

CIVIC FEDERATION

COOK COUNTY FY2024 PROPOSED BUDGET: ANALYSIS AND RECOMMENDATIONS



NOVEMBER 15, 2023

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EXECUTIVE SUMMARY

The Civic Federation **supports** the Cook County FY2024 Executive Budget Recommendation of \$9.1 billion. It continues the Preckwinkle Administration's track record of prudent financial management. The budget reflects the County's ongoing post-pandemic recovery, with strong revenue projections in FY2024. The work the County has done over the past several years to conduct long-term fiscal planning and implement financial policies has put the budget in a strong financial position and enabled the County to build up a healthy general operating reserve.

Cook County also achieved a major legislative accomplishment this year through the passage of landmark pension funding legislation in State Public Act 103-0529. The legislation authorizes the County to make pension contributions based on the actuarial needs of the fund using a best-practice funding schedule with at 100% funding goal, allows contributions to be funded through any revenue source and resolves an issue with pensions for Tier 2 employees potentially falling out of compliance with federal Safe Harbor rules.

The FY2024 budget proposal represents an increase in spending of \$356.8 million, or 4.1%, from the FY2023 adopted budget of \$8.8 billion. While the budget cuts 414 vacant personnel positions, expenditures are increasing due in large part to salary increases driven by collective bargaining agreements. The budget includes no increases to taxes or fees.

The Civic Federation commends the County on several aspects of the budget proposal, including the planned use of excess reserves, long-term financial planning and forecasting efforts, plans to evaluate and dedicate funding to sustaining ARPA-funded programs, and transit planning efforts as a key stakeholder in the future of the Chicago region's public transit system. The County plans to use some of its excess operating reserves to set aside an ARPA sustainability reserve fund to support programs created with the \$1 billion in American Rescue Plan Act funding the County received.

There are, however, some fiscal pressures on the County's budget. The shifting of transportation tax revenues away from the General Fund into a separate Transportation Fund in order to comply with a 2016 Illinois constitutional amendment (the Transportation Lockbox, or Safe Roads Amendment) makes the General Fund more reliant on sales tax and other economically sensitive revenues. The County also has lingering staffing shortages, especially within the Cook County Health and Hospitals System, which are driving up contractual labor costs.

The Civic Federation calls on the Cook County Board of Commissioners and President's Office to consider two longstanding recommendations to address unincorporated areas and to create a unified property tax administration office. The Federation also recommends that Cook County Health include the full subsidy provided by the County to the health system through pension contributions and debt service, as well as past year expenditures, in the CCH annual proposed budget.

The Civic Federation presents the following **key findings** from the Cook County FY2024 proposed budget:

- **Appropriations:** The County's Executive Budget Recommendation proposes total spending of \$9.1 billion in FY2024, which represents an increase of \$356.8 million, or 4.1%, from the FY2023 adopted budget of \$8.8 billion.
 - General Fund appropriations, which account for public safety and administrative County functions, are proposed to be nearly \$2.1 billion, an increase of 6.2% from the prior year budget, due to rising personnel expenses.
 - Cook County Health appropriations of nearly \$4.3 billion represent an increase of \$264.3 million or 6.6%, from the FY2023 adopted budget. The increase reflects both growth in salaries tied to collective bargaining agreements and an increase in spending on contractual labor to help compensate for staffing shortages.
- **Property Tax Levy:** Cook County proposes a total property tax levy of \$803.8 million in FY2024, which is an increase of \$20.7 million, or 2.6%, from FY2023. The County will continue to hold its base property tax level flat at \$720.5 million as it has done since 2001, but will generate an additional \$95.1 million from expiring TIF districts, new property and expiring incentives. The County will provide a property tax allocation of \$157 million to Cook County Health, which is an increase of \$10 million from the prior year.
- **Personnel:** The County proposes a total of 23,346 full-time equivalent (FTE) positions across all funds, which is a net decrease of 414.3 FTEs, or 1.7%, from the adopted FY2023 budget. All positions eliminated in FY2024 are vacant positions.
- **Pension Fund:** The proposed budget includes a total pension fund contribution of \$538.9 million in FY2024. This includes a statutorily required contribution of \$205.2 million and a supplemental contribution of \$333.7 million. Fiscal Year 2024 is the last year where the County will make a supplemental pension contribution via intergovernmental agreement as the supplemental contributions were recently codified into state law through Public Act 103-0529.
- **Fund Balance:** The County had \$1.2 billion in unrestricted general operating reserves at the end of fiscal year 2022. This is well above the target set through the County's fund balance policy. Therefore, the FY2024 budget will allocate \$301.7 million in excess unassigned fund balance toward one-time uses, including approximately \$166 million to establish an ARPA sustainability reserve for the continuation of some programs initiated in response to the COVID-19 pandemic.
- **Debt:** Cook County's debt service appropriations of approximately \$260 million make up less than 3% of total expenditures, which signifies a low bonded debt burden.

The Civic Federation **supports** the following elements of the Cook County FY2024 proposed budget and the County's financial position:

- Cook County pension reform legislation;
- Prudent financial management;
- Appropriate use of excess reserves;
- Planning and evaluation for sustainability of ARPA programs;
- No increases in general taxes or fees;
- Independent Revenue Forecasting Commission's continues to refine projections; and
- Cook County's involvement in transit planning.

The Civic Federation has **concerns** about the following issues:

- Staffing shortages and high cost of contractual labor within Cook County Health;
- Transportation tax revenue constraints;
- Unincorporated area funding subsidy; and
- Property tax bill delays.

The Civic Federation offers the following **recommendations** to Cook County:

- Create a unified property tax administration office;
- Convene stakeholders to address unincorporated areas; and
- Include the full cost of the County subsidy to Cook County Health in the CCH proposed budget.

CIVIC FEDERATION POSITION

The Civic Federation **supports** the Cook County FY2024 Executive Budget Recommendation of \$9.1 billion. It continues the Preckwinkle Administration's track record of prudent financial management. The budget reflects the County's ongoing post-pandemic recovery, with strong revenue projections in FY2024. The work the County has done over the past several years to conduct long-term fiscal planning and implement financial policies has put the budget in a strong financial position and enabled the County to build up a healthy general operating reserve.

Cook County also achieved a major legislative accomplishment this year through the passage of landmark pension funding legislation in State Public Act 103-0529. The legislation authorizes the County to make pension contributions based on the actuarial needs of the fund using a best-practice funding schedule with at 100% funding goal, allows contributions to be funded through any revenue source and resolves an issue with pensions for Tier 2 employees potentially falling out of compliance with federal Safe Harbor rules.

The FY2024 budget proposal represents an increase in spending of \$356.8 million, or 4.1%, from the FY2023 adopted budget of \$8.8 billion. While the budget cuts 414 vacant personnel positions, expenditures are increasing due in large part to salary increases driven by collective bargaining agreements. The budget includes no increases to taxes or fees.

The Civic Federation commends the County on several aspects of the budget proposal, including the planned use of excess reserves, long-term financial planning and forecasting efforts, plans to evaluate and dedicate funding to sustaining ARPA-funded programs, and transit planning efforts as a key stakeholder in the future of the Chicago region's public transit system. The County plans to use some of its excess operating reserves to set aside an ARPA sustainability reserve fund to support programs created with the \$1 billion in American Rescue Plan Act funding the County received.

There are, however, some fiscal pressures on the County's budget. The shifting of transportation tax revenues away from the General Fund into a separate Transportation Fund in order to comply with a 2016 Illinois constitutional amendment (the Transportation Lockbox, or Safe Roads Amendment) makes the General Fund more reliant on sales tax and other economically sensitive revenues. The County also has lingering staffing shortages, especially within the Cook County Health and Hospitals System, which are driving up contractual labor costs.

The Civic Federation calls on the Cook County Board of Commissioners and President's Office to consider two longstanding recommendations to address unincorporated areas and to create a unified property tax administration office. The Federation also recommends that Cook County Health include the full subsidy provided by the County to the health system through pension contributions and debt service, as well as past year expenditures, in the CCH annual proposed budget.

ISSUES THE CIVIC FEDERATION SUPPORTS

The Civic Federation **supports** the following elements of Cook County's FY2024 Executive Budget Recommendation and financial situation.

Cook County Pension Reform Legislation

Legislation passed during the spring 2023 legislative session codified several positive initiatives that Cook County had previously undertaken to shore up the Cook County pension fund. House Bill 2352, passed by the General Assembly in May 2023 and signed into law by the Governor in August 2023 as Public Act 103-0529, addresses the funded status of the Cook County pension fund by:

- Authorizing contributions to be made based on actuarial calculations that will fully fund the pensions within 30 years and prevent the unfunded liability from growing, rather than based solely on a multiplier. Previously, the County was required to contribute 1.54 times what employees contributed two years prior, but this multiple did not adjust to meet the actuarial needs of the fund and resulted in a decline in funded levels. This change effectively codifies supplemental payments that the County has made to the fund beginning in FY2016.
- Allowing the County to make its annual pension contributions from any tax source, not just property taxes and personal property replacement taxes, as was the case before. This provides the County with flexibility in the sources it can use to fund pensions.

Additionally, the legislation resolved an issue related to federal Safe Harbor rules, which require pension benefits to be comparable to Social Security benefits for public workers and governments to be exempt from paying Social Security taxes. Public Act 103-0529 increases the maximum pensionable salary for employees hired since January 1, 2011, known as Tier 2 employees, in line with the Social Security Wage Base so that the maximum amount of pay used to calculate a pension for county employees will grow at the same rate as the Social Security pay cap over time. The County estimates that this will cost approximately \$3 million each year over the next 30 years, for a present value cost totaling \$98.8 million. The \$3 million increase represents approximately 1% of the County's total pension fund contribution made annually.¹

The reforms are a major accomplishment for Cook County government and its employees and retirees. The Civic Federation has long supported Cook County in securing legislation to allow supplemental contributions beyond the multiplier amount and to allow pension contributions to be made from any source. These changes to the Cook County Pension Code will allow the County to lawfully continue initiatives that had been done via an intergovernmental agreement with the pension fund. The supplemental pension contributions the County began making in FY2016, funded by a one percentage point increase in its sales tax rate, have helped reverse the downward trajectory of the pension fund. They are projected to bring the fund to 100% funding

¹ Cook County Press Release, "[Historic Cook County Pension Reform Legislation Signed Into Law](#)," August 11, 2023.

levels by 2047.² Without the actuarially calculated contributions, the pension fund could have become insolvent by 2044.³

The Civic Federation commends Cook County leadership on achieving these legislative changes and heading off the risk of the County falling out of compliance with IRS Social Security standards through its solution to address the Safe Harbor issue.

Prudent Financial Management

Cook County's financial management practices have put the County on a solid fiscal trajectory. Through the use of long-term fiscal planning and prudent financial policies, the County has eliminated structural deficits that existed in the past, meaning the County has been able to build up surpluses rather than having to close year-end budget gaps. The County projects that future budgets will have very minimal budget gaps throughout the next five years in the General Fund and Health Fund as revenues are anticipated to mostly keep pace with expenditures. Several financial management policies, including a debt management policy and fund balance policy, help to maintain the County's strong financial position. The debt management policy limits the County's debt structure so that it increases by no more than 2% annually until it reaches a \$400 million threshold. The County's annual debt service payment of approximately \$260 annually represents only about 3% of total appropriations, which is a low annual debt burden by industry standards. All of the work the County has done over the past several years has put the budget in a strong financial position and enabled the County to build up a healthy general operating reserve.

Appropriate Use of Excess Reserves

The Civic Federation commends the County for its fund balance policy, which requires the County to maintain a financial reserve in the General Fund of no less than two months of operating expenditures (16.67%), which serves as a "floor," and a "ceiling" of three months' worth of total operating expenditures (25.0%). If the unassigned General Fund reserve exceeds the ceiling, the County can use these funds to pay for nonrecurring expenses or outstanding liabilities, such as pensions or bonded debt, or it can transfer them to a committed or assigned fund balance in the following fiscal year.⁴

As a result of the County's prudent financial management and strong revenue performance, the County has built up reserves beyond the unassigned fund balance amount needed. Pursuant to the reserves policy, the County will allocate a significant amount of excess reserves above the "ceiling," as it also did the past year. The County has a General Fund balance totaling \$1.2 billion as of year-end FY2022. Of that amount, \$390.6 million has been assigned to various funds such as the Pension Stabilization Fund, Infrastructure and Equipment Fund, Cook County Health

² Pension presentation, presented to the Cook County Pension Committee on March 14, 2023, available at [Cook County Legistar](#).

³ Cook County Budget Briefing Presentation, "Executive Budget Recommendation: Fiscal Year 2024," October 4, 2023, p. 34.

⁴ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 290.

Reserve, Equity Fund and Self-Insurance Fund. The remaining \$810.9 million is unassigned. Based on the FY2022 target “ceiling” of \$509.2 million, \$301.7 million in excess unassigned fund balance reserves will be allocated toward a variety of purposes including the following:⁵

- \$158.8 million will be directed to an ARPA Program Sustainability Reserve;
- \$100 million will be paid to the Pension Fund from the General Fund;
- \$11.9 million will be directed to pay down a Cook County Land Bank deficit;
- \$11.2 million will be used for one-time general operating expenses;
- \$10.9 million will go to the Equity Fund; and
- \$9.1 million will go to the Infrastructure and Equipment Fund.

Following such a policy is a good government practice, and the use of excess fund balance is an appropriate use of one-time resources. The Civic Federation commends the County for enacting this policy and practice. The reserves the County has built up indicate strong financial performance and structurally balanced budgets in recent years. The healthy fund balance means the County has more budgetary flexibility in the event of an economic downturn.

