



COOK COUNTY
BUREAU OF

FINANCE









Independent Revenue Forecasting Commission

Quarterly Meeting

October 30, 2024



Agenda

-  Roll call
-  Approval of minutes
-  Opening remarks
-  Quarterly updates
-  Executive budget recommendation
-  Long-term forecast
-  Next steps
-  Public comment



Quarterly updates





Principles of the IRFC

Principle	Action Taken
Document economic and operational drivers	Tracked economic indicators
Pursue consistency in modeling	Utilized consistent methods for revenue forecasting, including alternative revenue scenarios
Systematically track monthly operational and revenue data	Continued to analyze monthly revenues and expenses
Catalogue historical rates and policies	Began revisions to tax history
Review alternative scenarios	Considering technical improvements to General Fund scenario modeling
Benchmark forecasts against other jurisdictions	Received information from IDOR
Strive for greater collaboration	Conducted biweekly meetings with Cook County Health staff



IRFC deliverables

Deliverables – FY2023	Progress
Methodological report and tax history document	Published updated methodology report with new sections; working on tax history document updates

Deliverables – FY2024	Progress
Sales tax methodology	Revised assumptions for the phase in of remote sales; communications with IDOR
CountyCare methodology	Will begin project in FY2025
ARPA sustainability analysis	Findings from public engagement are being assessed



ARPA Sustainability Plan

Preliminary ARPA Sustainability Plan

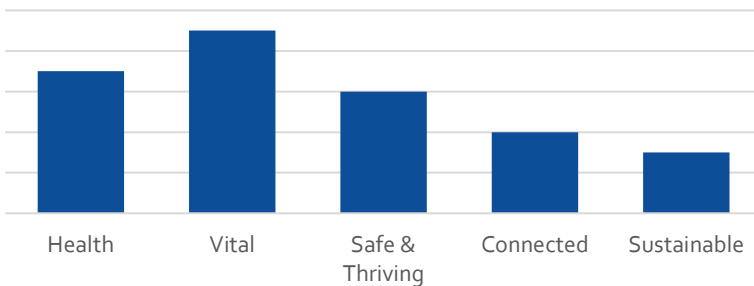


Community Survey & Hyperlocal Conversations



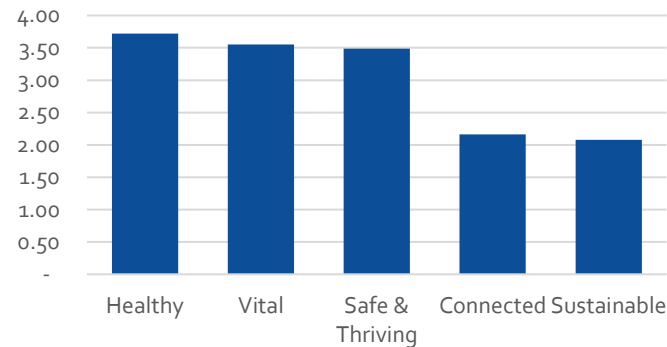
Ongoing Evaluation and Finalization of the ARPA Sustainability

Proposed Initiatives to Continue by Pillar



County preliminary identification of proposed initiatives to sustain.

Preliminary Results



Approx. 1,300 responses were collected. Health & wellness scored highest in importance, closely followed by economic development and safety & justice.

Incorporate feedback from Community Surveys and Hyperlocal Conversations to finalize program selection.

Monitor programs for spend and impact.

Continue efforts to identify alternative sources of funding.

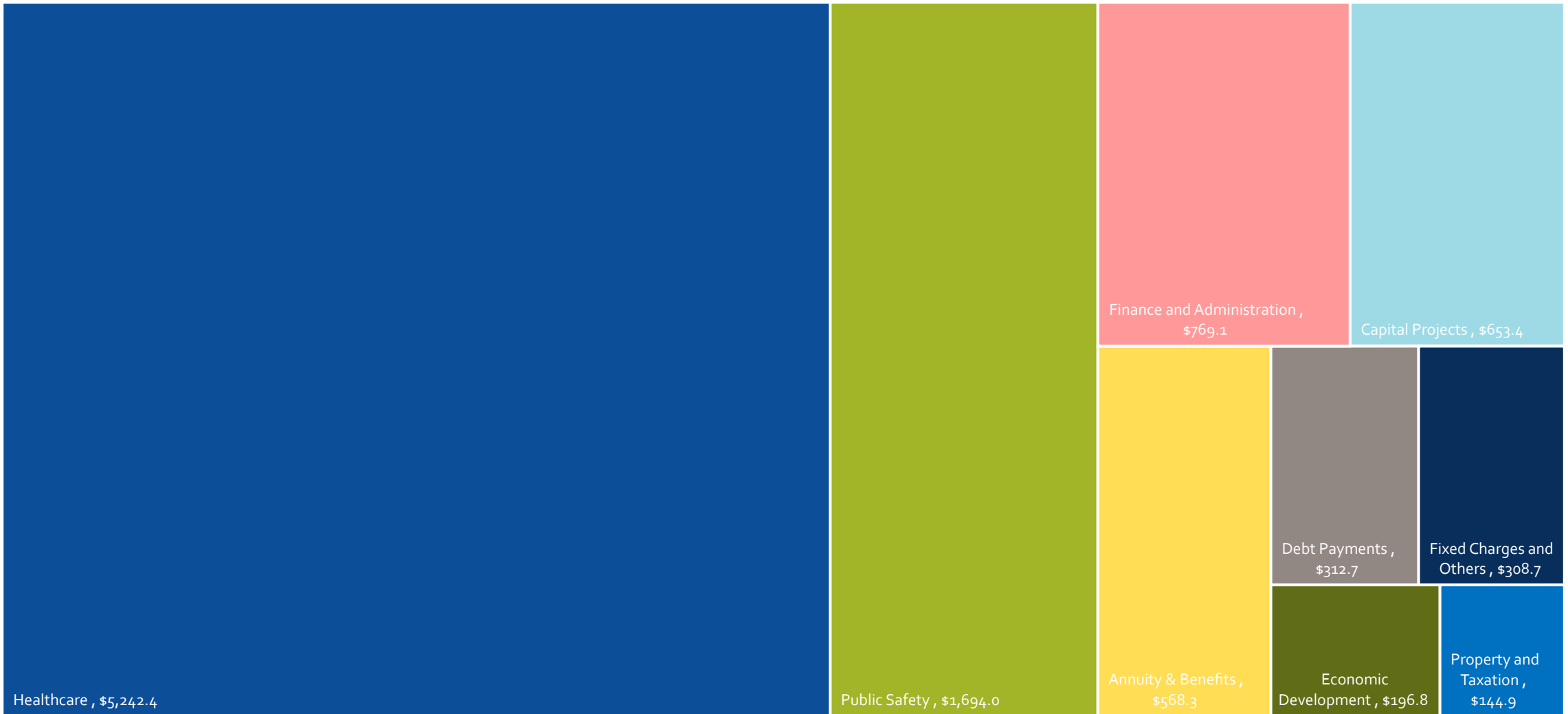


Executive budget recommendation





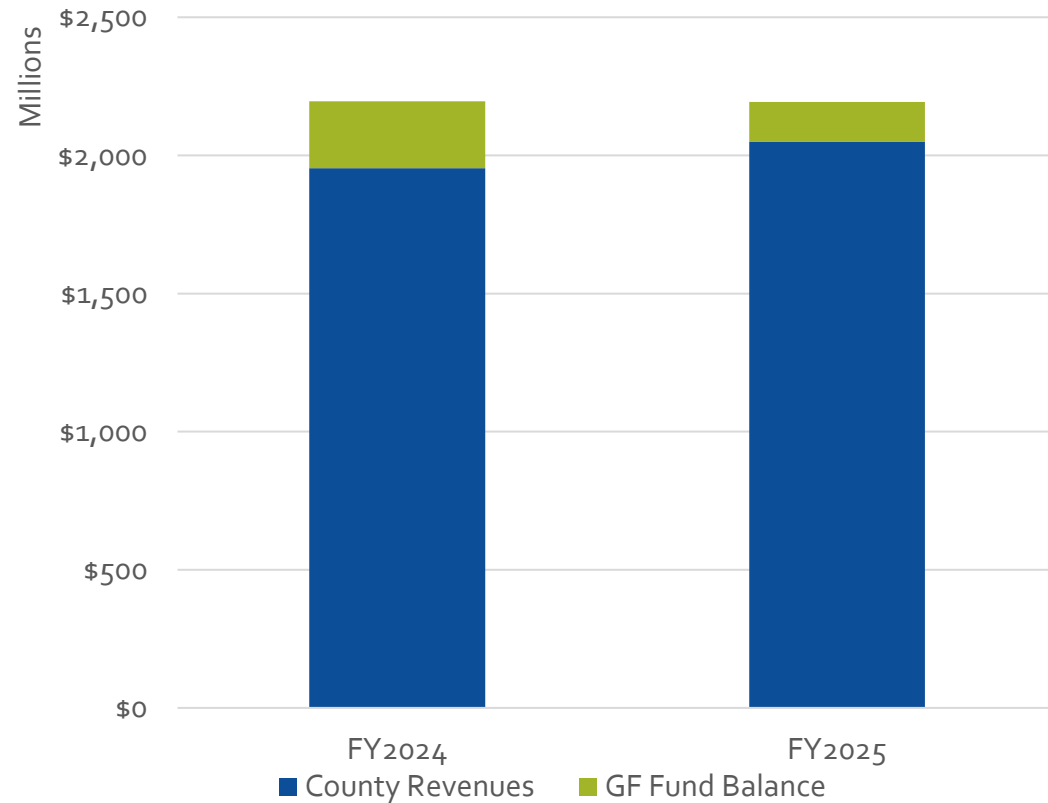
\$9.89 billion Budget by Program Area



Healthcare operating budget accounts for 53% of the total budget.



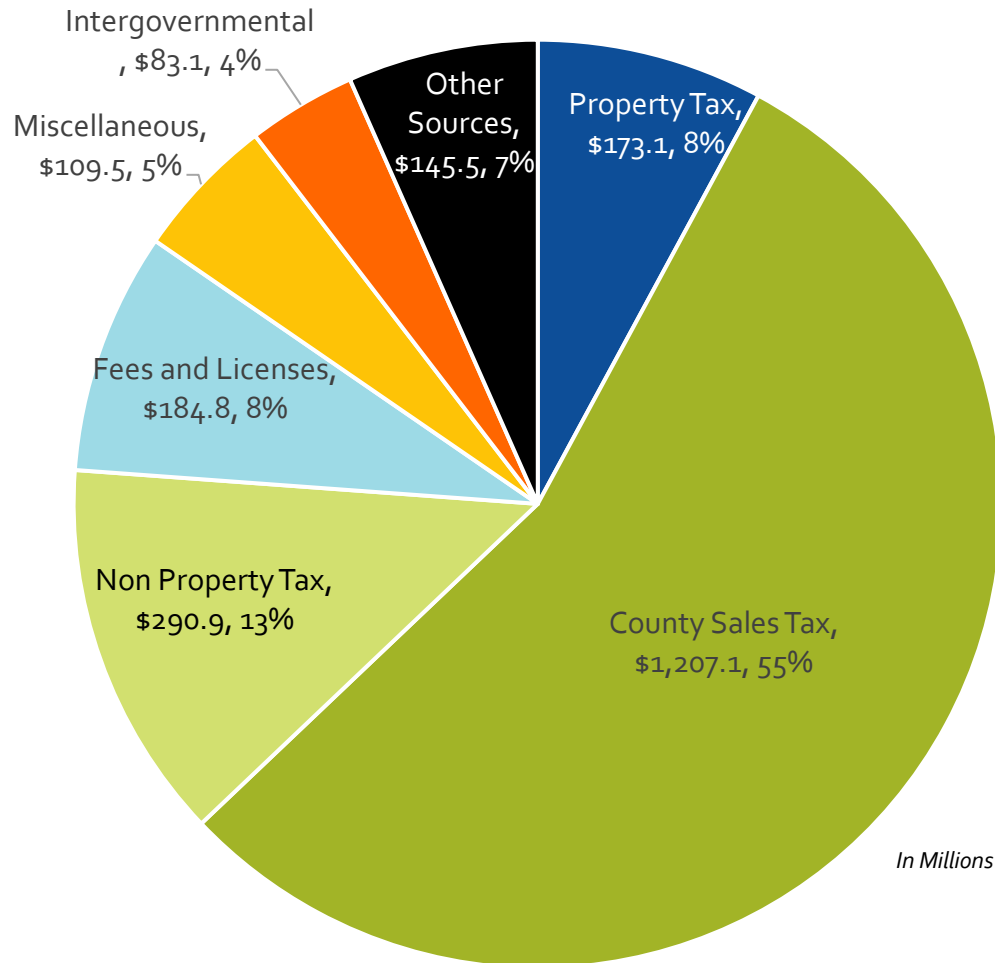
General Fund Overview



- FY2025 Proposed General Fund Budget is \$2.19 billion
- General Fund revenues are anticipated to grow by \$95 million, excluding fund transfers



