



COOK COUNTY
BUREAU OF

FINANCE

Independent Revenue Forecasting Commission

Quarterly Meeting

January 29, 2025



Agenda

-  Roll call
-  Approval of minutes
-  Opening remarks
-  Quarterly updates
-  FY2024 estimates
-  Long-term forecast
-  Adequacy analysis
-  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	Continuing revisions to tax history
Review alternative scenarios	Considering technical improvements to General Fund scenario modeling
Benchmark forecasts against other jurisdictions	Analyzing information from IDOR
Strive for greater collaboration	Conducted biweekly meetings with Cook County Health staff



IRFC deliverables

Deliverables – FY2024	Progress
Sales tax methodology	Scoping next steps
CountyCare methodology	Scoping project
ARPA sustainability analysis	Findings from public engagement are being assessed



FY2024 Estimates





FY2024 Estimates

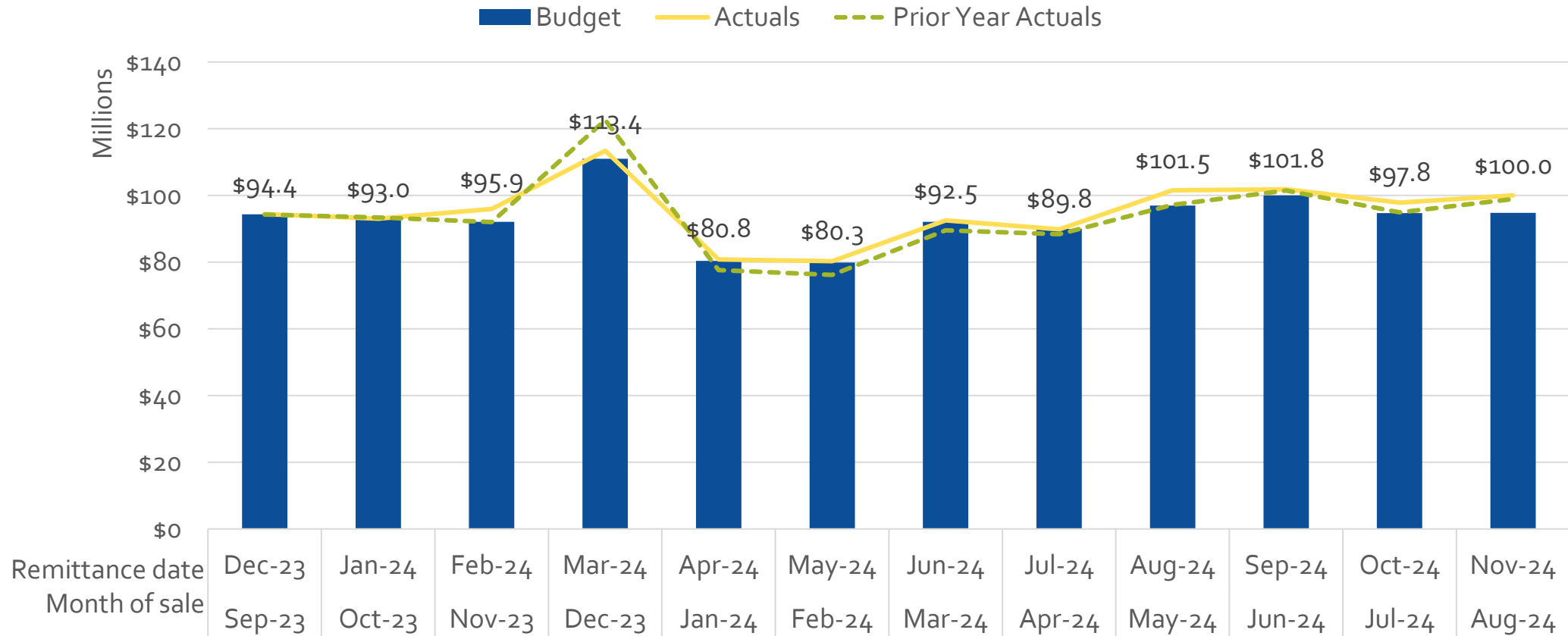


As of 1/21/2024

(in millions)	Appropriation FY2024	Estimate FY2024	Variance	% Variance
<u>Revenues</u>				
Property Taxes	\$170.5	\$181.0	\$10.5	6.1%
Non Property Taxes	\$1,440.4	\$1,449.3	\$8.8	0.6%
Fees	\$173.9	\$244.5	\$70.6	40.6%
Intergovernmental Revenues	\$61.7	\$64.9	\$3.3	5.3%
Miscellaneous Revenues	\$93.5	\$110.4	\$16.9	18.1%
Other Financing Sources	\$256.3	\$256.9	\$0.6	0.2%
Transportation Fund	\$248.4	\$250.8	\$2.4	1.0%
Total Revenues	\$2,444.7	\$2,557.8	\$113.1	4.6%
<u>Expenses</u>				
Salaries and Wages	\$1,123.8	\$1,029.0	\$94.8	8.4%
Other Personnel Services	\$387.5	\$415.7	(\$28.2)	(7.3%)
Contractual Services	\$120.6	\$94.9	\$25.7	21.3%
Supplies and Materials	\$17.9	\$15.4	\$2.6	14.4%
Operations and Maintenance	\$139.0	\$128.3	\$10.6	7.7%
Capital Expenditures	\$3.2	\$3.0	\$0.2	7.6%
Rental and Leasing	\$0.1	\$1.1	(\$1.0)	(2,050.1%)
Contingency and Special Purposes	\$404.2	\$588.0	(\$183.8)	(45.5%)
Transportation Fund	\$248.4	\$55.0	\$193.4	77.9%
Total Expenses	\$2,444.7	\$2,330.3	\$114.4	4.7%
Net Result/Change in Fund Balance	\$0.0	\$227.5	\$227.5	



FY2024 sales tax revenue compared to forecast



Note: Amounts displayed along line are current fiscal year actuals

- Year-to-date actual vs. year-to-date budget = 2.0%



Special Purpose Funds

Department	Special Purpose Fund
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Offices Under President	11249 - Geographical Information System
	11259 - GIS Fee
	11270 - Medical Examiner Fees
	11272 - Public Defender Records Automation Fund
	11273 - Environmental Control Solid Waste Management
	11274 - Land Bank Authority
	11275 - HUD Section 108 Loan Program
	11281 - PEG Access Support Fund
	11287 - Equity Fund
	11290 - Opioid Remediation and Abatement
	11292 - Disaster Response and Recovery Fund
	11302 - Township Roads
	11310 - County Law Library
11312 - Animal Control	

Recorder of Deeds	11258 - Clerk Circuit Court Administrative
	11260 - Recorder Of Deeds Rental Housing Support Fee
	11314 - County Recorder Document Storage System
	11316 - County Clerk Automation

Sheriff	11262 - Sheriff's Women's Justice Services
	11266 - Vehicle Purchase
	11278 - Sheriff's Operations State Asset Forfeiture
	11279 - Sheriff's Money Laundering State Asset Forfeiture
	11288 - Zaborowski Fund
	11291 - DOC Program Services Fund
11324 - Sheriff 911 - Intergovernmental Agreement - ETSB	

Department	Special Purpose Fund
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Assessor	11268 - Assessor Special Revenue
	11276 - Erroneous Homestead Exemption Recovery
	11282 - Cook County Assessor GIS Fee Fund

Chief Judge	11326 - Adult Probation Service Fee
	11328 - Social Services Probation Court Fee

Circuit Court	11269 - Circuit Court Electronic Citation
	11285 - Mortgage Foreclosure Mediation Program
	11318 - Circuit Court Document Storage
	11320 - Circuit Court Automation
11322 - Circuit Court Illinois Dispute Resolution	

Election	11306 - Election
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Hospital	11248 - Lead Poisoning Prevention
	11277 - Pharmaceutical Disposal Fund

MFT	11300 - Motor Fuel Tax
	11856 - MFT Illinois First (1st)

States Attorney	11252 - State's Attorney Narcotics Forfeiture
	11271 - State's Attorney Records Automation Fund

Treasurer	11854 - County Treasurer Tax Sales Automation
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FY2024 Estimates

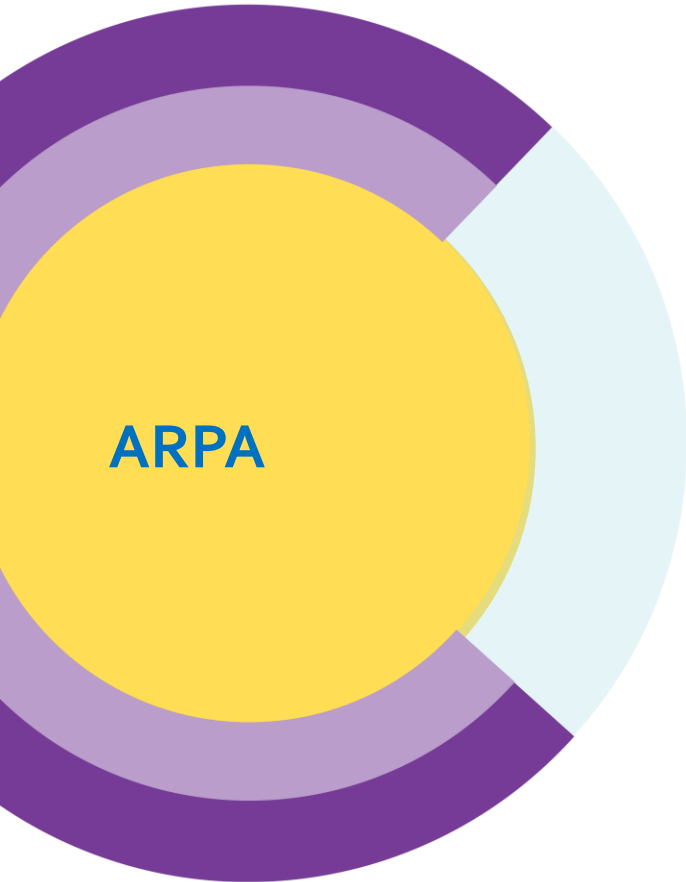


THE COUNTY OF COOK, ILLINOIS
Special Purpose Funds Analysis of Expenses
Thru Period 12 as of November 30, 2024

