

Quarterly Report to the IRFC

January 27, 2021



Toni Preckwinkle
President, Cook County Board of Commissioners

Roll Call

Opening Remarks

Approval of the Minutes from October 30th

Agenda

- **Opening Remarks**
- **Approval of the Minutes**
- **Quarterly Updates**
 - **Principles Advanced and Website updates**
 - **Variance Analysis**
- **Improvements for FY 2022**
- **Public Comment**
- **Adjournment**

Quarterly Updates

Principals of the IRFC - Advanced Since 10/30



Principal	Action Taken
<i>Document Economic and Operational Drivers</i>	<i>Leveraged Tracktherecovery.org to inform the sales tax forecast.</i>
<i>Pursue Consistency in Modeling</i>	<i>Updated online data set to include unaudited tax revenue</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>No significant actions taken on General fund, but will focus on CCH in first and second quarter of this year.</i>
<i>Review Alternative Scenarios</i>	<i>Advanced the Alternative Scenario Analysis in the Annual Appropriation.</i>
<i>Benchmark Forecasts Against Other Jurisdictions</i>	<i>Incorporated into Cannabis and Online sales tax revenue forecasts</i>
<i>Strive for Greater Collaboration</i>	<i>The OCFO continues its commitment to this principal and will focus on the development of a revenue forecasting model developed in coordination with CCH during coming months.</i>