Planning and Evaluation for Sustainability of ARPA Programs

The FY2024 budget proposal includes a plan to sustain programs that were started using American Rescue Plan Act (ARPA) Funds. Cook County received \$1 billion in ARPA funds in 2021 and has so far spent approximately 27% of that total.⁶ The funds must be spent by the end of 2026. In total, 70 programs were established through ARPA funding, 45 of which the County hopes to continue after 2026. The County plans to reserve \$166.3 million in a reserve fund to sustain ARPA programs, which will be used gradually and spent down between FY2027 and FY2030. This reserve will include \$158.8 million from General Fund balance assigned for this purpose, as well as \$7.5 million from a settlement received in FY2023.

The Civic Federation commends the County on planning for the continuation of some of these programs after ARPA funding has been exhausted. The Federation also commends Cook County leadership for the overall level of transparency that the County has demonstrated regarding the use of ARPA funds. The County has done a good job of providing financial updates at Board of Commissioners meetings and through the County’s ARPA dashboard.⁷

No Increase in General Taxes or Fees

The Cook County FY2024 proposed budget is structurally balanced without raising any general taxes or new fees. The Civic Federation believes holding the line on tax increases is appropriate given the economic pressures on residents and business owners in this period of ongoing inflation. The budget does not increase the County’s base property tax levy of \$720.5 million, which the County Board has avoided increasing since 2001. The property tax levy will, however, generate an additional \$95.1 million by capturing revenue newly added to the property tax base

⁵ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 7.

⁶ [Cook County American Rescue Plan Dashboard](#), as of November 8, 2023.

⁷ [Cook County American Rescue Plan Dashboard](#).

through expiring Tax Increment Financing (TIF) districts, new property construction and expiring incentives. The budget also continues to benefit from growth in some tax sources including the sales tax, amusement tax and hotel tax, which have rebounded since falling precipitously in FY2020 and FY2021 during the COVID-19 pandemic. These economically-sensitive revenues reflect continued pandemic recovery in the Chicago region as tourism and events have resumed. Gambling taxes are also projected to bring in increased revenue in FY2024 due to gambling expansion in Illinois, including the new Chicago casino and the legalization of online sports betting.

Independent Revenue Forecasting Commission Continues to Refine Projections

The Civic Federation commends the Cook County Independent Revenue Forecasting Commission for its work both on General Fund and Health Fund revenue forecasting. The Commission, established in 2019, has expanded its scope over time to include Cook County Health revenues and General Fund fee revenues, in addition to its original charge, which included only forecasting of General Fund tax revenue sources. The Commission has taken on several initiatives to refine the methodologies used in the County's forecasting process and improve projections by incorporating multiple scenarios. The Commission also recently undertook an initiative to revise the Cook County Health chart of accounts. The changes made through the new chart of accounts provide more detail about the revenues generated from different Medicaid programs under CountyCare and patient service revenues from different types of payors and will allow for forecasting these revenues based on assumptions that differ for each revenue type. The work of the Commission continues to refine and improve the accuracy of the County's revenue projections. The Federation continues to commend the Commission for the transparency and accountability that it brings to the County's long-term forecasting process.

Cook County's Involvement in Transit Planning

The Civic Federation commends Cook County on the release of its first ever transit plan.⁸ The County's work in this area reflects the important leadership role the County plays in the future of the public transit ecosystem in northeastern Illinois. The County's work on transit planning has also helped to support improving equity across Cook County; for example, through the Fair Transit South Cook program.⁹ We are pleased to see President Preckwinkle's leadership and engagement in this focus area, especially as Illinois finds itself at a critical juncture. The Regional Transportation Authority anticipates a \$730 million budget gap for the three transit agencies serving Cook County and the surrounding area beginning in 2026 after federal pandemic relief funds are expended. The engagement of regional leaders will be critical to resolving the funding crisis ahead.

⁸ [Cook County Transit Plan](#), September 2023.

⁹ [Fair Transit South Cook](#).

CIVIC FEDERATION CONCERNS

The Civic Federation has the following **concerns** about the Cook County budget.

Staffing Shortages and High Cost of Contractual Labor within Cook County Health

Like other hospital systems nationwide, Cook County Health (CCH) has struggled to hire and retain the level of nursing and support staff needed to maintain operations. The amount that CCH has spent on contractual labor has increased significantly since the onset of the COVID-19 pandemic. The turnover rate has also increased since before the pandemic, reaching a high of 10% in 2022.

The health system fills in staffing gaps by outsourcing for staff through contracts with staffing agencies. These are budgeted within a registry services line item under contractual services in the CCH budget. Registry services are proposed to increase from the FY2023 budget by \$152.2 million, to \$198.8 million in FY2024 due to the need for additional contractual labor. The County budgeted for \$46.6 million in registry services in FY2023, but CCH expects it will actually spend closer to \$175 million by year-end.¹⁰ This could continue to be a strain on the health system as the national trend of healthcare workers leaving the industry is expected to continue over the next several years.

To mitigate this staffing issue, Cook County Health has worked to improve its human resources processes to cut down the time it takes to hire staff. The Civic Federation is encouraged to see that CCH's Human Resources efforts to accelerate the hiring and onboarding process have begun to yield results. The average time to hiring has been reduced from 119 days in 2022 to 91 days in 2023, which is closer to the target hiring timeframe of 90 days. CCH also saw the first net gain in the number of staff hired in 2023 for the first time in three years.

Transportation Tax Revenue Constraints

In response to litigation regarding the use of transportation taxes, the County created a new special purpose Transportation Fund in the FY2023 budget to account for transportation tax revenue in order to comply with Article IX, §11 of the Illinois Constitution, also known as the "Safe Roads Amendment" or the "Transportation Lockbox Amendment." The Transportation Fund accounts for revenues from the Wheel Tax (which was sunset in FY2023), County Use Tax, Gasoline and Diesel Fuel Tax, Parking Lot & Garage Operations Tax, New Motor Vehicle Tax, and Non-Retailer Transactions Use Tax. The result of the new Transportation Fund is the diversion of \$248.4 million in revenue away from the General Funds in FY2024.

The Civic Federation opposed this constitutional amendment when it was presented to Illinois voters in 2016, noting that it could tie the hands of local governments that use their vehicle

¹⁰ Michael McDevitt, "'Hire as much as we can:' Outgoing Cook County Health CEO answers questions about spending on staffing agencies to plug vacancies," *The Daily Line*, November 1, 2023.

sticker and other fees to fund general operations.¹¹ Indeed, this became an issue for Cook County when the Illinois Road and Transportation Builders Association filed a lawsuit against the County in 2018 alleging the County improperly directed transportation revenue to purposes not related to road funding.¹² The lawsuit alleged that the County spent transportation funds on public safety offices of the Sheriff, State's Attorney, Chief Judge and Clerk of the Circuit Court. The Cook County Circuit Court initially dismissed the case, but following an appeals process, the Illinois Supreme Court ruled that transportation revenue obtained from Cook County and other home rule local governments is subject to the constitutional amendment and allowed legal action to proceed.¹³ A Cook County Circuit Court Judge ruled in August 2023 that Cook County's use of the transportation funds complies with the Safe Roads Amendment because they were used for expenses related to the enforcement of traffic laws.¹⁴ The Plaintiffs were expected to appeal the decision.¹⁵

The Civic Federation remains concerned about the unintended impacts of the Safe Roads Amendment. Because of the shift of transportation revenue sources away from the General Funds, the General Funds rely more heavily on the County's sales tax, which creates some risk if the sales tax does not continue to perform at the level it has been in the past several years. Several of the County's other home rule taxes that support the General Fund are failing to grow at a fast enough pace to keep up with inflation. The Transportation Lockbox Amendment leaves the County with more limited options to support general operating expenditures, which could create financial strain in the event of an economic downturn.

Unincorporated Area Funding Subsidy

A 2016 Civic Federation analysis of unincorporated Cook County found that there are few revenues generated by unincorporated areas to offset the cost of the County providing municipal services to approximately 126,034 unincorporated residents, effectively resulting in an \$18.9 million subsidy paid by the rest of Cook County taxpayers, based on FY2014 financial data.¹⁶ The County's elimination of the wheel tax in 2023 further widens the gap between revenues generated in the unincorporated areas and the expense of providing services to them.

The Civic Federation acknowledges the lack of appetite for incorporation of unincorporated areas into surrounding municipalities because of the high cost associated with incorporation

¹¹ See Civic Federation, "[Letter to the Editor: Lockbox Amendment](#)," October 20, 2016.

¹² Illinois Road and Transportation Builders Association et al v. The County of Cook, Circuit Court of Cook County, 2018, No. 2018 CH 2992.

¹³ [Illinois Road and Transportation Builders Association et al, v. The County of Cook, 2022 IL 127126](#). The Illinois Supreme Court remanded the case to the Circuit Court for further proceedings.

¹⁴ Illinois Road and Transportation Builders Association, et al v. The County of Cook, Circuit Court of Cook County, 2023.

¹⁵ James Neveau and Mary Ann Ahern, "[Judge rules Cook County properly used \\$240 million in transportation funds](#)," NBC News Chicago, August 14, 2023.

¹⁶ See Civic Federation, "[Unincorporated Cook County: A Profile of Unincorporated Areas in Cook County and Recommendations to Facilitate Incorporation](#)," September 22, 2016. See also Civic Federation, "[Unincorporated Areas in Cook County: The Subsidy](#)," September 28, 2016.

and opposition from residents. Many of the unincorporated areas lack the infrastructure that would be required by a municipality—an expensive problem to resolve. However, with the elimination of the wheel tax—one of the limited revenue sources generated by unincorporated areas—now is a good time for Cook County to revisit steps it could take to facilitate incorporation, or at the very least identify ways to cover or reduce the cost of the subsidy provided in unincorporated areas.

Property Tax Bill Delays

For the third year in a row, the second installment of property tax bills have been sent out late, with a due date of December 1. The statutory due date for second installment property tax bills is August 1. The late tax bills are the result of delays in technology upgrades within each of the County offices that deal with property tax administration (Assessor, Board of Review, County Clerk and Treasurer), and a lack of cooperation between the offices to migrate data to the same technology system. This has led to uncertainty and confusion caused for taxpayers, as well as instability for the other local governments in Cook County such as municipalities and school districts that rely heavily on property tax revenue to fund their operations throughout the year.

Transitioning to a new integrated property tax appraisal system has been a drawn out, and very expensive project. Cook County began contracting with Tyler Technologies for a new integrated property tax appraisal system in FY2015 and has spent nearly \$40 million on contracts for this system from FY2015 through FY2026.¹⁷ In the meantime, the County also extended its contract for continued support of the legacy mainframe system at a cost of \$22 million through July 2024,¹⁸ and has paid millions more for consulting services to support this endeavor.

The Civic Federation was pleased to see that the Bureau of Technology, under the direction of the President's Office, stepped in to help facilitate cooperation between the property tax offices over the past year. The Assessor and Board of Review both report that coordination has improved.¹⁹ Each of the four property tax offices are reportedly on track to migrate from the County's old legacy mainframe system to the new Tyler Technologies iasWorld Application by May 2024.²⁰ The Civic Federation commends the Cook County Board of Commissioners and President's Office for continuing their push to resolve this issue. It is imperative that the technology issues and data sharing between the Assessor and Board of Review be completely resolved by the time second installment bills need to be sent out in summer 2024.

¹⁷ The Cook County Board approved a [contract](#) with Tyler Technologies, Inc. September 2015 at a value of \$30 million for the contract period of September 30, 2015 through March 31, 2023, and approved a [renewal](#) of this contract on June 16, 2022, increasing the contract value by \$8.4 million for the period from April 1, 2023 through March 31, 2026.

¹⁸ The Cook County Board approved a [contract extension](#) with Ensono, LP at a value of \$22.2 million for the contract period from August 2021 through July 2024.

¹⁹ Statements made in the [Assessor's Budget Hearing](#) and [Board of Review Budget Hearing](#) held by the Cook County Finance Committee on October 25 and 26, 2023.

²⁰ [Cook County Technology and Innovation Committee Meeting](#), October 17, 2023.

CIVIC FEDERATION RECOMMENDATIONS

The Civic Federation offers the following **recommendations** to the Cook County Board of Commissioners.

Create a Unified Property Tax Administration Office

The Civic Federation continues to propose a longstanding recommendation that the County create a unified property tax administration office. Given the ongoing delays in property tax bills this year, now is an appropriate time for the County to revisit this idea among other property tax system reforms.

Consolidation of property tax functions within various county offices has been recommended for many decades, including as part of a 1988 Revenue Study Committee Report to the President and Board of Commissioners of Cook County, and in 2003 by then-Cook County Commissioner Mike Quigley in a Reinventing Cook County report. The Civic Federation again made this recommendation in a Cook County Roadmap report in 2010.²¹ The Cook County Board, under the leadership of President Preckwinkle, has been supportive of this proposal in the past and considered a resolution creating a Cook County Office of Tax Administration in April 2012 via interoffice agreement. However, the State's Attorney's office concluded that the creation of such an office via an interoffice agreement would be challenged legally and that state legislation would be required in addition to holding a countywide referendum. Board President Preckwinkle was supportive of streamlining property tax administration, but believed this initiative needs in-depth analysis and public meetings before moving forward. With the President's creation of the Property Assessment and Tax Working Group, now is the right time for the working group to look at this issue. Further, it bears mentioning that the County has already merged the Clerk and Recorder of Deeds offices, demonstrating that office consolidations are possible.

