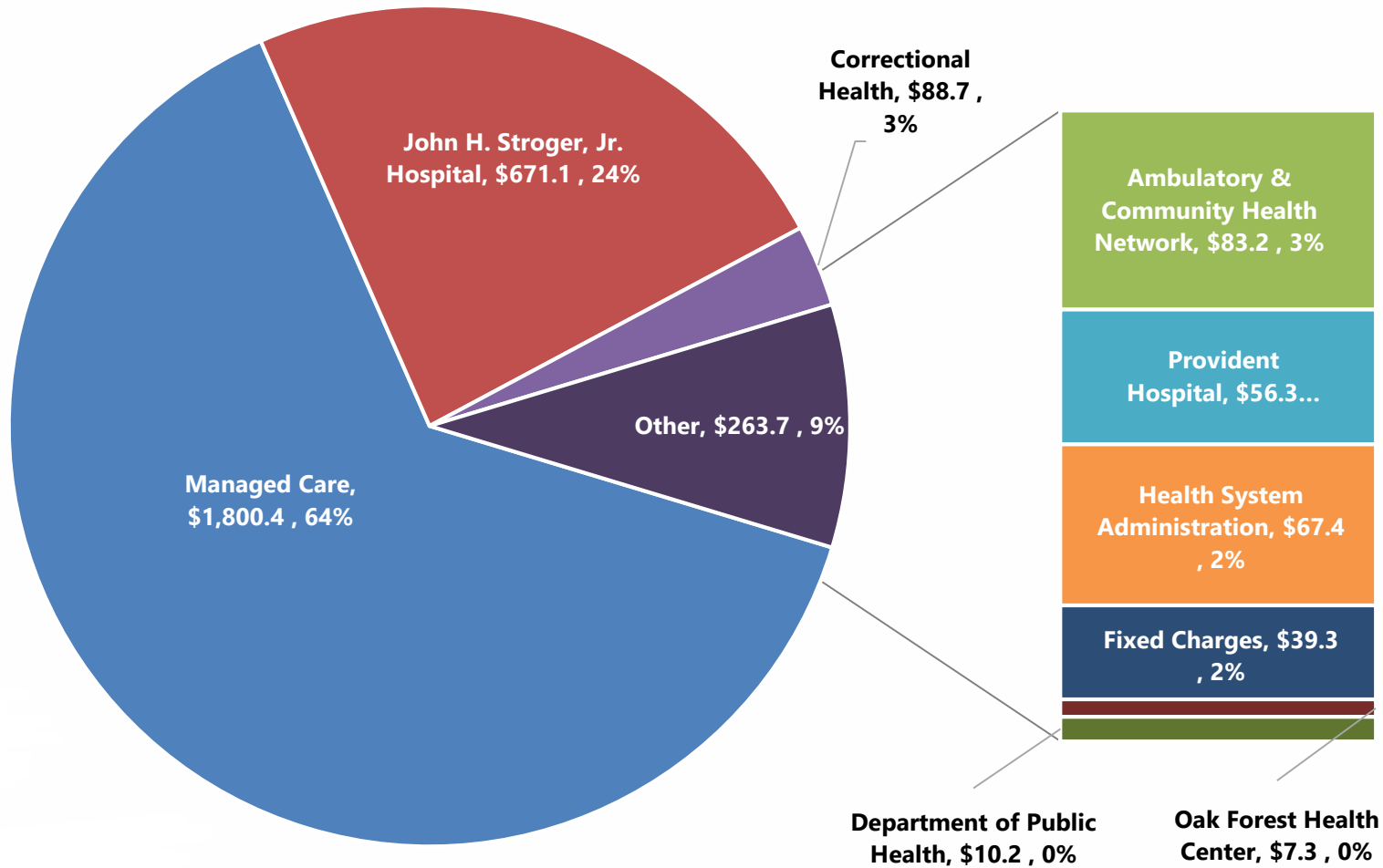
Health Enterprise Fund



Health Enterprise Fund FY2020 Budget: \$2.8B



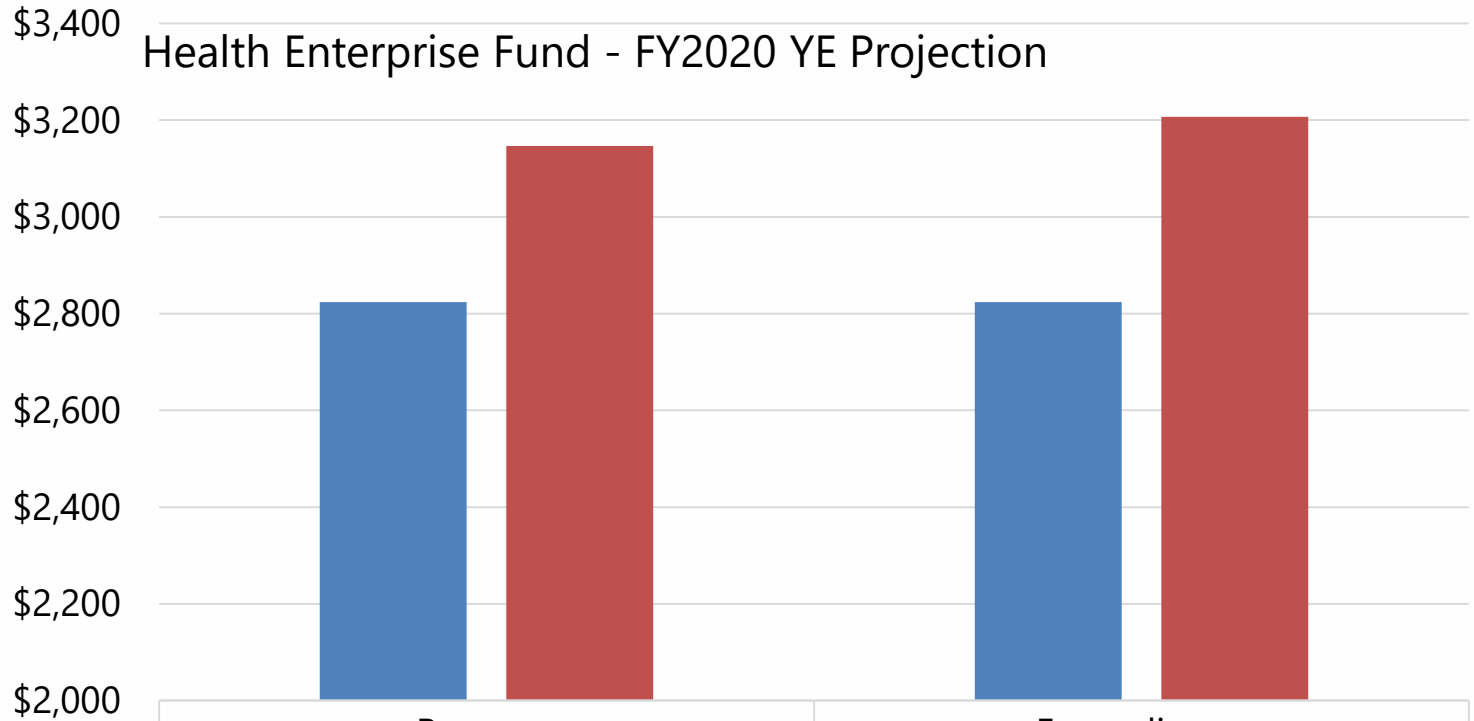
More than half of the Health Enterprise Budget supports Managed Care operations



Preliminary FY2020 Year-End Projections



The Health Fund is projected to end FY2020 \$61M unfavorable to budget.