Changes in Forecasts since 10/30

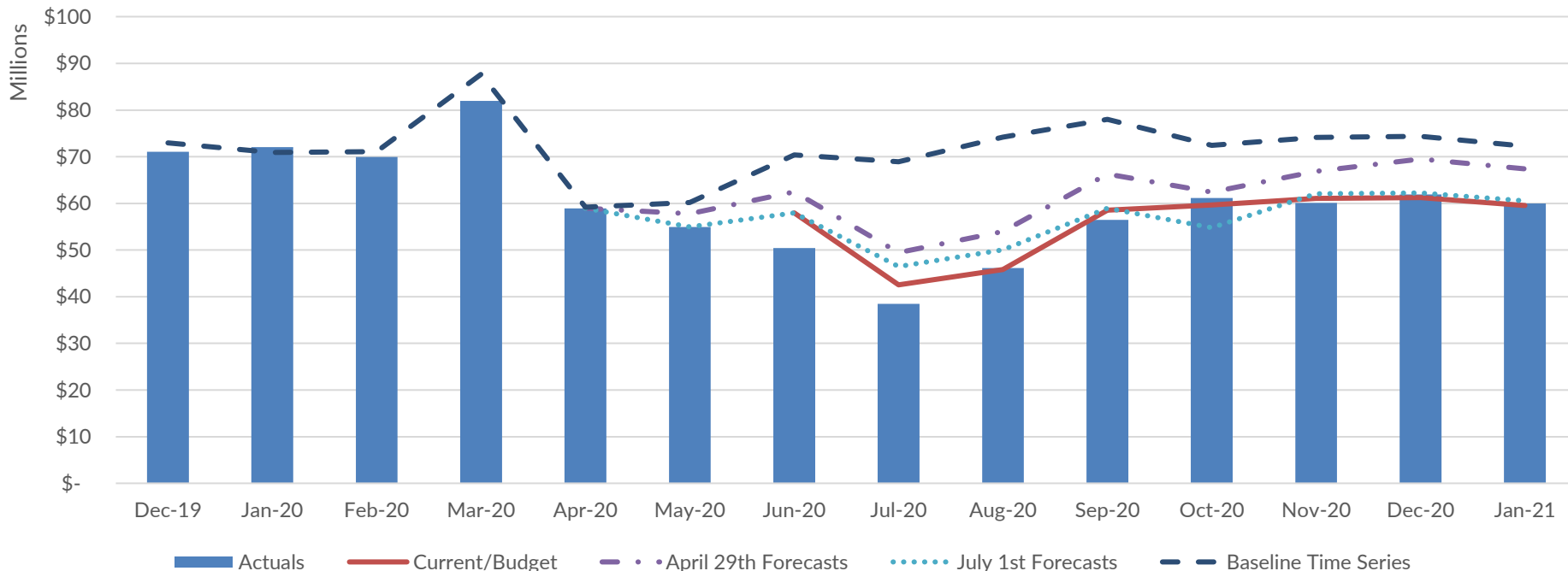


Revenue	Estimate	Budget	Forecast			
	FY20	FY21	FY22	FY23	FY24	FY25
401170-County Use Tax			3,098,000	3,198,000	3,302,000	3,410,000
401390-State Income Tax			(2,225,053)	(2,265,104)	(2,305,876)	(2,347,382)
402100-County Treasurer		10,000,000	10,542,000	11,114,000	11,716,000	12,350,000
402300-Building and Zoning			311,000	316,000	322,000	328,000
403210-Medical Examiner		(575,000)	622,000	336,000	49,000	(237,000)
406010-State of Illinois		2,334,125	2,380,808	2,428,424	2,476,992	2,526,532
407080-Other		(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)
TOTAL VARIANCE		1,759,125	4,728,754	5,127,319	5,560,116	6,030,150



Sales Tax Actuals vs Prior Forecasts

Sales Tax Actuals vs Prior Forecasts



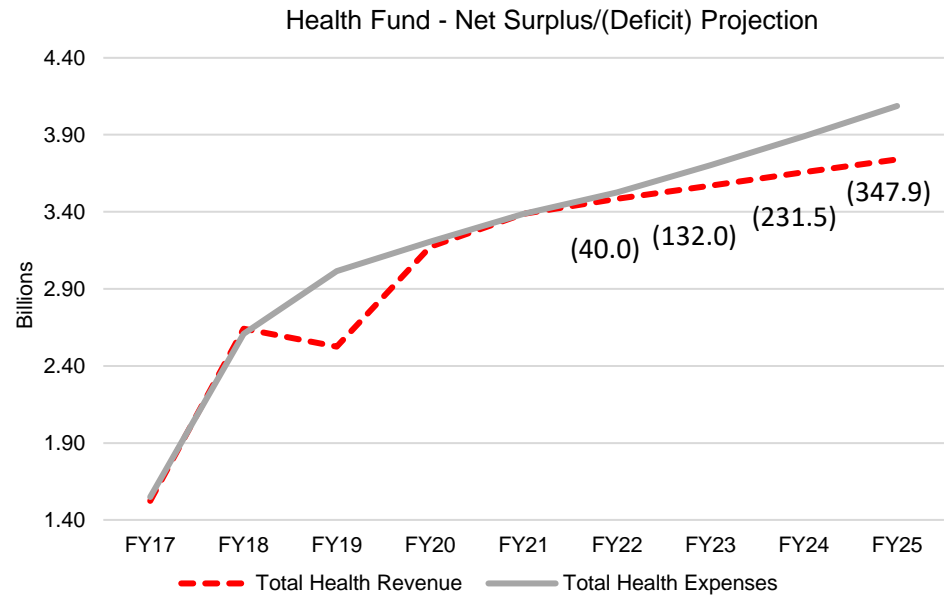
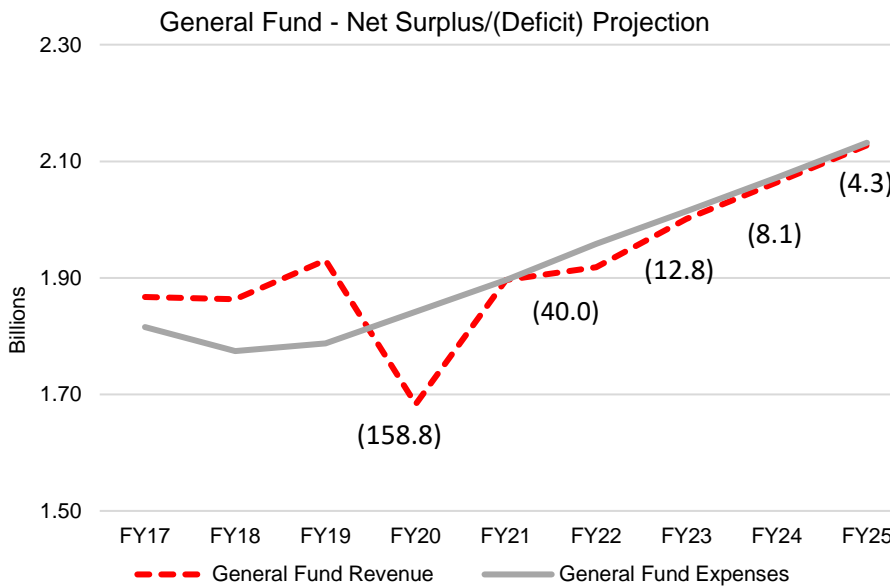
Remittance Date*	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	MAPE
Collection Date	May-20	June-20	July-20	Aug-20	Sep-20	Oct-20	
Actuals	46,160,237	56,464,654	61,177,462	60,080,433	61,922,896	59,972,885	
Baseline Time Series	74,225,224	78,009,614	72,467,535	74,123,334	74,369,676	72,292,853	29.09
April 29th Forecasts	53,960,928	66,271,048	62,408,996	66,886,700	69,497,303	67,396,781	11.59
July 1st Forecasts	50,053,234	58,956,311	54,767,846	62,053,930	62,260,160	60,521,504	4.68
Current Forecast	45,845,385	58,528,593	59,681,865	61,045,527	61,248,406	59,538,003	1.70

