



# Cook County Preliminary Forecast UPDATE

**July 12, 2017**

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President, Cook County Board of Commissioners

# FY/2018



# Executive Summary



This supplemental attachment is intended to provide an update on expected changes to the FY2018 Preliminary Forecast and proposed budgetary course of action for the remainder of FY2017.

- On June 30, 2017, a temporary restraining order was granted preventing the collection of the sweetened beverage tax. Revenue from the tax is critical to both balancing the FY2017 budget and developing the FY2018 budget. The impact to FY2017 is a loss of revenue of \$67.5 million and a loss of \$200.6 million in FY2018.
- On July 6, 2017, the State of Illinois passed a balanced budget. Unfortunately, there are negative impacts to the County's FY2017 and FY2018 budget totaling \$21 million:
  - A permanent 2% reduction to Cook County Home Rule County Retailers' and Service Occupation Taxes. Approximate impact to Cook County: **\$14 million annually**
  - Carve out of Personal Property Replacement Tax (PPRT) for community colleges and local health centers. Totalling a 9% carve out from distribution. Approximate impact to Cook County: **\$5 million**
  - Reduction in income tax portion of Local Government Distributive Fund by 10%. Approximate impact to Cook County: **\$2 million**
- To combat this shortfall in a fiscally responsible manner, Cook County is enacting a 10% holdback against the last quarter of projected year-end FY17 expenditures that may result in position eliminations, non-personnel reductions, cancellation of capital equipment purchases and exercising termination clauses in County contracts.
- The 10% holdback across the General Fund is expected to reduce expenditures by \$49 million while a similar holdback across the Health Fund is expected to lower spending by \$13.4 million through position eliminations and other reduced expenditures. An encumbrance review and sweep of unspent dollars will further decrease the FY17 gap by \$6.5 million.

# Updated Projections Year-End FY2017



\$ in Millions	2017 Appropriation	2017 Year-End Projection	2017 Year-End Projection (Revised)
General Fund Revenues	\$1,872.2	\$1,874.4	\$1,822.4
Total General Fund Expenditures	\$1,872.2	\$1,880.9	\$1,880.9
Health Fund Revenue	\$1,591.9	\$1,586.3	\$1,567.7
Health Fund Expenditures	\$1,591.9	\$1,581.0	\$1,581.0
Total Revenue	\$3,464.2	\$3,460.7	\$3,390.1
Total Expenditures	\$3,464.2	\$3,461.9	\$3,461.9
<b>General Fund Gap</b>	-	(\$6.5)	(\$58.5)
<b>Health Fund Gap</b>	-	\$5.2	(\$13.4)
<b>Operating Funds Gap</b>	-	(\$1.3)	(\$71.8)

General Fund negative variance of \$58.5 million driven by:

- Overtime expenses exceeding budget in the Public Safety Fund
- Sales Tax revenue impacted by economic factors and state budget
- Temporary Restraining Order on Sweetened Beverage Tax

Health Fund is projecting a negative variance of \$13.4 million driven by:

- Temporary Restraining Order on collection of Sweetened Beverage Tax

# Updated Projections FY2018



\$ in Millions	2017 Appropriation	2017 Year-End Projection (Revised)	2018 Preliminary Forecast	2018 Preliminary Forecast (Revised)
General Fund Revenues	\$1,872.2	\$1,822.4	\$1,941.8	\$1,723.6
Total General Fund Expenditures	\$1,872.2	\$1,880.9	\$1,980.9	\$1,952.5
Health Fund Revenue	\$1,591.9	\$1,567.7	\$1,642.8	\$1,642.8
Health Fund Expenditures	\$1,591.9	\$1,581.0	\$1,701.4	\$1,701.4
Total Revenue	\$3,464.2	\$3,390.1	\$3,584.7	\$3,366.4
Total Expenditures	\$3,464.2	\$3,461.9	\$3,682.2	\$3,653.9
<b>General Fund Gap</b>	-	(\$58.5)	(\$39.1)	(\$229.0)
<b>Health Fund Gap</b>	-	(\$13.4)	(\$58.5)	(\$58.5)
<b>Operating Funds Gap</b>	-	(\$71.8)	(\$97.6)	(\$287.5)

- General Fund revenue is projected to decrease by \$200.6 million from the original FY2018 preliminary forecast due to the Temporary Restraining Order on the Sweetened Beverage Tax
- General Fund revenue is projected to decrease by an additional \$17.7 million due to changes in legislation effected by the state's FY2018 budget
- General Fund expenditures are projected to increase by \$80 million or 4.3% above FY17 appropriations
- Projecting a General Fund gap of \$229 million
- Health Fund revenue is projected to increase by \$50.9 million or 3.2%
- Health Fund expenditures are projected to increase by \$109.4 million or 6.9%
- Projecting a Health Fund gap of \$58.5 million