General Fund Revenue - \$2.19B

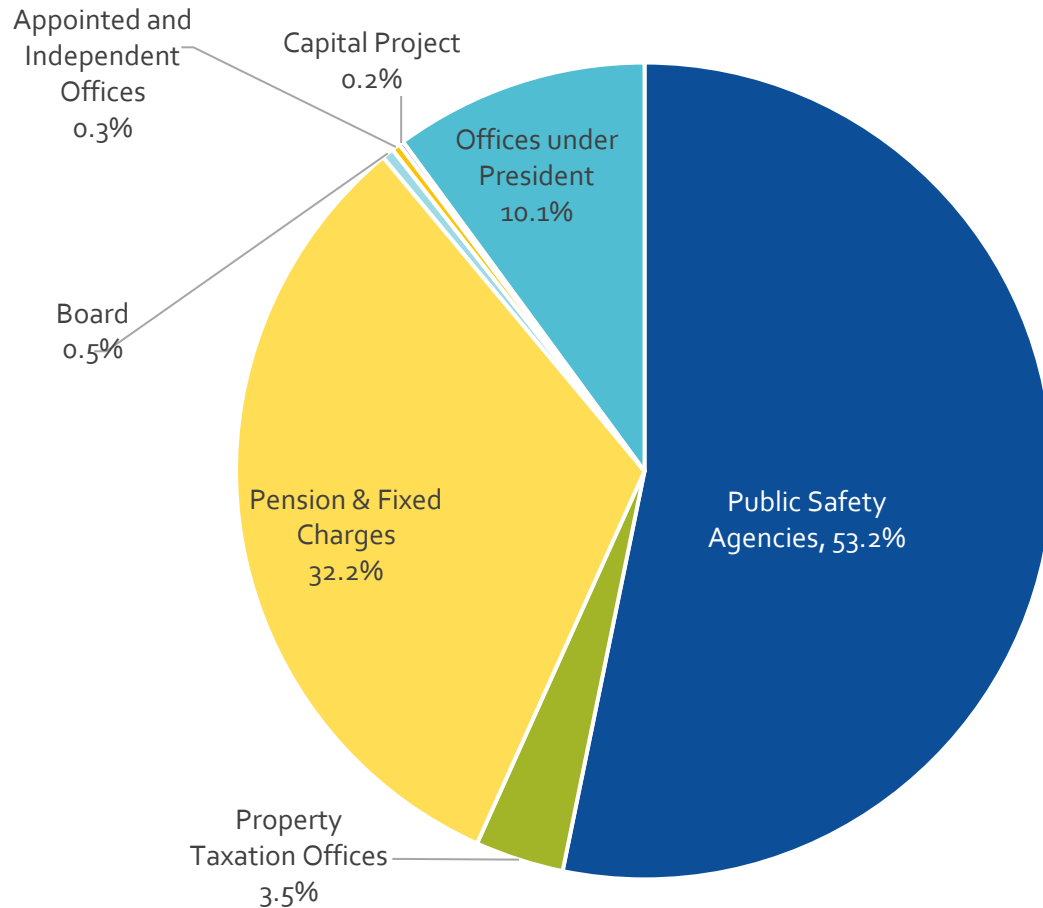


- General Fund base revenues are expected to grow by \$95M or 5% compared to FY2024
- County Sales Tax accounts for 55% of GF revenues.
- Personal Property Replacement Tax (PPRT) is expected to decline due to a lower proportion of business income tax allocated toward the PPRT



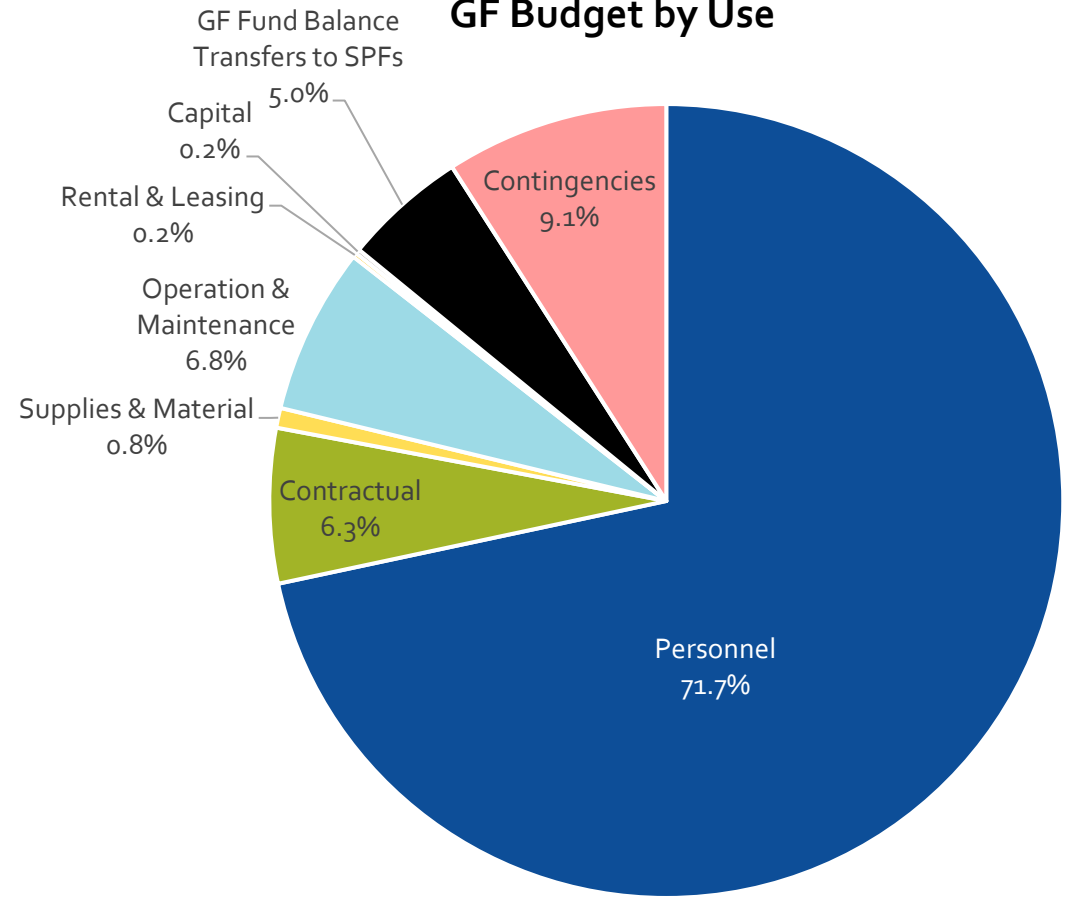
General Fund Expenses- \$2.19B

GF Expense by Portfolio



Public Safety accounts for a half of General Fund expenditures.

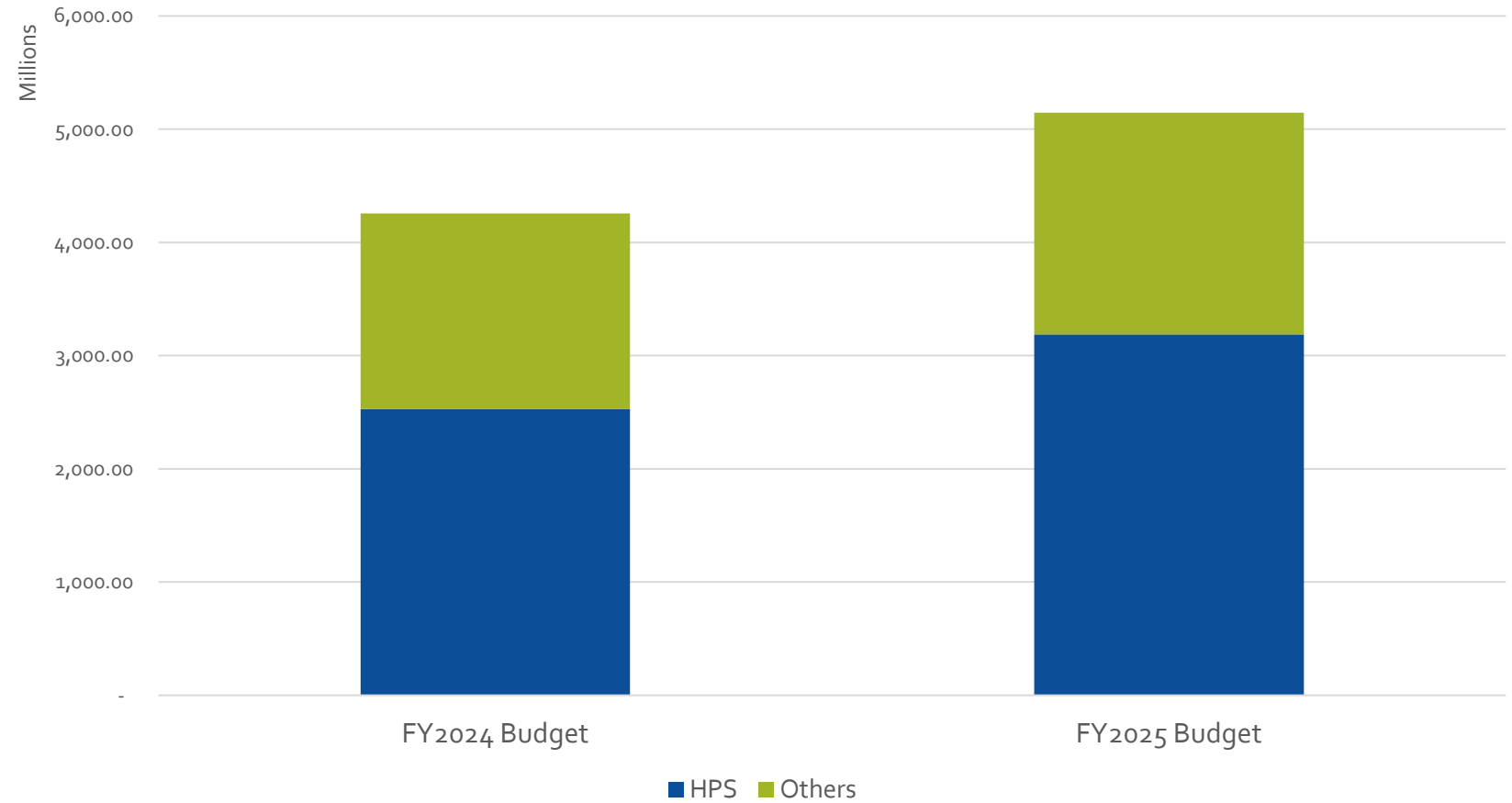
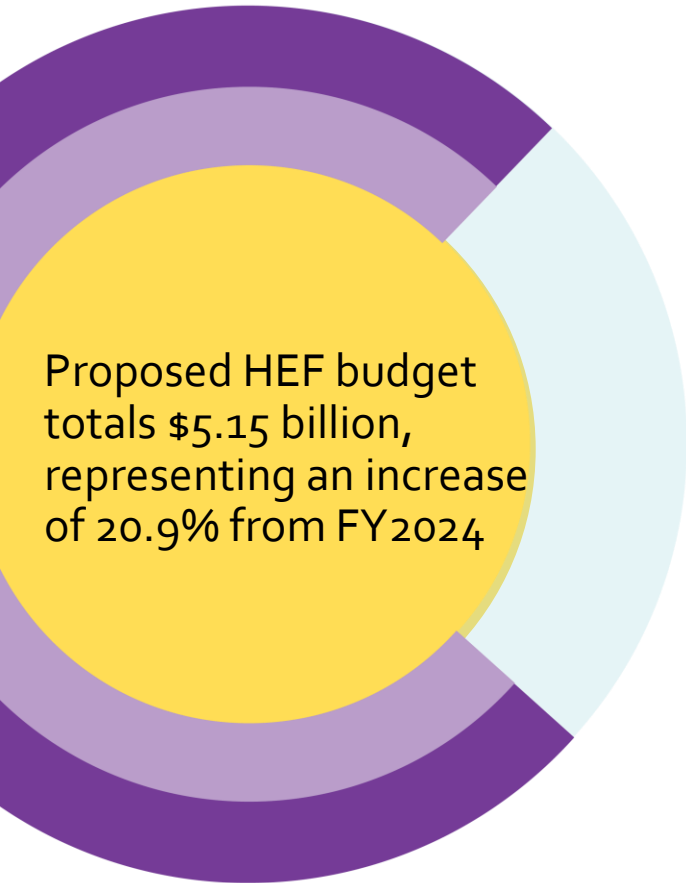
GF Budget by Use



Personnel services remain the cost driver of GF expenditures.