Improvements for FY 2021

Long-Term Fiscal Planning



By implementing structural budgetary solutions, the County's five year forecasted deficits continue to shrink, but Health Fund deficits are projected to grow.



Projections based upon data submitted for FY2021 Adopted Budget:

- General Fund projected FY22 deficit: \$40.0 million
- Health Fund projected FY22 deficit: \$40.0 million
- **Total projected deficit FY22: \$80.0 million**

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

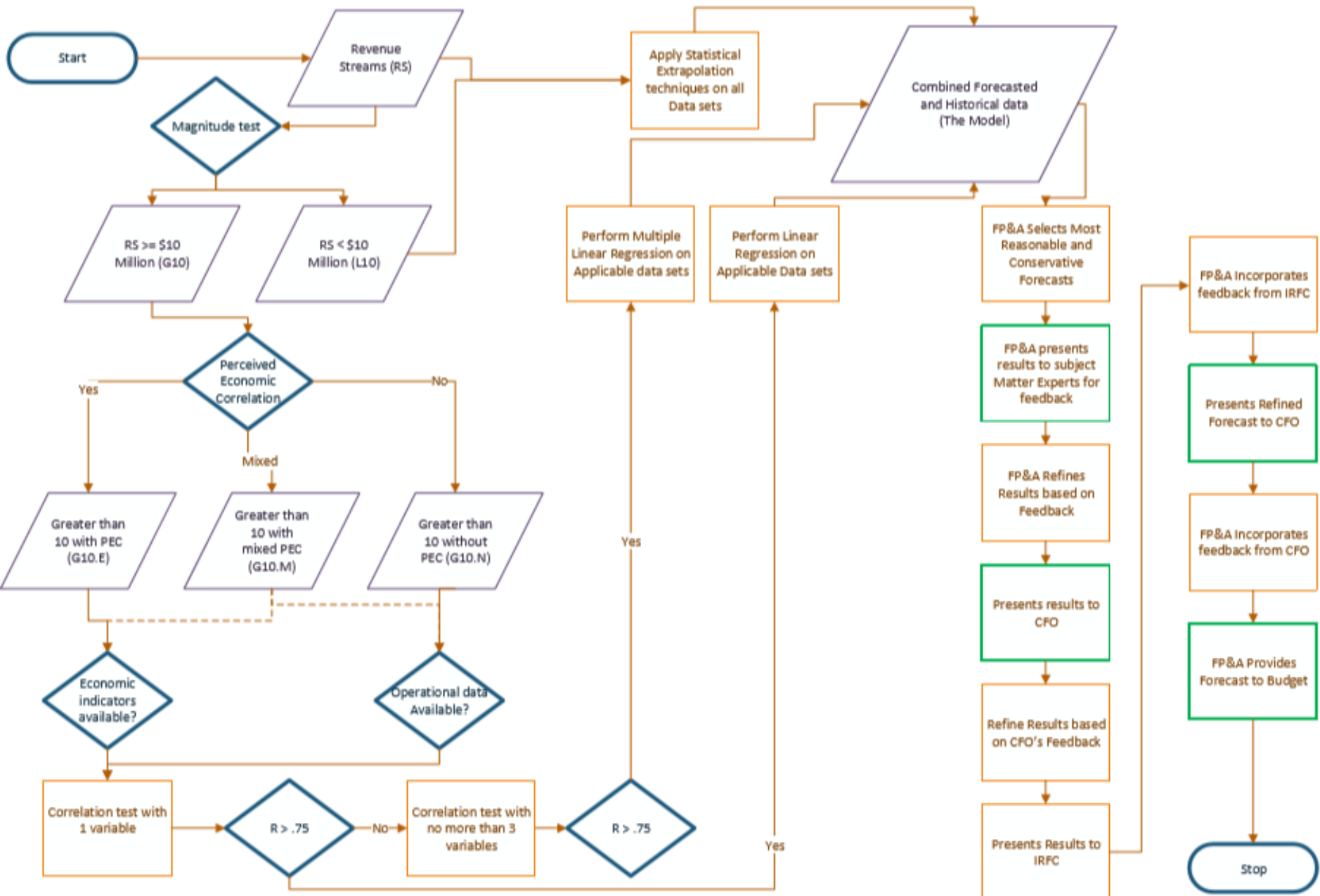
April

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

Revenue Forecasting Process Map

January 25, 2021



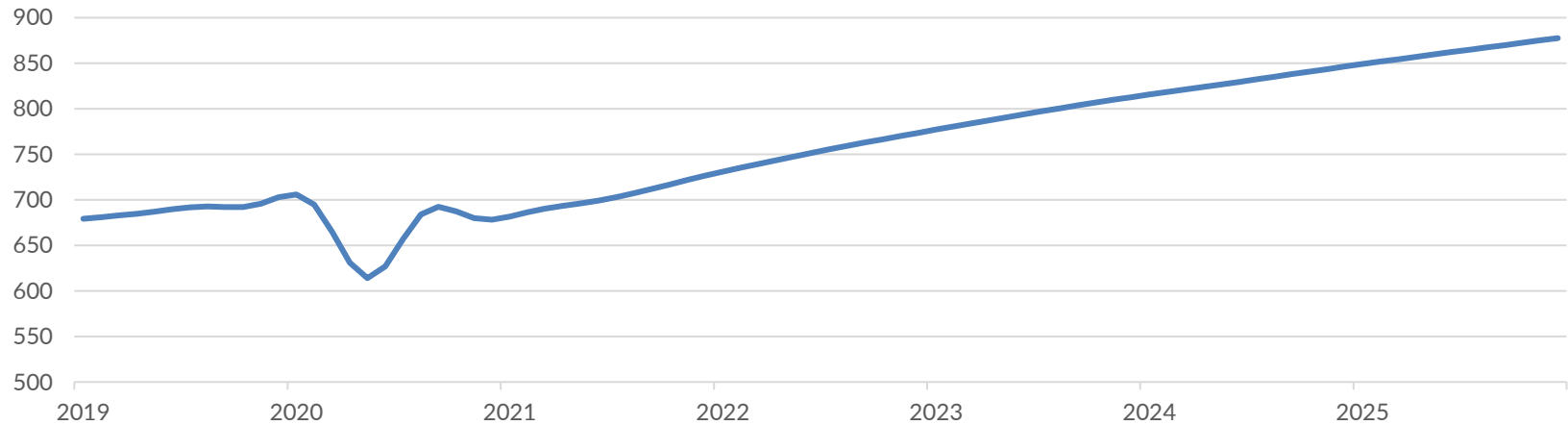
FY 2021 General Fund Improvements



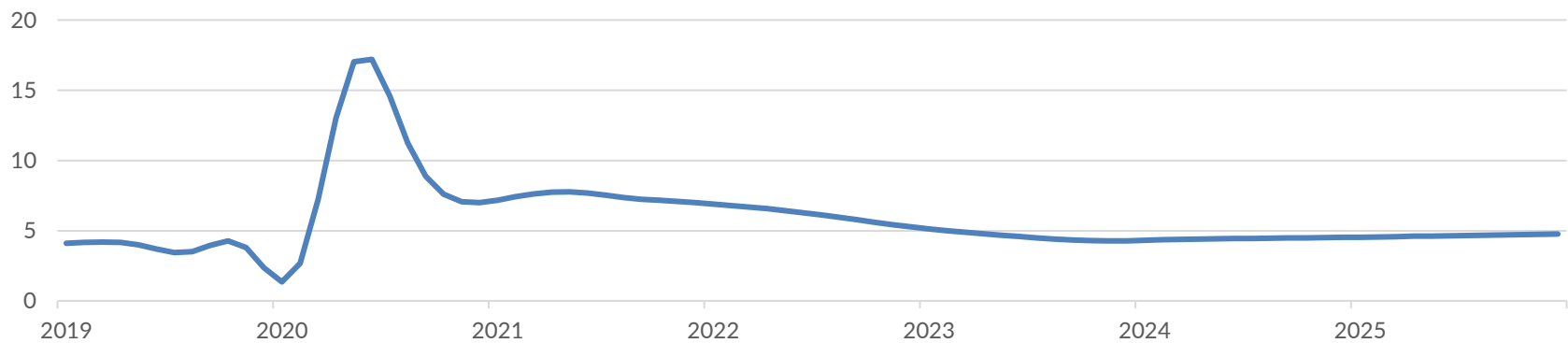
- Continue Advancing the Principles of the IRFC
- Pursue Cross County Consistency in the development of Revenue Forecasts through shared assumptions