The current structure of the property tax system administration by several different offices leads to taxpayer confusion about whom to contact with questions or complaints about one's taxes, as well as inefficiencies with associated cost implications resulting from a duplication of functions and a lack of coordination among departments and agencies. The lines of responsibility are nearly impossible for ordinary taxpayers to discern and politicians exploit this fact to their political advantage. The new office should be led by an appointed, rather than elected, official.

Under such a proposal, the Treasurer's office would be merged with the portions of the County Clerk's and Auditor's Offices that deal with property tax extension, collection, property records and any other property functions. The Office would then become an appointed, rather than

²¹ See Civic Federation, "[Cook County Modernization Report: A Roadmap for Cook County Government](#)," October 25, 2010, p. 154. The Civic Federation in 1959 supported legislation in the Illinois General Assembly that would consolidate administrative property tax functions in Cook County. Civic Federation Statement on House Bill 1346, Seventy-First Session, Illinois General Assembly (1959).

elected, office, which is appropriate given the ministerial role these functions play. The Civic Federation believes the Assessor's Office should remain separate from the property tax extension, redemption, collection and disbursement processes in order to avoid compromising the integrity and independence of the property assessment process.

The Federation encourages President Preckwinkle and the Cook County Board of Commissioners to again consider this proposal. The State's Attorney should also revisit the legal requirements and release findings publicly.

Convene Stakeholders to Address Unincorporated Areas

The Civic Federation continues to support a longstanding recommendation that the County work to recoup costs associated with the delivery of municipal-type services to unincorporated areas and eventually annex all unincorporated areas of Cook County into existing municipalities.²² While efforts towards incorporation of unincorporated areas understandably stalled during the pandemic when governments were rightly focused on dealing with the multifaceted impacts of the crisis, the Civic Federation urges the Cook County Board and President's Office not to give up on this initiative.

The Civic Federation laid out several recommendations in a 2016 report on unincorporated areas in Cook County that we continue to endorse.²³ Among the Civic Federation's recommendations are the following:

- Establish a municipal services fund to account for the costs associated with the delivery of municipal-type services to the unincorporated areas such as policing, highway road services, building and zoning services, liquor control and animal control.
- Gather updated data annually on the revenues and expenses associated with providing municipal-type services to the unincorporated areas, and particularly the extent of law enforcement services provided by the Cook County Sheriff, which is the largest expense provided by the County in incorporated areas.
- Amend the Cook County Zoning Ordinance to require residents or developers seeking to rezone parcels in unincorporated Cook County to first demonstrate efforts have been made to achieve annexation with a contiguous municipality.
- Establish fees applicable specifically to unincorporated areas such as an incident response fee, police protection fee or real estate transfer tax.

With the sunset of the County's wheel tax in 2023, this further reduces the amount of revenue recouped from unincorporated areas for services provided. While the sunset ordinance was promoted as a means to improve equity, improved service provision to lower-income unincorporated area residents via annexation to a neighboring municipality would also help improve equity. The Civic Federation urges the Cook County Board and President's Office to resume efforts to address the subsidy provided by the County and municipalities to

²² Cook County, "[Task Force Recommends Eventual Elimination of Unincorporated Cook](#)," April 30, 2012.

²³ See a summary of recommendations beginning on p. 9 of the Civic Federation's report "[Unincorporated Cook County: A Profile of Unincorporated Areas in Cook County and Recommendations to Facilitate Incorporation](#)," September 22, 2016.

unincorporated areas. There are many ways Cook County could help facilitate annexation and help overcome barriers, such as upfront infrastructure costs. For example, Cook County could reconvene planning agencies and stakeholders including the Chicago Metropolitan Agency for Planning, the Metropolitan Water Reclamation District and the Forest Preserve District of Cook County to conduct an evaluation of the needs of these unincorporated areas, the issues and barriers associated with incorporation, infrastructure or planning needs and options for how to pay for them.

Include Full Cost of County Subsidy to Cook County Health in CCH Budget

The Cook County Health budget is first introduced and approved by the health system Board of Directors in August, then incorporated into the full Cook County budget proposal each year. The budget as presented by Cook County Health includes an overview of the upcoming year's expenditures compared to the past year's budget and projected year-end expenditures. It does not include past year expenditures, future year forecasts, or additional information about the cost of pensions and debt that the County helps cover on behalf of Cook County Health.

The Civic Federation encourages CCH to include in its annual proposed budget presentation a breakdown of revenues and expenditures, including the total tax allocation from the County to the health system. Currently, the CCH budget presentation includes the property tax allocation directed by Cook County to the Health Fund but excludes additional allocations for employee pension contributions and the cost of debt service. The full Cook County Executive Budget Recommendation does include this information,²⁴ but the full budget comes out after the CCH budget is introduced. Accounting for these additional costs would more accurately represent the full cost of Cook County Health operations. We recommend that these line items be included with the introduction of the CCH budget.

²⁴ See Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 23.

FY2024 FINANCIAL OUTLOOK

Each year, Cook County releases a mid-year annual report to provide end-of-year operating budget estimates and preliminary projections for the next fiscal year. The County's fiscal year runs from December 1 through November 30. The forecast indicates the financial condition in which Cook County government will be entering the next fiscal year and identifies any budget deficit that must be closed through corrective action.

The Preliminary Forecast released in June 2023 projected the County would end the current 2023 fiscal year with a year-end surplus of \$616.8 million, consisting of a \$214.7 million surplus in the General Fund and a \$402.1 million surplus in the Health Fund. The positive year-end outlook was due to several factors, including the effect of inflation on some tax collections which led to higher than originally anticipated revenues, increases in one-time revenues, and payroll savings related to delays in hiring timeframes due to a tight labor market.

At the same time the previous year, Cook County projected it would end FY2023 with a budget deficit of \$18.2 million, consisting of a \$4.3 million deficit in the General Fund and a \$13.9 million deficit in the Health Fund.²⁵ However, higher than expected revenues and lower than expected expenditures resulted in a better financial performance than was originally anticipated for fiscal year 2023.

Looking to the financial outlook for FY2024, Cook County originally projected a budget deficit of \$85.6 million when the June projections were released.²⁶ However, those projections were revised to incorporate annual cost of living adjustments in pay negotiated with unions, which increased the projected FY2024 shortfall to \$161 million. The negotiated collective bargaining agreements incorporate a retroactive 3.5% pay increase effective December 1, 2021, extend the contracts by an additional year through FY2025, and add a 5% pay increase effective June 1, 2025, to reflect inflation.²⁷

The fiscal impact of the collective bargaining agreements is estimated to be \$143.1 million in FY2023 and \$84.2 million in FY2024. The County will absorb the additional cost for FY2023 using its projected surplus to cover the higher expenses. This will still leave \$475 million in general operating reserves after the employee cost of living increases are incorporated.

The County says it will incorporate the additional contract costs and balance the FY2024 budget through the elimination of 414 vacant positions, the majority of which are within Cook County Health; by using extra unassigned fund balance left over as surplus from FY2022; and through some increased revenue projections.

²⁵ [Cook County FY2023 Preliminary Forecast](#).

²⁶ [Cook County FY2024 Preliminary Forecast](#).

²⁷ Cook County Bureau of Finance Presentation to the Cook County Board of Commissioners Finance Committee, July 25, 2023, available at [Cook County Legistar](#).

APPROPRIATIONS

This chapter describes Cook County's proposed appropriations for FY2024, including analyses of appropriations by fund, by object and by control officer.

FUND STRUCTURE

Cook County's operating budget consists of the following **operating funds**:

- The **General Fund** includes the Corporate and Public Safety Funds. The Corporate Fund is used for general County expenses, including property tax administration and other administrative functions. The Public Safety Fund accounts for the County's criminal justice system, including the jail and court system;
- The **Health Enterprise Fund** is used to operate the Cook County Health and Hospitals System, known as Cook County Health;
- **Special Purpose Funds** have defined sources of revenue that are restricted for particular uses. These include the Board of Election Commissioners Election Fund, the Bond and Interest Fund (used to pay debt service), the Annuity and Benefits Fund (used for payments to the pension fund), federal COVID-19 relief funds and a number of Agency Special Purpose Funds that are allocated to various offices; and
- **Restricted Funds**, or grants.

In addition to the operating funds, Cook County also maintains a **Capital Fund** to account for expenditures related to capital improvements. The structure of these funds is shown in the figure below.

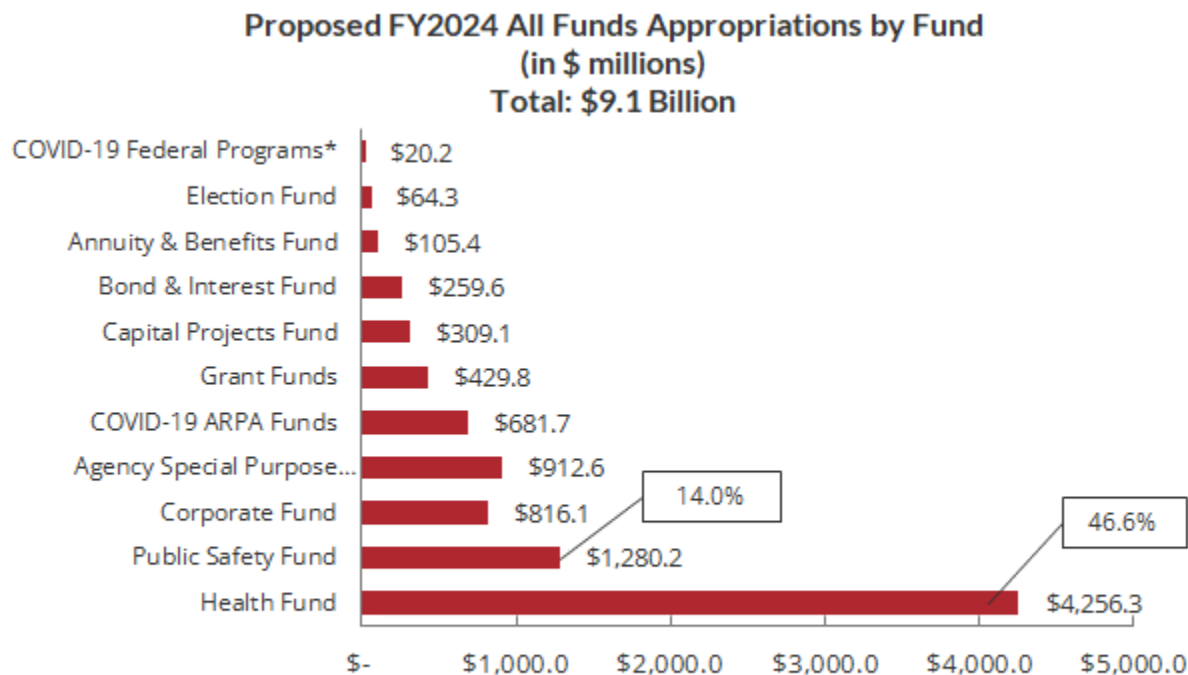
Cook County Operating Funds					Non-Operating
General Fund:		Health	Special	Restricted	Capital Fund
Corporate Fund	Public Safety Fund	(Enterprise) Fund	Purpose Funds	Funds (Grants)	

The General and Health Funds, which are two of the County's primary operating funds, together account for approximately 70% of the total County budget.

APPROPRIATIONS BY FUND

The Cook County recommended budget for FY2024 proposes total spending of \$9.1 billion. The following chart shows the proposed appropriations within each fund. The Health Fund is by far the largest area of spending in the Cook County budget, comprising 46.6% of the total budget, at \$4.3 billion, due to the size of Cook County Health operations. The second largest area of spending is within the Public Safety Fund, which comprises 14.0%, or \$1.3 billion. The remaining funds account for smaller appropriation amounts.

The County has two funds used to account for federal COVID-19 relief funding. The COVID-19 Federal Programs fund accounts for CARES Act funds (which have been expended as of FY2021) and Emergency Rental Assistance funding totaling \$20.2 million in FY2024. The County also created a new fund in the FY2022 budget to account for COVID-19 American Rescue Plan Act (ARPA) funding. The County is proposing an appropriation of \$681.7 million in remaining ARPA Funds in FY2023.



The County's total proposed appropriations of \$9.1 billion in FY2024 represent an increase of \$356.8 million, or 4.1%, from the FY2023 adopted budget of \$8.8 billion. The following table shows Cook County appropriations by fund over the five-year period from FY2020 to FY2024. During this five-year period, the County's total spending will increase by more than 50%, or \$3.1 billion, from \$6.0 billion in FY2020. The increase is due in large part to increases within the Cook County Health and Hospitals system and the use of federal ARPA dollars.

General Fund appropriations are proposed to be nearly \$2.1 billion, an increase of 6.2% from the prior year budget. The increase is primarily due to rising personnel expenses, including salaries and healthcare benefits. Despite a decrease in personnel positions within the Public Safety fund in FY2024, personnel costs are increasing, driven by a 3.5% cost of living adjustment.²⁸

²⁸ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 20 and 82.

Health Fund appropriations of \$4.3 billion represent an increase of \$264.4 million, or 6.6%, from the FY2023 appropriation of \$4 billion. This is due to increases in personnel costs and contractual services.²⁹

The County budget has a number of Special Purpose Funds that account for specific uses. The Annuity and Benefits Fund is used to account for the statutorily required pension fund contribution on behalf of County employees, which has historically been approximately \$200 million. This line item will decrease to \$105.4 million in FY2024 due to the way the County is budgeting for pension allocations this year, by reducing the use of personal property replacement tax in FY2023 and FY2024 and instead dedicating \$99.8 million in fund balance to make the FY2023 contribution whole and increasing the use of property tax in FY2024 for the statutory contribution. In addition to this amount, the County will contribute a supplemental amount of \$333.7 million to the pension fund, for a total contribution of \$538.8 million. The supplemental pension contribution is appropriated within the Corporate Fund.

