



IRFC

Quarterly Meeting

October 27, 2022





Agenda

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Quarterly updates



Principles of the IRFC

Principle	Action Taken
Document Economic and Operational Drivers	Tracked economic indicators and created calendar of economic releases
Pursue Consistency in Modeling	Utilized consistent methods for revenue forecasting, including alternative revenue scenarios
Systematically Track Monthly Operational and Revenue Data	Began structuring a validation model to track Health Fund revenues in the new accounts
Catalogue Historical Rates and Policies	Continued to catalogue in the tax history document
Review Alternative Scenarios	Drafted a methodology for the alternative scenarios
Benchmark Forecasts Against Other Jurisdictions	Discussed forecasting with other entities, such as the RTA and City of Chicago
Strive for Greater Collaboration	Conducted biweekly meetings with CCH staff



IRFC deliverables – FY2022 and FY2023

	Deliverable	Progress
FY2022		
	Project management meetings	Biweekly touchpoint meetings between the Office of the CFO and CCH Finance Team are continuing
	Periodic transmission of data	Continuing to receive monthly data on gross charges from CCH
	Pursue changes to Chart of Accounts	New Chart of Accounts was integrated into FY2023 Executive Recommendation
	Alternative scenario methodology	Alternative scenario methodology draft was completed
FY2023 initial deliverables		
	Create a calendar of economic data releases	Calendar of economic data releases has been created. More items will be added to the calendar and the calendar will be integrated into the forecasting schedule after 2023 dates are available.
	Ensure forecasting assumptions properly apply inflation growth	Completed revenue and expenditure estimates according to recommendation
	Provide an analysis of the potential impact of providing funding support to ARPA initiatives	Scoped ARPA program sustainability strategy



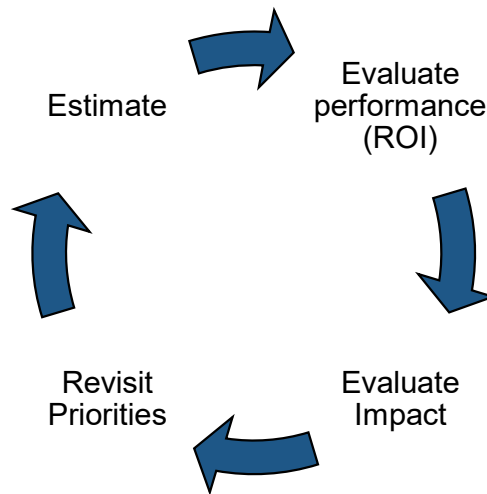
Calendar of economic releases

November 10, 2022 Thursday	7:30 AM - 7:30 AM	Consumer Price Index -- Washington, DC
November 14, 2022 Monday	All Day	Survey of Professional Forecasters - 4th quarter https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/survey-of-professional-forecasters
November 18, 2022 Friday	9:00 AM - 9:00 AM	CCH Finance Committee
November 22, 2022 Tuesday	All Day	Moody's baseline forecast
November 25, 2022 Friday	All Day	Moody's scenario forecasts
November 30, 2022 Wednesday	7:30 AM - 8:00 AM	Gross Domestic Product (Second Estimate) and Corporate Profits (Preliminary), 3rd Quarter 2022 www.bea.gov

ARPA Program Sustainability Strategy



Financial Risk Indicator	Percent	Weight
County leadership priority	30%	1.5
A new service that will continue past FY26	20%	1
Will require funding past FY26	20%	1
Expects to use normal operating revenue	10%	0.5
No alternative funding source	10%	0.5
Funded 3 or more years	10%	0.5
Total	100%	5



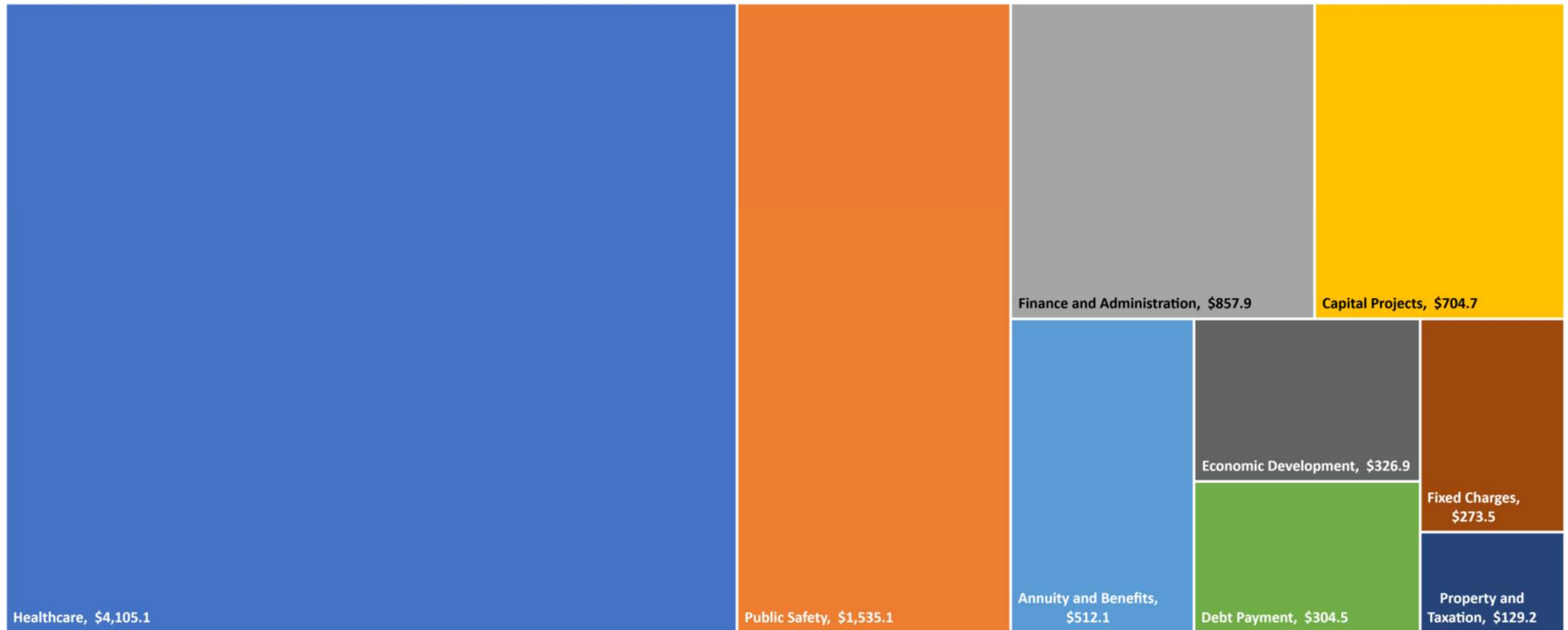
- Develop a reserve from operational surpluses to offset costs that extend beyond the eligible period
- Replace current operational services with new services developed as part of ARPA
- Expand services in operating funds to the extent that increases in revenues exceed expenses
- Identify additional funding sources or grants
- Phase out ARPA created services without an ongoing funding source as part of the budgeting process



Executive recommendation



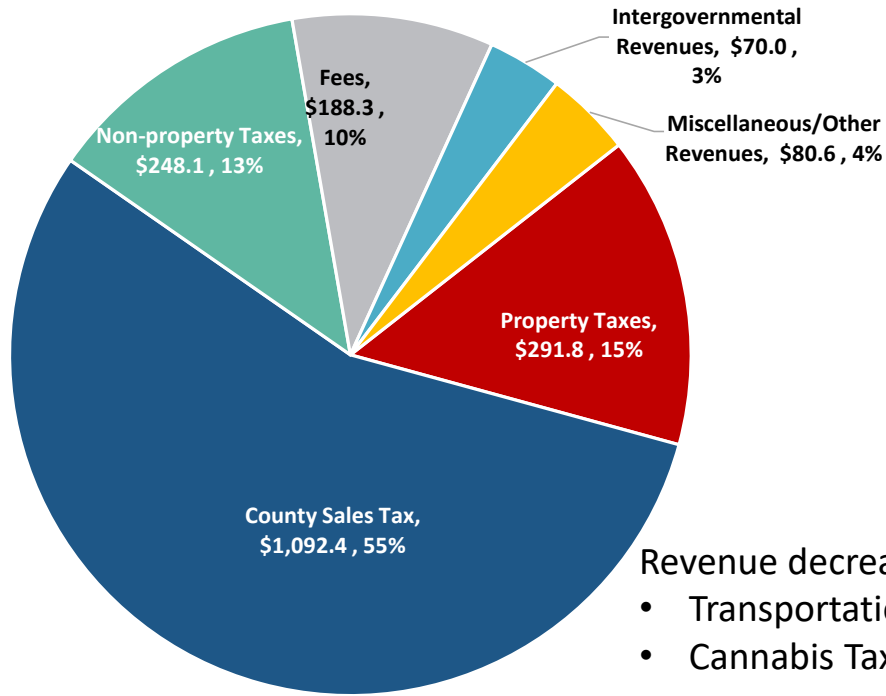
FY2023 Total Budget Recommendation: \$8.75 Billion



The total budget of \$8.75 billion is a 7.8% increase over the FY22 Adopted budget.