- Fine tune quarterly reporting process to include critical economic indicators
- Build on improvements made last year
- Perform additional discovery on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

Long Term Economic Forecasts

Gross Metropolitan Product¹



Unemployment Rate¹



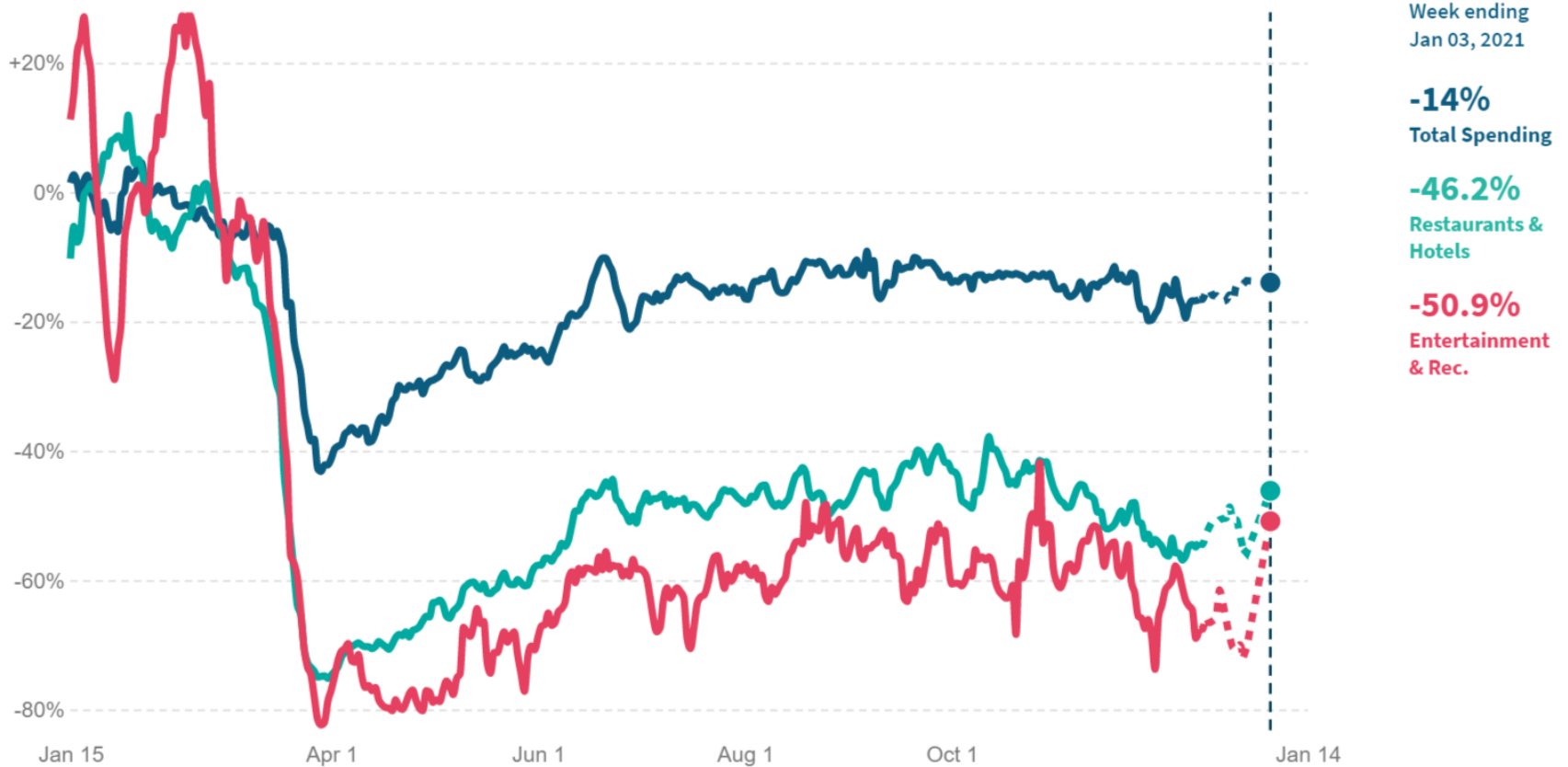
¹ Source: Moody's Analytics, December 2020 Baseline, Chicago-Naperville-Elgin, IL-IN-WI Metropolitan Statistical Area