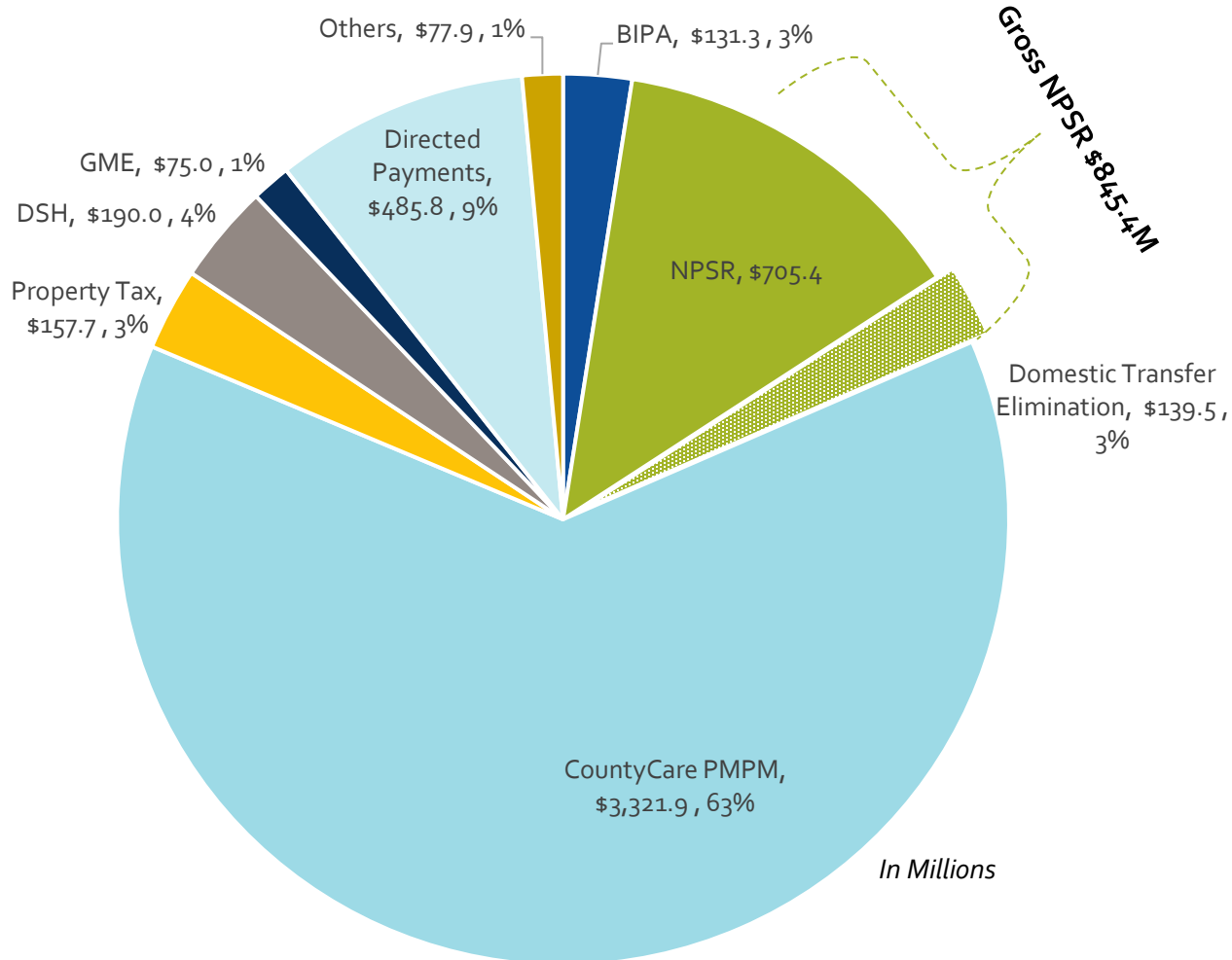
Health Enterprise Fund Overview





Health Enterprise Fund Revenue - \$5.15B

HEF Revenue by Use

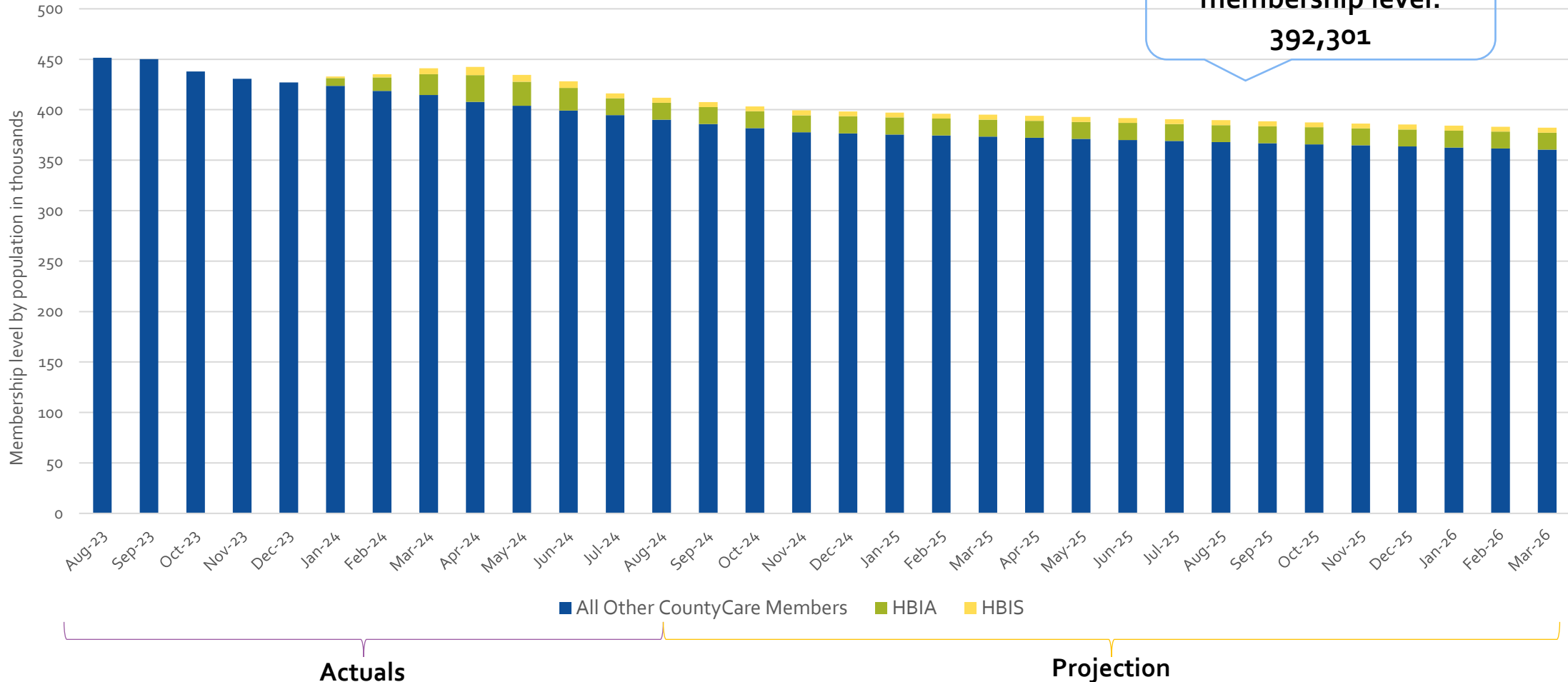


- Cook County allocates property tax revenue to CCH to support correctional health and public health.
- County Care PMPM revenues account for 63% of HEF revenue estimates, \$683M higher than FY2024 budget.
 - PMPM memberships are expected to be higher than in the FY2024 adopted budget
- Net Patient Service Revenue (NPSR) accounts for \$706M of the HEF revenues.



Health Enterprise Fund: CountyCare membership

FY2025 budgeted membership level:
392,301

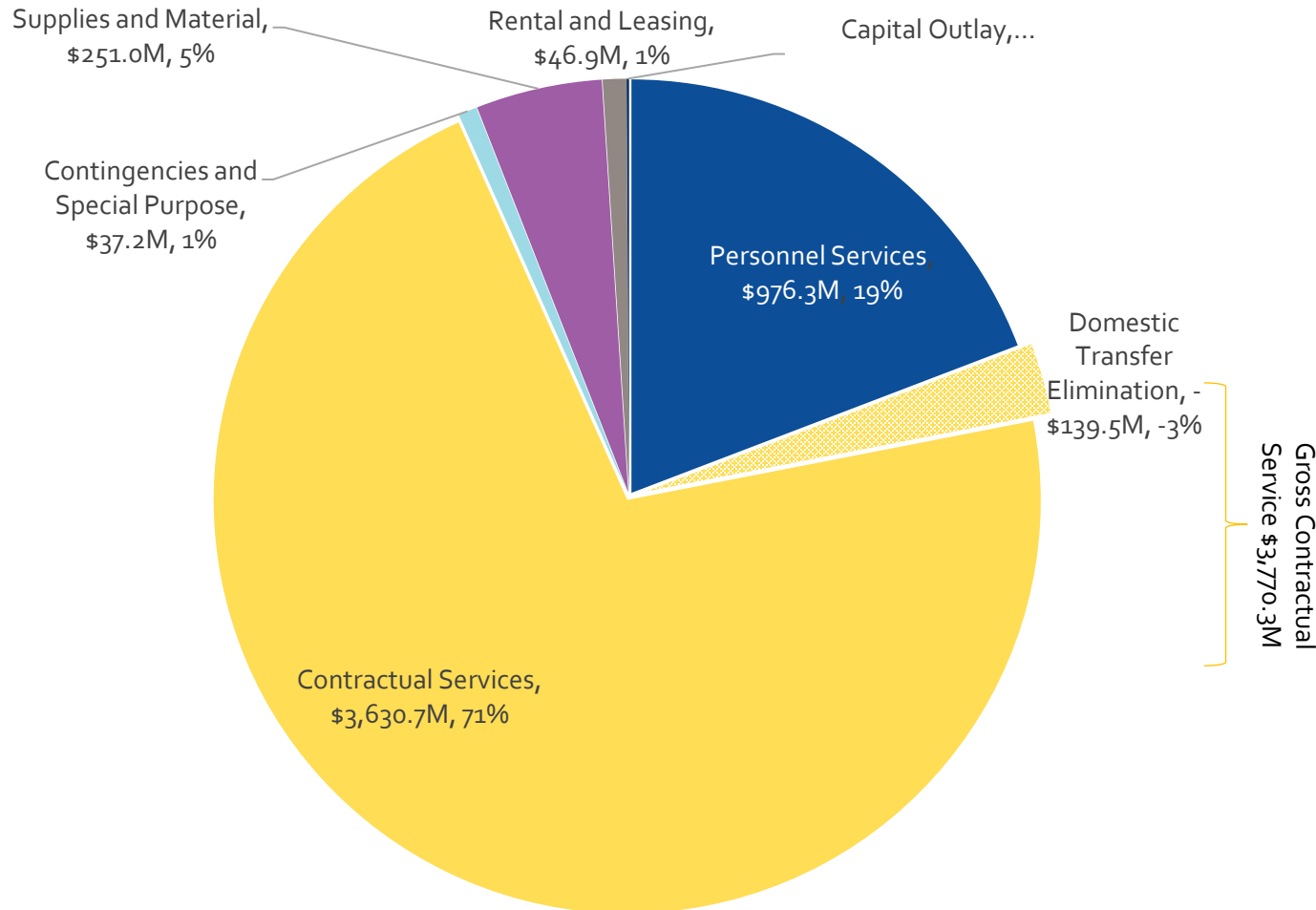


FY2024 Actuals PMPM membership level exceeded the budgeted membership level due to the new immigrant adults and senior population as well as HPS strategic efforts to retain members. Membership level will decline due to the re-determination process but reimbursement rate increases are expected to drive a net increase in PMPM revenues.



Health Enterprise Fund Expense

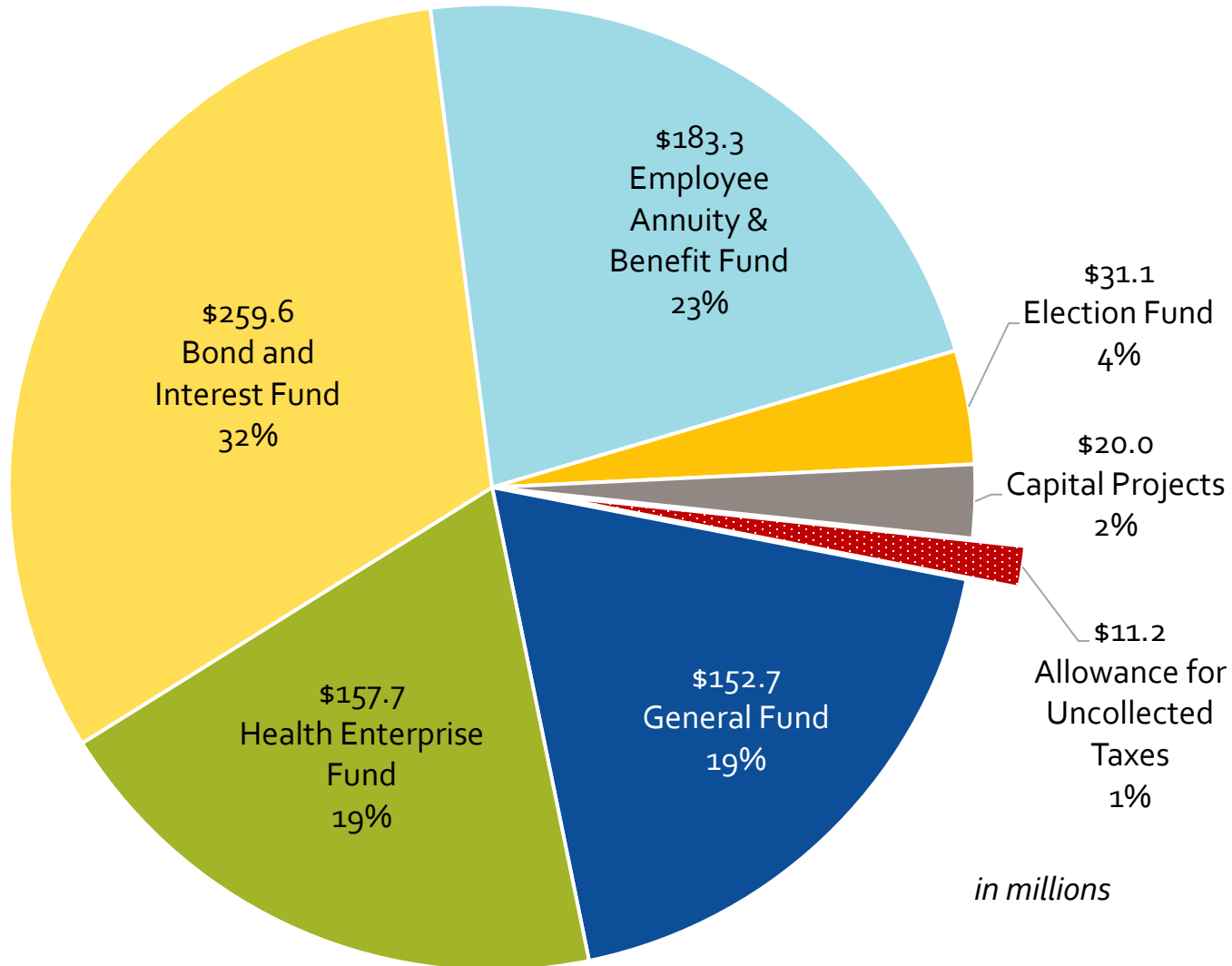
HEF Expenses by Expense Type



- 73% of the HEF budget supports contractual services such as CountyCare claims and contractual labor
- Cost driver of FY2025 expense budget is an anticipated increase in Managed Care claim expenses due to the membership level and increase in charge.