General Fund: Revenue - \$1.971 Billion



FY2022 compared to FY2023 executive recommendation, in millions

	Adopted budget	Preliminary forecast
FY2022	\$2,009.4	\$2,171.0
FY2023	\$1,971.2	\$1,971.2
Variance	(\$38.2)	(\$199.8)

Revenue decrease driven by:

- Transportation Home Rule Taxes now being deposited in Transportation SPF (~\$237M)
- Cannabis Tax now being deposited the Equity Fund (\$15M)

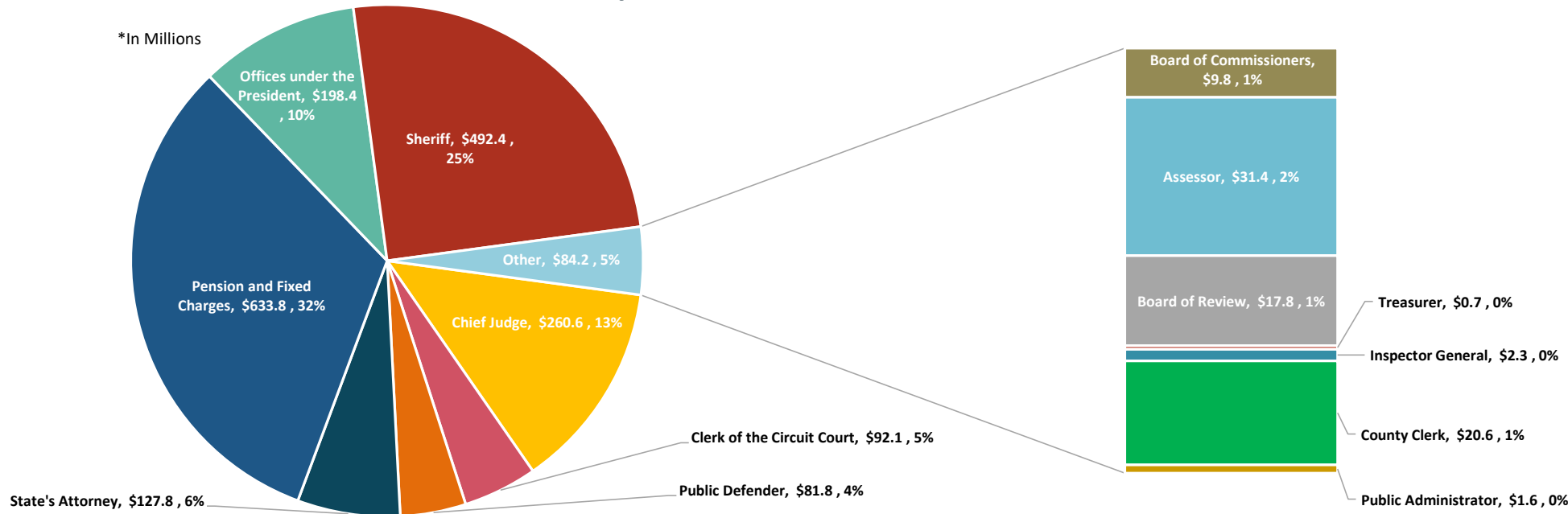
Revenue increase seen in:

- \$124M year-over-year increase in County sales tax (makes up more than 50% of the General Fund)

*In Millions



General Fund: Expenditures - \$1.97 Billion

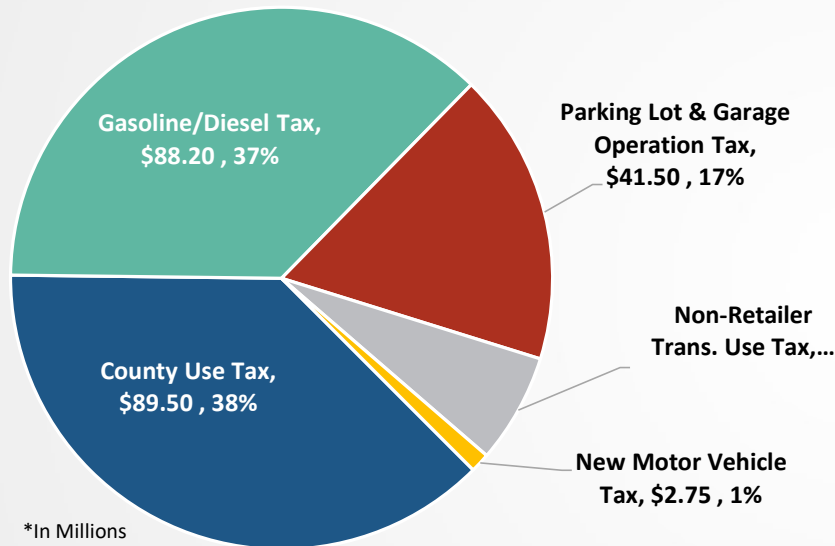


	FY2022 Adopted	FY2023 Recommendation	% Change	% of GF Budget
Public Safety*	\$1,221,593,032	\$1,058,474,466	(13.4%)	54.5%
Finance and Administration	\$167,925,882	\$193,769,858	15.4%	10.0%
Property and Taxation	\$64,854,778	\$70,541,016	8.8%	3.6%
Economic Development	\$11,092,716	\$14,523,971	30.9%	0.8%
Fixed Charges and Others	\$543,963,076	\$633,848,448	16.5%	32.2%
Total	\$2,009,429,485	\$1,971,157,759	(1.9%)	100.0%



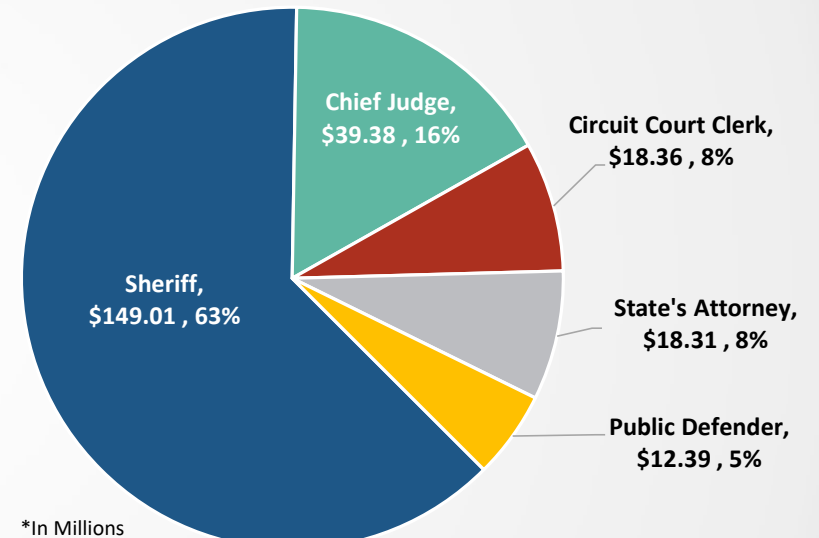
Transportation Fund: Revenue & Expenditures

FY2023 Revenue Recommendation



Tax	FY2022 Adopted	FY2023 Recommendation
County Use Tax	\$82,000,000	\$89,500,000
Gasoline/Diesel Tax	\$92,250,000	\$88,200,000
Parking Lot and Garage Operation Tax	\$38,000,000	\$41,500,000
Non-Retailer Transaction Use Tax	\$16,250,000	\$15,500,000
New Motor Vehicle Tax	\$2,750,000	\$2,750,000
Wheel Tax	\$4,500,000	\$0
Total	\$231,250,000	\$237,450,000

FY2023 Expenditure Recommendation



Office	FY2022 Adopted	FY2023 Recommendation
Sheriff	N/A	\$149,008,450
Chief Judge	N/A	\$39,378,775
Circuit Court Clerk	N/A	\$18,360,790
State's Attorney	N/A	\$18,308,977
Public Defender	N/A	\$12,393,008
Total	N/A	\$237,450,000

*The inclusion of these six taxes within the Transportation Fund does not waive any of the County's defenses regarding the applicability of Article IX, Section 11 of the Illinois Constitution.