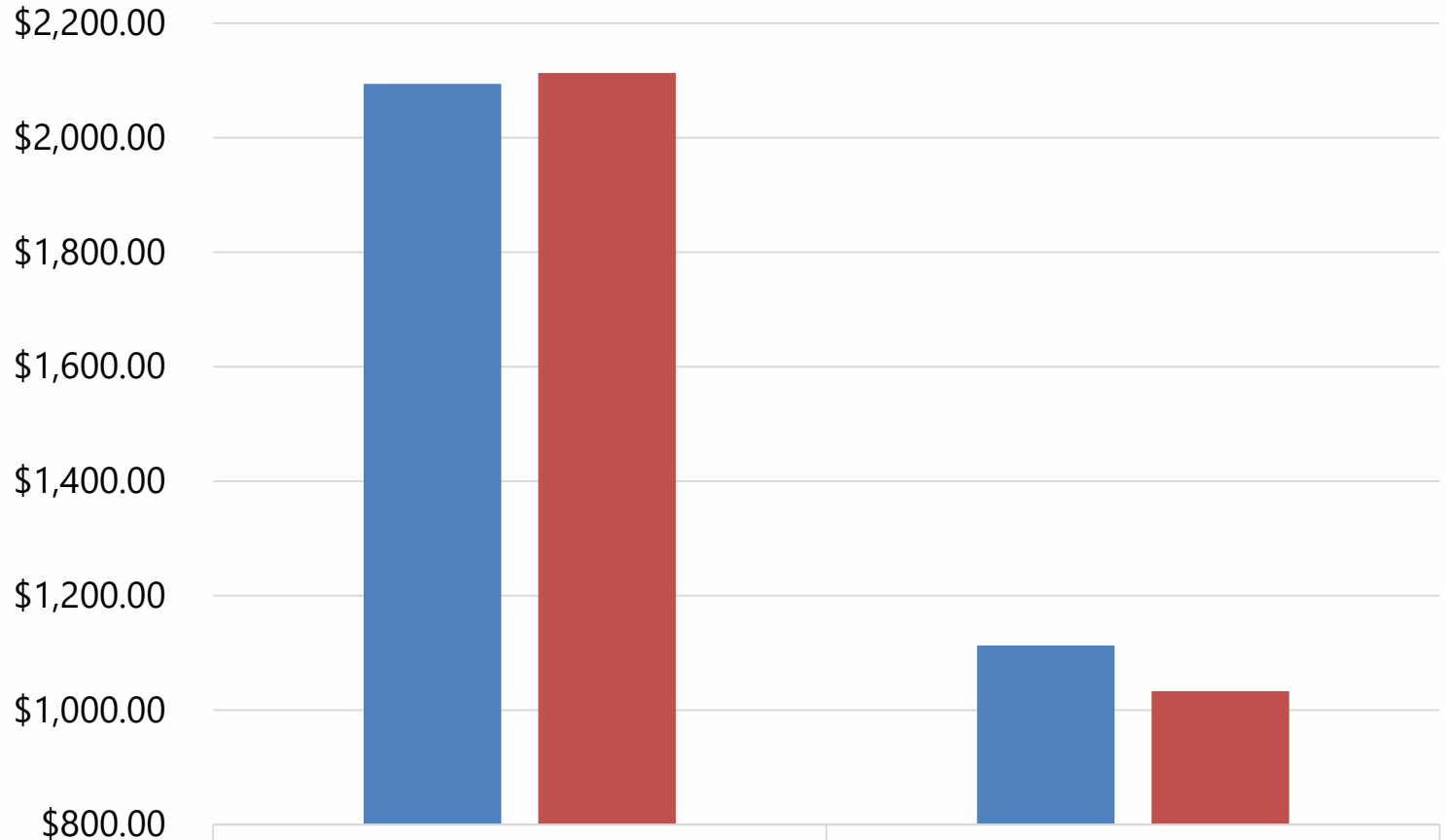


	Revenue	Expenditures
FY2020 Adopted	\$2,824	\$2,824
FY2020 YE Projection	\$3,146	\$3,207

Revenues \$322 million or 11% **above** the adopted budget

Expenses \$383 million or 14% **above** the adopted budget.