Property tax levy

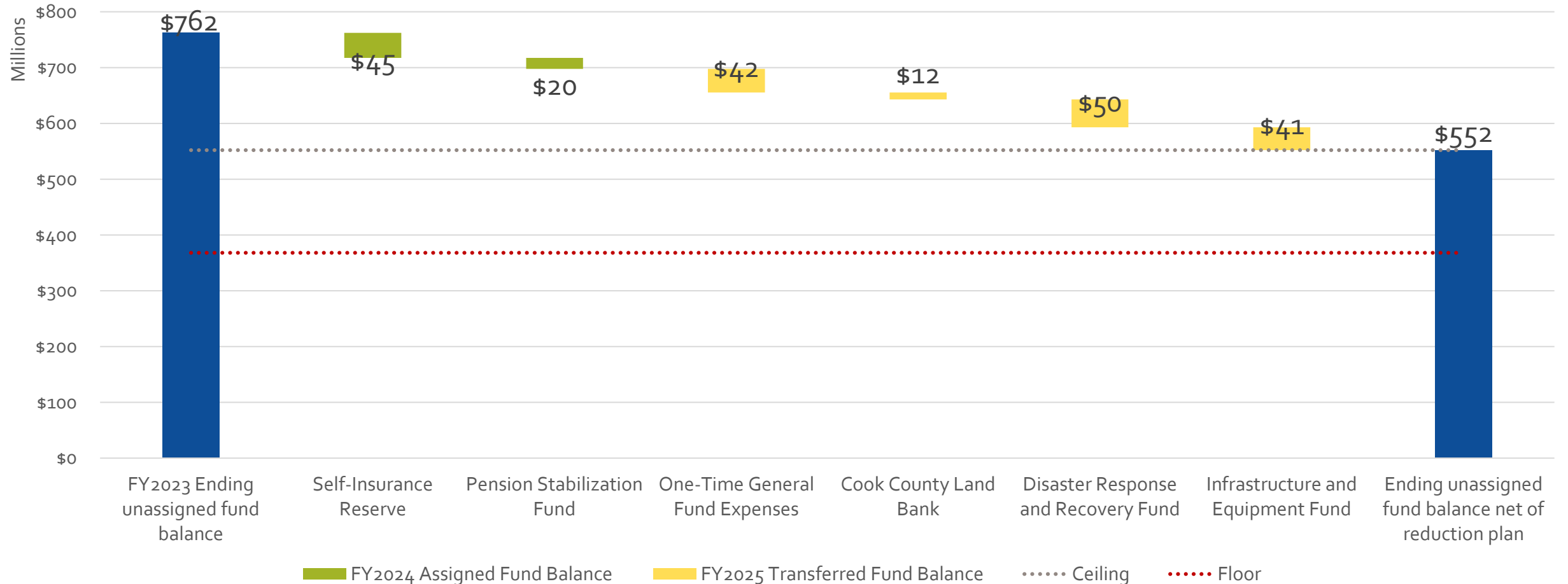


in millions

- For FY2025, the County proposes to levy \$815.6 million in property taxes
- Of this, \$804.4 million is appropriated across General, Health, and Special Purpose Funds.
- The remaining \$11.2 million is an allowance for uncollected property taxes.



Fund balance plan





General Fund long-term forecast

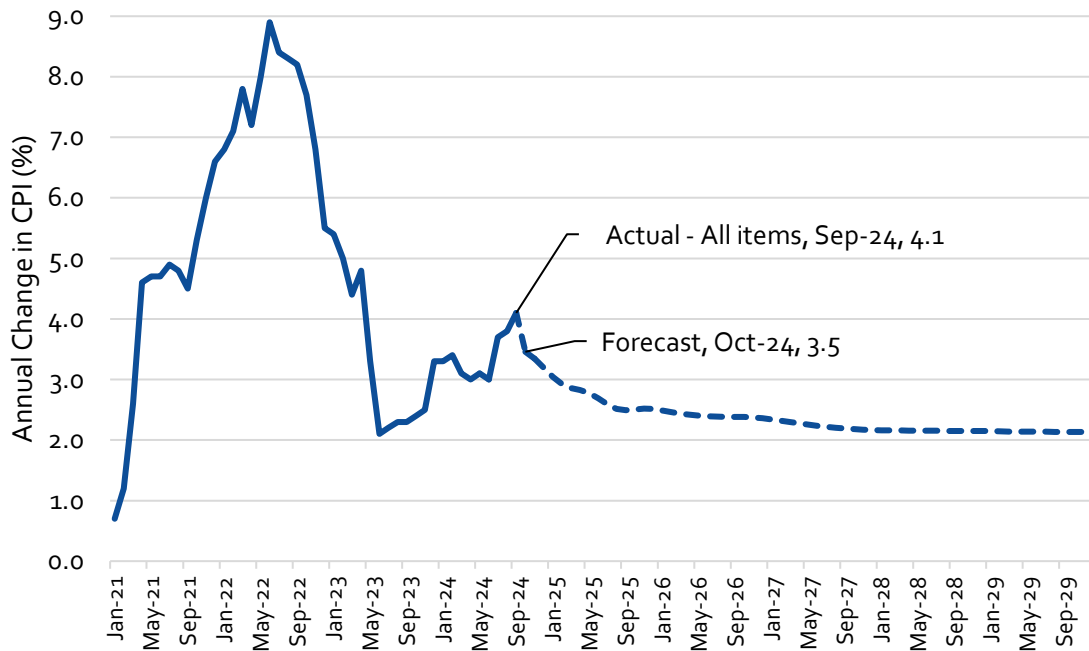




Economic update

Inflation has been higher in recent months but is expected to continue its downward trend to the Fed's 2% target rate

Year over year percent change in Consumer Price Index, Chicago MSA, actual and forecasted, 2021-29



Sources: U.S. BLS, September 2024; Moody's Analytics, September 2024

U.S. economic growth is projected to slow in 2025 as the economy continues to face elevated interest rates from the Fed's efforts to bring down inflation.

U.S. Real GDP forecasts

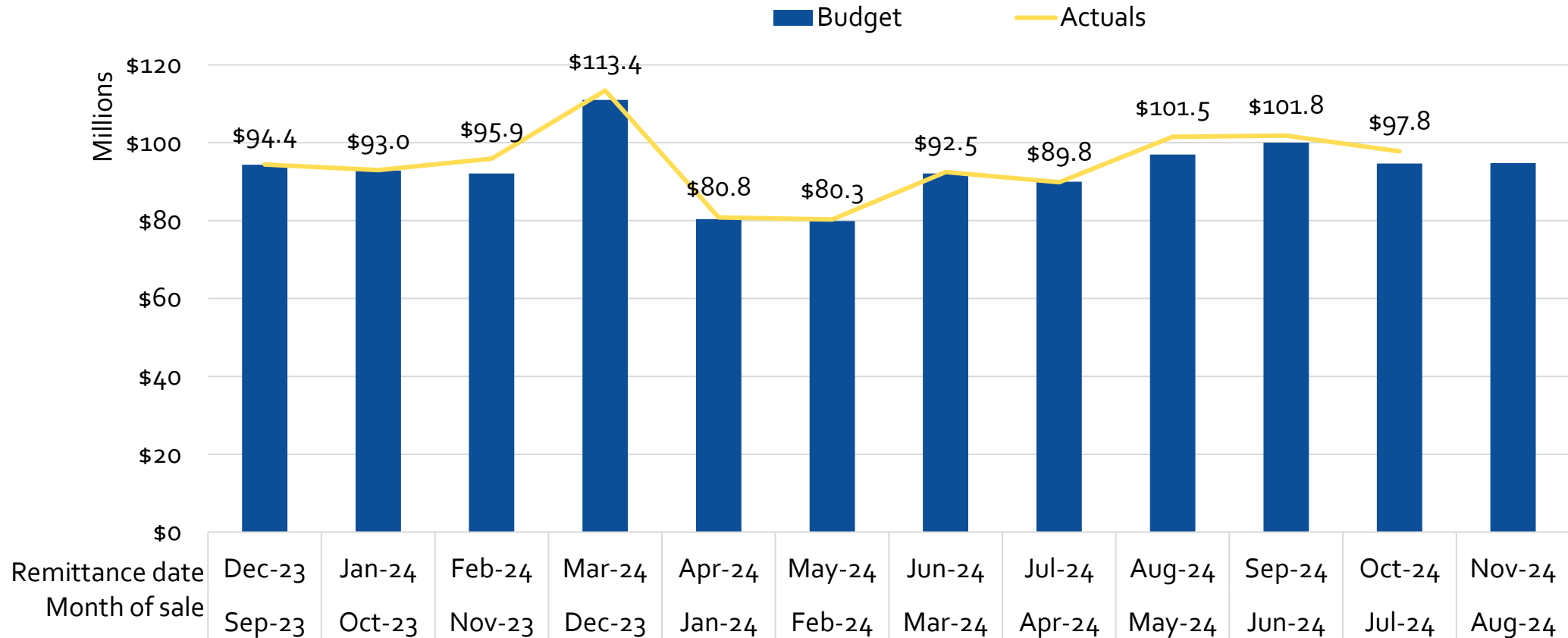
Year	Federal Reserve*	Wall Street Journal*	Moody's^	Survey of Professional Forecasters^
2024	2.0%	2.2%	2.7%	2.6%
2025	2.0%	1.9%	2.3%	1.9%
2026	2.0%	2.1%	2.1%	2.3%
2027	2.0%	2.1%	2.1%	2.0%

* Q4/Q4
^ Annual avg

Sources: Federal Open Market Committee, September 2024; Moody's Analytics, October 2024; Survey of Professional Forecasters, August 2024; Wall Street Journal Economic Forecasting Survey, October 2024



FY2024 sales tax revenue compared to forecast



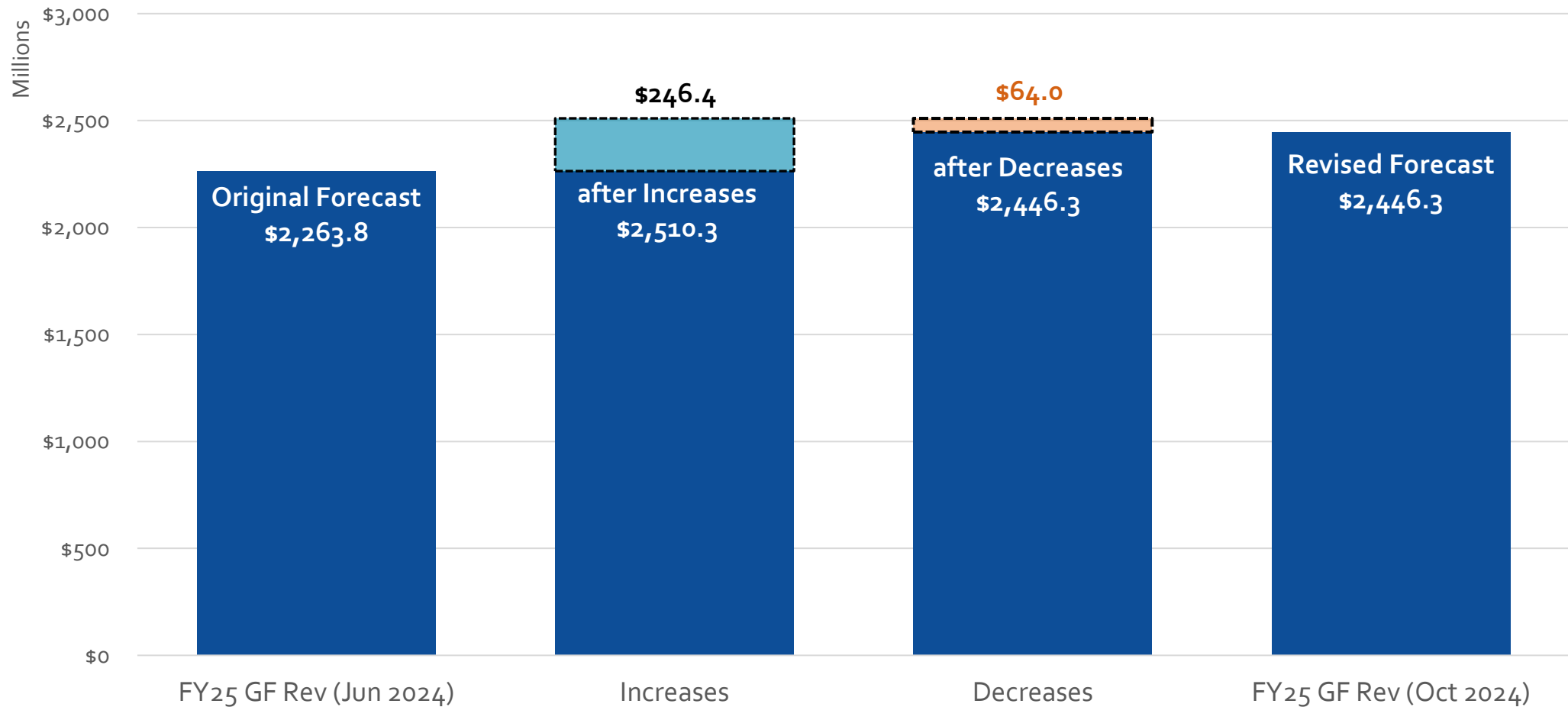
Note: Amounts displayed along line are Actuals