Health Enterprise Fund: Revenue - \$3.99 Billion

In millions	FY2022 Budget	FY2022 EOY Projected	FY2023 Budget	Variance (FY22 vs FY23)
CCH Net Patient Revenues*	\$673.1	\$833.5	\$812.3	139.2
DSH/BIPA/GME	\$395.8	\$381.4	\$356.8	(39.0)
Health Plan Services	\$2,633.7	\$2,928.3	\$2,650.9	17.2
Tax Allocation	\$137.7	\$137.7	\$147.7	10.0
Other	\$18.7	\$17.1	\$19.7	1.0
Total	\$3,859	\$4,298	\$3,987	\$128.4

*Variance relates to service line volume increases and expansion of Medicaid eligibility



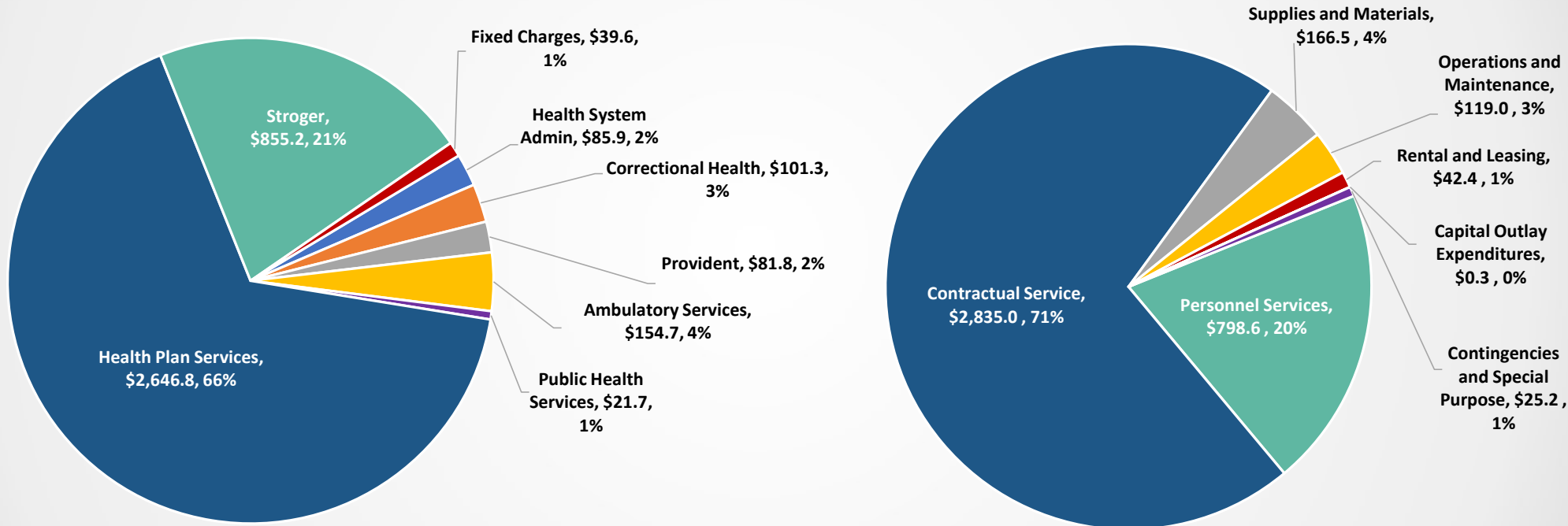
FY23 County Care Membership Projections



*Projected monthly average of 391K



Health Enterprise Fund: Expenditures - \$3.99 Billion



Health Enterprise Fund Growth

The Health Enterprise Fund grew by \$128.4M (or 3%) from FY22, due to expansion of new programs (Change Institute, Patient Experience), focus on administrative capacity building, and continued ramp up of new service lines and resumption of pre-pandemic ambulatory services.



Long-term forecast

LONG-TERM FORECAST



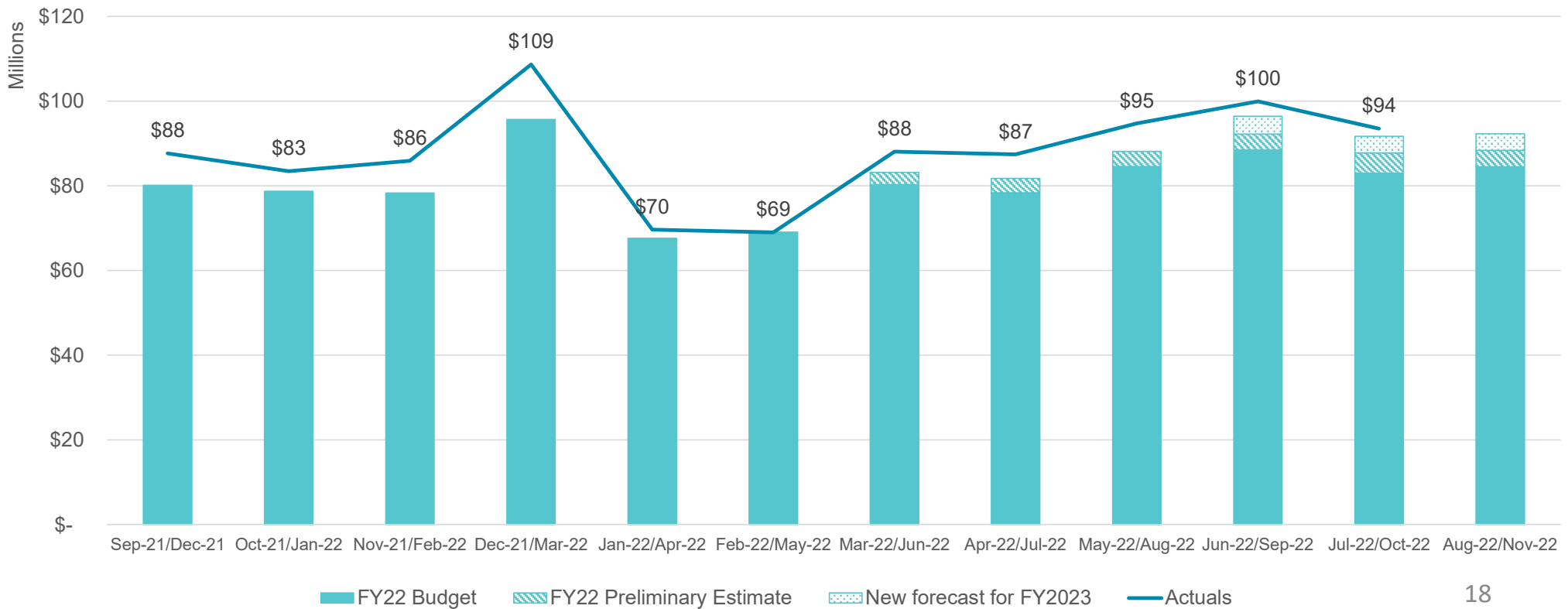
General Fund revenue forecast – major changes from June 2022 forecast

	FY2023	FY2023	FY2024	FY2025	FY2026	FY2027
	% change in forecast					
400010-Property Taxes*	34.1%	\$68.2	\$92.4	\$100.1	\$104.7	\$96.6
401150-County Sales Tax	3.0%	\$31.9	\$18.4	\$18.1	\$19.4	\$20.0
401250-Wheel Tax	-100.0%	(\$4.0)	(\$4.0)	(\$4.0)	(\$4.0)	(\$4.0)
401330-II Gaming Des Plaines Casino	12.0%	\$1.5	\$3.5	\$5.5	\$5.5	\$5.6
401350-Amusement Tax	4.9%	\$1.8	\$1.8	\$1.8	\$1.9	\$1.9
401390-State Income Tax	6.4%	\$1.2	-	-	-	-
401550-Hotel Accommodations Tax	7.5%	\$2.0	(\$5.9)	(\$6.1)	(\$6.3)	(\$6.4)
402548-Clerk of the Circuit Court Fees	-9.4%	(\$6.9)	(\$7.0)	(\$7.4)	(\$7.8)	(\$8.2)
402150-County Clerk	-6.2%	(\$3.7)	\$2.2	\$0.3	(\$1.6)	(\$3.7)
403015-Sheriff Municipal Division	-11.2%	(\$1.5)	(\$3.5)	(\$3.0)	(\$2.5)	(\$2.0)
406008-Indirect Cost	9.3%	\$1.1	\$1.2	\$1.2	\$1.2	\$1.2
407010-Miscellaneous Revenue	17.5%	\$5.7	\$5.8	\$5.9	\$6.0	\$6.1
407080-Other	130.2%	\$6.4	\$6.6	\$6.7	\$6.8	\$6.9
411495-Other Financing Sources	--	\$30.0	-	-	-	-
Subtotal major changes	1.9%	\$103.7	\$111.5	\$119.2	\$123.5	\$114.1
Other changes	5.5%	\$29.6	\$4.8	\$12.5	\$17.5	\$22.2
Transfers to other funds						
Transportation taxes	-100.0%	(\$237.0)	(\$239.6)	(\$242.5)	(\$245.4)	(\$248.5)
Cannabis Tax	-100.0%	(\$15.0)	(\$24.0)	(\$27.4)	(\$31.3)	(\$35.9)
Total	-5.7%	(\$118.7)	(\$147.4)	(\$138.1)	(\$135.8)	(\$148.1)