The Bond and Interest Fund, which accounts for the cost of debt service, or principal and interest owed on long-term debt, is budgeted to remain at the same level as it has over the past five years at approximately \$260 million.

The Election Fund is proposed to receive \$64.3 million in appropriations, which is about double the Election Fund appropriation the prior year. Appropriations within the Election Fund fluctuate from year to year to account for additional funds needed in election years. The appropriation for this fund will increase in FY2024 due to it being an election year.

The FY2024 proposed budget includes an appropriation of ARPA funding of \$681.7 million. Cook County received a total of \$1 billion in federal ARPA dollars, of which the County expects to have spent approximately \$278 million by the end of FY2023. The County will spend down the remaining funds through FY2027. Additionally, the County is budgeting \$20.2 million in the COVID-19 Federal Programs fund, consisting of Emergency Rental Assistance funds. The expenditures in this fund have decreased significantly as the County has spent down its federal CARES Act and other pandemic relief funds.

All other agency Special Purpose Funds are set to total \$912.6 million in spending in FY2024, which is an increase of \$183.5 million, or 25.2%, from the prior year. Special purpose funds appropriations have increased significantly over the past several years due to the creation of several new special purpose funds, including ARPA, the Equity Fund and the Transportation Fund. In FY2023, the County created the Transportation Fund to account for revenues related to transportation taxes the County collects including the County Use Tax, Gasoline and Diesel Fuel Tax, Parking Lot & Garage Operations Tax, New Motor Vehicle Tax, Wheel Tax and Non-Retailer Transaction Use Tax, which were previously collected in the Public Safety Fund and used to fund general county operations. Beginning in FY2023, approximately \$237 million in expenditures that previously were allocated to public safety departments were shifted to the Transportation Fund.

²⁹ Cook County, FY2024 Executive Budget Recommendation, Volume 1, p. 20.

Grant funds are expected to total \$429.8 million in FY2024. Capital fund appropriations are proposed to be \$309.1 million.

Appropriations Across All Funds by Fund: FY2020-FY2024
(in \$ millions)

	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Adopted	FY2024 Proposed	\$ Change FY2023- FY2024	% Change FY2023- FY2024
Corporate Fund	\$ 519.5	\$ 575.2	\$ 579.6	\$ 743.6	\$ 816.1	\$ 296.6	39.9%
Public Safety Fund	\$ 1,093.4	\$ 1,276.3	\$ 1,322.3	\$ 1,230.7	\$ 1,280.2	\$ 186.8	15.2%
Subtotal General Fund	\$ 1,612.9	\$ 1,851.5	\$ 1,902.0	\$ 1,974.3	\$ 2,096.3	\$ 483.4	24.5%
Health Fund	\$ 3,222.2	\$ 3,744.0	\$ 4,299.8	\$ 3,991.9	\$ 4,256.3	\$ 1,034.1	25.9%
Subtotal General & Health Funds	\$ 4,835.1	\$ 5,595.5	\$ 6,201.7	\$ 5,966.2	\$ 6,352.5	\$ 1,517.5	25.4%
Annuity & Benefits	\$ 200.9	\$ 201.9	\$ 202.2	\$ 201.1	\$ 105.4	\$ (95.5)	-47.5%
Bond & Interest	\$ 259.9	\$ 262.0	\$ 256.0	\$ 255.9	\$ 259.6	\$ (0.3)	-0.1%
Election Fund	\$ 51.3	\$ 23.4	\$ 51.7	\$ 30.6	\$ 64.3	\$ 13.0	42.5%
COVID-19 Federal Programs*	\$ 328.8	\$ 198.2	\$ 66.6	\$ 16.2	\$ 20.2	\$ (308.6)	-1910.1%
COVID-19 ARPA Funds	\$ -	\$ 31.5	\$ 115.4	\$ 726.3	\$ 681.7	\$ 681.7	93.9%
Agency Special Purpose Funds	\$ 122.1	\$ 90.8	\$ 212.0	\$ 729.1	\$ 912.6	\$ 790.5	108.4%
Subtotal Special Purpose Funds	\$ 963.0	\$ 807.7	\$ 903.8	\$ 1,959.0	\$ 2,043.8	\$ 1,080.8	55.2%
Restricted Funds (Grants)	\$ 138.6	\$ 285.8	\$ 240.3	\$ 500.6	\$ 429.8	\$ 291.3	58.2%
Subtotal Operating Funds	\$ 5,936.6	\$ 6,689.0	\$ 7,345.9	\$ 8,425.9	\$ 8,826.2	\$ 2,889.5	34.3%
Capital Improvement Fund	\$ 105.2	\$ 88.5	\$ 343.2	\$ 352.6	\$ 309.1	\$ 203.8	57.8%
Total Appropriations	\$ 6,041.9	\$ 6,777.5	\$ 7,689.1	\$ 8,778.4	\$ 9,135.2	\$ 3,093.4	35.2%

*Includes CARES Act and Emergency Rental Assistance funding.

Source: Cook County FY2024 Executive Budget Recommendation, Volume 1, pp. 97-110, 116.

APPROPRIATIONS BY CONTROL OFFICER

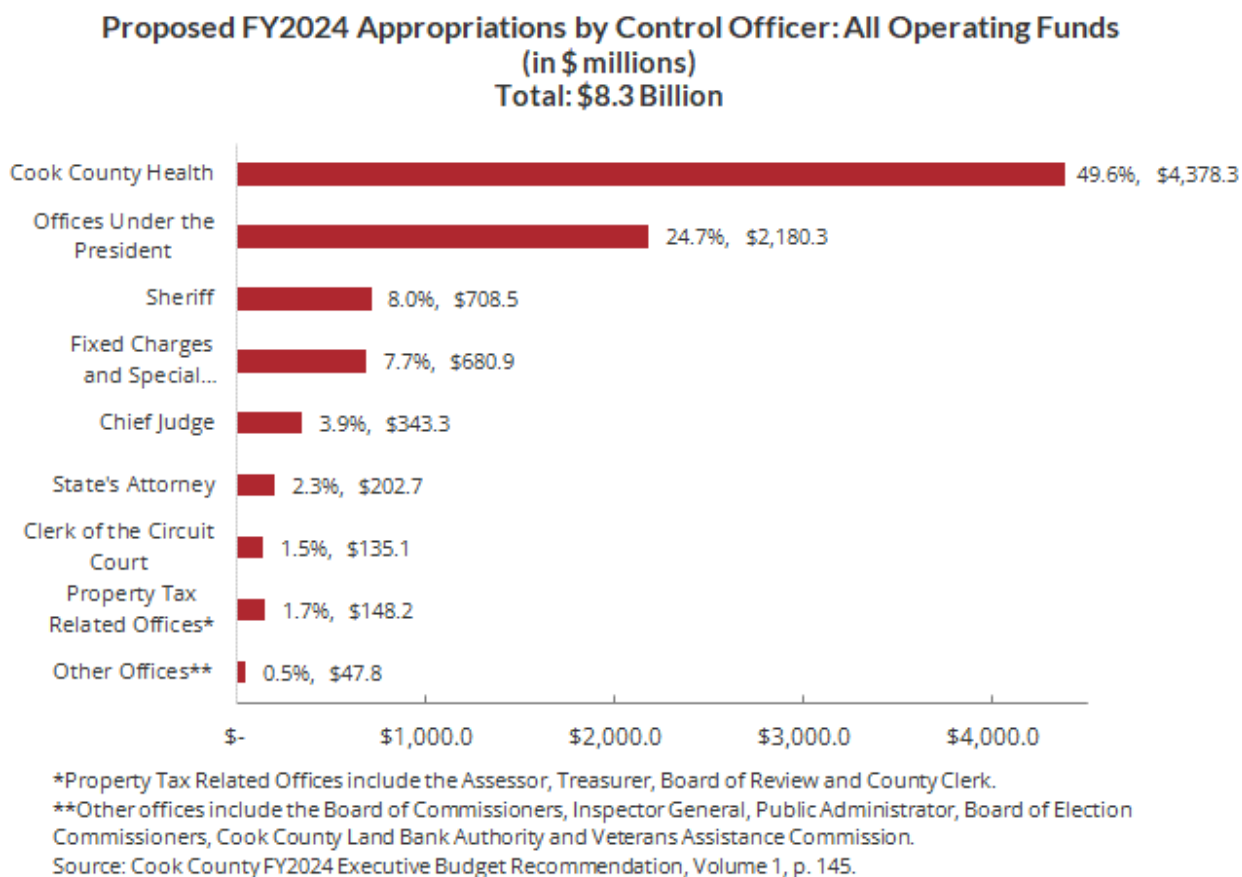
The separately elected and appointed Cook County officials are referred to in the budget as Control Officers. In addition to the Cook County Board President and Board of Commissioners, Cook County has a number of independently elected officials who each control their own budget and staff and therefore play important roles in the budget process.

Proposed FY2024 appropriations by Control Officer are shown in the chart below. Total spending across all operating funds, which excludes capital funds, is proposed to be \$8.3 billion. Cook County Health is the largest Control Officer, with appropriations of \$4.4 billion, comprising nearly half of the operating budget. Offices under the Cook County Board President comprise the second largest office of spending, with a proposed budget of nearly \$2.2 billion. The President's Office includes the Cook County Public Defender and an array of administrative bureaus, including finance, human resources, technology, transportation, economic development, the Cook County Auditor and Medical Examiner.

Fixed charges and special purpose expenditures are projected to be \$680.9 million in FY2024, representing 7.7% of the operating budget. Fixed charges are administrative overhead costs that are not associated with a single office and include Countywide technology costs, payments for utilities, expenses related to debt service and other Countywide costs.

The public safety offices outside of the President's Office include the Sheriff, Chief Judge, State's Attorney and Clerk of the Circuit Court. The Sheriff's Office is the largest among these Control Officers, with a proposed budget of \$708.5 million in FY2024. The Chief Judge's proposed appropriations are \$343.3 million, followed by the State's Attorney with a proposed appropriation of \$202.7 million and the Clerk of the Circuit Court at \$135.1 million.

Smaller offices compose the remaining portions of the budget. The property tax related offices, including the Assessor, Treasurer, Board of Review and County Clerk together, will account for \$148.2 million in appropriations.



GENERAL FUND APPROPRIATIONS

Shown in the next table below are appropriations by Control Officer in the General Fund over the five-year period from FY2020 to FY2024. Total General Fund appropriations are proposed to be \$2.1 billion in FY2024, which is an increase of \$122.0 million, or 6.2%, from the prior year budget appropriation. The increases within the General Fund are largely due to cost of living salary and wage adjustments as part of recently approved collective bargaining agreements.

Over the five-year period from FY2020 through FY2024, General Fund appropriations have increased by \$483.4 million, or 30.0%. All offices in the General Fund will see an increase in appropriations over this period.

Fixed Charges and Special Purpose appropriations will increase significantly over this period, from \$460.2 million to \$680.9 million, an increase of \$220.7 million, or 48.0%. This category of spending includes administrative overhead expenses, including a supplemental pension contribution from the General Fund to the Pension Fund of \$333.7 million, debt repayment of \$52.8 million and other Administrative Overhead of \$294.4 million.³⁰ The increase in spending within this category in FY2024 is due to additional budgeting for newly arrived migrants and appropriation transfers to the Equity Fund, Land Bank Authority, Annuity & Benefit Fund and Infrastructure and Equipment Fund.³¹

General Fund Appropriations by Control Officer: FY2020-FY2024
(in \$ millions)

Office	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Adopted	FY2024 Proposed	\$ Change FY20-FY24	% Change FY20-FY24
Offices Under the President	\$ 134.5	\$ 139.6	\$ 149.8	\$ 199.5	\$ 210.6	\$ 76.0	56.5%
Public Defender	\$ 75.5	\$ 78.4	\$ 82.8	\$ 81.8	\$ 86.0	\$ 10.5	13.8%
Chief Judge	\$ 230.9	\$ 250.0	\$ 267.7	\$ 262.9	\$ 281.1	\$ 50.1	21.7%
Clerk of the Circuit Court	\$ 93.9	\$ 95.9	\$ 94.5	\$ 92.1	\$ 99.6	\$ 5.7	6.1%
Sheriff	\$ 431.2	\$ 561.3	\$ 625.6	\$ 495.5	\$ 516.7	\$ 85.5	19.8%
State's Attorney	\$ 120.7	\$ 126.5	\$ 129.7	\$ 127.8	\$ 132.9	\$ 12.2	10.1%
Property Tax Related Offices*	\$ 55.3	\$ 57.8	\$ 58.4	\$ 70.7	\$ 73.2	\$ 17.9	32.3%
Other Offices**	\$ 10.6	\$ 11.3	\$ 11.3	\$ 13.7	\$ 15.4	\$ 4.8	45.2%
Subtotal Elected & Appointed Officials	\$ 1,152.7	\$ 1,320.8	\$ 1,419.7	\$ 1,344.0	\$ 1,415.3	\$ 262.7	22.8%
Fixed Charges and Special Purpose	\$ 460.2	\$ 530.7	\$ 482.5	\$ 630.3	\$ 680.9	\$ 220.7	48.0%
Total General Fund	\$ 1,612.9	\$ 1,851.5	\$ 1,902.1	\$ 1,974.3	\$ 2,096.2	\$ 483.4	30.0%

*Property tax related offices include the Assessor, Treasurer, Board of Review and County Clerk.

**Other offices include the Board of Commissioners, Inspector General, Public Administrator and Veterans Assistance Commission.

Source: Cook County FY2024 Executive Budget Recommendation, Volume 1, pp. 117-119.