FY2020 CCH Provider vs. CountyCare

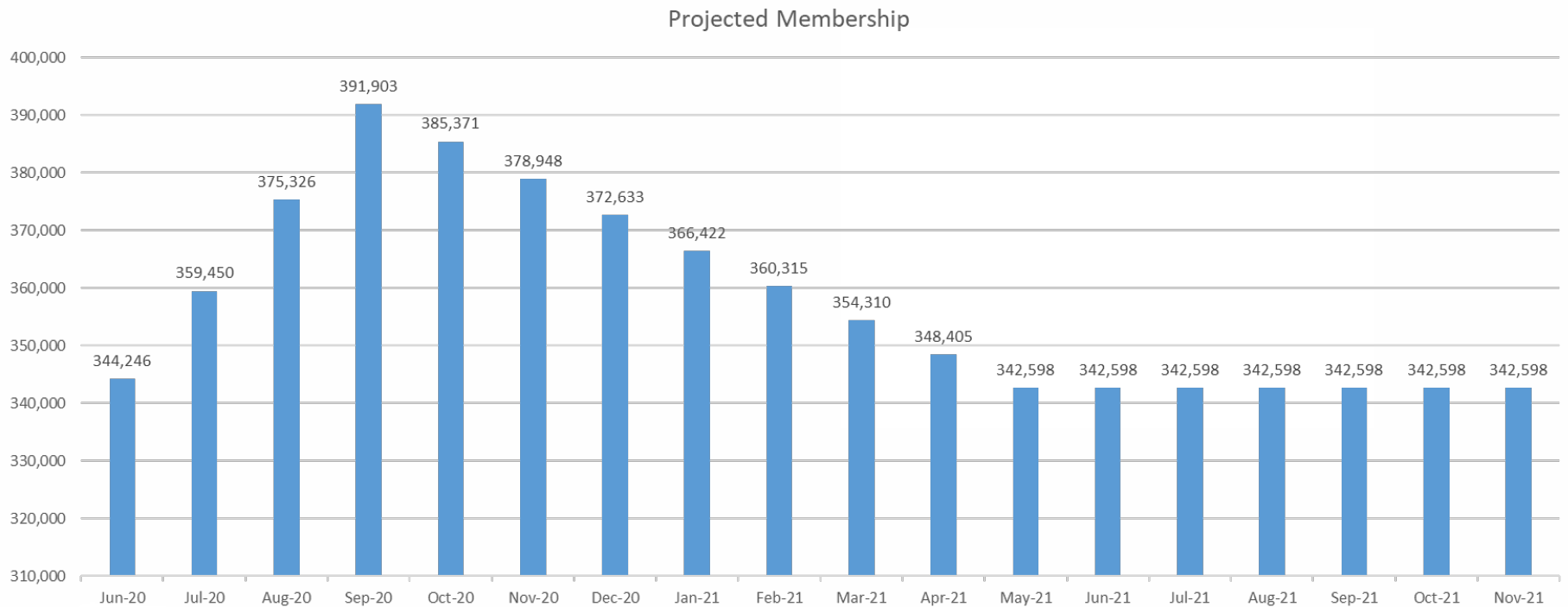


■ FY2020 Expense Projection	\$2,094.00	\$1,113.00
■ FY2020 Revenue Projection	\$2,113.00	\$1,033.00