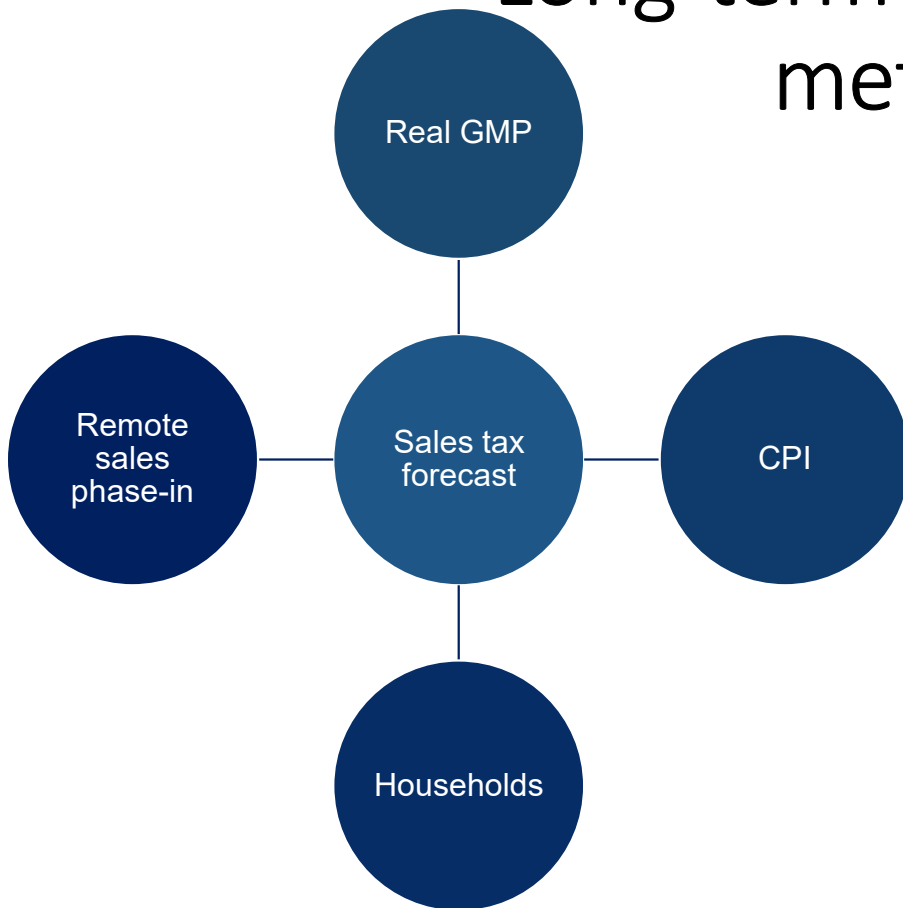
*Increase in the property tax allocation to the General Fund is driven by forecasted increases in Personal Property Replacement Tax disbursements available to fulfill statutory pension contributions



Sales tax revenue compared to forecast



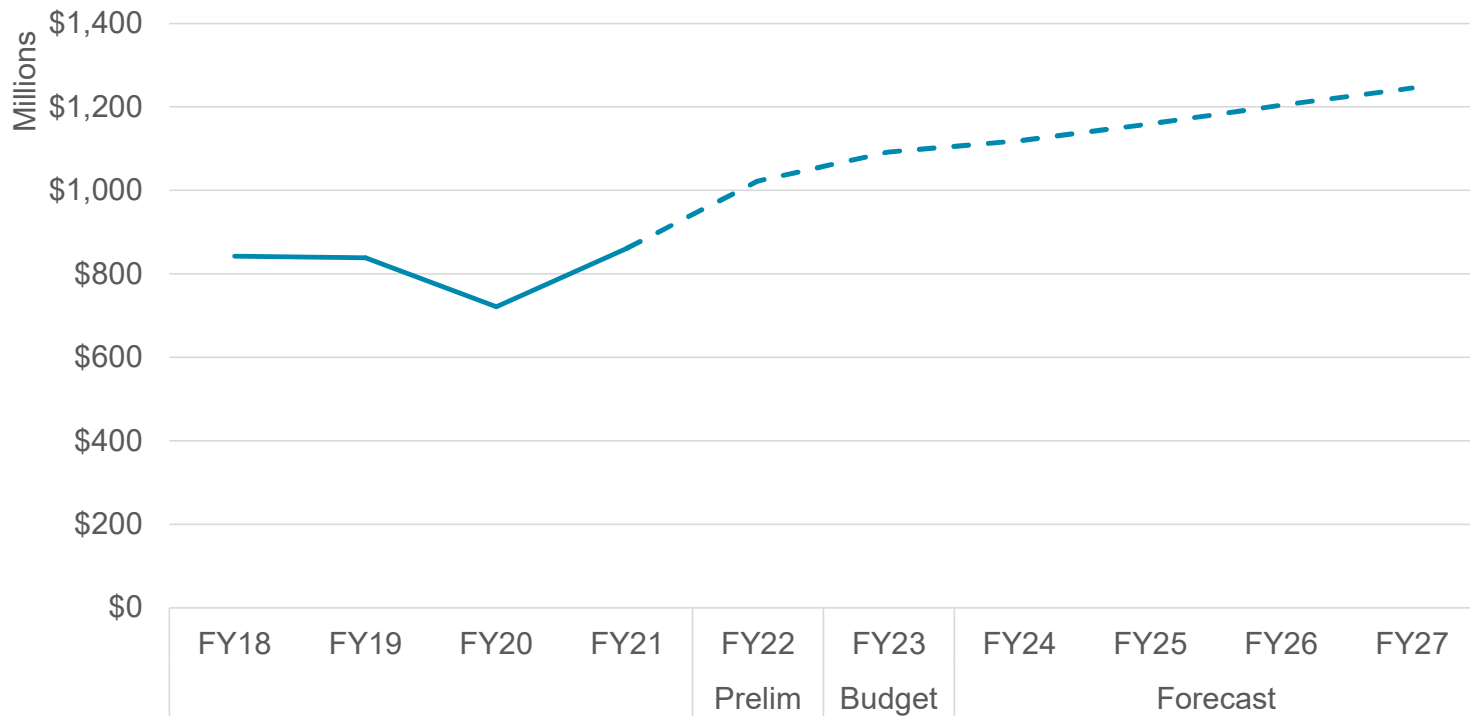
Long-term sales tax forecast methodology



- Forecast integrates several economic indicators that factor into consumption
- Assumes a phase-in of remote sales during 2021



Sales tax revenue, actual and forecast

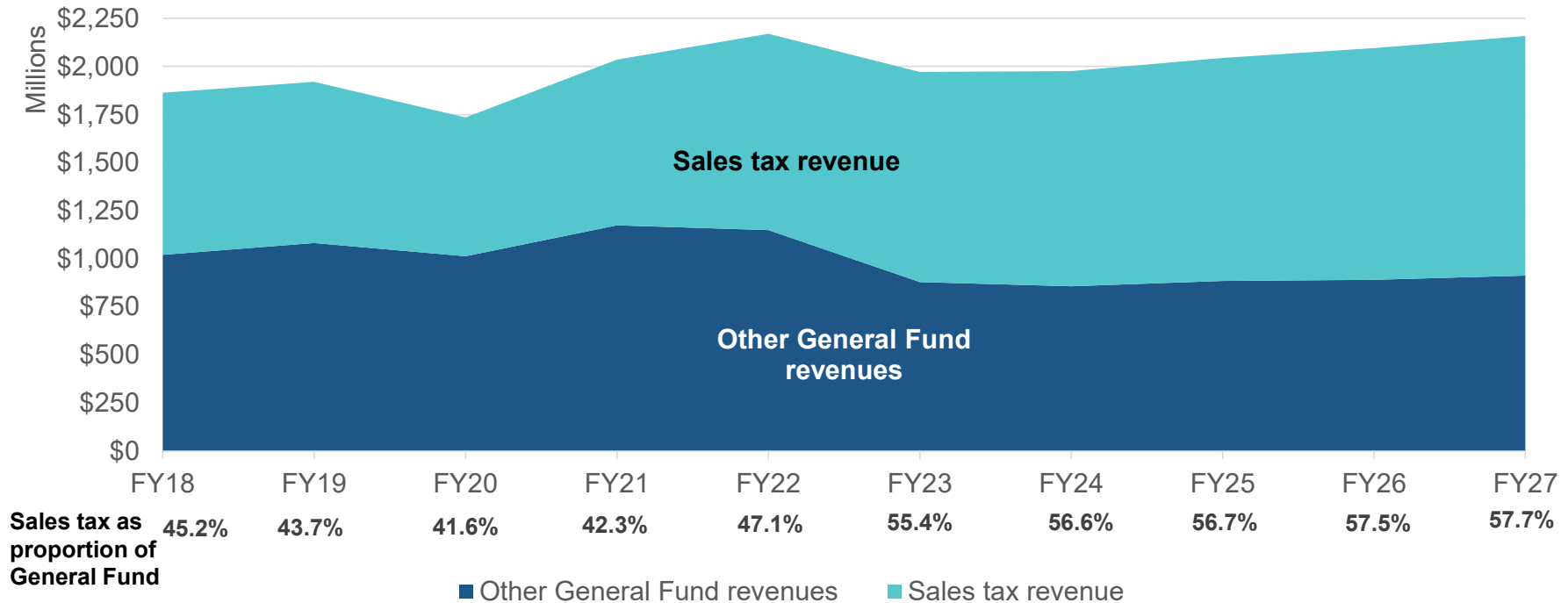


The anticipated compound annual growth rate for FY2023 to FY2027 is 3.3%



Reliance on sales tax

General Fund revenue, actual and forecasted



- More than half of the growth in the long-term General Fund revenue forecast comes from sales tax growth
- The potential for volatility and the reliance on the tax is a source of financial risk