The next chart shows proposed appropriations within the General Fund by object classification. Personal services, which includes salaries and wages, overtime, benefits and other costs directly related to the cost of supporting employees like training and travel, makes up the largest category of spending within the General Fund at \$1.5 billion, or nearly 72%. The proposed FY2024 personal services appropriations within the General Fund represent an \$81.2 million, or 5.7% increase, from FY2023 levels, primarily due to a 3.5% cost of living adjustment approved as part of collective bargaining agreements for County employees. Salaries will increase by \$49.3 million from the FY2023 adopted budget, overtime costs will increase by \$18 million and insurance costs will increase by \$15.8 million.³²

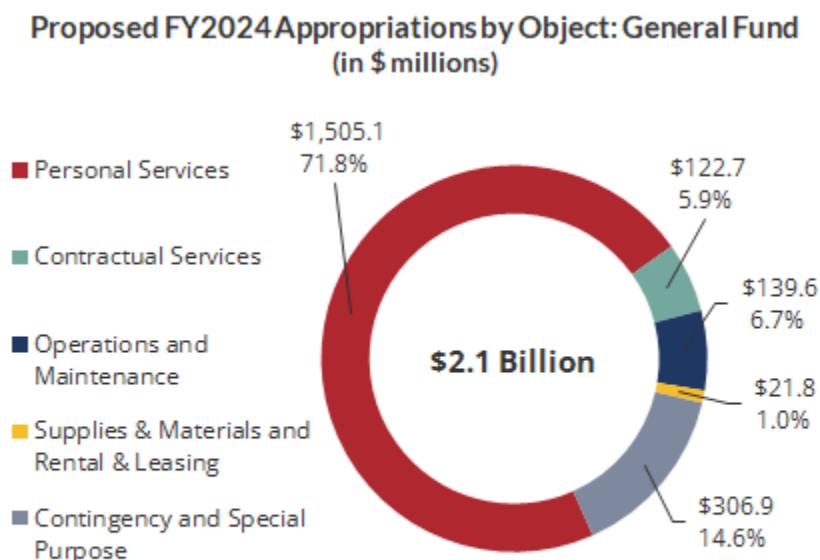
Contingencies and Special Purpose appropriations total \$306.9 million. This category includes transfers that will be made from the General Fund to the pension fund and other special

³⁰ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 81.

³¹ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 83.

³² Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 85.

purpose funds. Contractual services account for \$122.7 million or approximately 6% of General Fund appropriations.



Source: Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 139.

COOK COUNTY HEALTH APPROPRIATIONS

Cook County Health (CCH) operates two hospitals—Stroger and Provident—a network of community health clinics, a managed care insurance plan called CountyCare, a public health department and health services at the County's two detention centers—the Cook County Jail (referred to in the budget as Cermak Health Services) and the Juvenile Temporary Detention Center. These appropriations are budgeted within the County's Health Fund, which makes up 46.6% of the County's total budget.

Cook County Health's proposed appropriations for FY2024 total nearly \$4.3 billion, an increase of \$264.3 million or 6.6%, from the FY2023 adopted budget. The increase is attributed to a \$128.7 million increase in salaries due to a 3.5% cost of living adjustment tied to collective bargaining agreements and a \$172.2 million increase in contractual services to fill a gap caused by a labor shortage and delays in hiring.³³ These higher labor and contractual costs will impact most areas of Cook County Health operations and will result in an increase in costs in FY2024 despite CCH personnel decreasing by approximately 308 positions.

The following table presents Health Fund appropriations for Cook County Health over the five-year period from FY2020 to FY2024. Over this five-year period, CCH expenditures have increased by about \$1 billion from \$3.2 billion in FY2020 to \$4.3 billion proposed in FY2024.

³³ Cook County, FY2024 Executive Budget Recommendation, Volume 1, p. 86.

Part of the increase in CCH expenses over the past five years has been Managed Care, or health plan services provided through the CountyCare insurance program. Managed Care is the largest line item in the CCH budget at \$2.65 billion in FY2023. Managed Care expenses grew during the COVID-19 pandemic as a result of an increase in CountyCare membership during the suspension of automatic redeterminations by the State of Illinois throughout the pandemic to ensure Medicaid recipients did not lose healthcare coverage. This led to an increase in the number of people assigned to the CountyCare health insurance plan as opposed to other Medicaid plans. CountyCare Membership levels carry an associated cost in medical claims from healthcare providers in the plan's network.

However, CountyCare membership levels are expected to decrease in FY2024 due to the resumption of the State of Illinois' Medicaid redetermination process in May 2023, which will decrease the number of CountyCare members and therefore the number of managed care claims. CCH expects average monthly membership to decrease to 364,000 in FY2024 from a peak of over 450,000.³⁴ Managed Care expenditures are expected to decrease by \$123.1 million in FY2024 from the FY2023 budget.

Appropriations for Stroger and Provident Hospitals are increasing significantly in FY2024 from the prior year budget, by 31.0% and 23.9% respectively. Stroger Hospital is proposed to receive an additional \$264.3 million and Provident's budget will increase by \$19.6 million, driven by cost of living increases for employees and contractual labor services, as well as an expansion of healthcare procedures and services provided at these two hospitals.

Appropriations at Oak Forest Health Center have decreased to \$0 as part of a planned end to all Cook County Health activities at the Oak Forest property by the end of FY2020. The Oak Forest clinic moved to Blue Island in FY2020 and other operations have been relocated.

Health System Administration appropriations are proposed to increase by \$40.0 million, or 46.6%, from FY2023 levels, to \$145.9 million in FY2024. The increase in Administration is due to a shift of vacant FTE positions from other departments to Administration in order to set up a pool of positions that can be distributed across CCH to meet the needs of the health system.

Appropriations for Ambulatory and Community Health Network (ACHN), a network of 12 community health centers that provides outpatient care, are proposed to increase by \$50.1, or 38.6%, from the FY2023 appropriation. Cermak health services, which are correctional services provided at the Cook County Jail, are proposed to increase by \$15.5 million, or 16.9%, from the prior year. Spending at the Juvenile Temporary Detention Center (JTDC) will remain flat from FY2023. Appropriations within the Department of Public Health are only increasing slightly in FY2024 from the prior year but represent an increase of 176% over the past five years, driven

³⁴ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 32 and 87.

by a shift in FTE positions from grant funding to the Department of Public Health's operating budget in FY2023.³⁵

Cook County Health and Hospitals System Appropriations: FY2020-FY2024
(in \$ millions)

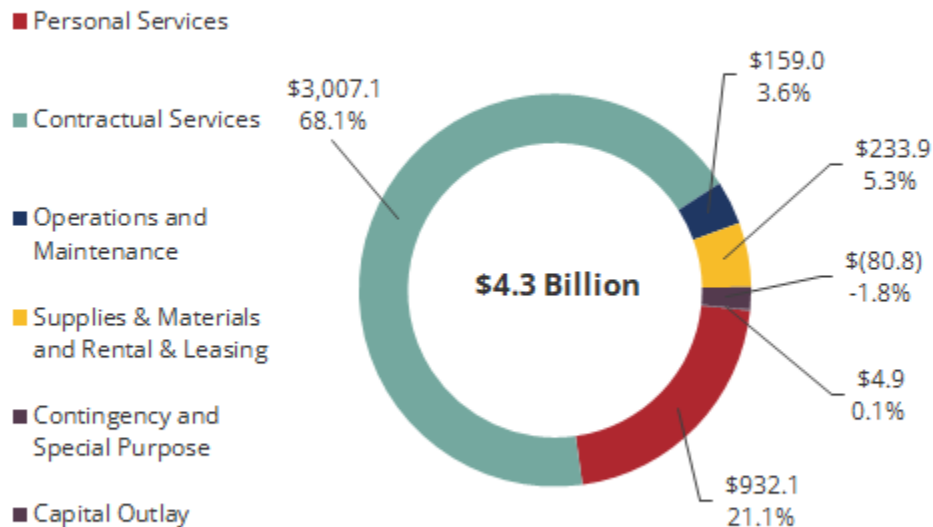
Department	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Adotped	FY2024 Proposed	\$ Change FY23-FY24	% Change FY23-FY24
Health System Administration	\$ 44.8	\$ 46.4	\$ 64.3	\$ 85.9	\$ 125.9	\$ 40.0	46.6%
Cermak Health Services	\$ 84.2	\$ 76.9	\$ 78.9	\$ 91.6	\$ 107.2	\$ 15.5	16.9%
JTDC Health Services	\$ 6.7	\$ 6.7	\$ 6.5	\$ 9.7	\$ 9.7	\$ 0.0	0.4%
Provident Hospital	\$ 56.8	\$ 57.8	\$ 61.4	\$ 81.8	\$ 101.4	\$ 19.6	23.9%
Ambulatory and Community							
Health Network	\$ 83.0	\$ 81.2	\$ 117.4	\$ 129.6	\$ 179.7	\$ 50.1	38.6%
CORE Center	\$ 22.1	\$ 21.6	\$ 22.0	\$ 30.1	\$ 30.1	\$ 0.0	0.0%
Department of Public Health	\$ 8.1	\$ 13.7	\$ 12.3	\$ 20.5	\$ 22.3	\$ 1.8	8.8%
Managed Care	\$ 2,139.4	\$ 2,635.5	\$ 3,042.5	\$ 2,650.9	\$ 2,527.8	\$ (123.1)	-4.6%
Stroger Hospital	\$ 726.4	\$ 762.4	\$ 854.3	\$ 852.2	\$ 1,116.5	\$ 264.3	31.0%
Oak Forest Health Center	\$ 9.7	\$ -	\$ -	\$ -	\$ -	\$ -	-
Fixed Charges and Special							
Purpose Appropriations	\$ 41.0	\$ 41.8	\$ 40.2	\$ 39.6	\$ 35.7	\$ (3.9)	-9.9%
Total	\$ 3,222.2	\$ 3,744.0	\$ 4,299.8	\$ 3,991.9	\$ 4,256.3	\$ 264.3	6.6%

Source: Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 120.

Personal services, which include salaries and benefits, make up a relatively small portion of the Cook County Health appropriations within the Health Fund, at 21.1%, or \$932.1 million. Contractual Services account for the majority of the CCH budget at 68.1%, or \$3.0 billion. Contractual Services include professional and technical services contracted by the County, such as contractual labor, as well as managed care claims paid to third-party service providers for CountyCare members. Contractual services will grow in FY2024 from the prior year by \$172.2 million, or 6.1%, due to labor shortage and delays in hiring that has necessitated an increase in contractual labor services to fill the personnel gap.

³⁵ Cook County FY2023 Executive Budget Recommendation, Volume I, p. 84.

Proposed FY2024 Appropriations by Object: Health Fund (in \$ millions)



Source: Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 139.

RESOURCES

This section examines Cook County's total budget resources estimated for FY2024, General Fund and Health Fund resources over the past five years and the County's property tax levy over the past five years. Resources are revenues from various taxes, such as the property tax, sales tax, use tax and other consumer taxes; fees and licenses; intergovernmental revenue from the State of Illinois; and other sources, such as prior year reserves.

COVID-19 Funding: Cook County received a total of \$1 billion in federal American Rescue Plan Act (ARPA) funding in 2021. The County has directed the use of the ARPA funding to support community programs, building on the initiatives outlined in a long-term strategic plan known as the Policy Roadmap established in FY2018.³⁶ The proposed FY2024 budget includes over \$240.3 million for these community initiatives as well as \$24.0 million in ARPA revenue loss allocation for short-term and one-time expenses to support County operations. Several community initiatives that will be implemented or are continuing in FY2024 are the Guaranteed Income Program, Medical Debt Relief, Behavioral Health Services, Violence Prevention and Stormwater Management, the Chicago Southland Fiber Network Expansion, and Municipal Capacity for Capital Improvements.³⁷ As of August 2023, the County reported that there are 75 programs

³⁶ See [Cook County Policy Roadmap](#).

³⁷ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 12-14.

associated with the six Policy Roadmap pillars and that thus far \$268.7 million, or 26.9% of ARPA funds have been spent on these programs.³⁸

Cook County must expend its ARPA funds by December 31, 2026. The County has developed an ARPA fiscal sustainability plan to ensure that some programs created through ARPA funds continue. The County anticipates that 45 of the 72 ARPA initiatives may continue after 2026, and project program costs are expected to range from \$66.6 million up to \$167.5 million. The County has allocated \$166.3 million to a reserve fund to sustain the ARPA programs within the General Fund, with a planned spend-down of the reserve funds between FY2027 and FY2030. The reserve will be created in FY2024 through the use of \$158.8 million from the prior year General Fund balance and a \$7.5 million settlement that the County received in FY2023 (which is contingent upon whether or not ARPA programs are eligible for use of the settlement funds).³⁹

PROPOSED FY2024 RESOURCES FOR ALL FUNDS

Cook County proposes total resources for all funds of \$9.14 billion in FY2024, a 4.4% increase from the \$8.75 billion budget adopted the prior year. The chart below shows the distribution of all proposed resources in FY2024.