- Year-to-date actual vs. year-to-date budget = 1.7%



General Fund forecast

Changes from June 2024 forecast



Note: Includes Transportation Related Home Rule Taxes Fund revenues



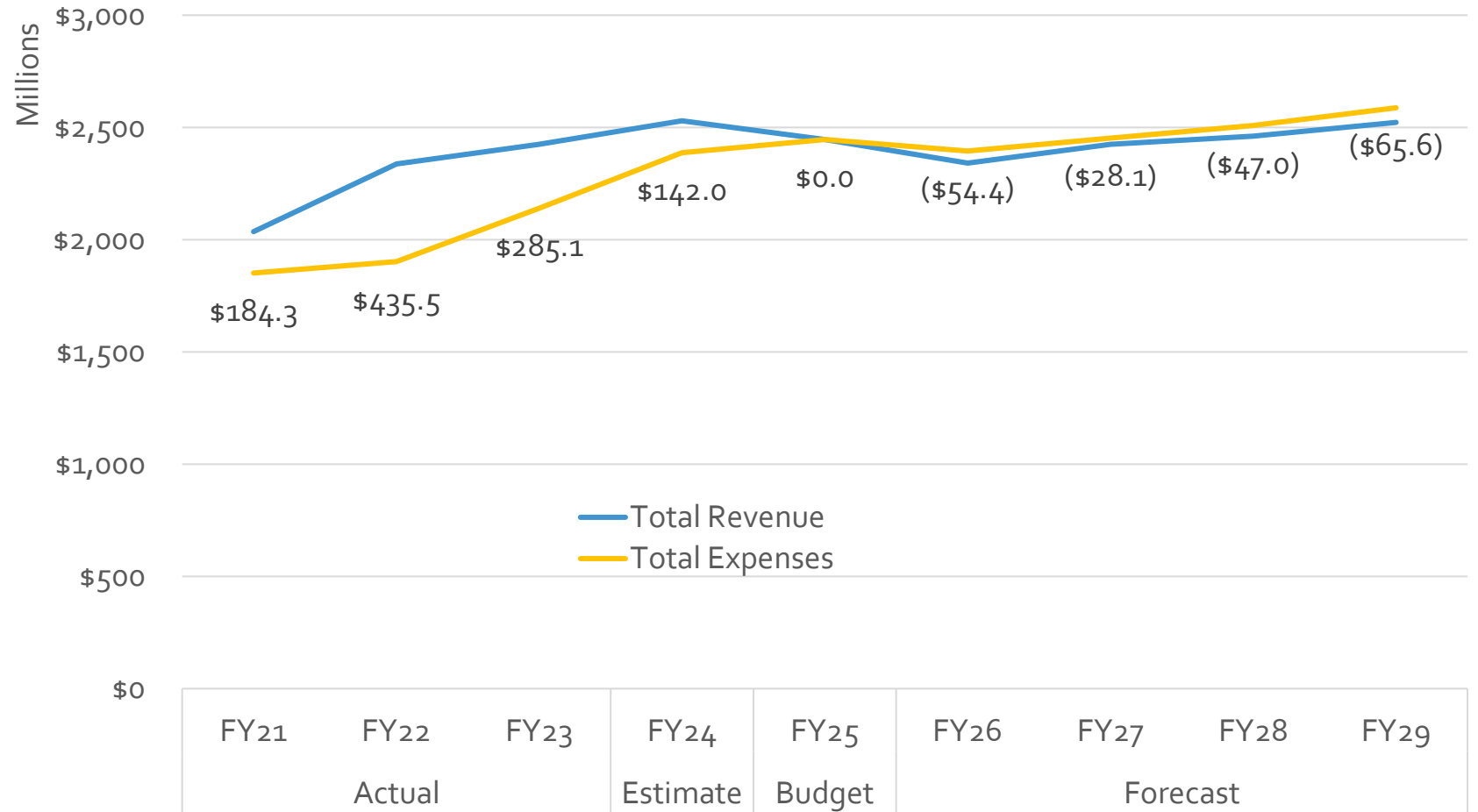
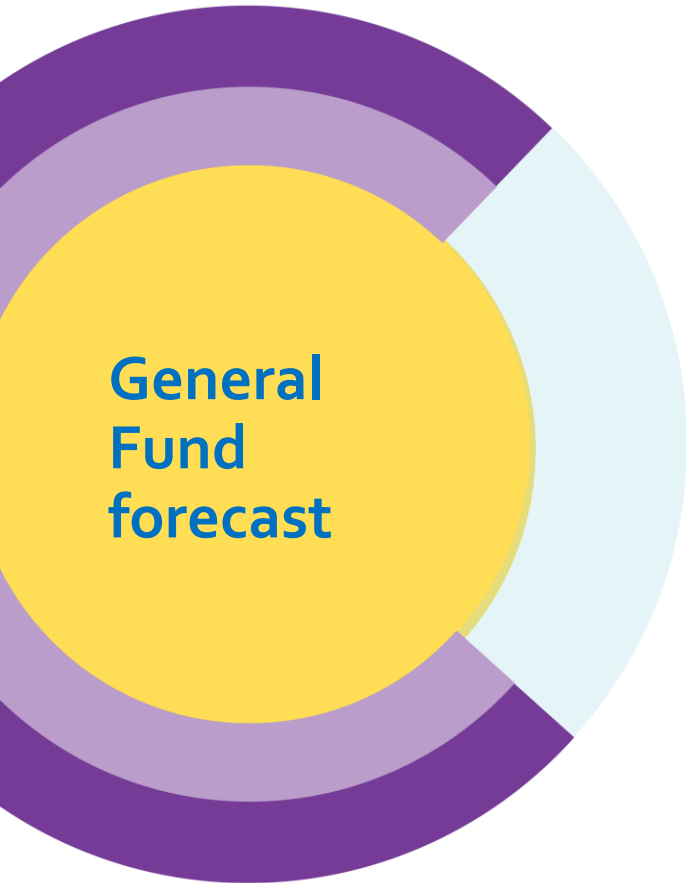
Major changes from June 2024 forecast

Revenue source*	October forecast FY2025	Percent change in forecast FY2025	Amount change in forecast from June 2024 forecast			
			FY2025	FY2026	FY2027	FY2028
411490-Other Financing Sources	\$145.5	100.0%	\$145.5	\$0.0	\$0.0	\$0.0
401150-County Sales Tax	\$1,207.1	5.2%	\$60.1	\$103.0	\$115.1	\$126.7
407010-Miscellaneous Revenue	\$48.8	22.9%	\$9.1	(\$0.6)	(\$0.8)	(\$0.6)
406010-State of Illinois	\$65.5	16.1%	\$9.1	\$9.5	\$9.8	\$10.1
405010-Investment Income	\$57.2	18.8%	\$9.0	\$2.3	\$2.6	\$2.7
402548-Clerk of the Circuit Court Fees	\$72.9	12.5%	\$8.1	\$1.2	\$1.3	\$1.5
400040-Tax Increment Financing Taxes	\$20.3	12.2%	\$2.2	\$2.4	\$2.9	\$1.5
406008-Indirect Cost	\$15.4	10.4%	\$1.5	\$0.0	\$0.0	\$0.0
403015-Sheriff Municipal Division	\$6.0	(41.2%)	(\$4.2)	\$0.0	\$0.0	\$0.0
402100-County Treasurer	\$35.0	(12.5%)	(\$5.0)	(\$5.2)	(\$5.4)	(\$5.6)
400010-Property Taxes	\$152.7	(9.3%)	(\$15.6)	(\$24.3)	(\$27.5)	(\$31.3)
401110-Non Property Taxes	\$40.0	(49.1%)	(\$38.6)	(\$38.1)	(\$31.2)	(\$35.4)
Subtotal major changes	\$1,866.3	10.8%	\$181.2	\$50.2	\$66.8	\$69.6
Other GF revenues	\$580.0	0.2%	\$1.2	(\$6.1)	(\$5.4)	(\$4.6)
Total GF revenues	\$2,446.3	8.1%	\$182.5	\$44.1	\$61.4	\$64.9

*Considers Transportation Related Home Rule Taxes



Net surplus/(deficit) projection

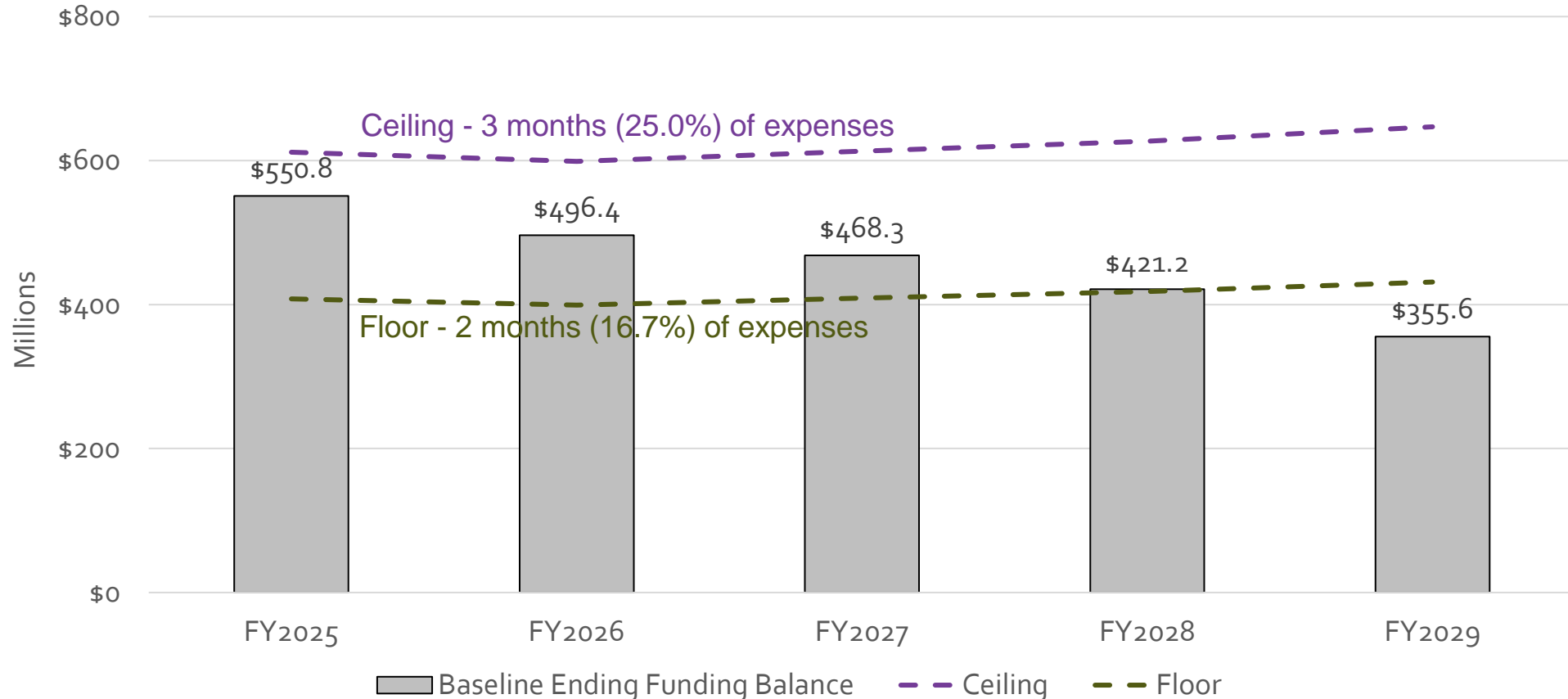


*Includes Transportation Related Home Rule Taxes Fund

The amounts displayed along the lines in the chart represent the net surplus or (deficit) corresponding to the fiscal year when considering the total revenue against total expenses.



Unassigned ending fund balance

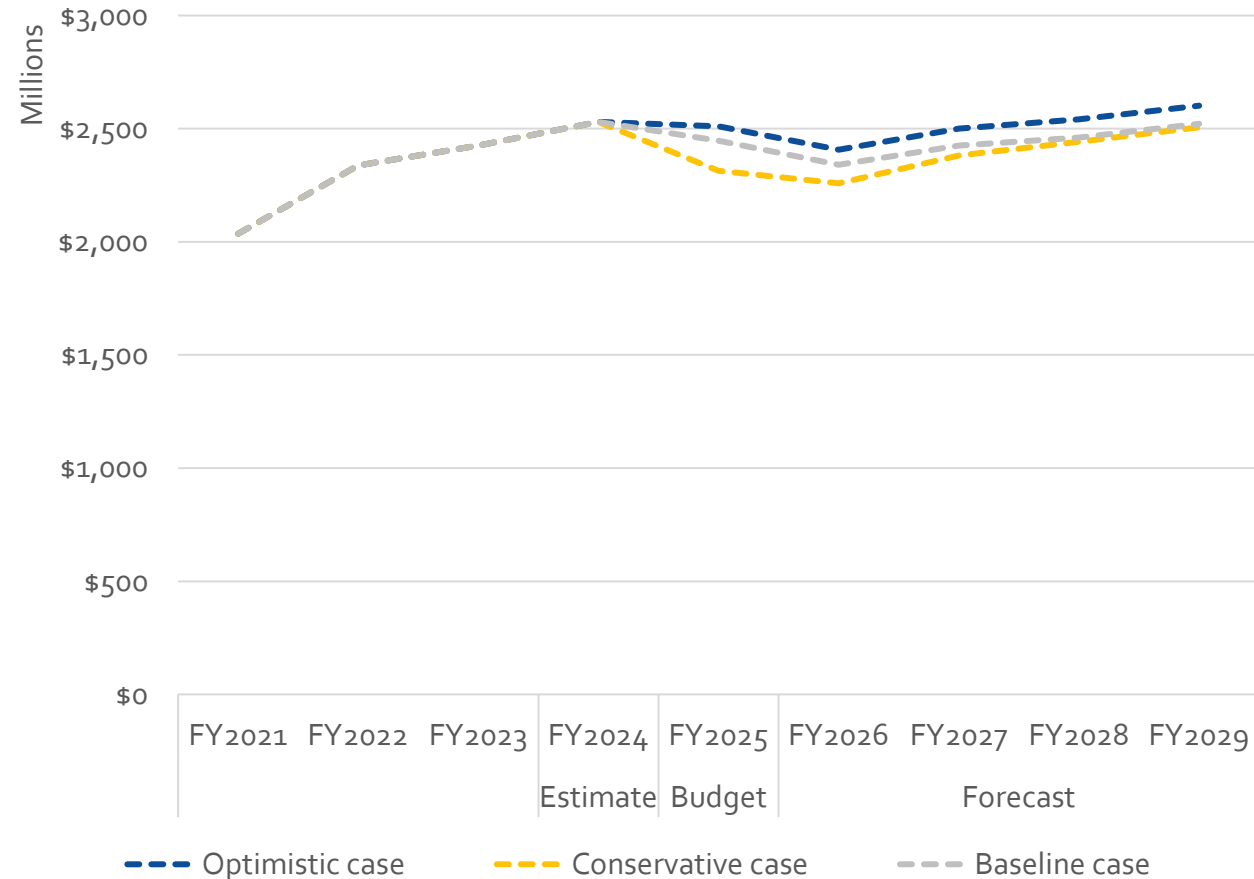


- Floor and ceiling incorporate both General Fund and Transportation Related Home Rule Taxes Fund expenses.
- Floor represents 2 months of projected annual expenses and Ceiling represents 3 months of projected annual expenses.
 - Floor and ceiling calculations determined pursuant to Government Finance Officers Association (GFOA) recommendations and Cook County's Fund Diversity And Stabilization/Financial Reserve Policy.