Local Economic Update



Percent Change in All Consumer Spending*

In **Chicago**, as of **January 03 2021**, total spending by all consumers **decreased** by **14%** compared to January 2020.



*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: **January 13, 2021** next update expected: **January 20, 2021**

Preliminary FY20 Actuals for Covid-19 Impacted General Fund Revenues

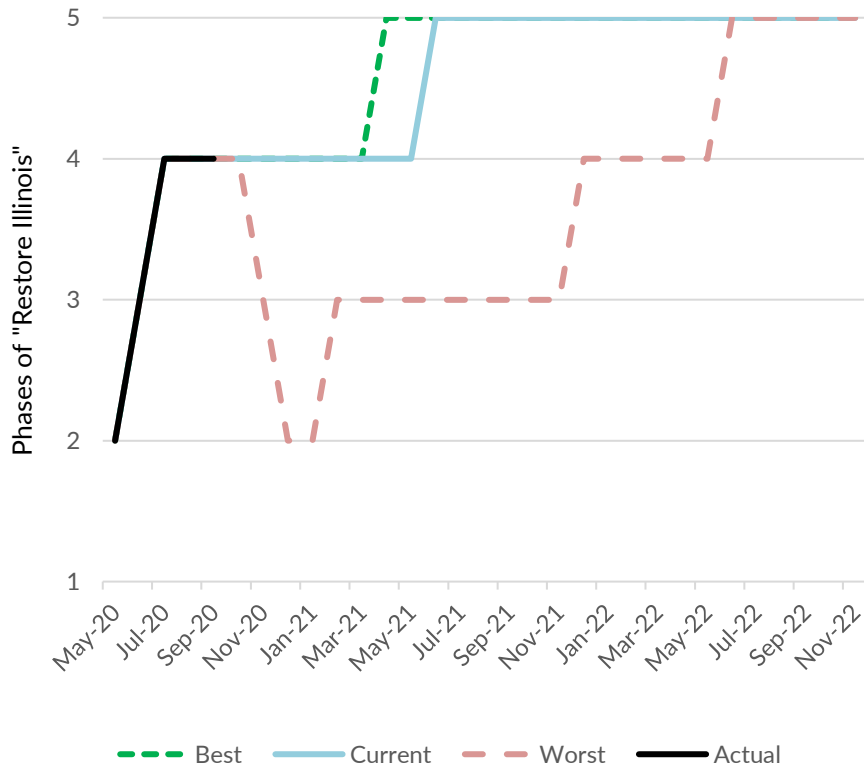
	FY2019	FY2020*	Percent Change
401150-County Sales Tax	\$ 838,744,833	\$ 721,645,078	-14.0%
401130-Non Retailer Trans Use Tax	\$ 16,040,447	\$ 15,369,163	-4.2%
401170-County Use Tax	\$ 85,031,373	\$ 79,265,705	-6.8%
401190-Gasoline / Diesel Tax	\$ 94,964,538	\$ 82,585,421	-13.0%
401210-Alcoholic Beverage Tax	\$ 39,273,162	\$ 35,995,394	-8.3%
401230-New Motor Vehicle Tax	\$ 3,096,318	\$ 2,667,508	-13.8%
401330-II Gaming Des Plaines Casino	\$ 8,755,263	\$ 6,090,033	-30.4%
401350-Amusement Tax	\$ 38,690,207	\$ 12,515,261	-67.7%
401370-Parking Lot and Garage Operation	\$ 50,497,189	\$ 30,295,769	-40.0%
401390-State Income Tax	\$ 14,462,251	\$ 15,584,248	7.8%
401470-General Sales Tax	\$ 3,232,576	\$ 2,772,289	-14.2%
401490-Firearms Tax	\$ 1,227,123	\$ 1,844,154	50.3%
401530-Gambling Machine Tax	\$ 2,639,200	\$ 2,705,700	2.5%
401550-Hotel Accommodations Tax	\$ 35,556,064	\$ 12,183,588	-65.7%
402548-Clerk of the Circuit Court Fees	\$ 74,623,675	\$ 68,179,064	-8.6%
402950-Sheriff General Fees	\$ 18,111,478	\$ 10,790,698	-40.4%
Sum of Impacted Revenues	\$ 1,324,945,695	\$ 1,100,489,072	-16.9%
Non-Impacted Revenues	\$ 605,275,832	\$ 637,263,385	5.3%
TOTAL	\$ 1,930,221,528	\$ 1,737,752,457	-10.0%