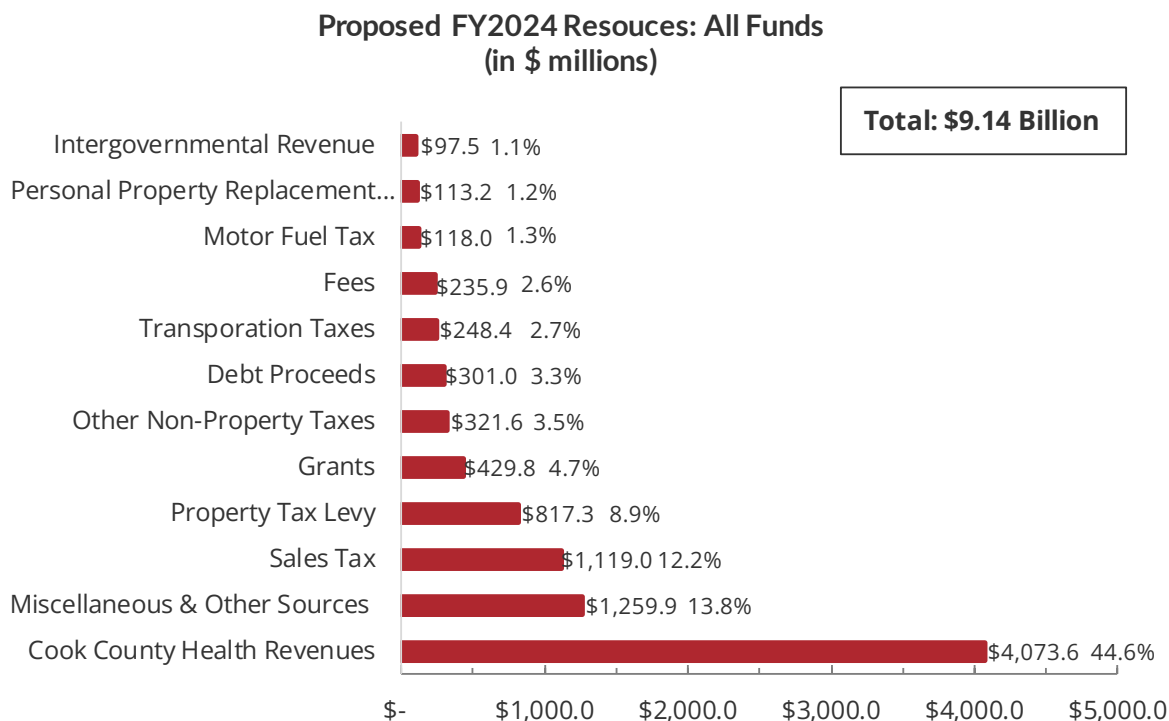
Cook County Health fees account for nearly half of total revenue at \$4.1 billion or 44.6%. Miscellaneous and other sources of revenue are the second largest revenue source, accounting for 13.8% of resources, or nearly \$1.3 billion. This includes the use of federal ARPA funds. The sales tax also makes up a significant portion of FY2024 proposed resources at \$1.1 billion, or 12.2%. Property tax revenue, which includes Tax Increment Financing (TIF) surplus declared by the City of Chicago, will account for 8.9% of total resources at \$817.3 million. Other non-property taxes are expected to account for \$321.6 million in revenue or 3.5%. Non-property tax sources include the County use tax, State income tax and various consumer taxes such as the alcohol, cigarette, gambling machine, amusement and cannabis taxes.

Transportation taxes account for \$248.4 million, or 2.7%, of the total resources. As of FY2023, these taxes are accounted for in the County's Transportation Fund, which collects revenue from the County Use Tax, Gasoline and Diesel Fuel Tax, Parking Lot and Garage Operations Tax, New Motor Vehicle Tax, and Non-Retailer Transactions Use Tax. Fees collected by various County offices for services like vital records and permits will make up 2.6% of resources at \$235.9 million. Intergovernmental revenue will make up 1.1% of resources, totaling \$97.5 million. This includes approximately \$2.2 million in reimbursements from the County Forest Preserve District for administrative services rendered on its behalf, as well as \$59.4 million in reimbursements from the State of Illinois for partial reimbursements of the salaries of the State's Attorney and Public Defender and reimbursements for the salaries of some adult and juvenile probation staff of the Administrative Office of the Illinois Courts (AOIC). It also includes

³⁸ [Cook County's American Rescue Plan](#).

³⁹ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 7-8, 31-32.

\$13.4 million in indirect costs from Special Purpose Funds and Grants that are reimbursed back to the County General Fund.⁴⁰



Source: Cook County FY2024 Budget Recommendation, Volume 1, p. 40.

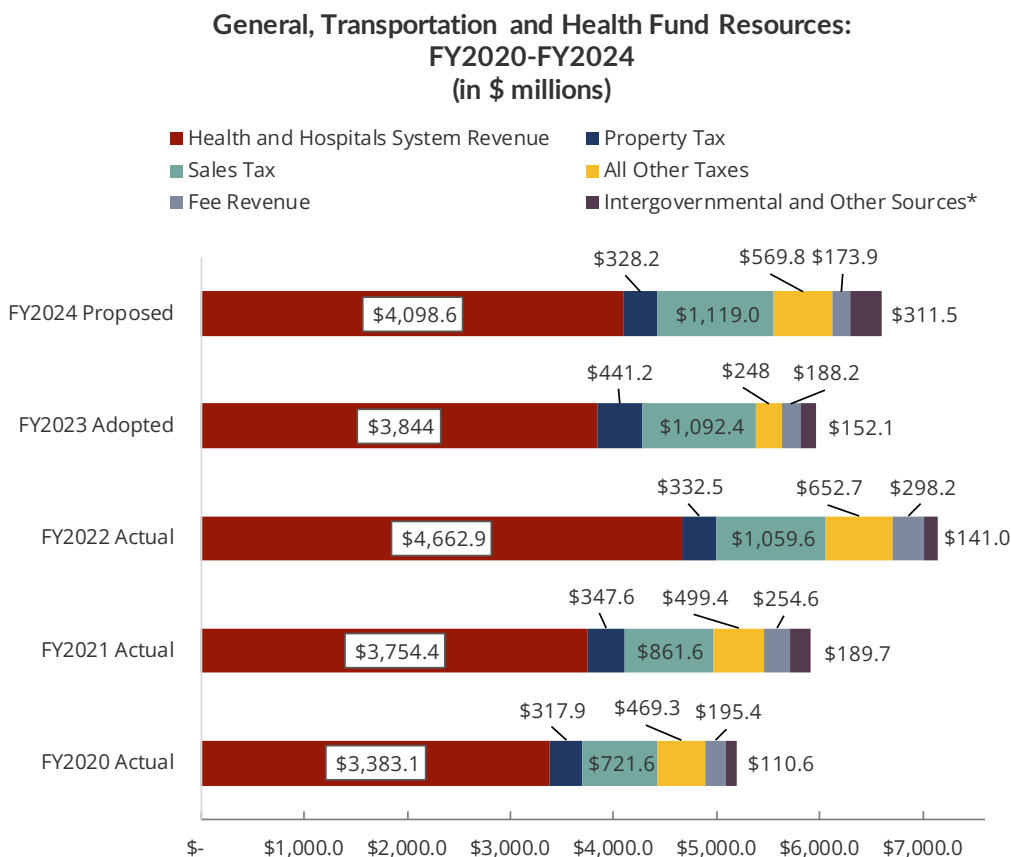
GENERAL FUND, TRANSPORTATION FUND AND HEALTH FUND RESOURCES

The General Fund and Health Fund are Cook County's two primary operating funds that account for the majority of general operations. The Transportation Fund was created in FY2023 for the receipt of revenues from transportation taxes (Wheel Tax, County Use Tax, Gasoline and Diesel Fuel Tax, Parking Lot & Garage Operations Tax, New Motor Vehicle Tax, and Non-Retailer Transactions Use Tax) to comply with changes to the Illinois Constitution requiring transportation taxes to be used for the purpose of transportation-related expenditures, known as the Safe Roads Amendment.⁴¹ Previously, these tax sources were accounted for within the County's General Fund. Within the General, Transportation and Health Funds, resources are projected to total \$6.6 billion in FY2024. This represents an increase of 27.0%, or \$1.4 billion, over the five-year period from FY2020 to FY2024. In FY2020, General and Health Fund resources were \$5.2 billion. The increase primarily has taken place within the Health Fund, which is described in further detail below. As shown in the following chart, Health Fund resources increased from \$3.4 billion in FY2020 to a projected \$4.1 billion in FY2024.

⁴⁰ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 52.

⁴¹ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 60.

While Health Fund resources have increased most significantly in the five years shown in the chart below, other major resource categories have also increased over this period. Property tax revenue to the General, Transportation and Health Funds increased from \$332.5 million in FY2022 to \$441.2 million in FY2023 but decreased to \$328.2 million in FY2024. The decrease of \$113.1 million, or 25.6%, is due to several factors, including increased property tax levy revenues to the Annuity and Benefit Fund and the Election Fund.⁴² Sales tax revenue, which serves as the largest tax source for the County's General Fund, increased from \$721.6 million in FY2020 to a projected level of \$1.1 billion in the proposed FY2024 budget.



Source: Cook County FY2024 Budget Recommendation, Volume 1, pp. 35 & 58-59; and FY2023 Annual Appropriation Bill, Volume I, pp. 33-34.

General Fund and Transportation Fund Resources

The General Fund and Transportation Fund are supported by a variety of tax and fee sources. Proposed resources for these two funds in FY2024 total \$2.34 billion, which is an increase of 18.8%, or \$370.3 million from the prior year adopted budget of \$1.97 billion. General Fund resources over the five-year period from FY2020 to FY2024 are shown in the next chart.

⁴² Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 11 and 43.

The largest source of revenue to the General Fund is the sales tax. Sales tax revenue is projected to increase from \$1.09 billion to approximately \$1.11 billion between FY2023 and FY2024. The increase is due to robust consumer spending, inflation and sales from out-of-state retailers.⁴³ The General Fund will also receive \$170.5 million of the County's property tax revenue in FY2024, compared to \$293.5 million in FY2023. Included in this amount is \$13.5 million in TIF surplus from the City of Chicago and suburbs, proportional to the Cook County share of the tax bill (the County receives 7% of the City of Chicago's TIF surplus). The decrease in FY2024 is due to a larger portion of property tax levy revenues being allocated to the Annuity and Benefit Fund to cover necessary obligations, as well as the allocation of approximately \$33.7 million to the Election Fund for administering elections through the County Clerk and Board of Election Commissioners.⁴⁴

Fee revenue is collected by various County offices, including the Clerk of the Circuit Court, County Clerk, Treasurer, Sheriff, State's Attorney, Medical Examiner and Assessor. These various departments charge fees for a variety of services such as vital records, real estate transactions, court case filings and delinquent taxes. Fee revenue is expected to total \$173.8 million in FY2024. This is a decline of 7.6% from \$188.2 million the prior year. The decline is due to a projected reduction in fees and fines collected by the Clerk of the Circuit Court because of an increase in the number of fee waivers, as well as reduction in County Clerk fee collections due to a slowdown in real estate transactions.⁴⁵

Revenue from all other taxes, excluding the property tax and sales tax, is projected to total \$569.8 million in FY2024, up from \$248.1 million budgeted in the prior year. Other tax revenues include use taxes and a variety of consumer taxes on items such as alcohol, cigarettes and tobacco, gas, amusement, gambling and hotel stays. These other tax revenues also account for transportation taxes that are now budgeted within the Transportation Fund. These transportation taxes are the use tax, the non-retailer transaction use tax, the gas tax, the retail sale of motor vehicles, the wheel tax and the parking lot/garage operations tax.

In FY2020, revenue from other tax sources was \$469.3 million, which increased to \$499.4 million in FY2021 and then to \$652.7 million in FY2022 due to the post-pandemic economic recovery. The \$321.7 million increase in other tax revenue from \$248.1 million in the FY2023 budget to \$569.8 million in FY2024 is primarily due to increases in the amusement tax, gambling machine tax, hotel tax, sports-wagering tax and the State income tax.⁴⁶ The County projects sales tax and other tax revenue to increase through FY2028 due to sales tax on cannabis and casino revenues because of the shift of transportation taxes from the General Fund as well as the gambling machine and sports wagering tax revenues.⁴⁷

Other revenue includes miscellaneous revenue (i.e., commissions on public telephones, real estate rental income, sale of excess real estate, proceeds from the estates of unknown heirs,

⁴³ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 11.

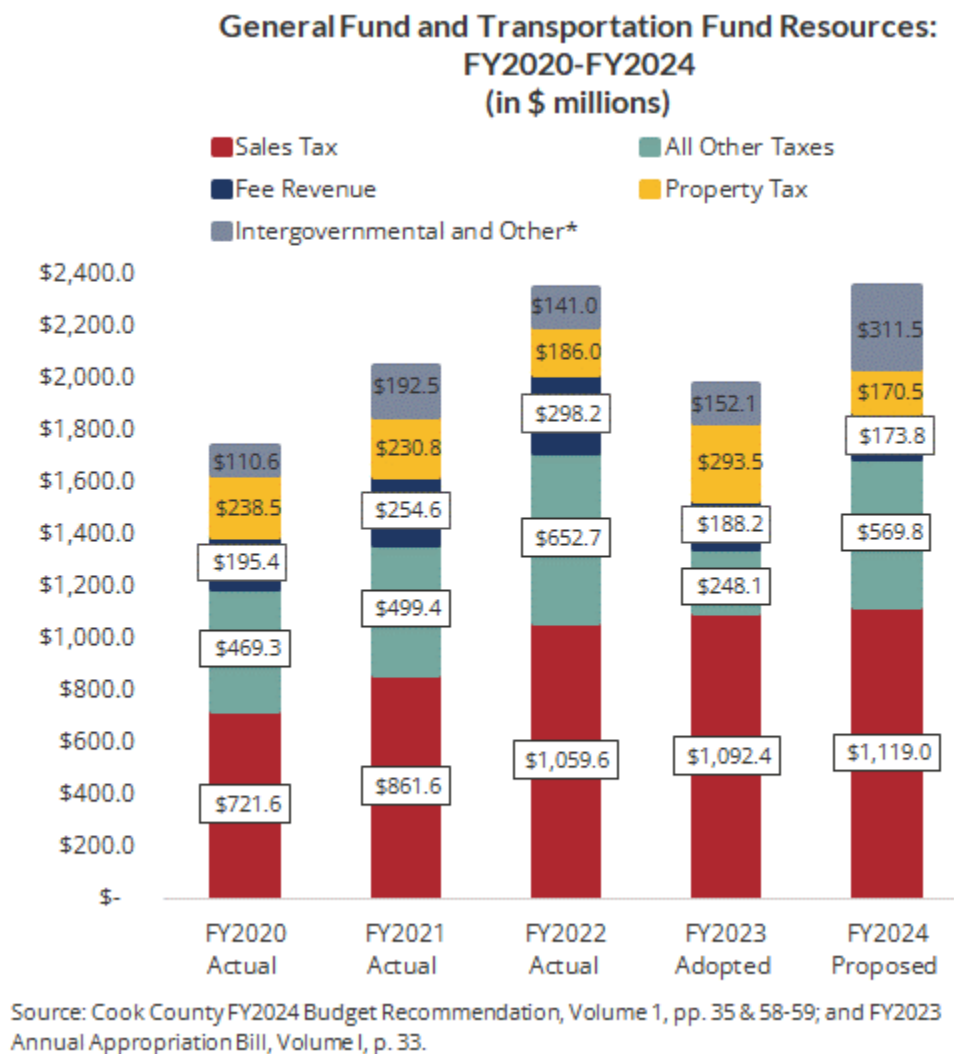
⁴⁴ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 43.