CountyCare Enrollment



MCO enrollment expected to ramp up throughout FY2020



Uncompensated Care

Continued Expected Pressure on the Budget



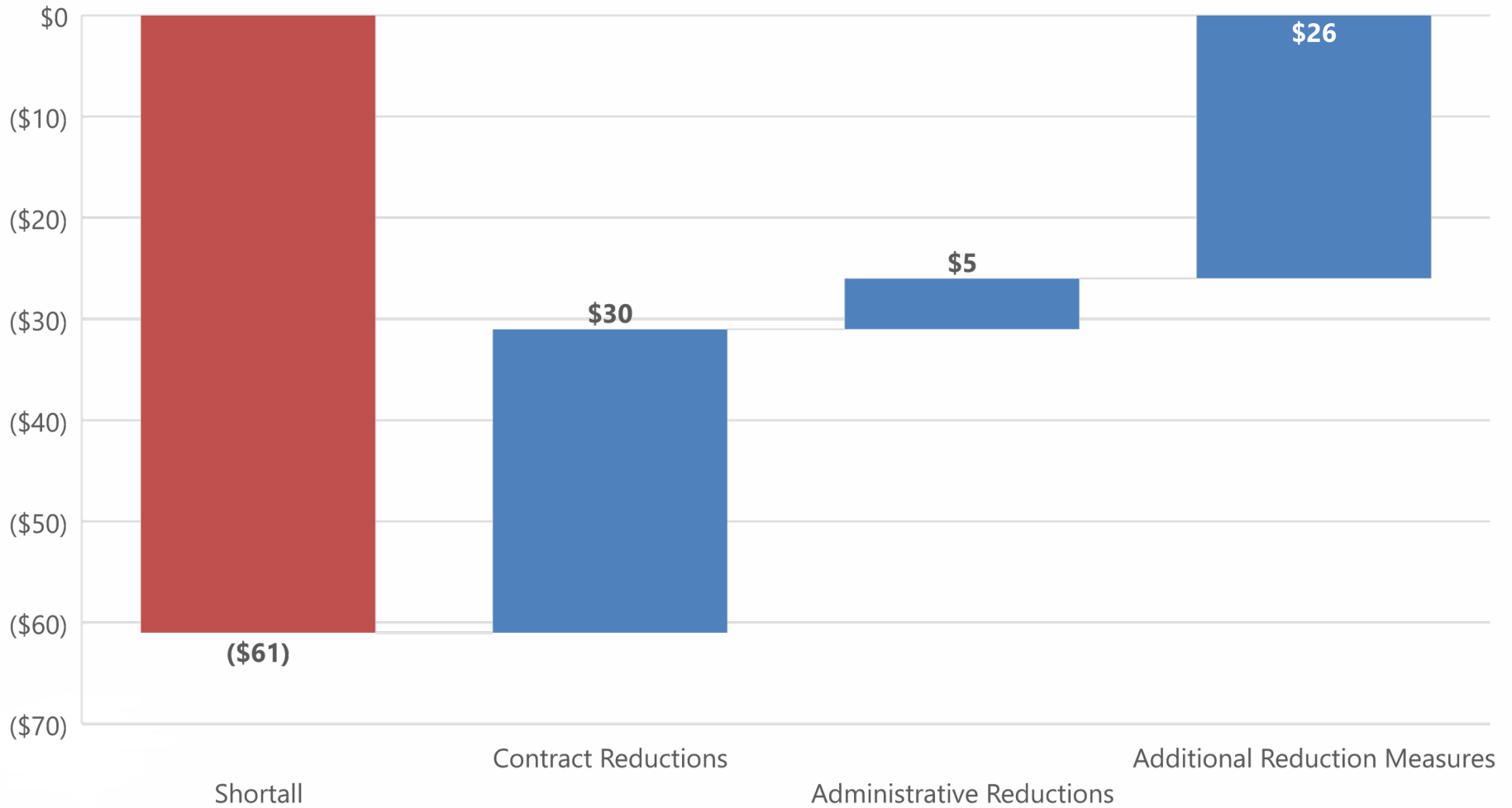
Primary FY2020 Variance Drivers



Revenue Drivers \$322M	Expense Drivers (\$383M)
<ul style="list-style-type: none">• Revenue increases:<ul style="list-style-type: none">– Federal Government Revenue* up \$127M due to COVID-19 funding provided by federal government.– Medicaid/Managed Care up \$141M/7% due to increased Medicaid membership through CountyCare auto enrollments.• Revenue declines:<ul style="list-style-type: none">– Private Payor Patient Fee revenue down \$52M/35% due in part to decline in charges and suspension of services due to COVID-19– Medicare Patient revenue down \$28M/16%.	<ul style="list-style-type: none">• Increased Managed Care expenditures<ul style="list-style-type: none">– Managed Care Claims up \$288M/17% due to increased County Care membership– Professional Services up \$49.9M/53%• Increased personnel expenditures<ul style="list-style-type: none">– Salaries/Wages up \$30.7M/5.6% due to increased internal hiring.– Overtime up \$13.7M/44.8% driven by increased hours due to understaffing and addressing COVID-19.