Personal Property Replacement Tax

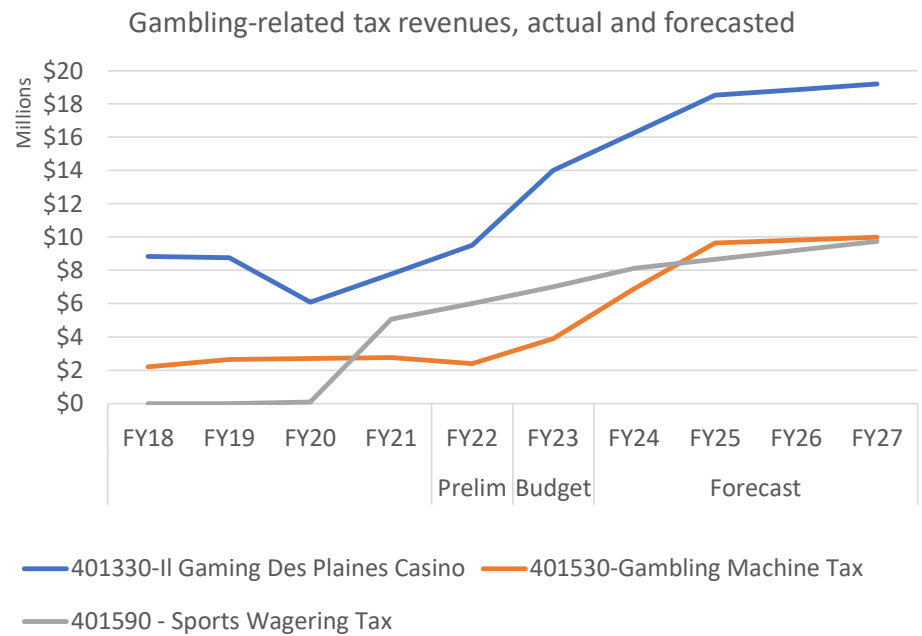
- FY2022 revenues totaling \$183.9 million were driven by record corporate profits
- New forecasting methodology uses the State's estimate as a base but assumes revenue will decline as corporate profits drop to prior trend, resulting in \$139.8 million in FY2023
- Long-term forecast increases 2.7% annually





Gambling-related revenues

- Casino gaming and gambling machine taxes
 - Forecast accounts for additional casinos opening 2023, 2024, and 2025
 - Changes to plans for these casinos may impact revenues, which have a 13% combined CAGR
- Sports wagering tax
 - The new forecast accounts for the significant growth experienced since FY2020
 - Long-term CAGR of 8.6%





Other forecasting assumptions

Salary and other expenses

- Salary expenses were forecast to grow with contractual increases
- Other expenditures were forecast to grow at the CPI forecast

Amusement tax

Hotel accommodations tax

- Revenues were forecast using nominal GDP forecast
- Assumes existing prices will stabilize but not decline
- Assumes growth will be consistent with expectations of a post-pandemic recovery

Alcohol tax

Cigarette tax

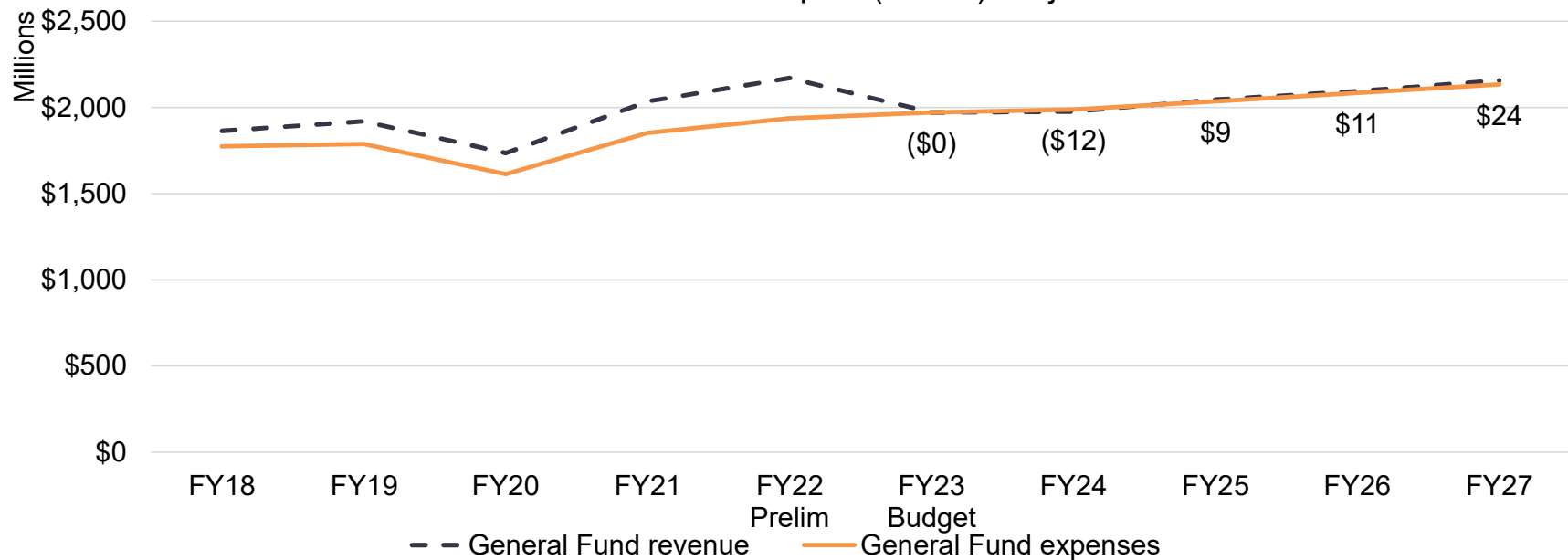
- Revenue forecast using past trends
- Assumes prices will stabilize, allowing volume-based taxes to growth based on longer-term trends



General Fund

- Revenues are anticipated to keep pace with expenses largely due to expected growth in sales tax revenue
- Revenues from Hotel and Amusement taxes are expected to grow faster than expenses as they recover from declines during the pandemic
- Several other revenue sources still fail to keep up with the growth rate of expenses

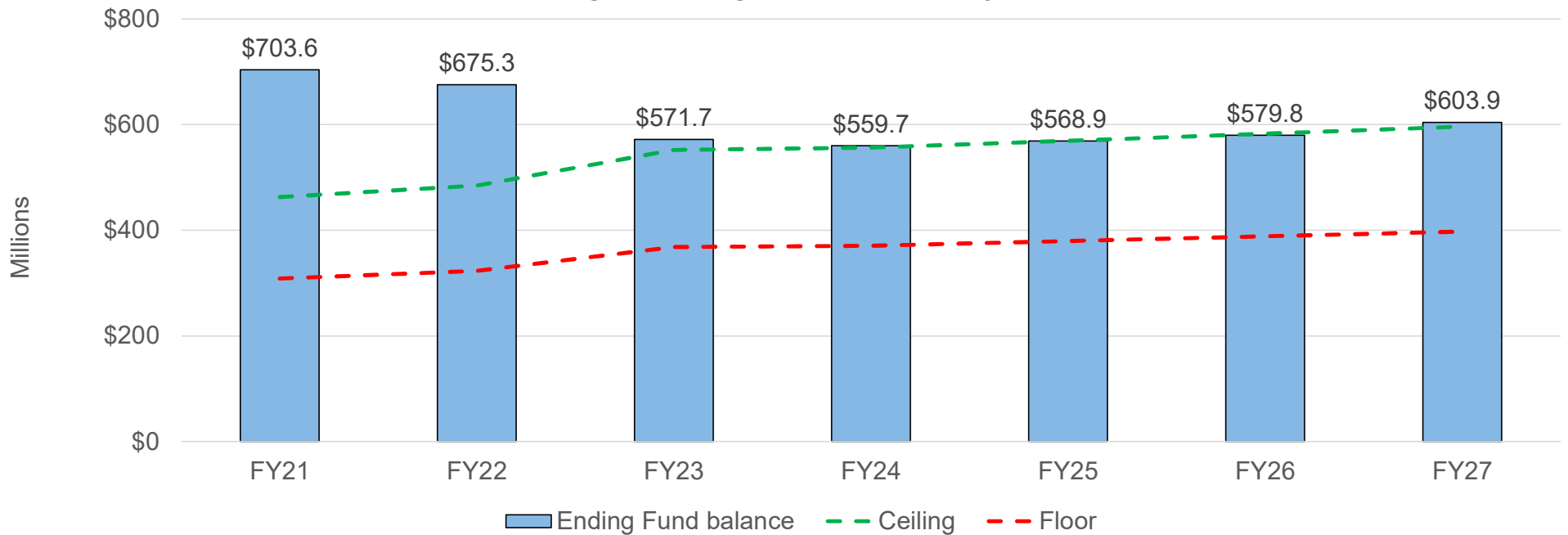
General Fund - Net Surplus/(Deficit) Projection