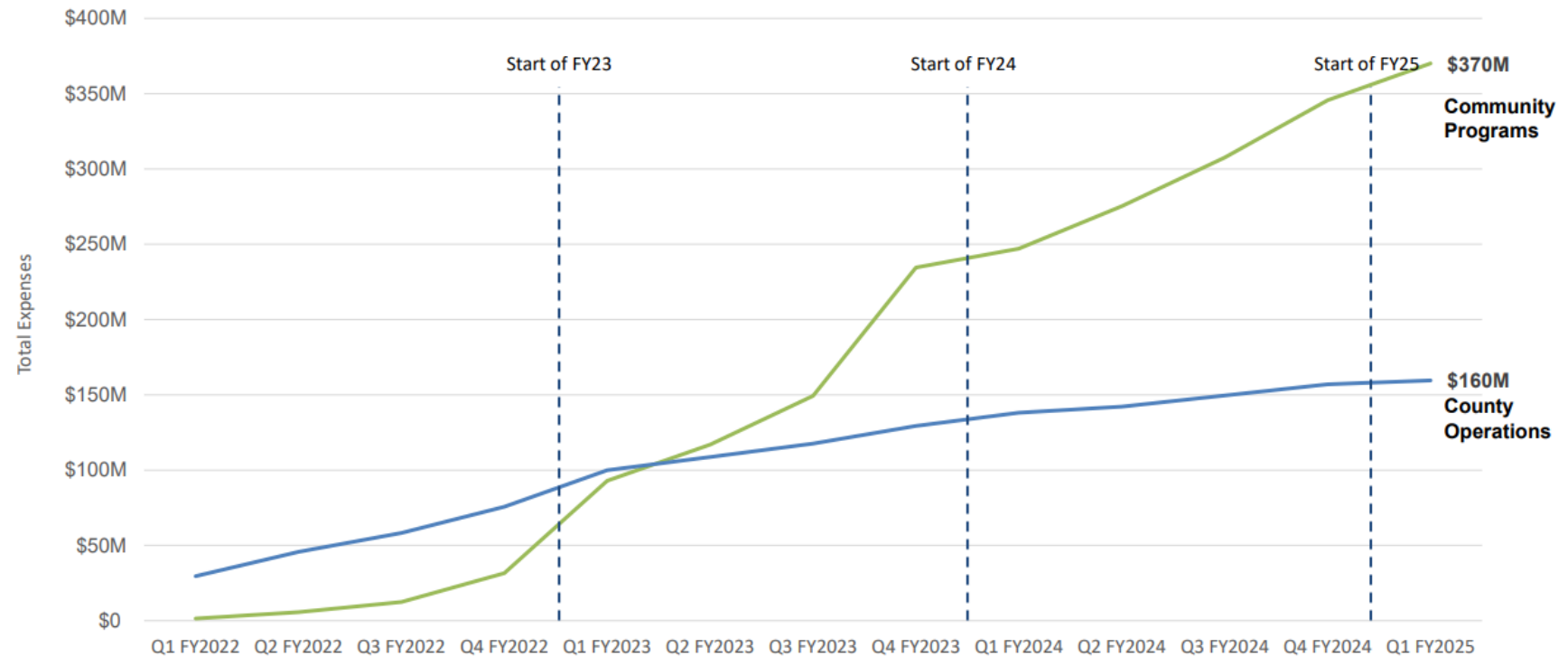
Department Name	YTD Revenue	YTD Expenses	FY2024 Ending Fund Balance (Preliminary)
Hospital	\$ 88,112	\$ 467,202	\$ 2,127,916
Offices Under President	82,557,759	(39,452,121)	263,395,987
States Attorney	1,476,017	2,509,259	(1,980,514)
Clerk / Recorder	6,040,036	7,225,942	17,223,022
Sheriff	2,953,331	4,137,248	2,945,202
Assessor	3,254,272	2,238,532	6,509,230
Circuit Court	16,788,091	13,046,791	12,195,711
MFT	189,996,752	207,716,850	429,481,882
Election	63,576,160	51,985,134	28,298,278
Chief Judge	6,414,398	1,321,605	20,610,581
Treasurer	16,810,119	13,505,392	18,916,019
	\$ 389,955,048	\$ 264,701,836	\$ 799,723,315



FY2024 estimates



State & Local Fiscal Recovery Fund: Expenses Over Time



*Note that expenses are calculated based on the second to last Friday of the month unless noted. Amounts may fluctuate from December through February of each year due to year-end reconciliations. Data as of Dec 13, 2024

*Note that the Expenses calculation only includes actual funds spent and excludes the Encumbrances for the current year (which were previously included in the total). This approach is being used starting Aug 2024, to ensure consistent tracking of funds being spent as projects under SLFRF progress forward.

Total received: \$1,000,372,385



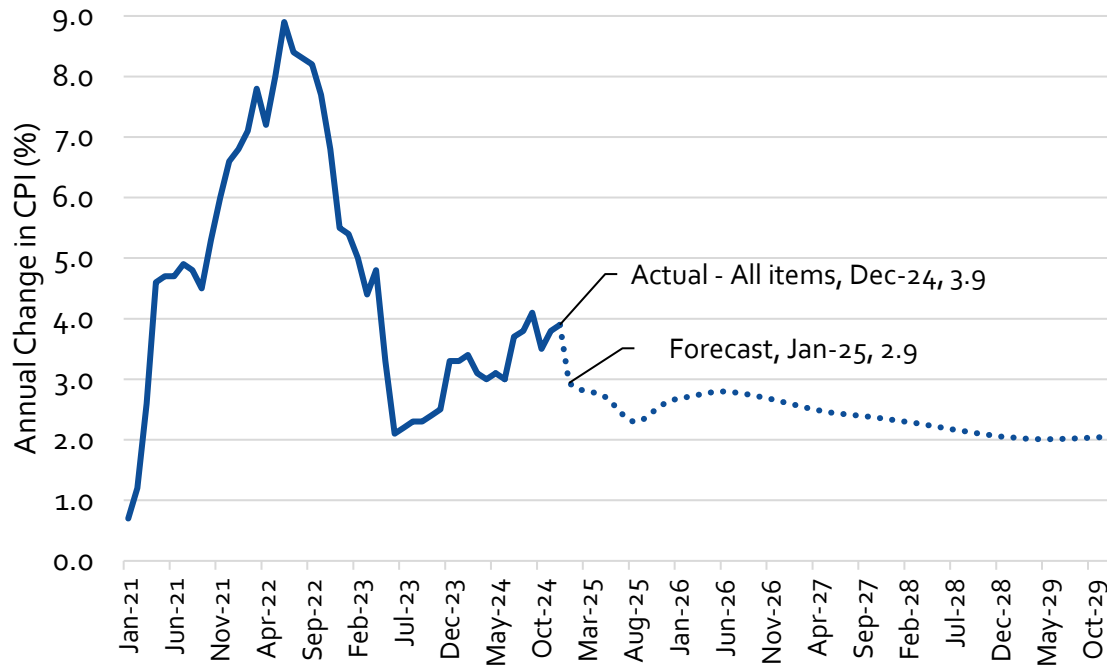
General Fund long-term forecast



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, December 2024; Moody's Analytics, December 2024

After a stronger than anticipated 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

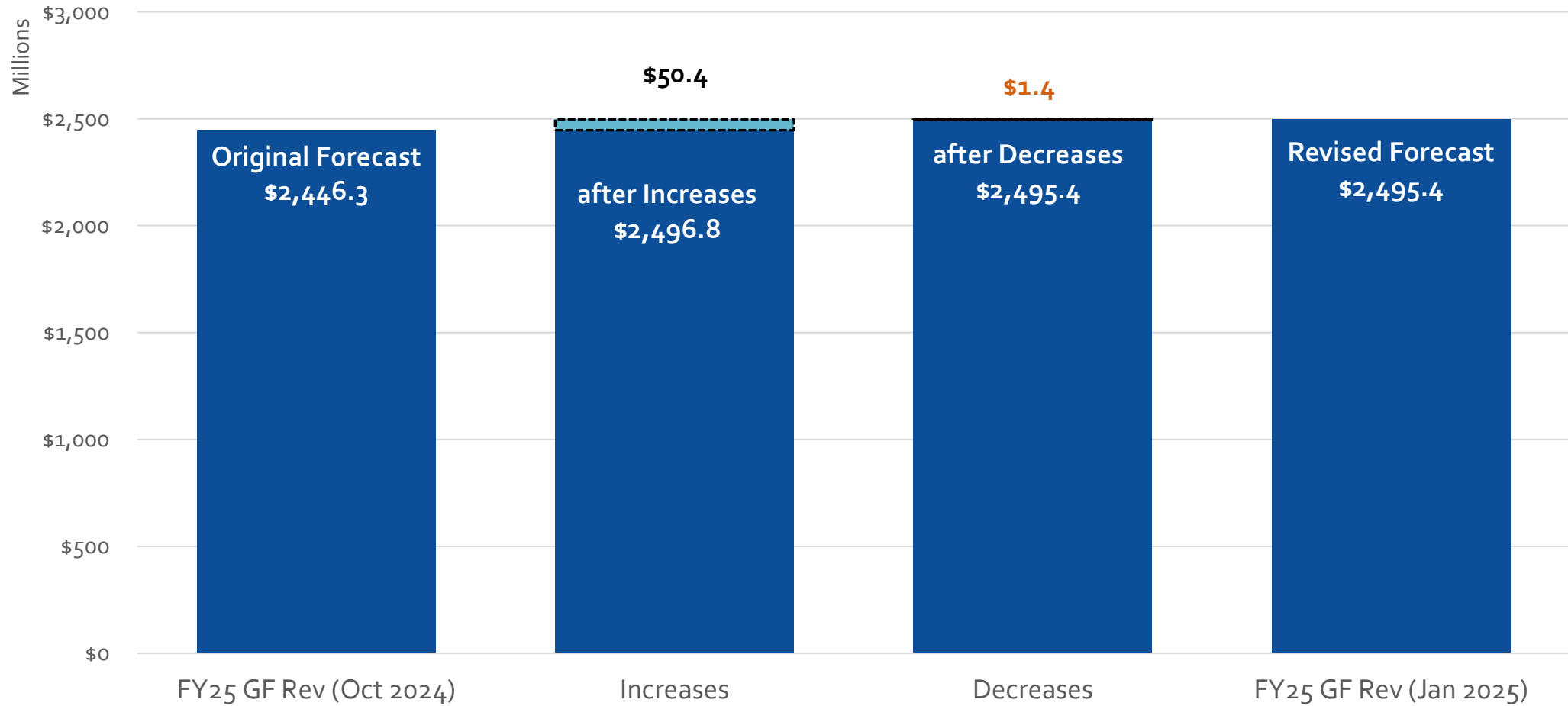
Year	Federal Reserve*	Wall Street Journal*	Moody's [^]	Survey of Professional Forecasters [^]
2024	2.5%	2.5%	2.8%	2.7%
2025	2.1%	2.0%	2.2%	2.2%
2026	2.0%	2.0%	1.7%	2.1%
2027	1.9%	2.0%	1.9%	2.1%
2028	1.8%	2.0%	2.2%	2.1%