*One-time revenue resulting from CARES Act for hospital revenue loss

FY2020 Corrective Action Plan

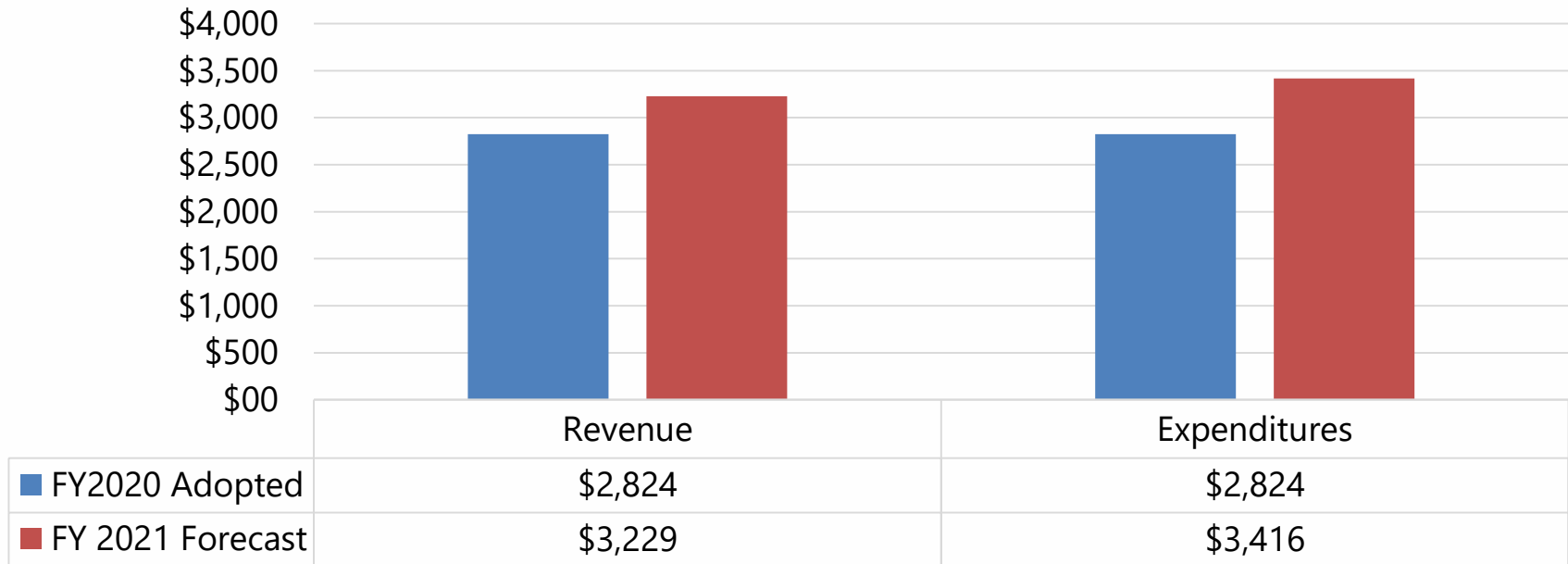


FY2021 Preliminary Forecast



The outlook for FY2021 includes a Health Fund **deficit** projected at \$187 million