General Fund – fund balance

Unassigned Ending Fund Balance Projection



- Fund balance after assignments pursuant to FY2023 fund balance reduction plan
- Floor represents 2 months of projected annual expenses and Ceiling represents 3 months of projected annual expenses
- Floor and ceiling incorporate both General Fund and Transportation Related Home Rule Taxes Fund expenses



General Fund: FY23 Fund Balance Reduction Plan

General Fund Assigned Fund Balance

Assigned Fund	FY21 Ending Assigned Fund balance	FY21 Value Assigned	FY22 Ending Assigned Fund Balance	FY23 General Fund Revenue Transfer Out	Total available	FY23 Budget
Pension Stabilization Fund	\$90,000,000	\$50,000,000	\$140,000,000		\$140,000,000	
Special Project	\$22,725,755	\$0	\$22,725,755		\$22,725,755	
Self-Insurance Fund Reserve		\$25,707,718	\$25,707,718	\$44,292,282	\$70,000,000	\$44,292,282*
Cook County Health Reserve		\$50,000,000	\$50,000,000		\$50,000,000	
Infrastructure and Equipment Fund		\$80,378,330	\$80,378,330		\$80,378,330	\$30,000,000
Equity Fund	\$52,712,186	\$25,680,697	\$78,392,883	\$29,319,303	\$107,712,186	\$29,319,303*
Total Assigned Fund Balance	\$165,437,941	\$231,766,745	\$397,204,686	\$73,611,585	\$470,816,271	\$103,611,585

*Full amount budgeted in FY2023, including from these assignments, totals \$497.1 million for the Self-Insurance Fund and \$74.0 million for the Equity Fund.

Policy: If the unassigned fund balance should exceed 3 months of General Fund expenditures -- the "ceiling" -- the County can use these funds to pay for: nonrecurring expenses, an outstanding liability, or transfer it to a committed or assigned fund balance in the following fiscal year.

- In addition to the assignment of the \$231.8 million FY2021 fund balance, the plan also would appropriate \$30 million to the General Fund in FY2023
- This would allow \$103.6 million to be budgeted for FY2023.

Funds for Fund Balance Reduction Plan



Cook County Health Reserve Fund

Reserves for mitigating inherent fiscal risks associated with CCH provision of service



Infrastructure and Equipment Fund

To reduce borrowing costs related to:
1) environmental, conservation, and social justice initiatives, such as capital costs associated with juvenile programs and local water infrastructure, and 2) infrastructure within county government including enhanced technology and capital equipment with a shorter useful life

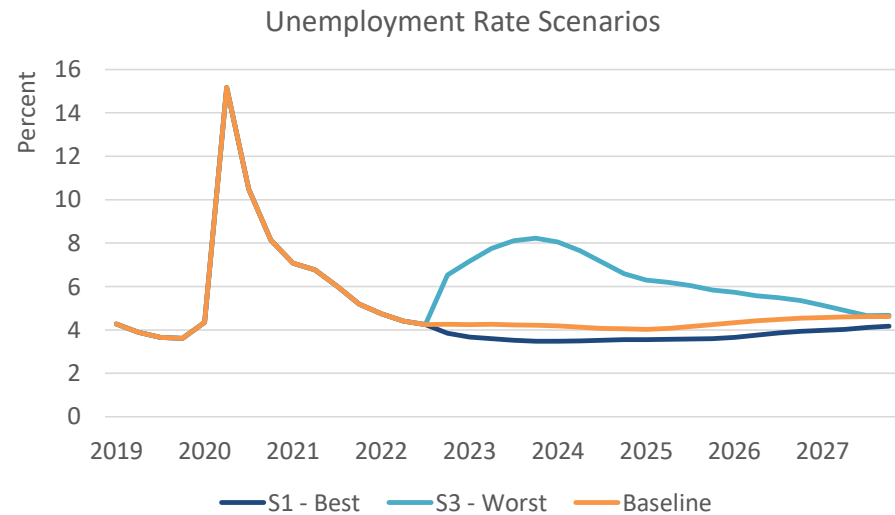
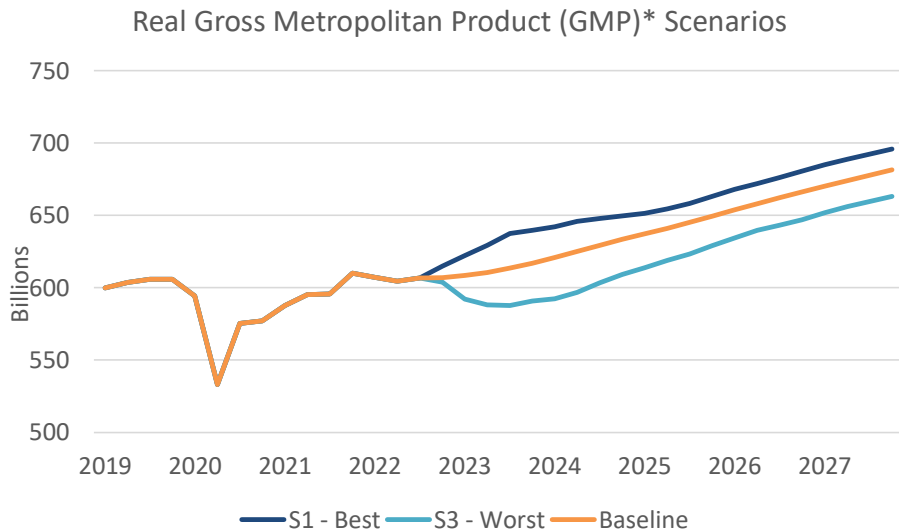


Equity Fund

Funds will be utilized for future-year investments to sustain current Equity Fund and ARPA programs



General Fund Alternative Economic Scenarios



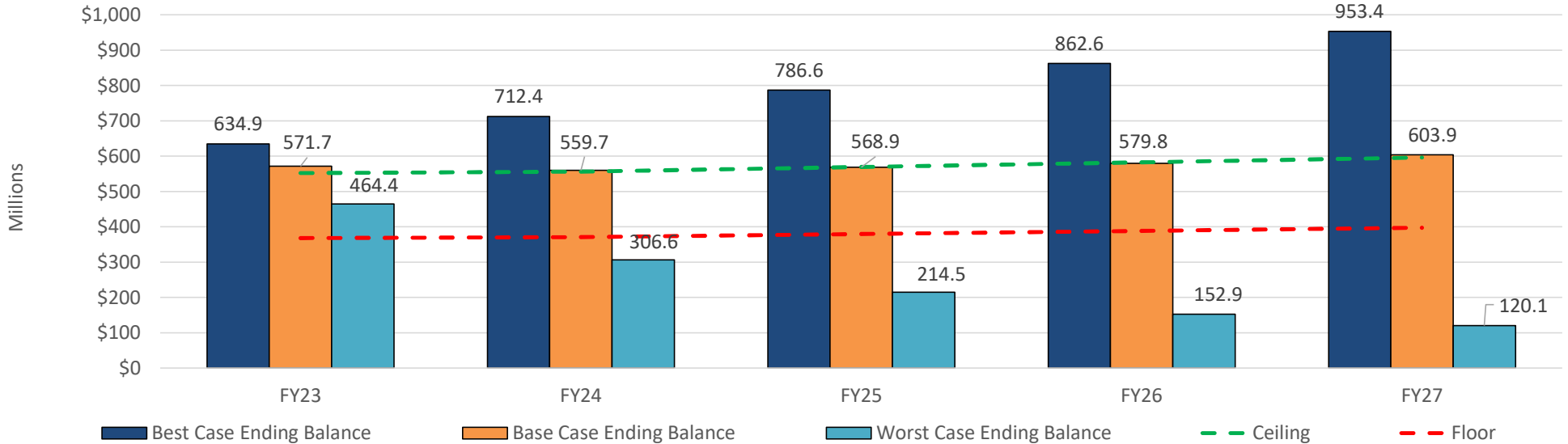
*Gross metropolitan product (GMP) is a monetary measure of the value of all final goods and services produced within a metropolitan statistical area during a specified period