Revenue scenarios

General Fund Revenue Scenarios



Optimistic

- Scenario Assumptions**
- The economy has a 10% chance of performing better and a 90% chance of performing worse
 - Interest rates and inflation are a bit higher than baseline due to stronger growth
 - The economy has more than full employment starting in Q1 2025
 - Upcoming fiscal disputes in Congress resolve more easily than expected

Baseline

- The economy has a 50% chance of performing better and a 50% chance of performing worse
- The Fed would cut policy rate by 25 basis points in both September & December 2024
- Inflation growth would stabilize by early 2025
- The U.S. remains close to a full-employment economy

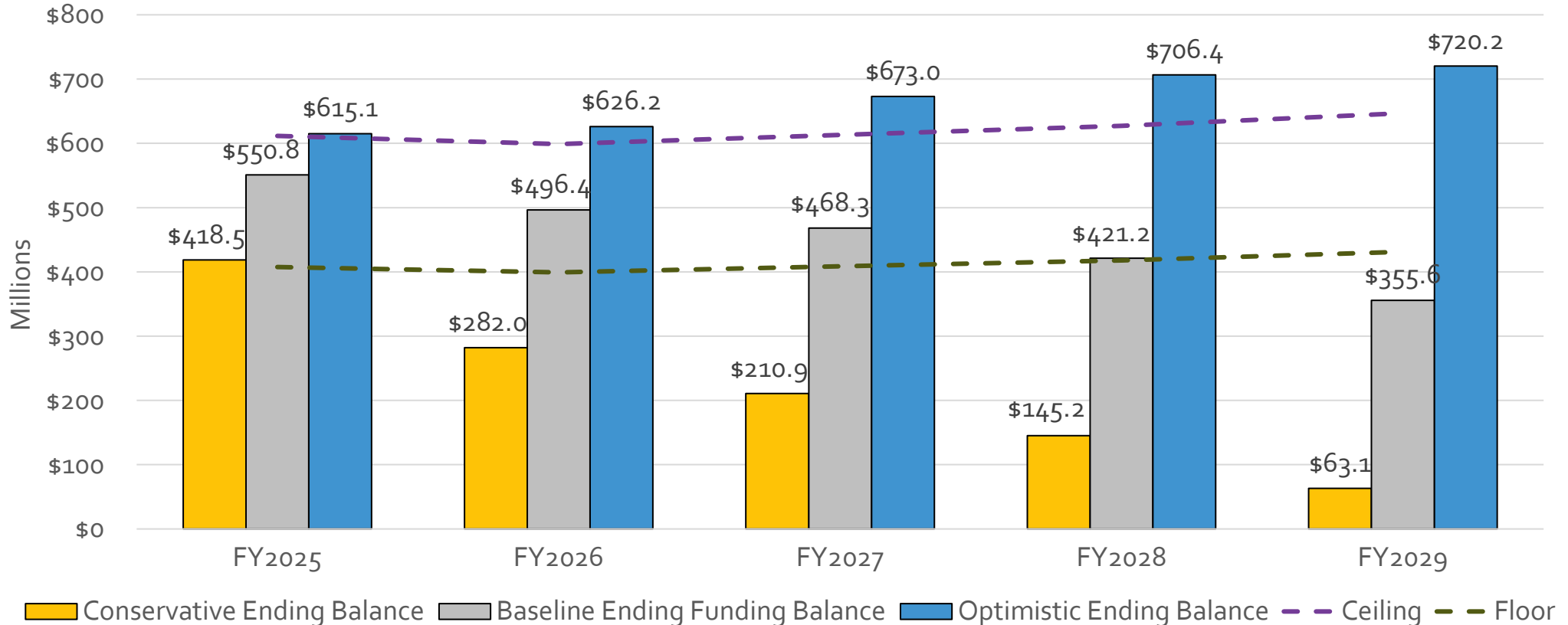
Conservative

- The economy has a 90% chance of performing better and a 10% chance of performing worse
- Unemployment increases starting in Q4 2024, peaking at 8% in Q4 2025
- Upcoming fiscal disputes in Congress are worse than anticipated, causing business and consumer confidence to fall sharply.
- Economy falls into recession in Q4 2024.

*Includes Transportation Related Home Rule Taxes Fund



Unassigned ending fund balance scenarios



Optimistic scenario: - the economy has a 10% chance of performing better and a 90% chance of performing worse.

Baseline scenario: - the economy has a 50% chance of performing better and a 50% chance of performing worse.

Conservative scenario: - the economy has a 90% chance of performing better and a 10% chance of performing worse.

- Floor and ceiling incorporate both General Fund and Transportation Related Home Rule Taxes Fund expenses.

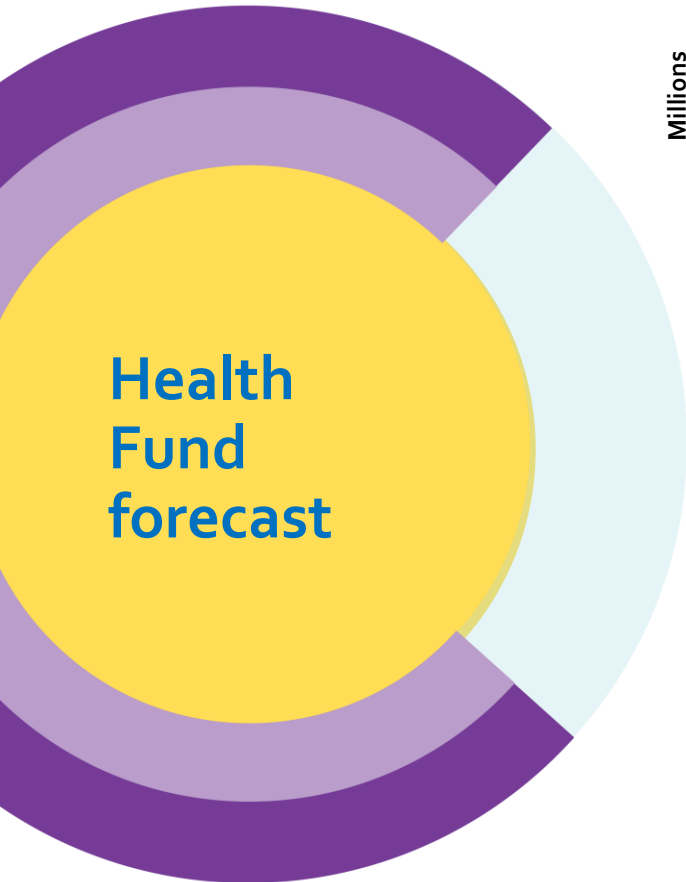


Health Fund long-term forecast

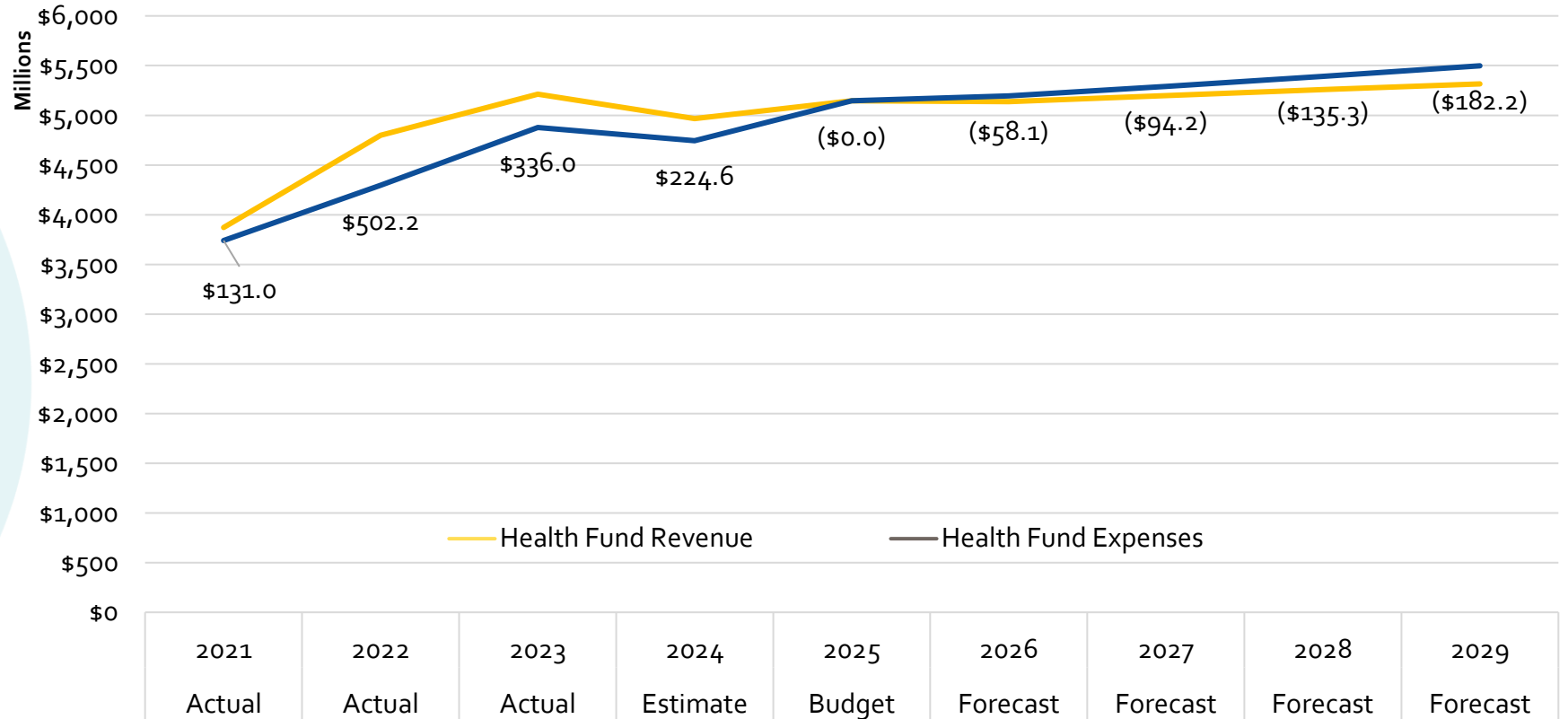




Net surplus/(deficit) projection



Health Fund - Net Surplus/(Deficit)

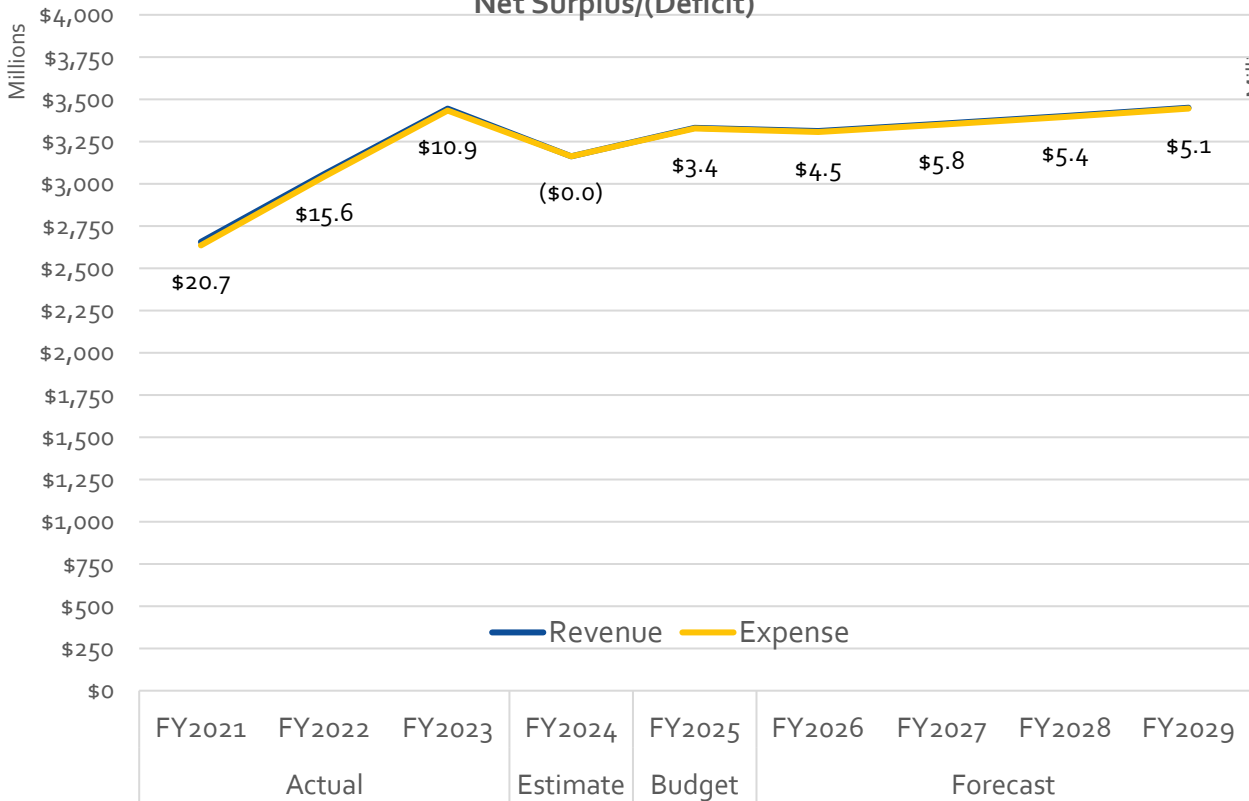


Note: FY2020 through FY2023 includes directed payments and domestic claims that CountyCare passes through to CCH in the revenues and expenses of both Health Plan Services and Health Care Services. Beginning in FY2024, directed payments will only be accounted for in the budget for Health Care Services while domestic claims will be offset in a separate account.