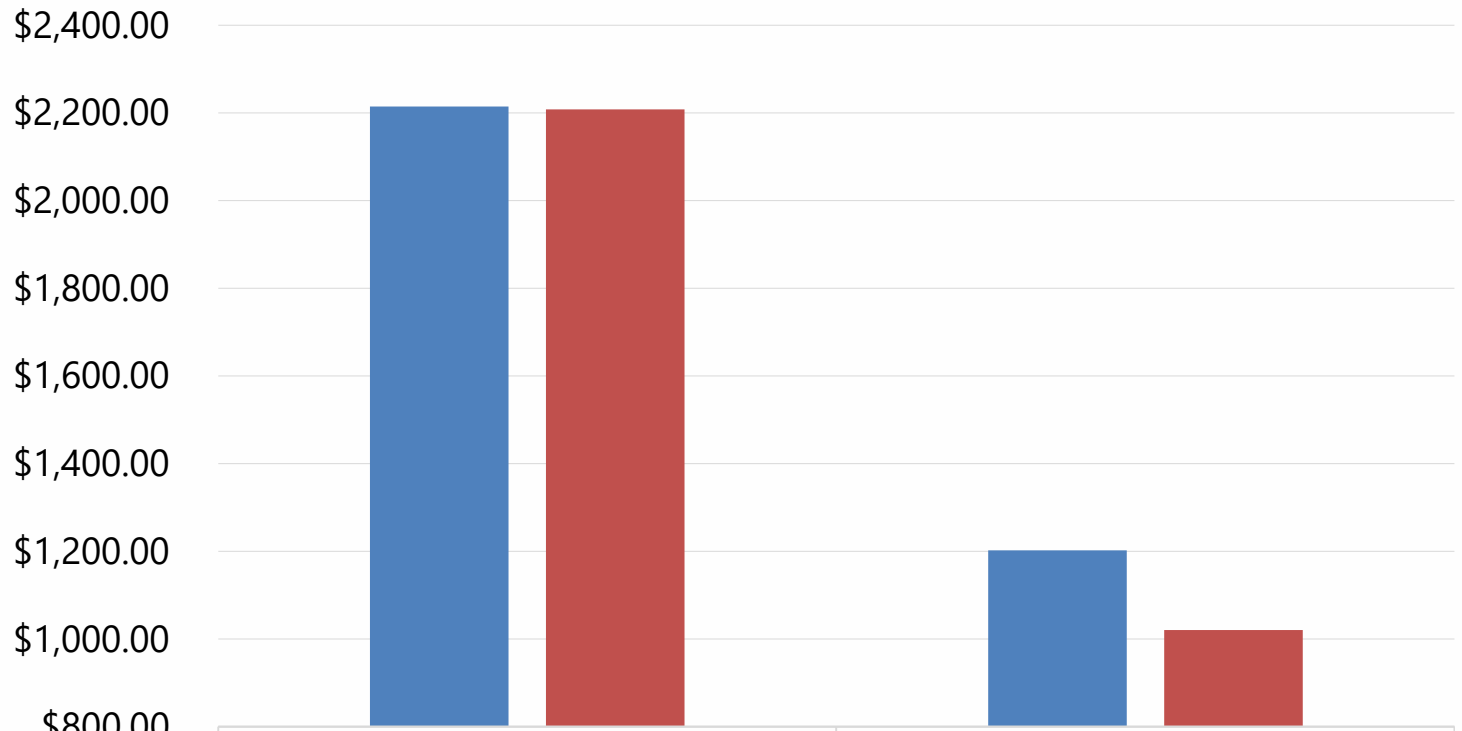
Health Enterprise Fund - FY2021 Forecast



Revenues \$405 million or 14% **above** FY2020 adopted budget

Expenses \$592 million or 21% **above** FY2020 adopted budget

FY2021 CCH Provider vs. CountyCare



■ FY2021 Expense Projection	FY2021 CountyCare	\$2,214.00	FY2021 CCH Provider	\$1,202.00
■ FY2021 Revenue Projection	FY2021 CountyCare	\$2,208.00	FY2021 CCH Provider	\$1,021.00

Primary FY2021 Variance Drivers



Revenue Drivers **\$405M**

- Revenue increases:
 - **Medicaid/Managed Care up** \$341.9M/16% due to increases in membership and rate increase projections.
 - **Medicare revenue up** \$7.4M/4% driven by natural increase in membership year over year.
- Revenue declines:
 - **Private Payor Patient Fee revenue down** \$21.8M/14% due to lingering reductions in patient volumes resulting from impact of COVID-19.