* Q4/Q4
^ Annual avg

Sources: Federal Open Market Committee, December 2024; Moody's Analytics, January 2025; Survey of Professional Forecasters, November 2024; Wall Street Journal Economic Forecasting Survey, January 2025



General Fund forecast Changes from October 2024 forecast



Note: Includes Transportation Related Home Rule Taxes Fund revenues



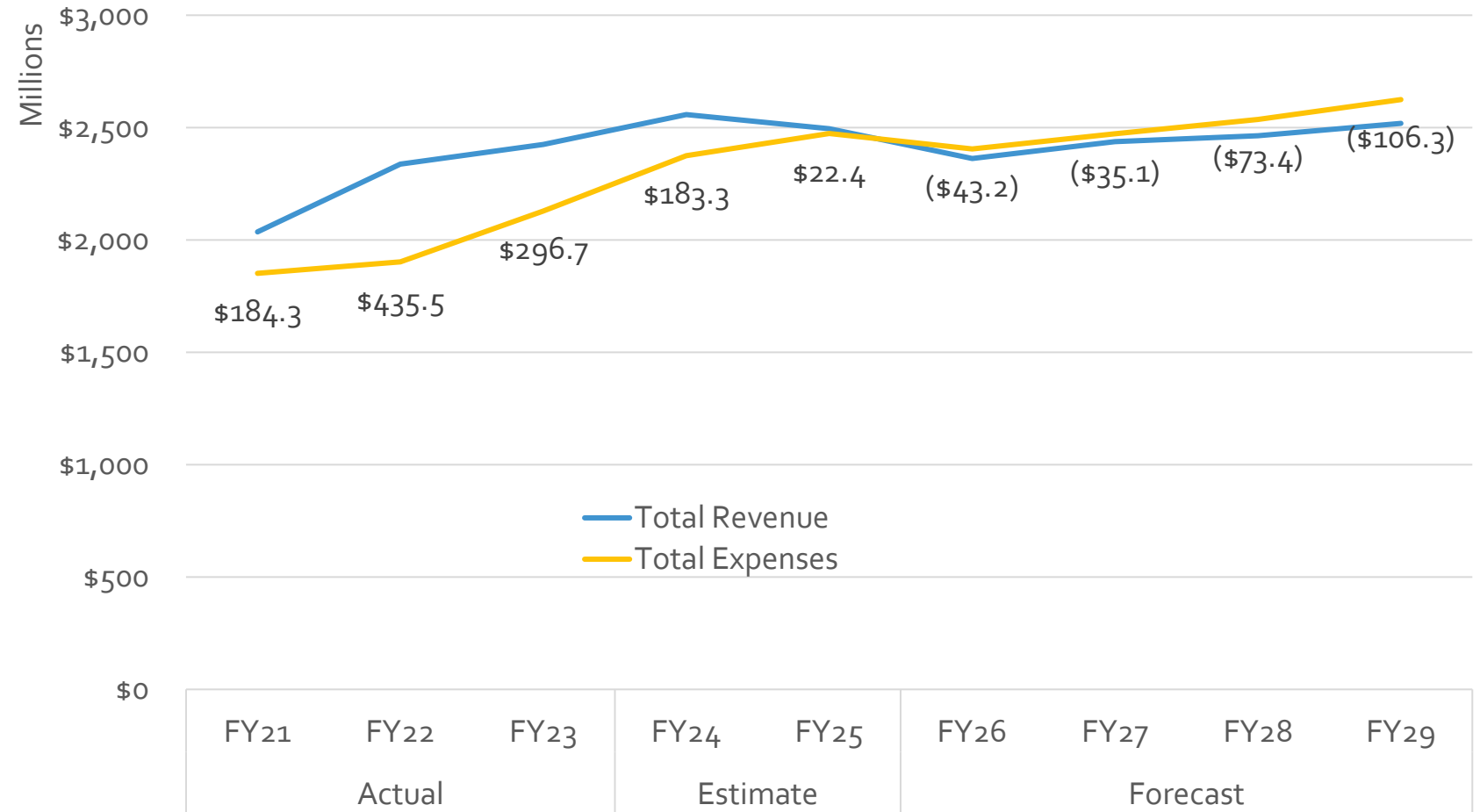
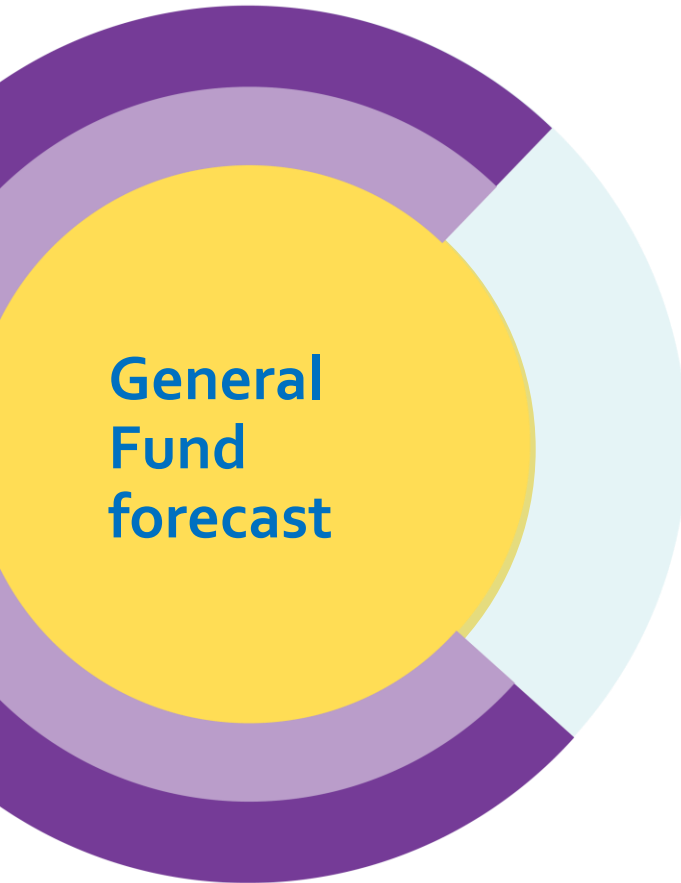
Major changes from October 2024 forecast

Revenue source*	October forecast FY2025	January forecast FY2025	Percent change in forecast FY2025	Amount change in forecast from October 2024 forecast				
				FY2025	FY2026	FY2027	FY2028	FY2029
411490 - Other Financing Sources	\$145.5	\$160.5	10.3%	\$15.0	-	-	-	-
401150-County Sales Tax	\$1,207.1	\$1,220.9	1.1%	\$13.9	\$8.7	(\$0.9)	(\$10.1)	(\$16.3)
400040-Tax Increment Financing Taxes	\$20.3	\$31.9	57.0%	\$11.6	\$2.6	\$3.1	\$3.7	\$4.5
405010-Investment Income	\$57.2	\$65.7	15.0%	\$8.6	\$7.4	\$7.4	\$6.3	\$6.2
401110-Non Property Taxes	\$40.0	\$40.5	1.4%	\$0.6	(\$1.9)	(\$1.1)	(\$0.3)	\$0.6
402548-Clerk of the Circuit Court Fees	\$72.9	\$72.9	0.0%	-	\$5.2	\$5.6	\$6.0	\$6.4
402150-County Clerk	\$51.4	\$51.4	0.0%	-	(\$1.1)	(\$0.8)	(\$1.7)	(\$3.0)
406008-Indirect Cost	\$15.4	\$15.4	0.0%	(\$0.0)	\$1.0	\$1.0	\$1.0	\$1.1
Subtotal major changes	\$1,609.7	\$1,659.3	3.1%	\$49.6	\$21.9	\$14.3	\$5.0	(\$0.5)
Other GF revenues	\$836.6	\$836.1	(0.1%)	(\$0.5)	(\$1.0)	(\$2.2)	(\$3.1)	(\$3.3)
Total GF revenues	\$2,446.3	\$2,495.4	2.0%	\$49.1	\$20.9	\$12.1	\$2.0	(\$3.8)