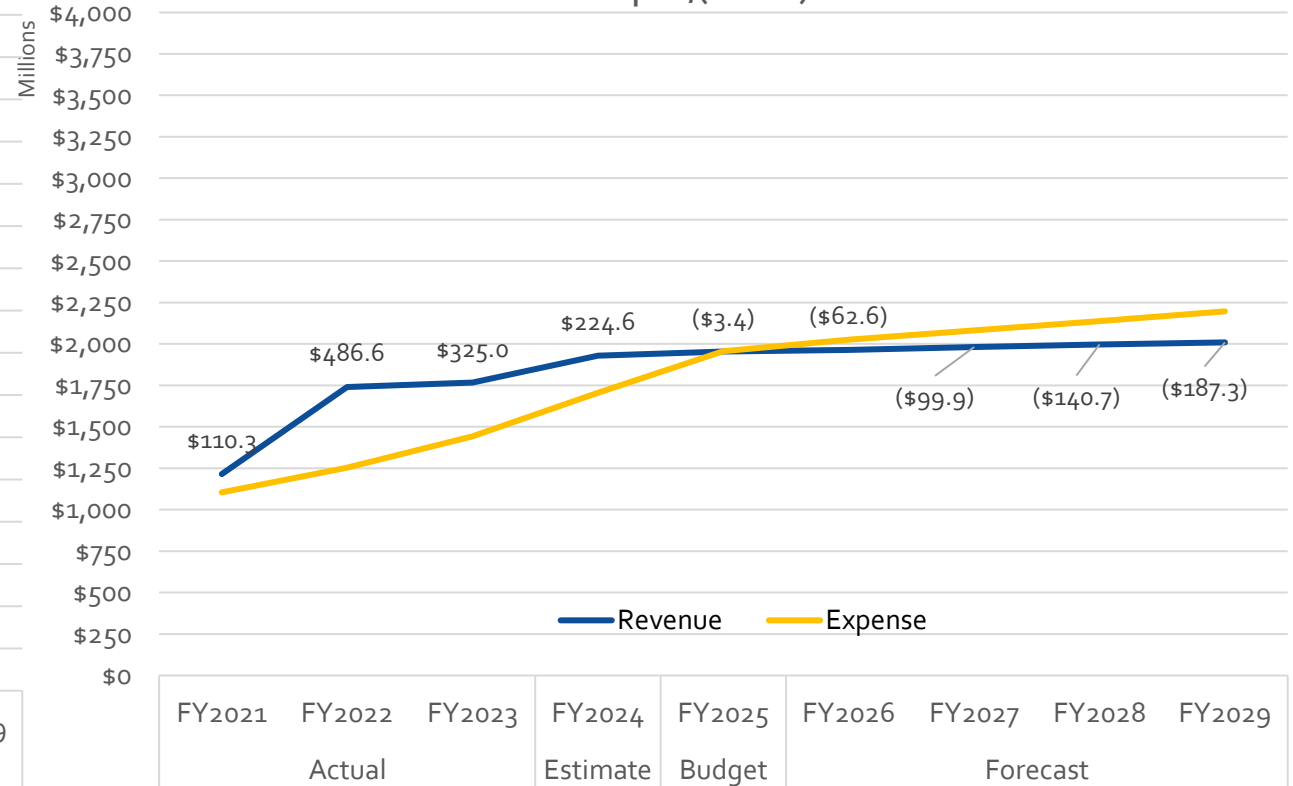


Net surplus/(deficit) projection

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

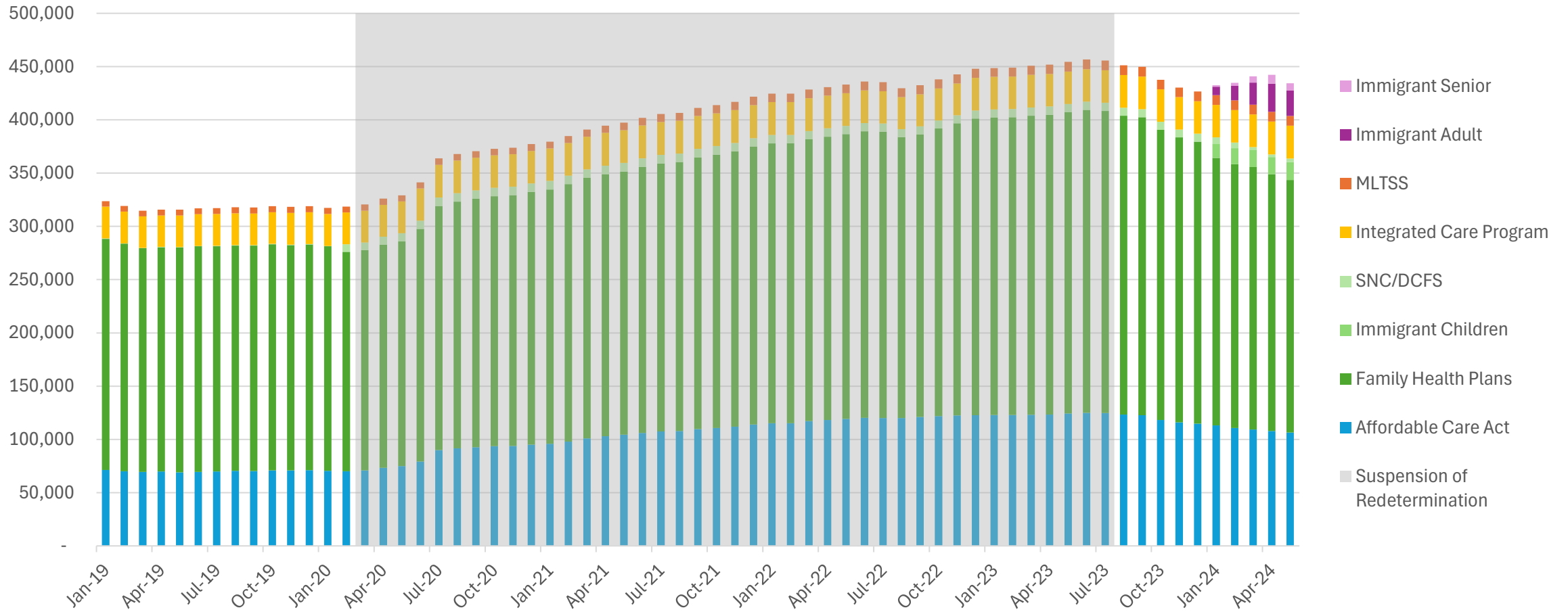


**CCH - Health Care Services
Net Surplus/(Deficit)**





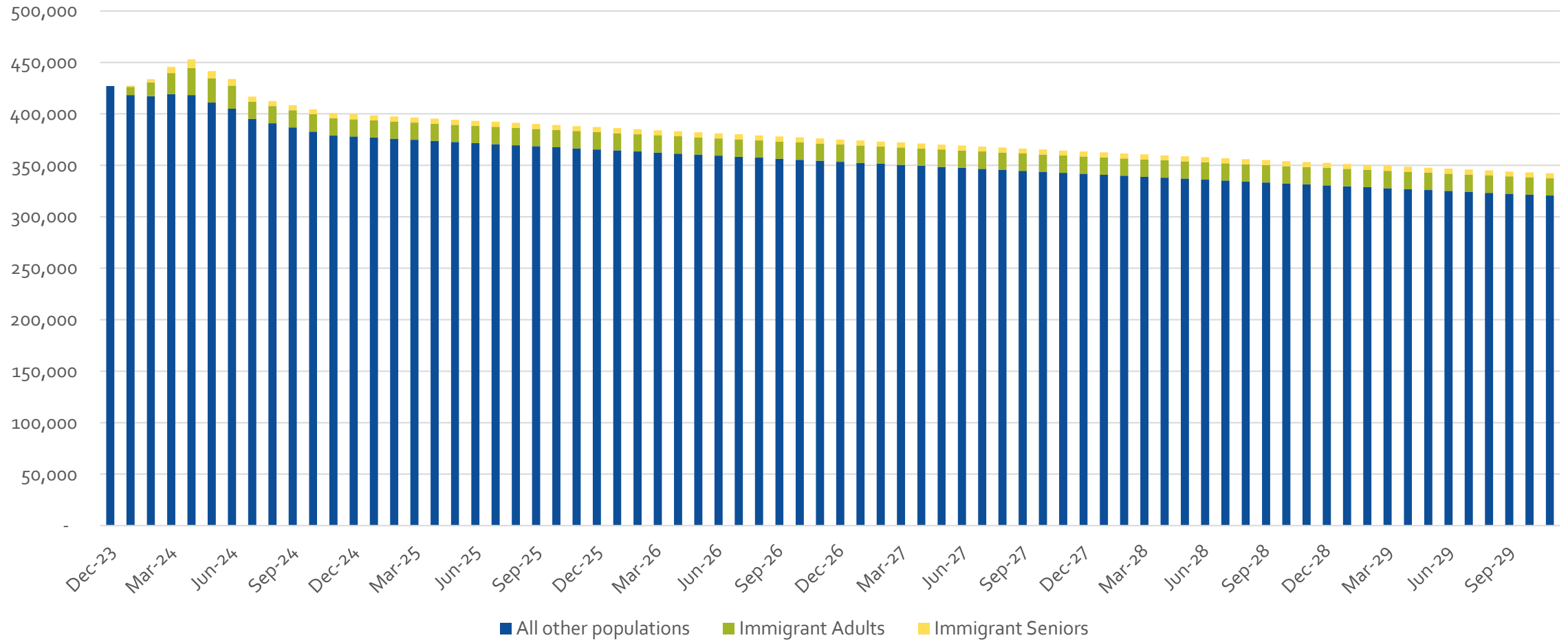
CountyCare Membership 2019 - 2024





CountyCare Membership Projection

CountyCare Membership Forecast

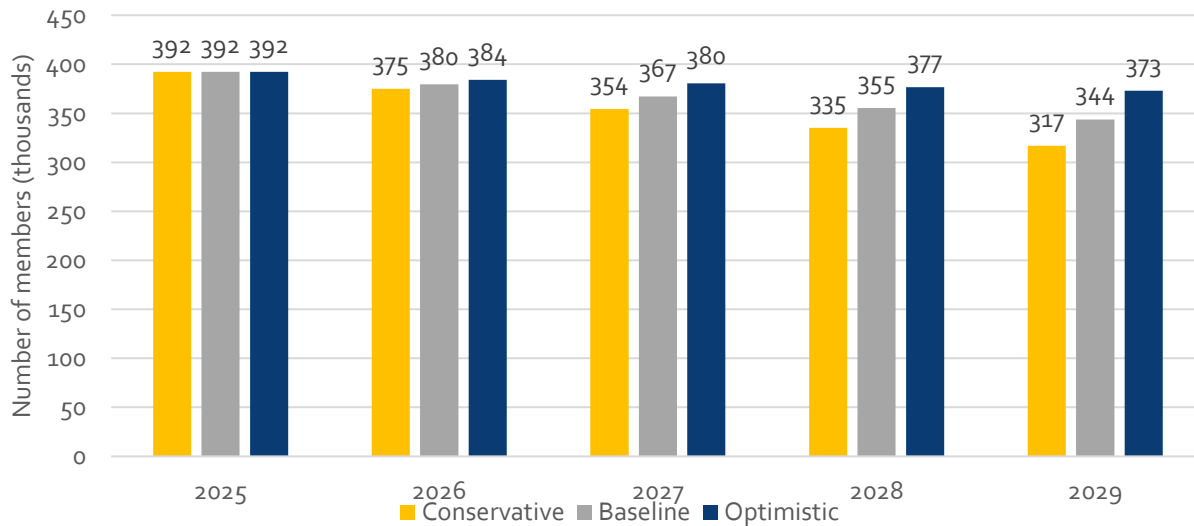




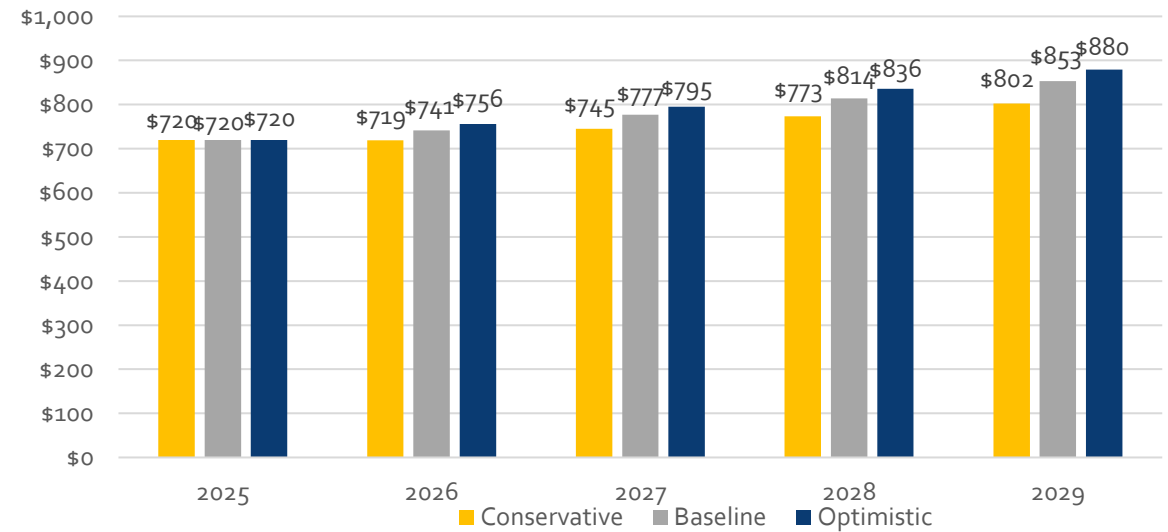
CountyCare scenario assumptions

Assumptions for CountyCare Monthly Membership Projections and PMPM Rate Growth

CountyCare Average Monthly Membership Projections



CountyCare Average PMPM Rate, by Scenario



	2020-2024 CAGR	2024 estimate – 2025 budget	2025-2029 CAGR		
			Conservative	Baseline	Optimistic
Average Monthly Membership	-0.6%	-2.0%	-5.2%	-3.3%	-1.3%
PMPM Rate Growth	7.5%	2.5%	2.8%	4.3%	5.1%