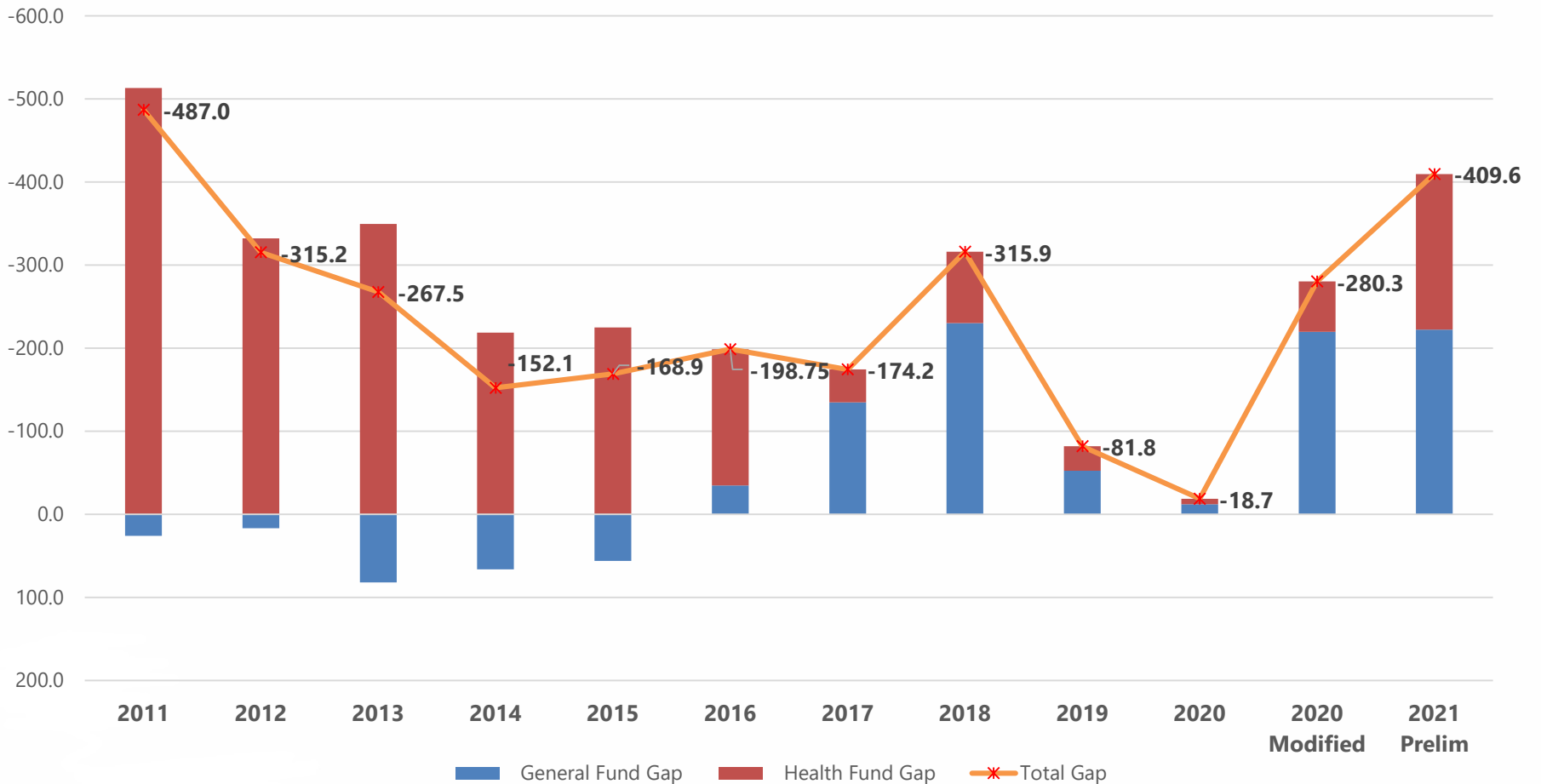
Expense Drivers **(\$592M)**

- **Contractual Services up** \$480M/26% due in part to increased Managed Care claims and contracts with third party claim administrators.
- **Maintenance and Operations up** \$15.5M/16% due increases on equipment contracts.
- Increased personnel expenditures
 - **Salaries/Wages up** \$62M/12% due to payroll increases and a \$44.6M/48% reduction in turnover.
 - **Overtime up** \$14M/46% driven by increased hours due to understaffing.

Historical Budget Gaps



Structural solutions reduced deficits by 96% since 2011



FY2021 Budget Calendar



FY2021 Proposed Budget Calendar



June 26	Release Preliminary Forecast
July 16	Public hearing on 2020/2021 Preliminary Forecast
July 20-24	Mid-Year Budget Hearings
July-Sept	Finalize FY2021 budget requests with Departments
October 8	Present President's Executive Budget Recommendation
October 26 – November 6	Department and Public Hearings/Amendment System Open
November 6	Commissioner Amendments Due
November 19	Board of Commissioners Vote on Appropriation Bill