*Considers Transportation Related Home Rule Taxes



Net surplus/(deficit) projection

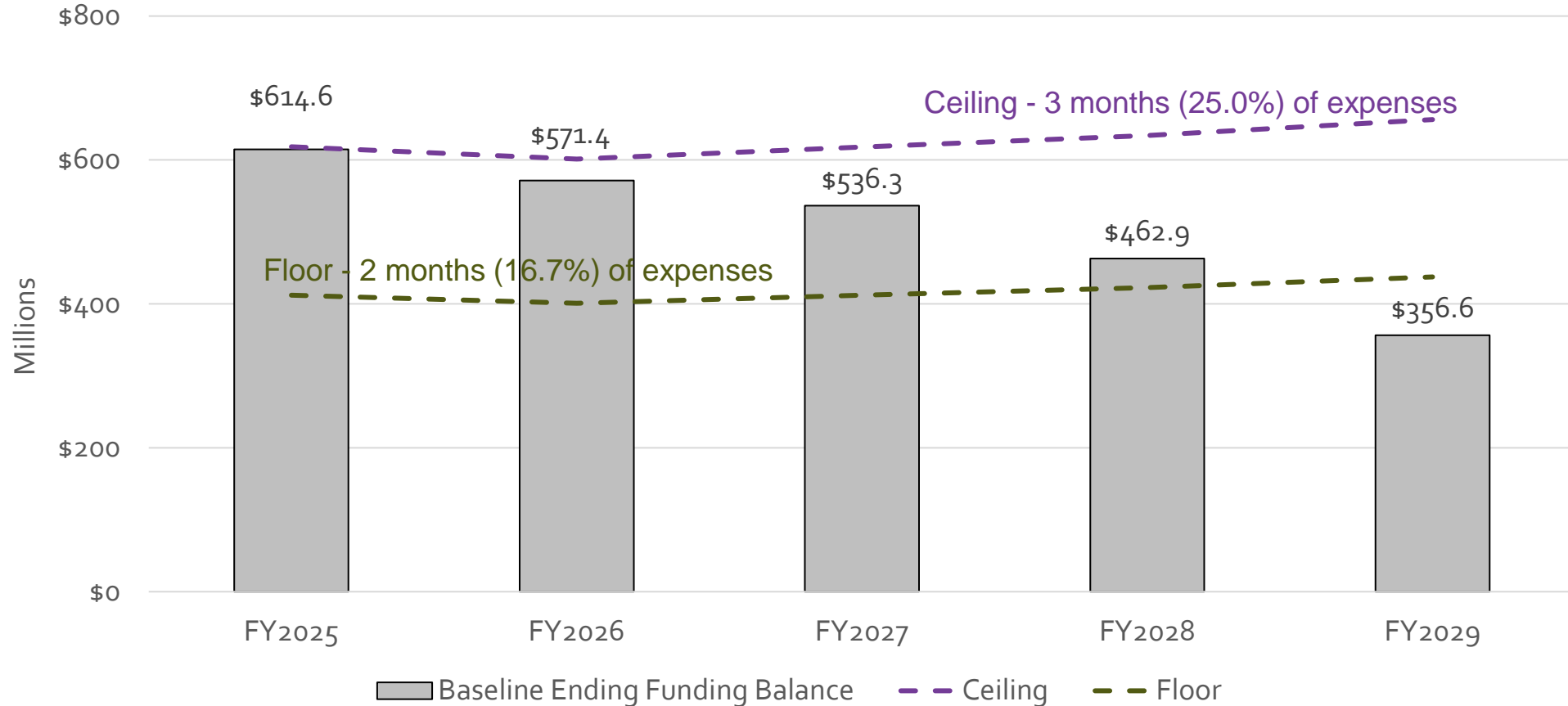


*Includes Transportation Related Home Rule Taxes Fund

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

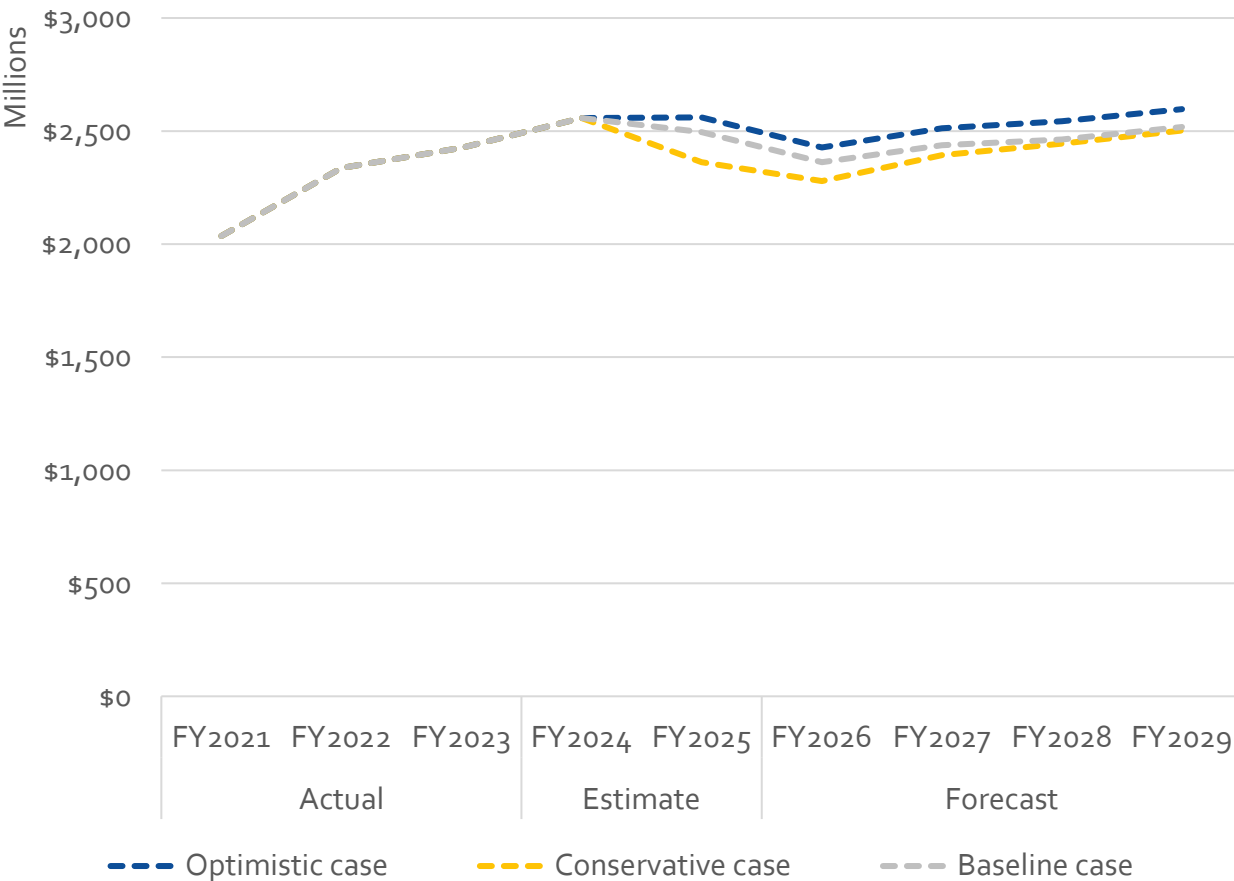


- Floor and ceiling incorporate both General Fund and Transportation Related Home Rule Taxes Fund expenses.
- Floor represents 2 months of projected annual expenses and Ceiling represents 3 months of projected annual expenses.
 - Floor and ceiling calculations determined pursuant to Government Finance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



Revenue scenarios

General Fund Revenue Scenarios



Scenario Assumptions

Optimistic

- 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
- The impacts of Trump administration tariffs & deportations on the economy are less than expected

Baseline

- The economy has a 50% chance of performing better and a 50% chance of performing worse
- The Fed will cut policy rate twice in 2025, down from four times in previous projection
- Inflation growth will not stabilize until early 2027 with incoming Trump administration's policies adding to inflationary pressures in near term
- The TCJA will be extended after recent U.S. election

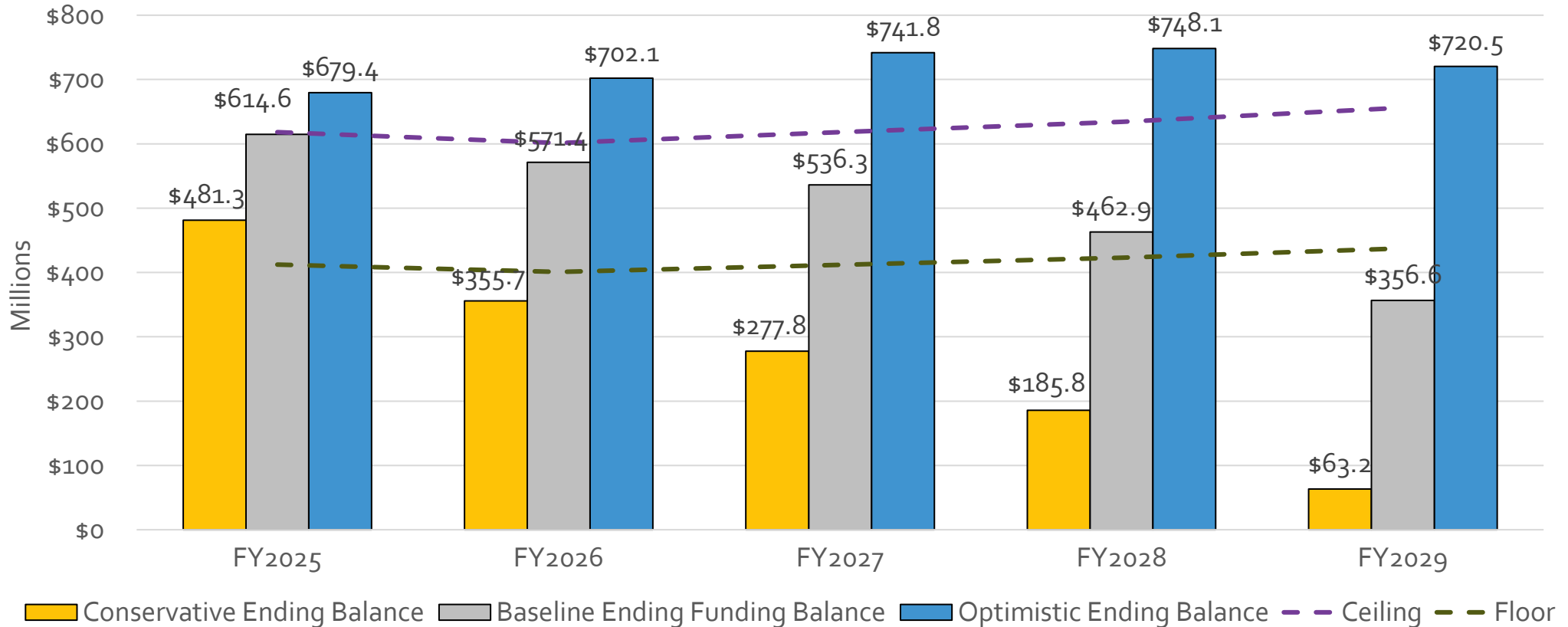
Conservative

- The economy has a 90% chance of performing better and a 10% chance of performing worse
- Unemployment begins increasing significantly starting in Q1 2025, peaking at 8.3% in Q1 2026
- Combination of tariffs, rising inflation, deportations, political tensions, still-elevated interest rates, and reduced credit availability causes the economy to fall into recession in Q1 2025

*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.