- Alternative scenarios represent a 10% chance that projections may exceed the best case (S1) or be below worst case (S3)
- Real GMP, unemployment rates, CPI, and other indicators are used to forecast alternative long-term revenue scenarios



General Fund Fund balance scenarios

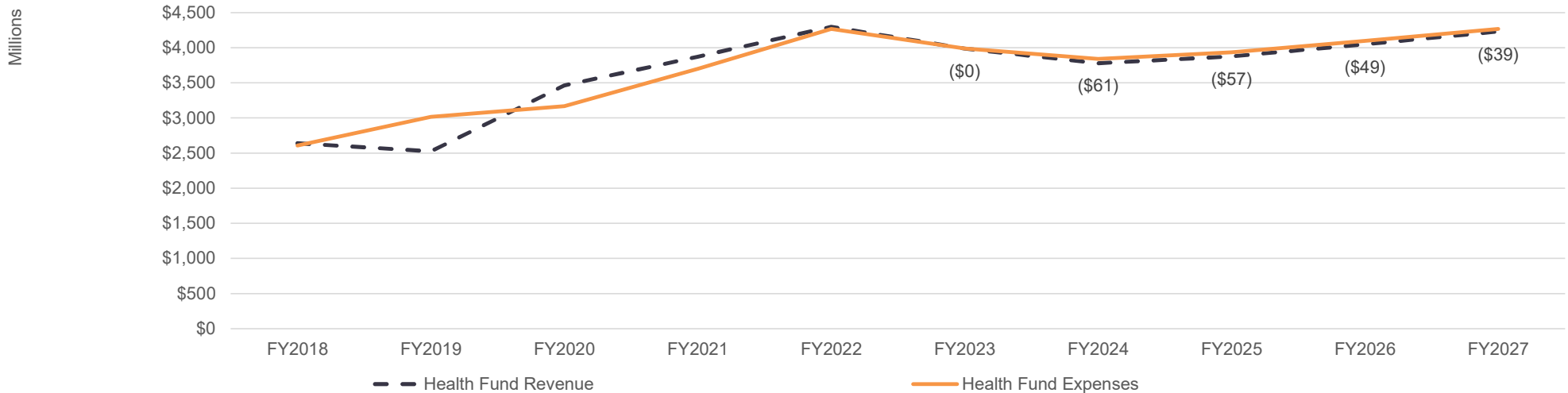
Unassigned Ending Fund Balance Projection



- Fund balance after assignments pursuant to FY2023 fund balance reduction plan
- Floor represents 2 months of projected annual expenses and Ceiling represents 3 months of projected annual expenses
- Floor and ceiling incorporate both General Fund and Transportation Related Home Rule Taxes Fund expenses



Health Fund Net Surplus/(Deficit)



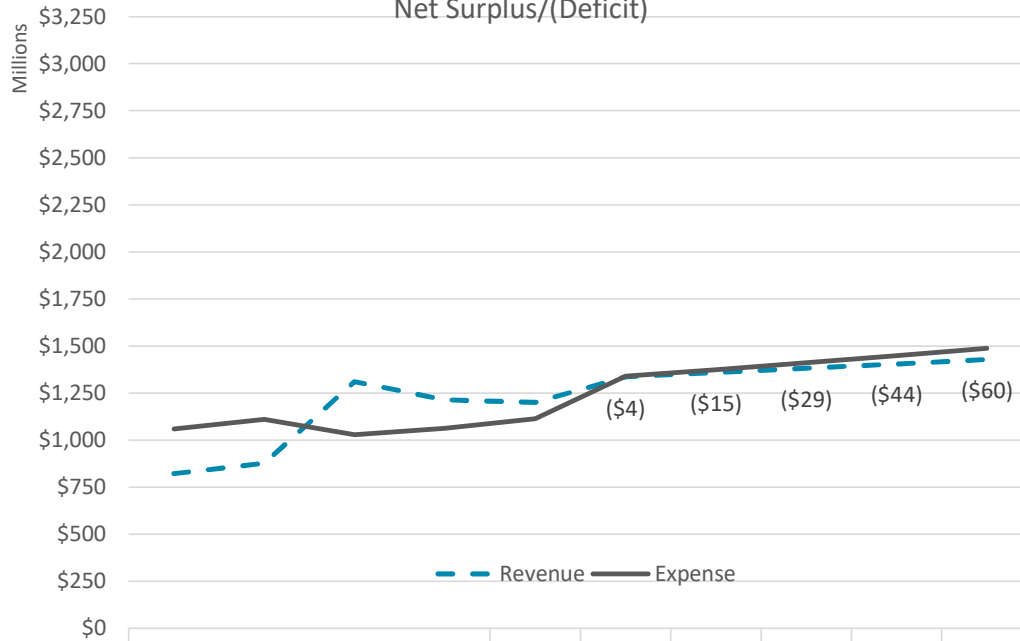
- Revenues are expected to be just short of expenses in the out-year projections
- Property tax allocations to the Health fund are expected to increase by \$10 million annually
- Declines in revenues and expenses in FY23 can be attributed to the reinstatement of redeterminations at Health Plan Services and return to pre-COVID-19 auto assignment levels



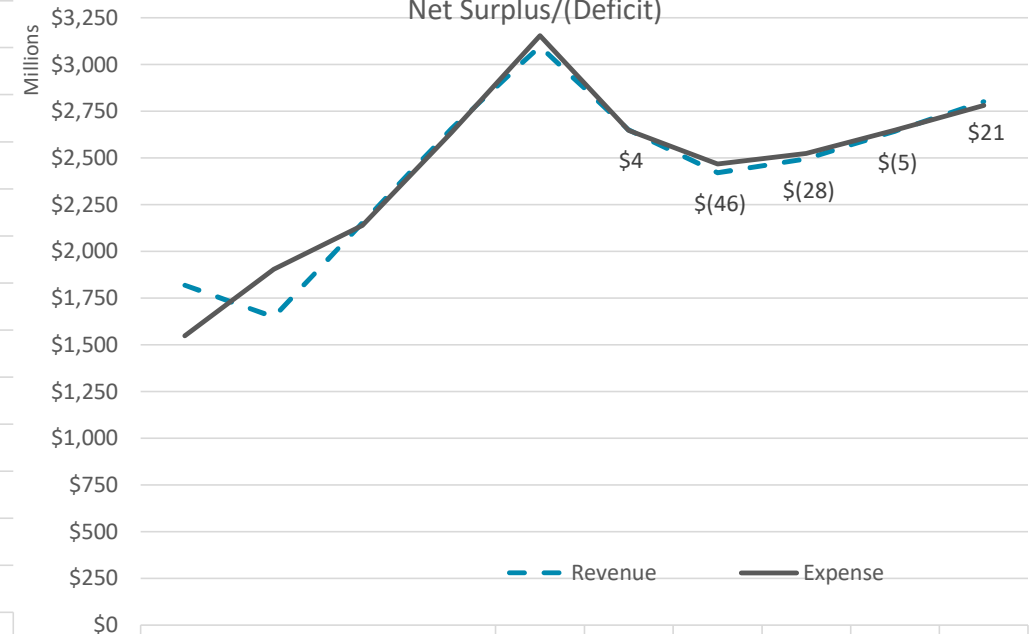
Health Fund

Health Care Services and Health Plan Services

CCH - Health Care Services
Net Surplus/(Deficit)



Health Plan Services (CountyCare)
Net Surplus/(Deficit)



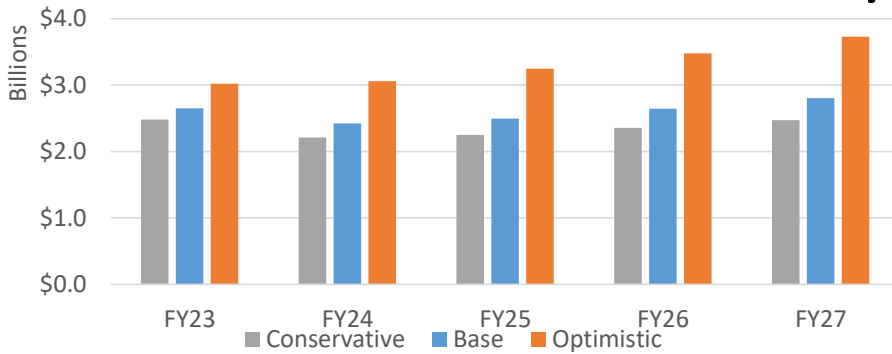
FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
				Prelim	Budget				

FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
				Prelim	Budget			32	



Health Fund CountyCare scenarios

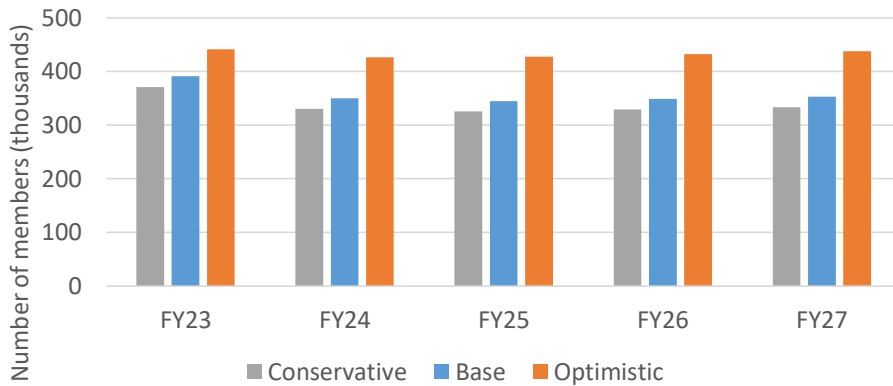
CountyCare Projected Revenues



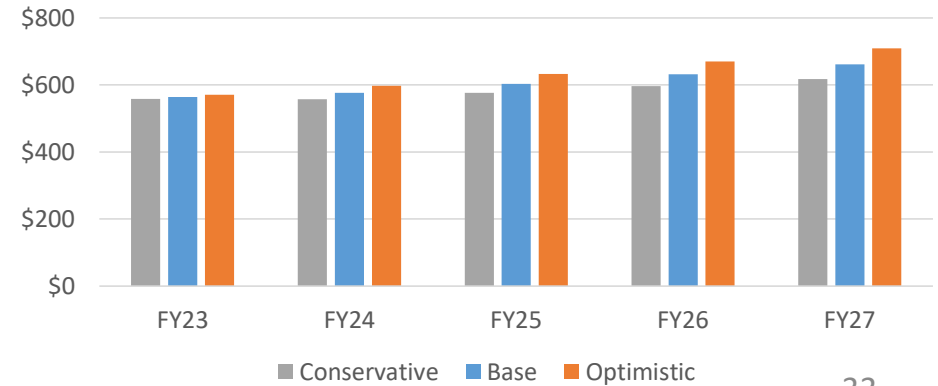
Scenario Assumptions

- Conservative: redetermination will resume and autoenrollment will drop to 35% in 4th quarter 2022
- Baseline: redetermination will resume and autoenrollment will drop to 35% in 1st quarter 2023
- Optimistic: redetermination will resume and autoenrollment will drop to 35% in 2nd quarter 2023

CountyCare Average Monthly Membership Projections



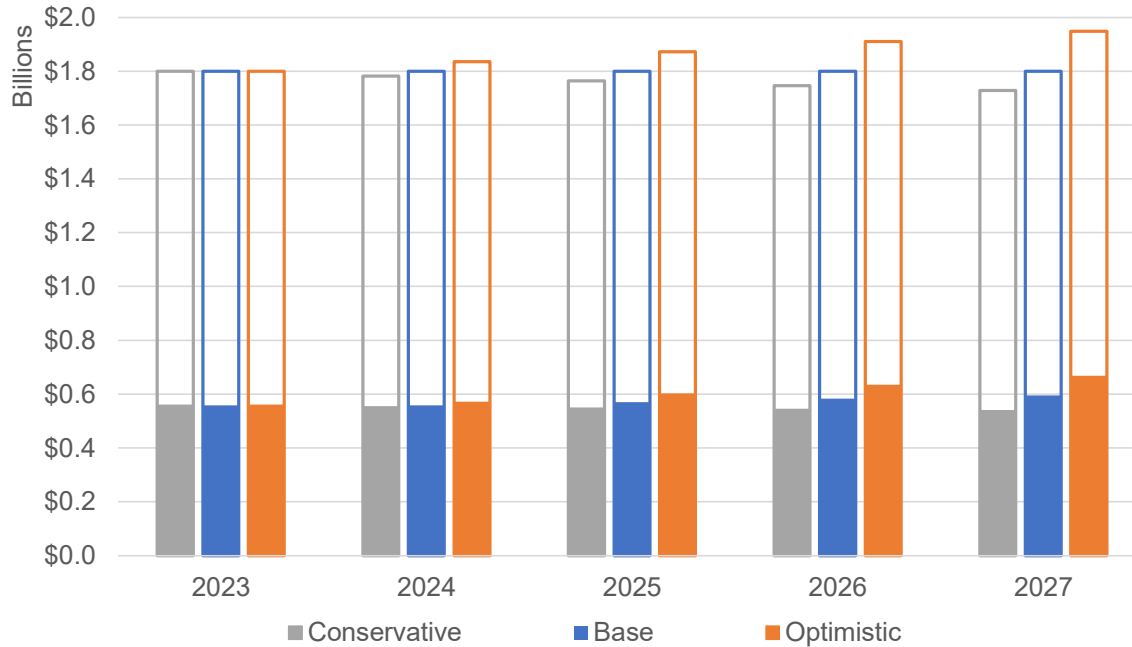
CountyCare Average PMPM revenue





Health Fund NPSR scenarios

Net patient service revenue compared to gross charges, 2023-27



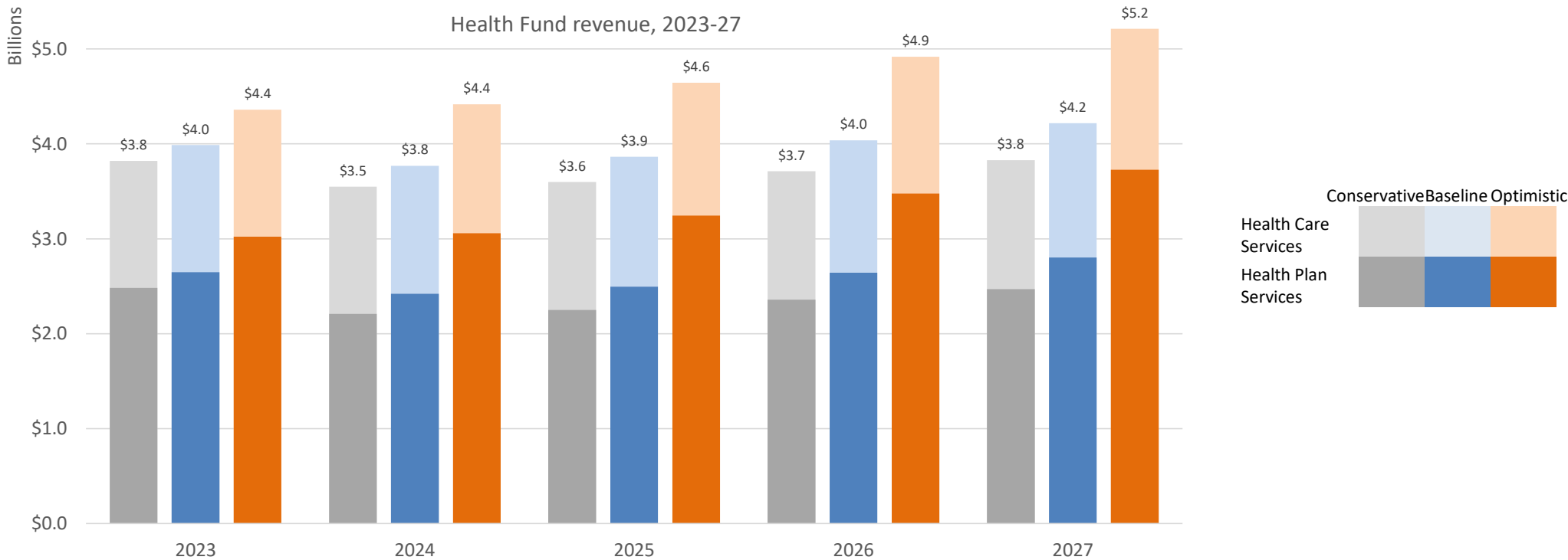
*Estimates of gross charges billed by CCH are represented by the full bar and net patient service revenue estimated to accrue to CCH is represented by the filled in portion of the bar

Scenario Assumptions

- Conservative: volume will decline, fewer people will have Medicaid coverage, and reimbursement rates will fall below inflation
- Baseline: consistent volume, people will maintain current coverage, and reimbursement rates will be consistent with inflation
- Optimistic: that volume and pricing will increase, more self pay will be covered by Medicaid potentially through state expansion, and reimbursement rates will be higher than inflation



Health Fund Revenue scenario results



*Health Care Services revenue includes Net Patient Service Revenue estimates for each scenario, plus other revenues that remain level across each scenario



Next steps



Next steps

October

Su	Mo	Tu	We	Th	Fr	Sa
						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					

- October 6: Executive Budget Recommendation released
- October 20: County Board meeting
- October 27: IRFC quarterly meeting

November

Su	Mo	Tu	We	Th	Fr	Sa
		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			

- November 17: County Board meeting - budget vote

December

Su	Mo	Tu	We	Th	Fr	Sa
				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

- December 15: County Board meeting

January

Su	Mo	Tu	We	Th	Fr	Sa
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				

- January 23: IRFC quarterly meeting



Public comment



Adjournment