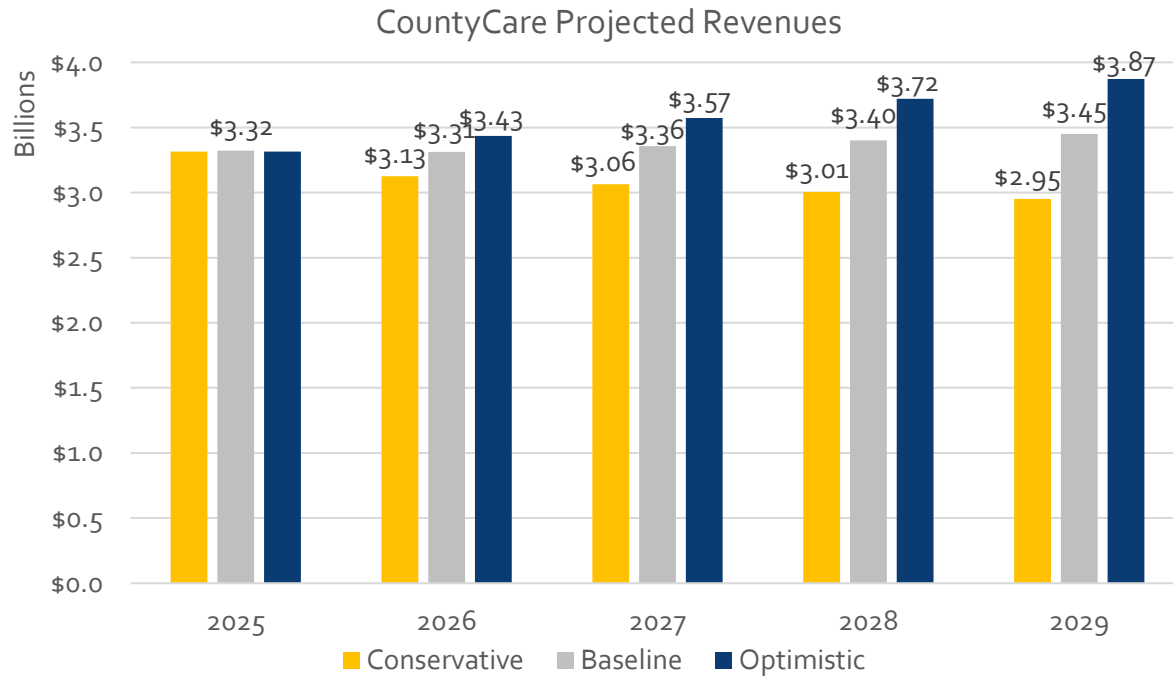
Conservative scenario: 5% increase in member terminations; 25% downward adjustment to the baseline growth in PMPM rates.

Baseline scenario: assumes that member additions and member terminations will return to pre-pandemic levels; PMPM growth rate reflects increases based on past trends.

Optimistic scenario: 5% decrease in member terminations; 10% upward adjustment to baseline growth in PMPM rates.



CountyCare scenarios revenue projection

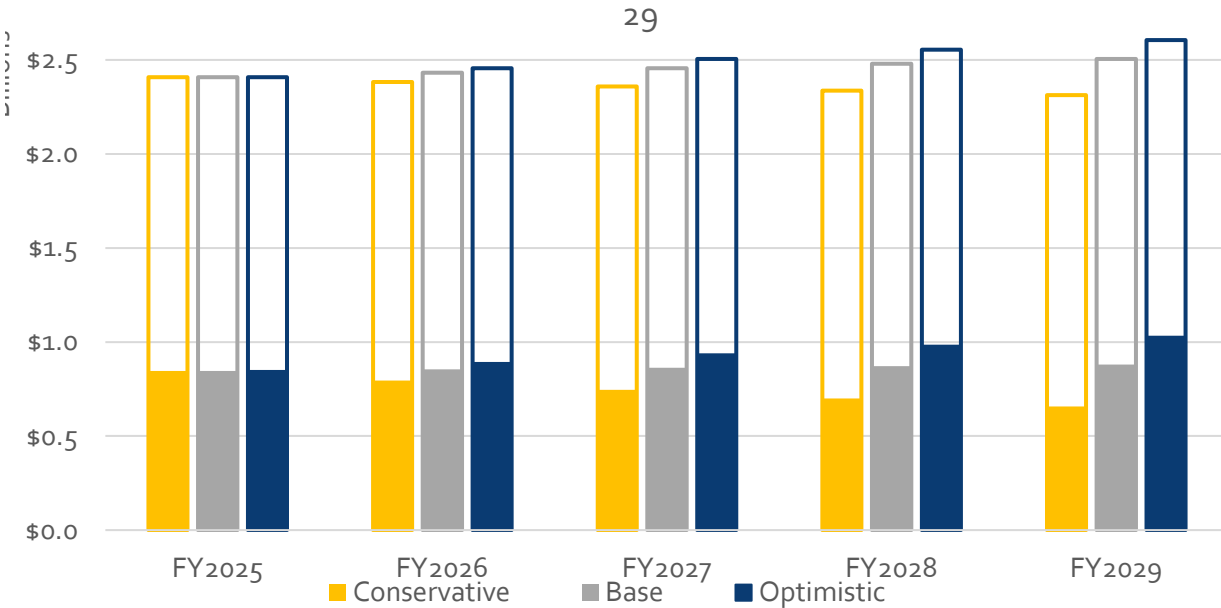


- In the **Conservative scenario**, revenues are forecasted to decline due to a sharper membership drop and lower PMPM growth.
- The **Baseline** scenario shows moderate growth in revenues, driven by steady increases in PMPM revenue despite membership declines.
- The **Optimistic scenario** sees the most robust revenue growth, with higher PMPM revenue and a slower membership decline.



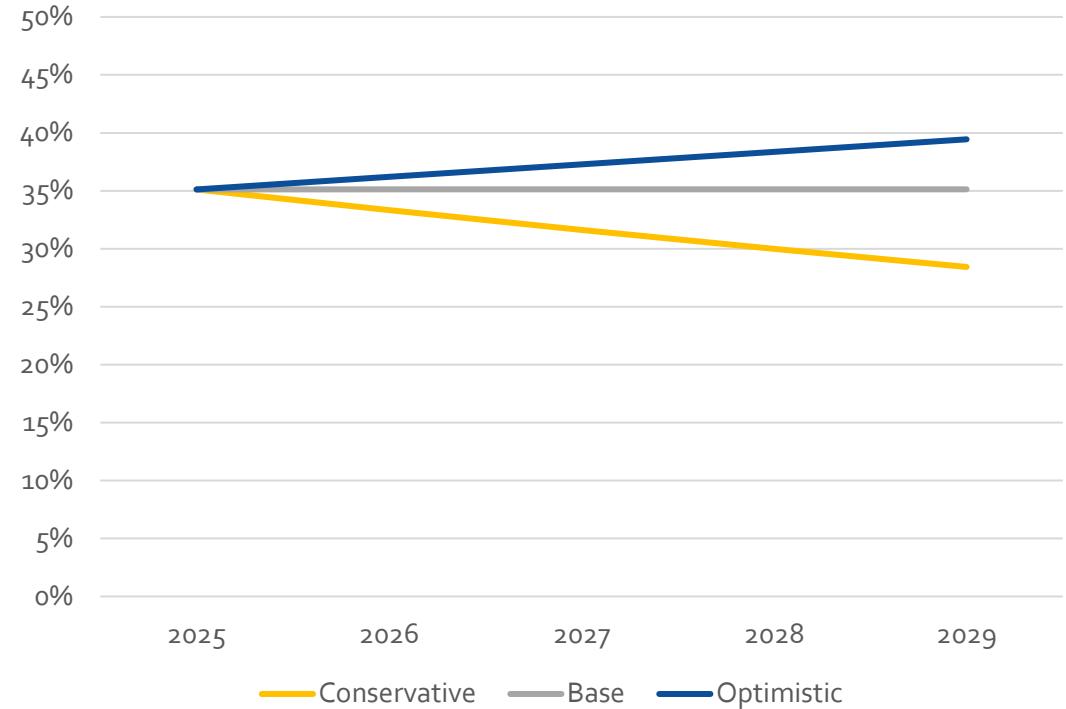
Net patient service revenue scenarios

Net Patient Service Revenue Compared to Gross Charges, FY2025-



*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

Projected yields, 2025-29



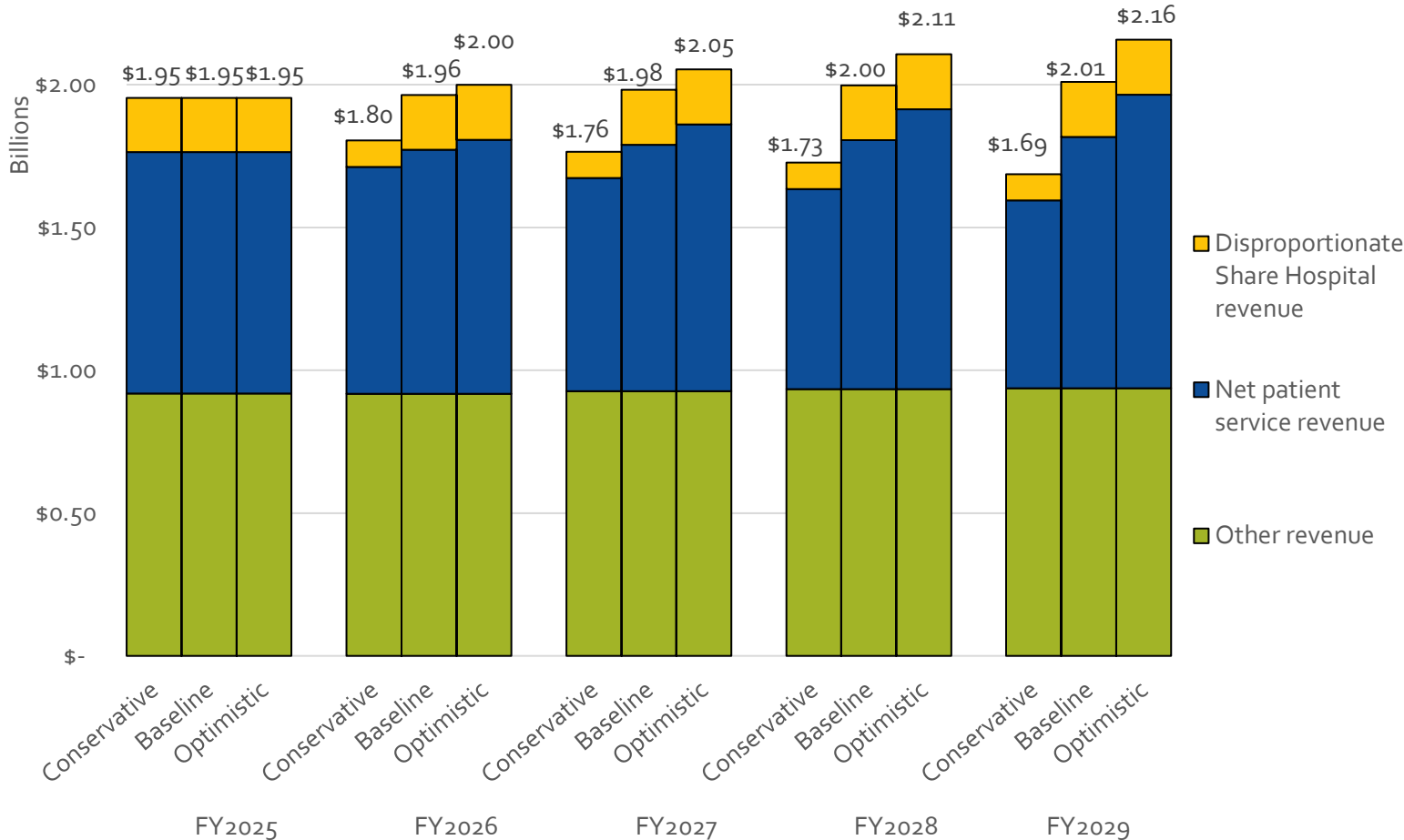
Scenario assumptions

- Conservative:** Assumes a decline in patient volume and an associated reduction in gross charges. Additionally, a higher percentage of patients will likely be uninsured, leading to a shift away from Medicaid.
- Baseline:** Patient volumes remain consistent, with a small increase in gross charges; insurance coverage patterns remain steady; and reimbursement rates are flat; creating a stable revenue trajectory.
- Optimistic:** Assumes an improvement in the payor mix, where a higher percentage of charges previously attributed to self-pay patients (who often cannot pay full charges) are covered by Medicaid. Additionally, gross charges are expected to increase and reimbursement rates are expected to grow in line with inflation.



Health care services revenue scenarios

Total Health Care Services Revenue by Scenario



Disproportionate Share Hospital (DSH) Revenue assumptions

- DSH is federally and state funded, and is intended to offset the costs associated with treating a high percentage of uninsured or Medicaid patients
- DSH funding faces significant risk due to scheduled federal cuts in FY2026, which could reduce federal funding by up to 81% if fully implemented.
- The conservative scenario forecast reflects receiving \$92M starting in FY2026
- The baseline and optimistic scenarios forecast assume CCH will continue to receive \$192M in DSH funding



Next steps





Meeting calendar

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 21: County Board meeting

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 19: County Board meeting

Proposed 2025 IRFC meeting dates Wednesdays at 5:30pm

- January 29, 2025
- April 30, 2025
- June 25, 2025
- July 30, 2025
- August 27, 2025
- October 29, 2025



Public comment





Adjournment