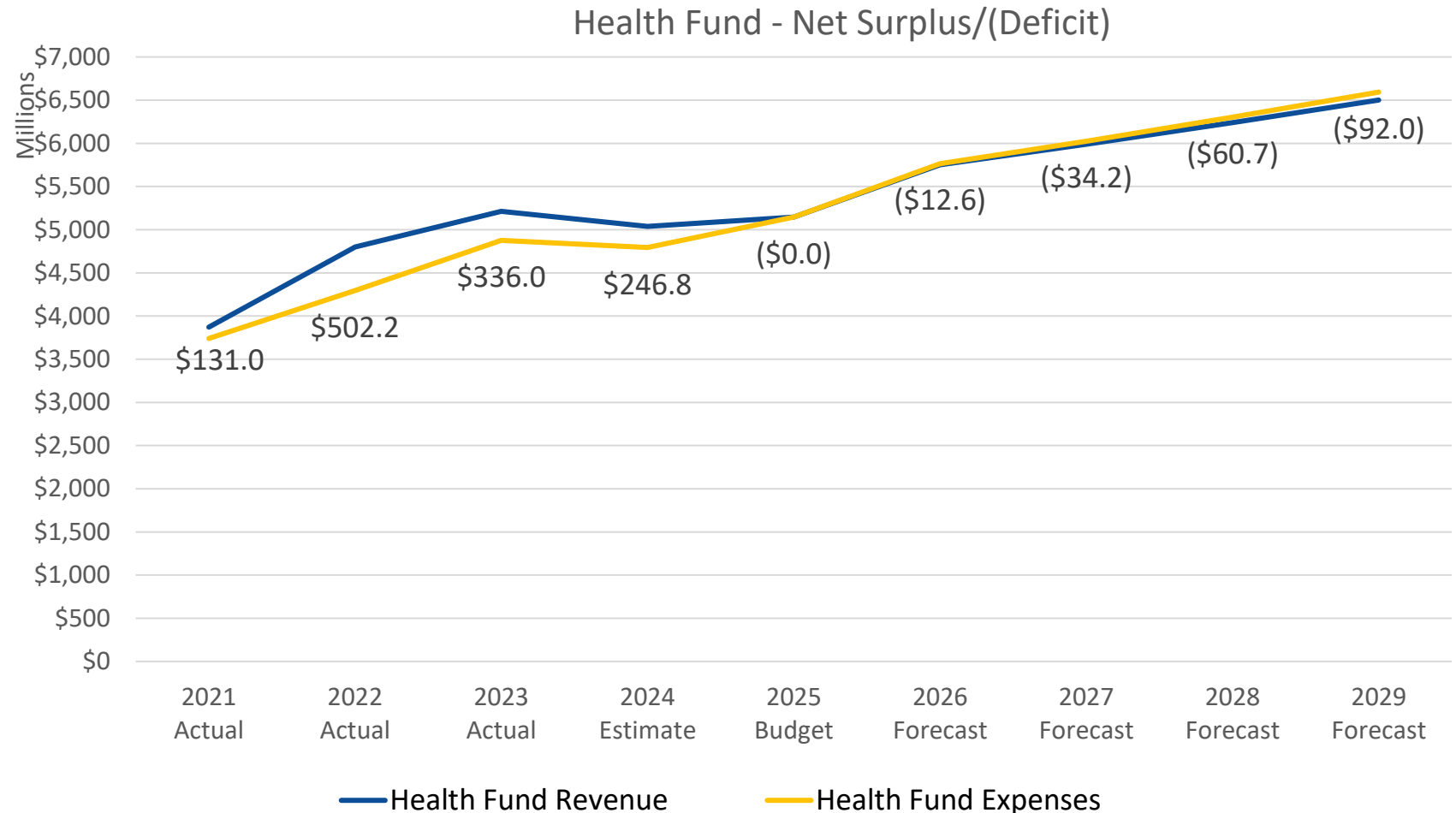
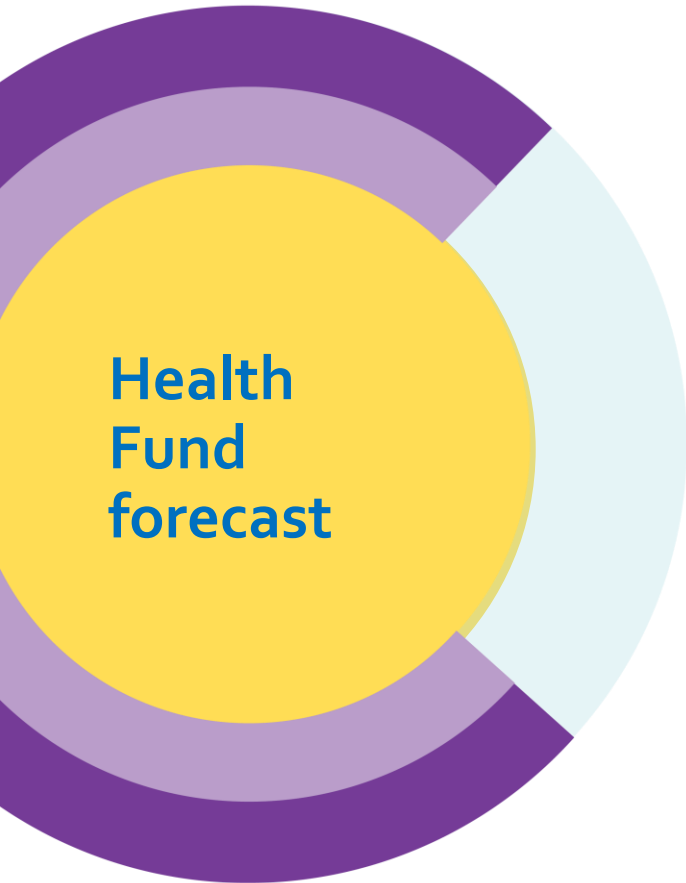


Health Fund long-term forecast





Net surplus/(deficit) projection

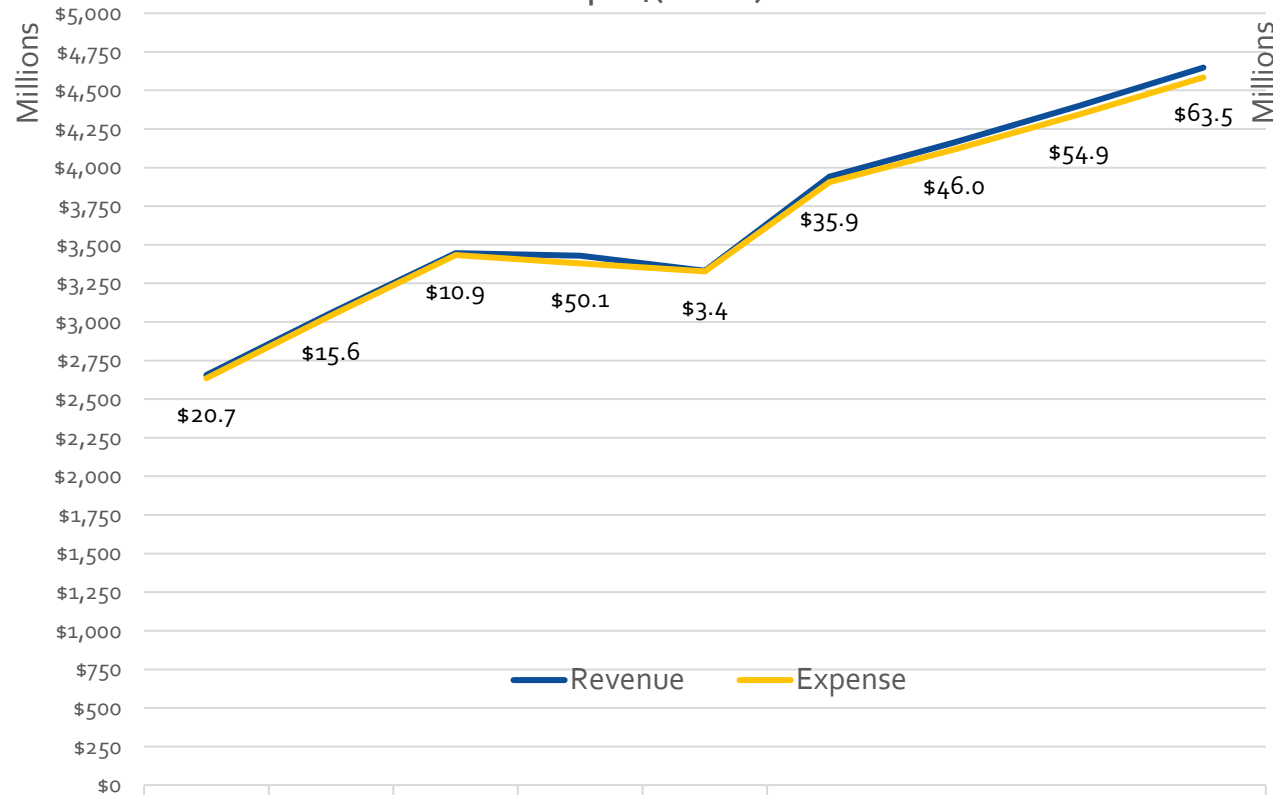


Note: FY2020 through FY2023 includes directed payments and domestic claims that CountyCare passes through to CCH in the revenues and expenses of both Health Plan Services and Health Care Services. Beginning in FY2024, directed payments will only be accounted for in the budget for Health Care Services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



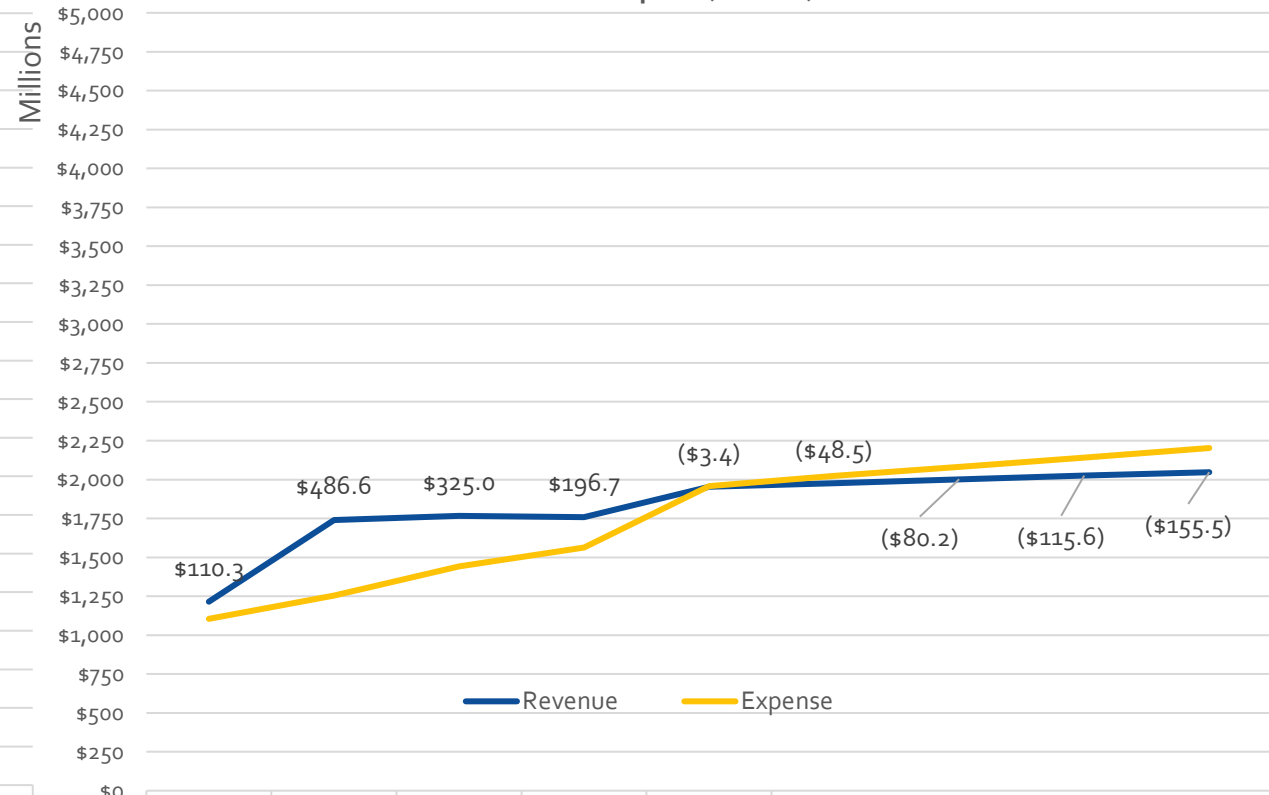
Net surplus/(deficit) projection

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



FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Actual	Actual	Actual	Estimate	Budget	Forecast			