* FY2020 actuals are still preliminary results and subject to change

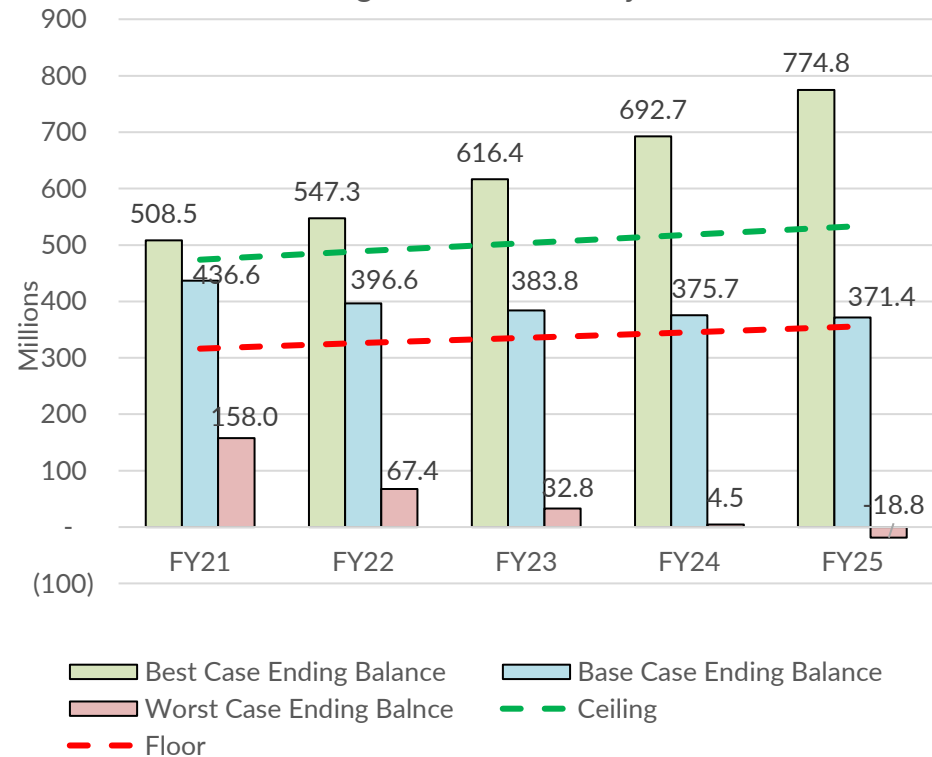
Build Upon Prior Year Improvements



Alternative Scenarios



Ending Fund Balance Projection



- How should we adjust alternative scenarios in FY 2021 to take into consideration changes in consumer behavior observed in the previous slide?
- What constitutes reasonable alternative scenarios for movement through the Governors new Mitigation efforts and roll out of vaccine?
- What other alternative scenarios should we consider and how should we operationalize it?

* Further details available in Volume I pp. (11 and 27) of Annual Appropriation FY 2021

Next steps

Public Comment

Adjournment