⁴⁵ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 49.

⁴⁶ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 47-49.

⁴⁷ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 30.

investment income, other forms of revenue such as energy efficiency rebates and the sale of salvage), indirect costs (reimbursements from special purpose funds to the General Fund), and intergovernmental revenue (reimbursements from the State Administrative Office of the Illinois Courts (AOIC) to subsidize adult and juvenile probation salaries, and from the Cook County Forest Preserve District for administrative services). Also, the County is planning to allocate \$142.9 million in FY2024 from the FY2023 unassigned ending fund balance to contribute to the Annuity and Benefit Fund (\$99.8 million), to cover one-time General Fund expenses (\$11.2 million), to reduce the County's Land Bank deficits (\$11.9 million), to provide support for Equity Fund initiatives (\$10.9 million), and to support state-mandated capital expenditures for the Sheriff's Office through the Infrastructure and Equipment Fund (\$9.1 million).⁴⁸



The following table provides additional detail about the other tax sources outside of the sales tax and property tax that make up a significant portion of General Fund revenue. These tax sources are economically sensitive and many were impacted by the COVID-19 pandemic. As

⁴⁸ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 6-8.

shown in the table, many revenue sources declined over the five-year period from FY2020 to FY2024. Several transportation-related tax sources have been moved out of the General Fund into a newly created Transportation Fund including the County use tax, gasoline and diesel fuel tax, parking lot/garage operations tax, new motor vehicle tax and the non-retailer transfers of motor vehicles tax. The wheel tax, which is an annual license fee that authorizes the use of any motor vehicle within the unincorporated area of the County—did not bring in revenue in FY2023 since the program sunsetted on June 30, 2023. The sweetened beverage tax has not generated revenue for several years since it was repealed by the County Board. The County also has redirected revenue from the Firearms and Ammunition Tax and Cannabis Tax to a special purpose Equity Fund to fund violence prevention programs and related services.

Over the five-year period between FY2020 and FY2024, some tax revenues have increased significantly, particularly those related to gambling. The sports betting tax, instituted in FY2020, has increased to \$11 million in FY2024 due to growth in the sports wagering market as more sports books come online following a 2019 Illinois State gambling expansion law. Amusement tax revenue has increased by \$29.5 million, from \$12.5 million in FY2020 to \$42.0 million in FY2024 due to increased post-pandemic events such as sporting events and concerts. Gambling machine tax revenue is expected to increase by 155.0% over the five-year period due to an increase in electronic gambling machines following the County Board's vote in FY2018 to institute license and application fees for video gaming terminals, as well as the opening of the temporary casino in the City of Chicago. The hotel tax has also increased from \$12.2 million in FY2020 to \$35.3 million in FY2024, which is also due to post pandemic economic recovery, specifically the return of travel and tourism. The only other tax source that has increased over the past five years is the State sales tax, which has increased by \$2.4 million, or 87.5% from \$2.7 million to \$5.2 million in FY2024.

In the two-year period between FY2023 and FY2024, a majority of the tax sources are projected to increase, including gambling taxes, the hotel accommodations tax, the amusement tax, video gaming tax, and the sports betting tax.⁴⁹ The projected revenue of \$496.6 million in FY2024 is a \$248.5 million, or 100.2%, decrease from the FY2023 adopted budget.

Other Tax Sources: FY2020-FY2024 (in \$ thousands)

Tax Source	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Adopted	FY2024 Proposed	\$ Change FY2023- FY2024	% Change FY2023- FY2024	\$ Change FY2020- FY2024	% Change FY2020- FY2024
Use Tax*	\$ 79,265.7	\$ 93,528.9	\$ 92,247.3	\$ -	\$ 95,900.0	\$ 95,900.0	0.0%	\$ 16,634.3	21.0%
Non-Retailer Transactions Use Tax*	\$ 15,369.2	\$ 17,230.0	\$ 13,685.3	\$ -	\$ 14,500.0	\$ 14,500.0	0.0%	\$ (869.2)	-5.7%
Gas Tax*	\$ 82,585.4	\$ 85,028.5	\$ 86,088.4	\$ -	\$ 86,300.0	\$ 86,300.0	0.0%	\$ 3,714.6	4.5%
Alcoholic Beverage	\$ 35,995.4	\$ 38,268.2	\$ 38,411.0	\$ 37,500.0	\$ 37,840.0	\$ 340.0	0.9%	\$ 1,844.6	5.1%
Retail Sale of Motor Vehicles*	\$ 2,667.5	\$ 2,798.9	\$ 2,355.5	\$ -	\$ 2,400.0	\$ 2,400.0	0.0%	\$ (267.5)	-10.0%
Wheel Tax*	\$ 3,486.6	\$ 3,834.8	\$ 3,944.0	\$ -	\$ -	\$ -	0.0%	\$ (3,486.6)	-100.0%
Off Track Betting Commissions	\$ 652.1	\$ 1,075.9	\$ 704.7	\$ 900.0	\$ 750.0	\$ (150.0)	-16.7%	\$ 97.9	15.0%
Illinois Gaming - Casino	\$ 6,090.0	\$ 7,771.1	\$ 11,446.1	\$ 14,000.0	\$ -	\$ (14,000.0)	-100.0%	\$ (6,090.0)	-100.0%
Amusement Tax	\$ 12,515.3	\$ 17,937.9	\$ 36,677.3	\$ 37,250.0	\$ 42,000.0	\$ 4,750.0	12.8%	\$ 29,484.7	235.6%
Parking Lot / Garage Operations*	\$ 30,295.8	\$ 34,956.1	\$ 52,854.8	\$ -	\$ 49,300.0	\$ 49,300.0	0.0%	\$ 19,004.2	62.7%
State Income Tax	\$ 15,584.2	\$ 18,129.4	\$ 21,085.8	\$ 20,259.0	\$ 21,583.0	\$ 1,324.0	6.5%	\$ 5,998.8	38.5%
Cigarette and Other Tobacco	\$ 157,581.9	\$ 99,656.5	\$ 97,783.8	\$ 92,750.0	\$ 86,600.0	\$ (6,150.0)	-6.6%	\$ (70,981.9)	-45.0%
State Sales Tax (Retailer's Occupation)	\$ 2,772.3	\$ 4,212.1	\$ 4,942.7	\$ 5,102.0	\$ 5,197.2	\$ 95.2	1.9%	\$ 2,424.9	87.5%
Firearms and Ammunition Tax	\$ 1,844.2	\$ 1,607.6	\$ -	\$ -	\$ -	\$ -	0.0%	\$ (1,844.2)	-100.0%
Gambling Machine Tax	\$ 2,705.7	\$ 2,764.6	\$ 3,660.6	\$ 3,900.0	\$ 6,900.0	\$ 3,000.0	76.9%	\$ 4,194.3	155.0%
Hotel Accommodations	\$ 12,183.6	\$ 15,846.7	\$ 32,739.2	\$ 28,500.0	\$ 35,250.0	\$ 6,750.0	23.7%	\$ 23,066.4	189.3%
Sweetened Beverage Tax	\$ 25.2	\$ 93.3	\$ -	\$ -	\$ -	\$ -	0.0%	\$ (25.2)	-100.0%
Video Gaming Tax	\$ 390.7	\$ 649.4	\$ 1,040.8	\$ 900.0	\$ 1,061.4	\$ 161.4	17.9%	\$ 670.7	171.7%
Cannabis Tax	\$ 1,139.3	\$ 11,269.3	\$ 12,956.2	\$ -	\$ -	\$ -	0.0%	\$ (1,139.3)	-100.0%
Sports Betting Tax	\$ 91.8	\$ 5,065.7	\$ 7,062.0	\$ 7,000.0	\$ 11,000.0	\$ 4,000.0	57.1%	\$ 10,908.2	11882.6%
Total	\$ 463,241.8	\$ 461,724.9	\$ 519,685.7	\$ 248,061.0	\$ 496,581.6	\$ 248,520.6	100.2%	\$ 33,339.8	7.2%

*These taxes were moved from the County's General Fund to the new Transportation Home Rule Tax Special Purpose Fund in FY2023.

Sources: Cook County FY2024 Executive Budget Recommendation, Volume I, pp. 35-37; Cook County FY2023 Annual Appropriation Bill, Volume 1, pp. 33-35; FY2022 Annual Appropriation Bill, Volume 1, pp. 34-35; FY2021 Annual Appropriation Bill, Volume 1, pp. 50-51; and FY2020 Annual Appropriation Bill, Volume 1, pp. 42-43.

⁴⁹ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 47-48.

Health Fund Resources

The Health Fund is an enterprise fund that accounts for the operations of the Cook County Health and Hospitals System, or Cook County Health. As an enterprise fund, it is meant to be self-supporting, funded by fees for services. Cook County Health's operating revenues come mainly from Medicaid, the joint federal-state program that finances healthcare services for low-income people and people with disabilities. The two major categories of revenue are Health Plan Services and Health Care Services. Health Plan Services consist of the County's managed care programs: CountyCare, a Medicaid managed care plan, and MoreCare, a Medicare Advantage plan. However, the MoreCare program [sunsetted](#) in the beginning of 2023. Health Care Services revenue consists of payments from Medicaid, Medicare and other managed care organizations whose members use health system services. Additionally, Cook County Health receives supplemental Medicaid payments not tied to individual patient care that are designed for hospitals that serve low-income and uninsured patients. These include Disproportionate Share Hospital (DSH) payments⁵⁰ and payments under a provision of the Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA).⁵¹

Total Health Fund revenue is projected to be nearly \$4.3 billion in FY2024, compared to nearly \$4.0 billion in FY2023. This is an increase of \$264.3 million, or 6.6%, from the prior year adopted budget. The increase is due to Health Care Services resources growing to \$1.17 billion in FY2024, which is \$365.3 million higher than the prior year due. The increase is primarily due to increases in CountyCare revenues from a higher per member per month reimbursement rate despite a reduction to average monthly membership and increased directed payments from the State.⁵²

Across the five-year period from FY2020 to FY2024, shown in the chart below, Cook County Health's revenue will increase by 22.9%, or \$793.8 million, from nearly \$3.5 billion in FY2020 to \$4.3 billion. The largest area of revenue growth during this five-year period has been Health Care Services due to growth in per member per month revenues and higher membership levels, even though the average monthly membership level for CountyCare is expected to be lower in FY2024. Additional increases to Health Care Services include increased contracts with other managed care health plans and commercial insurers for Net Patient Service Revenues (NPSR).⁵³ Health Care Services will increase over this five-year period from \$674.7 million to \$1.2 billion, an increase of 74.5% or \$502.5 million.

⁵⁰ Federal law requires states to make DSH payments to hospitals based on the amount of uncompensated care provided to patients who are uninsured or covered by Medicaid.

⁵¹ Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000, 701(d) (2). BIPA payments are provided under federal legislation that earmarked up to \$375 million annually to U.S. public hospitals serving mainly low-income patients and satisfying other criteria that were only met by the health system. Of the total allocation, about 65% goes to the State and 35% is kept by the health system. Cook County Health and Hospitals System, *An Overview of System Medicaid Payment Arrangements*, October 19, 2012, p. 13.

⁵² Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 53.