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

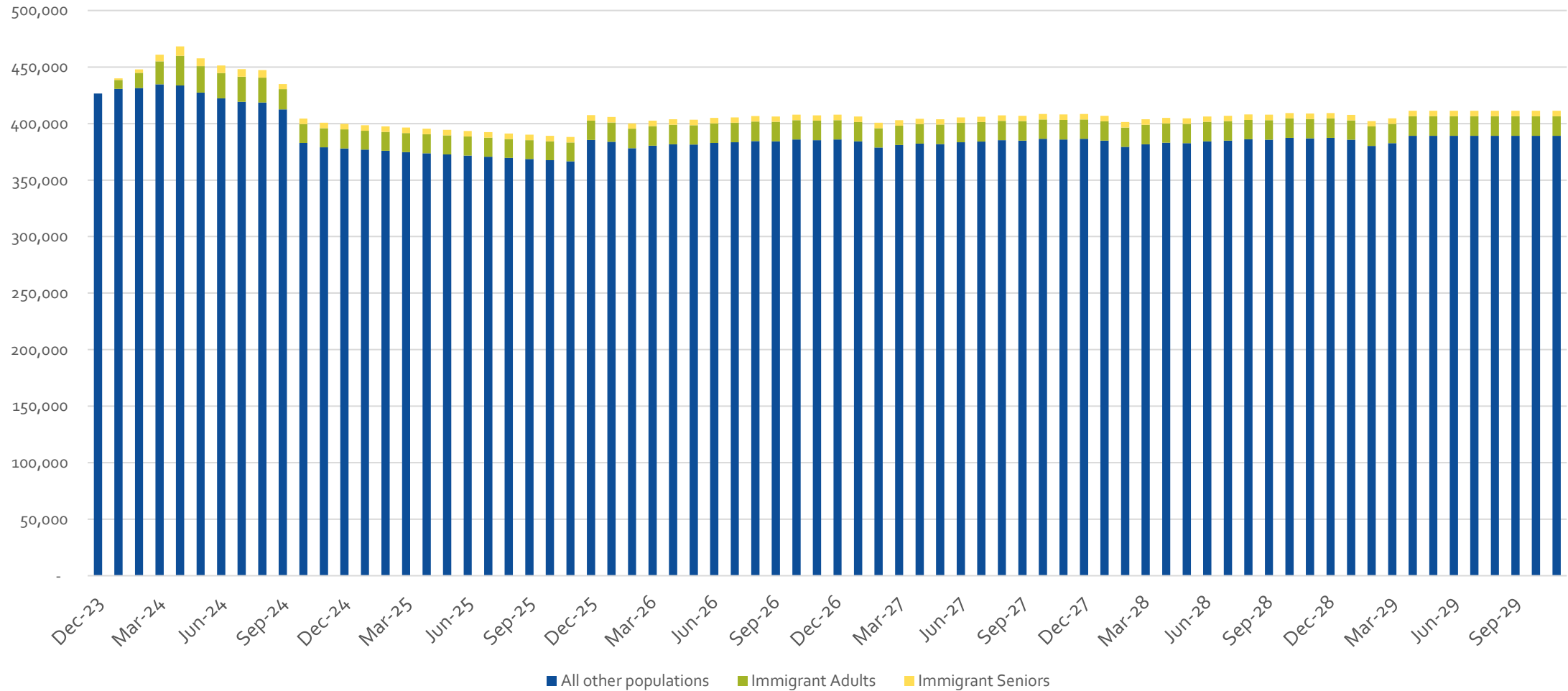


FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Actual	Actual	Actual	Estimate	Budget	Forecast			



CountyCare Membership Projection

CountyCare Membership Forecast

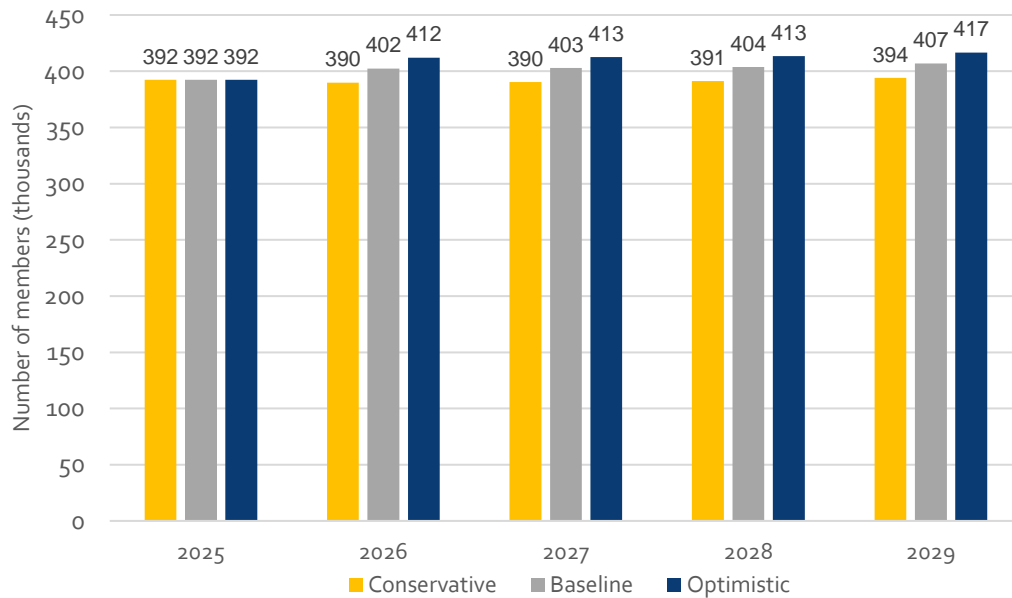




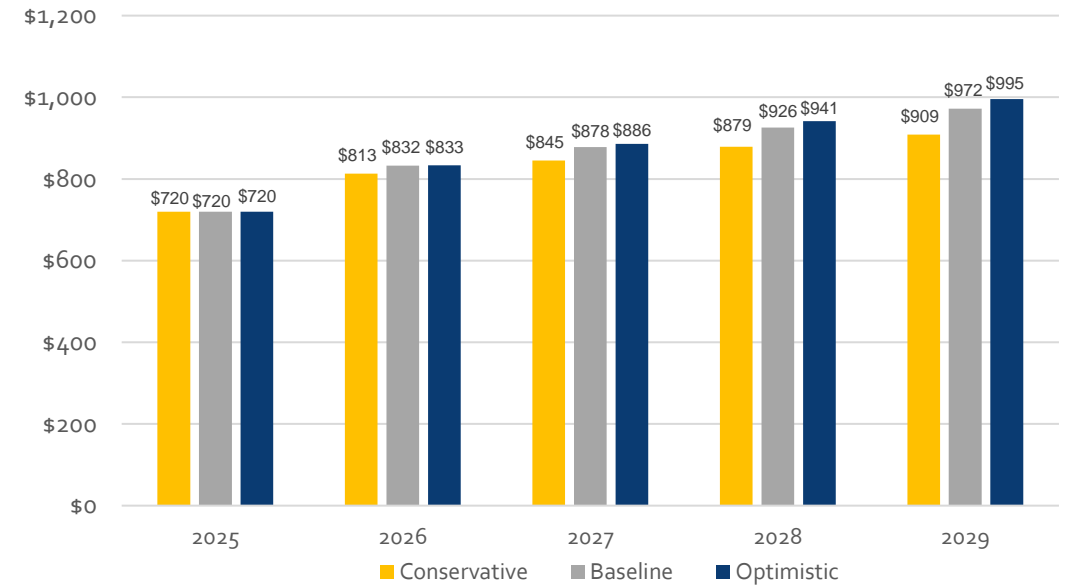
CountyCare scenario assumptions

Assumptions for CountyCare Monthly Membership Projections and PMPM Rate Growth

CountyCare Average Monthly Membership Projections, by Scenario



CountyCare Average PMPM Revenue, by Scenario



	2020-2024 CAGR	2024 estimate – 2025 budget	2025-2029 CAGR		
			Conservative	Baseline	Optimistic
Average Monthly Membership	-0.6%	-2.7%	0.1%	0.9%	1.5%
PMPM Rate Growth	7.5%	0.9%	4.4%	6.1%	6.8%

Conservative scenario: 5% increase in member terminations; 41% downward adjustment to the baseline growth in PMPM rates.

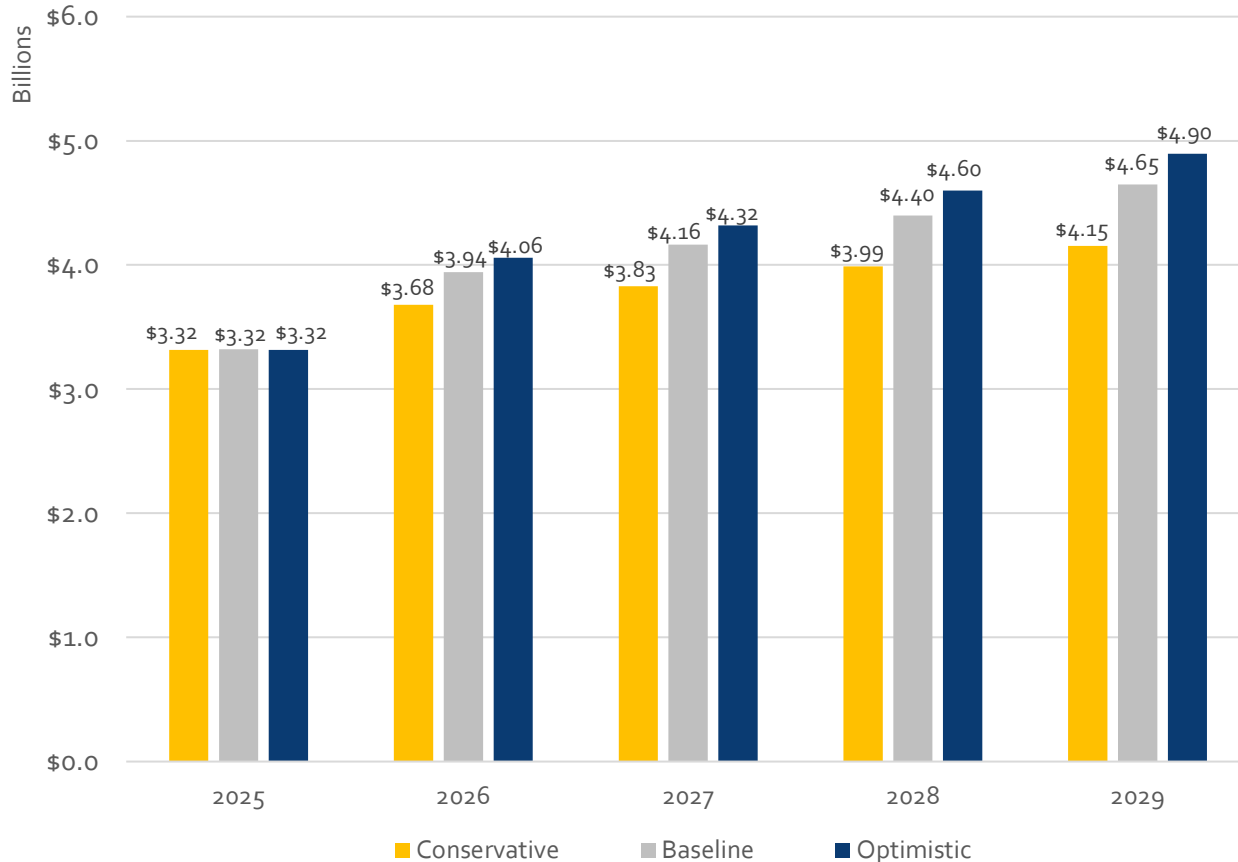
Baseline scenario: assumes that member additions and member terminations will settle just above 400K; PMPM growth rate of 6.1% CAGR

Optimistic scenario: 5% decrease in member terminations; 18% upward adjustment to baseline growth in PMPM rates.



CountyCare scenarios revenue projection

CountyCare Projected Revenues, by Scenario

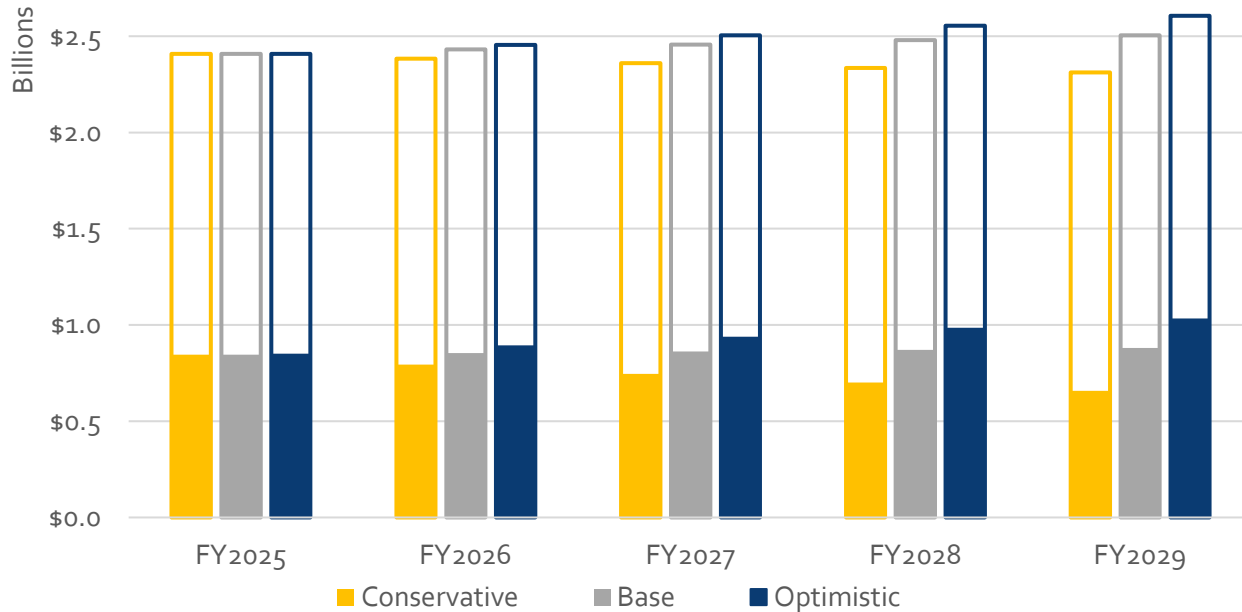


- In the **Conservative scenario**, revenues are forecasted to grow slower due to slower membership and PMPM growth.
- The **Baseline scenario** shows moderate growth in revenues, driven by steady increases in PMPM revenue and membership.
- The **Optimistic scenario** sees the most robust revenue growth,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



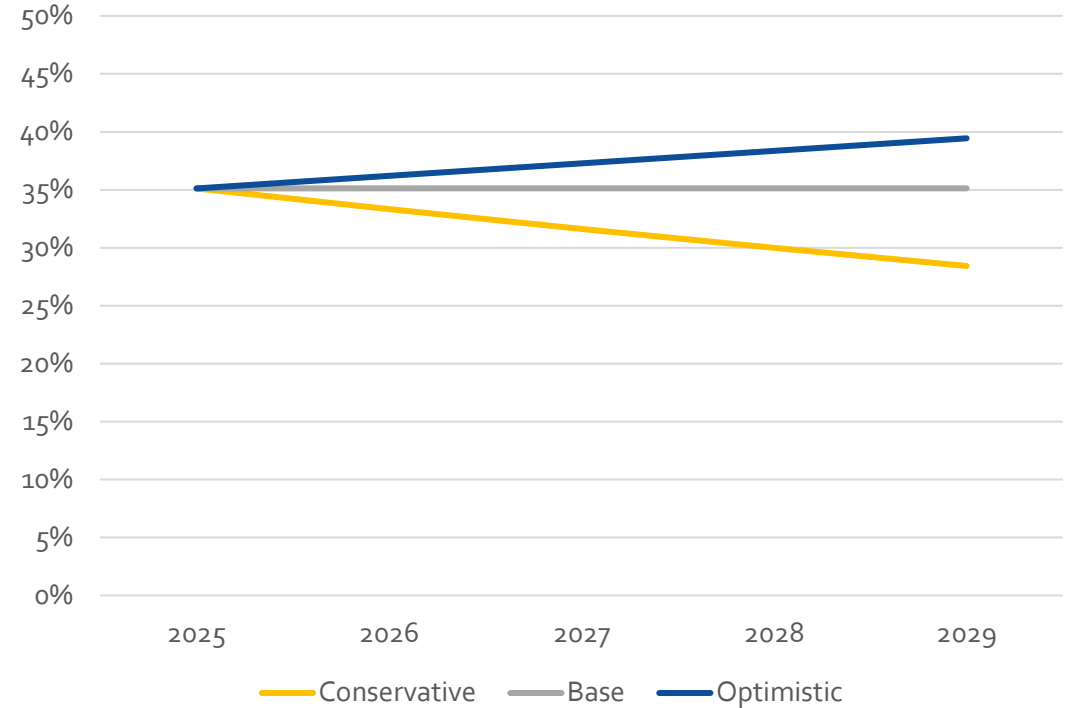
Net patient service revenue scenarios

Net Patient Service Revenue Compared to Gross Charges, FY2025-29



*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



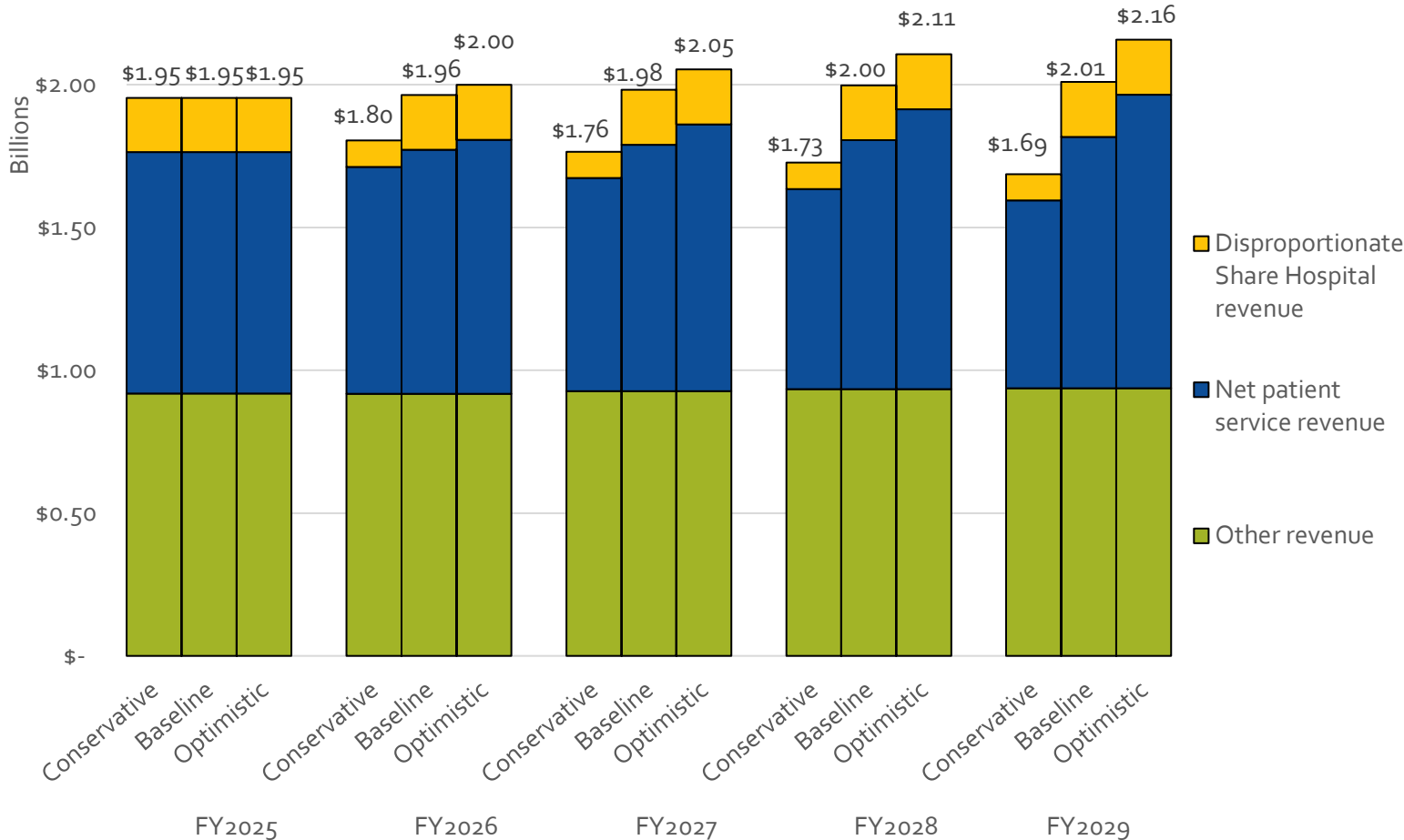
Scenario assumptions

- 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

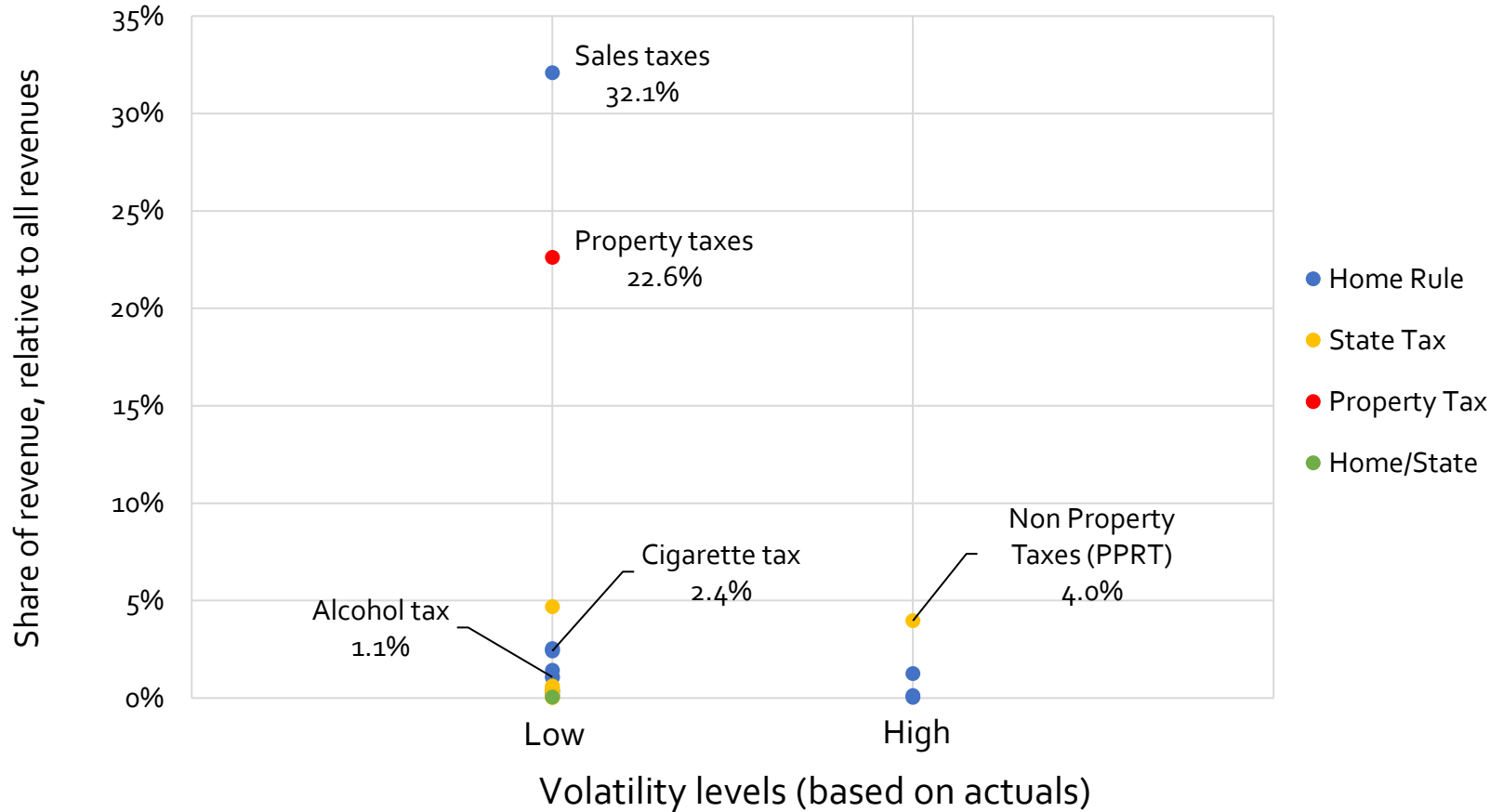


Adequacy analysis





Revenue sources' proportion of all funds vs. volatility level



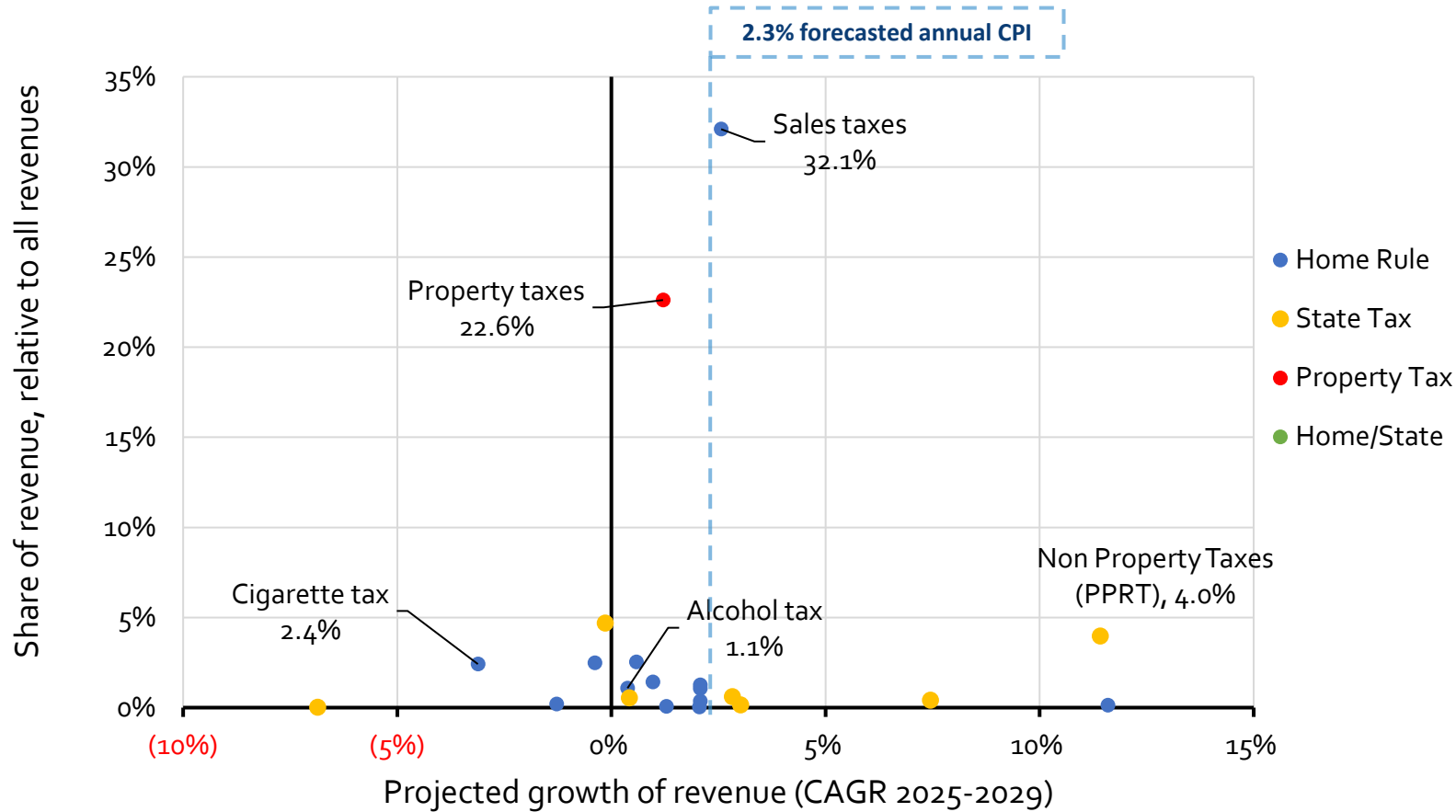
Volatility breakdown

Low	17
High	4
Observed revenues	21

Note: Three (3) revenue sources excluded from the table due to lack of historical data to assess volatility (Video Gaming, Cannabis Tax, Sports Wagering Tax)



Revenue sources' proportion of all funds vs. projected growth



- Of the observed revenues, six are anticipated to outpace annual inflation growth of 2.3% for the Chicago MSA
 - These six revenues projected to outpace inflation make up 37% of all County revenues (excluding the Health Fund)
- Individually, most of the observed revenues make up less than 2% of all County revenues

Note: The total revenue amount used in the calculating the "Share of revenue, relative to all revenues" is equal to All Funds minus the Health Fund plus the portion of the property tax allocated to the Health Fund.



Growth vs. volatility matrix



Assumptions	
Growth Above Projected Inflation	Forecasted compound annual growth rate for 2025-2029 higher than projected inflation of 2.3%
Growth Below Projected Inflation	Forecasted compound annual growth rate for 2025-2029 lower than projected inflation of 2.3%
High Volatility	More than half of the annual percent changes* in actual revenue for the periods observed were above the volatility threshold.
Low Volatility	More than half of the annual percent changes* in actual revenue for the periods observed were below the volatility threshold. When there was an even split (e.g., 2 periods above and 2 periods below), these were considered Low.

*Absolute value

* **Note:** Video Gaming Tax, Cannabis Tax, Sports Wagering Tax are included in matrix, however, these taxes were imposed recently (2019, 2020) and therefore the County does not have ample data to make significant conclusions regarding revenue volatility.



Next steps





Meeting calendar

February

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	

February 6: County Board meeting

March

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					

March 13: County Board meeting

April

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			

April 10: County Board meeting
April 30: IRFC quarterly meeting



Public comment





Adjournment