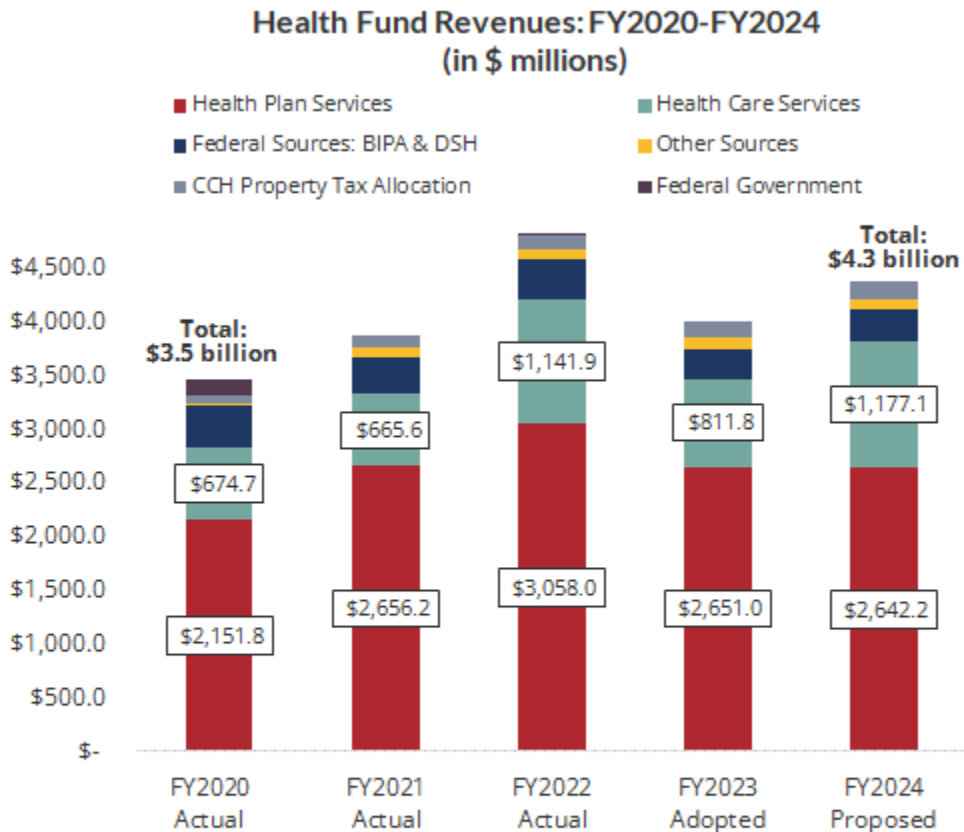
⁵³ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 53.

BIPA and DSH reimbursements have increased between FY2020 and FY2024. Other miscellaneous sources include Public Health Department fees, revenue from the cafeteria, medical records, parking and physician's fees and investment income. This small category of other revenue sources will also increase in FY2024 by \$19.0 million from the prior year, but decreases over the five-year period by \$96.2 million or 24.2%.

Other sources include miscellaneous revenues and the Graduate Medical Education revenue source. Graduate Medical Education revenues are reimbursed to Cook County Health from the State of Illinois for costs associated with instruction conducted at inpatient and outpatient facilities. Other sources are expected to decline in FY2024 from the prior year by \$6.8 million, or 6.9%, but will increase over the five-year period by \$86.6 million.

The Cook County Health property tax allocation is increasing in FY2024 from the prior year by \$10 million, or 6.8%. Over the five-year period, the property tax allocation has increased by \$78.3 million, or 98.5%, from \$79.4 million in FY2020 to \$157.7 million in FY2024. Cook County Health usually receives some property tax revenues from the County to help support public health services and medical services that are provided to the juvenile detention center as well as Cermak Health Services at the County jail.⁵⁴ Additionally, Cook County Health did not receive federal government revenue in FY2024, nor the prior year, but it did receive \$1.5 million in FY2022 and \$153.4 million in FY2020.

⁵⁴ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 22.



Source: Cook County FY2024 Budget Recommendation, Volume 1, p. 37; and FY2023 Annual Appropriation Bill, Volume I, p. 34-35.
 Note: Health Plan Services includes revenue generated through the Cook County Medicaid Managed Care Plan (CountyCare) and Health Care Services includes patient fees charged for care provided at Cook County facilities.

Revenues for Cook County Health discussed above do not quite cover the health system’s total expenditures. While revenues total nearly \$4.3 billion in the FY2024 budget proposal, they fall short of proposed appropriations by \$157.7 million. The County bridges the gap between the system’s projected expenditures and operating revenues through an annual tax allocation. Since FY2019, the tax subsidy provided to Cook County Health has consisted of revenues from property taxes. Previously, other tax sources were included in this subsidy. The FY2024 County tax allocation to Cook County Health is \$157.7 million, an increase of \$10 million from the prior year.

In addition to the annual tax allocation for operations, the County also pays for health-system-related pension costs and debt service. In FY2024, these additional County contributions total \$313.3 million, consisting of \$182.1 million in statutorily required and supplemental pension payments and \$131.1 million in debt service payments. The total subsidy to Cook County Health

in FY2024 is \$470.9 million, an increase of 0.6% from the prior year. The County subsidy to the health system is shown in the table below for the five-year period from FY2020 through FY2024.

County Tax Allocation to Cook County Health:
FY2020-FY2024 (in \$ thousands)

	FY2020 Adopted	FY2021 Adopted	FY2022 Adopted	FY2023 Adopted	FY2024 Proposed	\$ Change FY2023- FY2024	% Change FY2023- FY2024
Operating Tax Allocation	\$ 82,704.9	\$ 122,704.9	\$ 137,704.9	\$ 147,704.92	\$ 157,704.92	\$ 10,000.0	6.8%
Net Statutory Pension Payments	\$ 68,898.6	\$ 60,370.9	\$ 75,512.2	\$ 70,917.4	\$ 69,356.5	\$ (1,560.9)	-2.2%
Supplemental Pension Payments	\$ 107,537.4	\$ 102,261.5	\$ 121,092.0	\$ 102,881.6	\$ 112,788.4	\$ 9,906.9	9.6%
Debt Service Payments	\$ 140,664.9	\$ 136,408.4	\$ 130,968.0	\$ 146,702.4	\$ 131,120.5	\$ 15,581.9	10.6%
Total	\$ 399,805.9	\$ 421,745.6	\$ 465,277.2	\$ 468,206.2	\$ 470,970.3	\$ 2,764.1	0.6%

Source: Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 23; and information provided by the Cook County Department of Management and Budget Services, November 9, 2021.

PROPERTY TAX LEVY FOR ALL FUNDS

Cook County is levying for total net property tax revenue of \$803.8 million in FY2024. This accounts for an estimated 3% loss in collections from the gross levy of \$815.6 million.⁵⁵ This is an increase of \$20.7 million, or 2.6%, compared to the total net levy of \$783.1 million in FY2023.

The County has held its base property tax levy flat at \$720.5 million since 2001. However, since FY2013, the County has also captured tax revenue from expiring City of Chicago tax increment financing (TIF) districts and new property. Capturing revenue from expiring TIFs means that a portion of the property tax revenue collected within the expired TIF area now goes to the County instead of the TIF. It is not a tax increase. In FY2024, the County will capture a total of \$95.1 million in additional property tax revenue due to the following:

- \$38.2 million from expiring TIF districts;
- \$52.4 million from new property; and
- \$4.5 million from expiring incentives.⁵⁶

Property tax revenues are distributed to seven major funds: Corporate, Election, Public Safety, Health Enterprise, Bond and Interest, Capital Projects and Pension (also known as the Employee Annuity and Benefit Fund). The net levy includes the base property tax levy plus the levy for expiring TIF districts, and property tax incentives and new property, minus the estimated loss in uncollected property taxes.

The chart below shows the distribution of the net property tax levy among the County's funds over the past five years. The largest portion, 32.3%, of the net levy will be allocated to the Bond & Interest Fund. The Public Safety Fund will receive 19.5% of the levy distribution in FY2024, a decrease from 34.2% the prior year.

The Health Fund will receive 19.6% of the property tax levy, increased from 18.9% the prior year. The Health Fund allocation of the property tax levy in FY2024 is \$157.7 million, compared

⁵⁵ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 44.

⁵⁶ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 44.

to \$147.7 million in FY2023. The County had decreased its property tax allocation to Cook County Health from \$150 million in FY2015 to a low of \$72.7 million in FY2018 and FY2019. However, the County began increasing the tax allocation in FY2020 to help offset some of the health system's uncompensated care costs. The levy allocated to Cook County Health increased by \$10 million in FY2023 and will increase by another \$10 million in FY2024 in order to help balance the Health Fund budget.

The Pension Fund will receive 20.5% of the property tax levy to make the County's FY2024 pension payment. This is an increase of \$103.9 million, or 12.7%, from \$61.3 million in FY2023 to \$165.2 million in FY2024. The increase is due to a larger portion of property tax levy revenues being allocated to the Annuity and Benefit Fund (\$100.7 million) in lieu of personal property replacement tax (PPRT). The County also noted that the total contribution to the Fund will increase in FY2024 due to an increase in liabilities that are associated with higher salaries for employees and a decrease in the Fund's assets.⁵⁷

The Election Fund will receive 8.0% of the property tax levy in FY2024, a decrease from 3.9% in FY2023. The allocation of the levy to this fund fluctuates with election years.

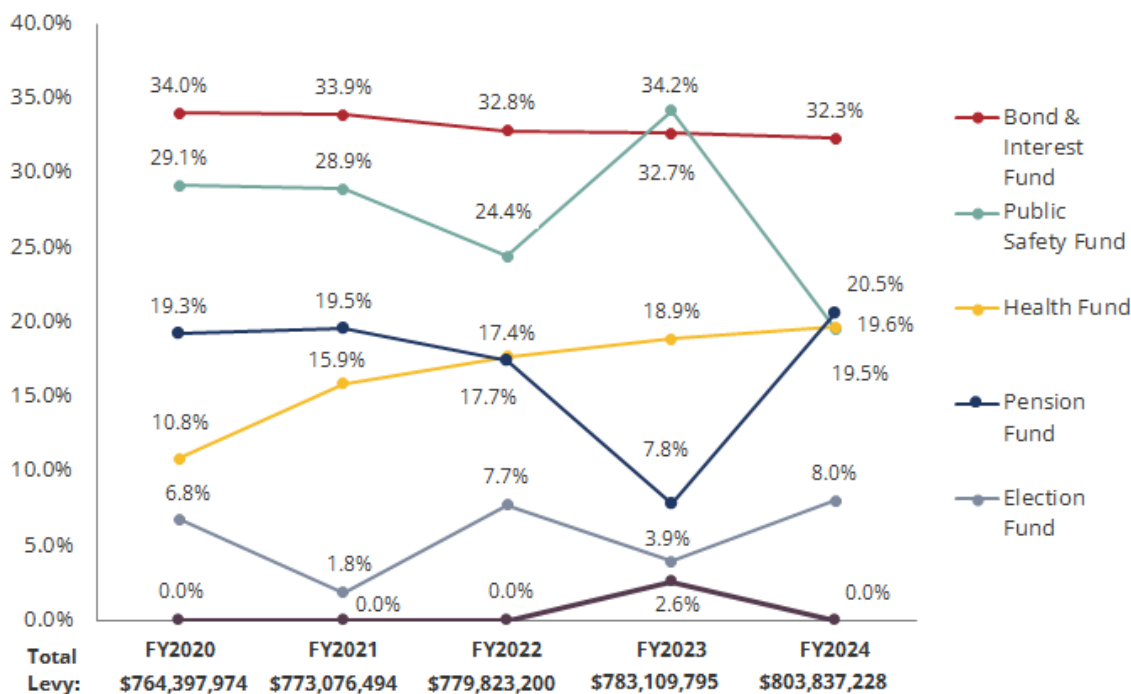
The County allocated property tax revenue to the Capital Fund for the first time in FY2017. Since then, the Capital Fund has only received a portion of property tax revenue in FY2019 and FY2023. In both years, 2.6% of the property tax levy, or \$20 million, was allocated towards capital. The Fund will not receive any of the property tax levy revenue in FY2024, but the County is proposing a capital budget of \$539.1 million for infrastructure and facilities investments, funded through other sources.⁵⁸

⁵⁷ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 10, 43 and 64.

⁵⁸ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 160.

The Corporate Fund also will not receive any property tax funding in FY2024. The Corporate Fund has not received any portion of the property tax levy since FY2017.

Distribution of County Net Property Tax Levy: FY2020-FY2024



Source: Cook County FY2023 Budget Recommendation, Volume 1, p. 42.

PERSONNEL TRENDS

The following section presents the number of budgeted personnel positions both by fund and by control officer, as well as spending on Personal Services. Personnel positions are measured by full-time equivalent (FTE) positions. FTE positions represent the total hours worked divided by the average annual hours worked in a full-time position. FTE is used as a measure of personnel positions, rather than the number of employees, to compare workloads regardless of the number of hours each employee works.

FTE positions account for full-time, part-time, seasonal and hourly wage earners. Personal Services are salaries, benefits and other costs associated with personnel positions.

PERSONNEL POSITIONS BY FUND

Cook County proposes a total of 22,857 full-time equivalent (FTE) positions in FY2024 in the operating funds, which include the Corporate Fund and Public Safety Fund (both of which make up the General Fund), Special Purpose Funds and Health Fund. This total excludes 489 positions

within the grant funds. FTE positions within the operating funds represent a net decrease of 312.8 positions, or 1.4%, from the adopted FY2023 budget. All positions eliminated in FY2024 are vacant positions. Budgeted personnel positions over the five-year period from FY2020 through FY2024 are shown in the chart below.

When including grant funds, the total proposed number of FTE positions is 23,346.1, a net decrease of 414.3 FTEs, or 1.7%, from the adopted FY2023 budget.⁵⁹ The number of grant-funded positions will decrease from 590.6 FTEs in FY2023 to 489 FTEs in FY2024.⁶⁰ A majority of grant funds support Public Safety programs and economic development initiatives.⁶¹

The largest portion of the County's personnel are budgeted within the Public Safety Fund, with 12,702.5 FTEs. Personnel positions in the Public Safety Fund will decrease by 110.4 FTEs, or 0.9%, over the FY2023 adopted budget. This is largely due to reductions in long-term positions and vacancies.⁶²

The largest decrease in personnel between FY2023 and FY2024 will take place within the Health Fund. Cook County Health is budgeted for 7,326 proposed FTE positions, which is a net decrease of 308 FTEs or 4.0%. The changes in personnel positions within the Health Fund are discussed in further detail later in this section.

FTE positions in the Corporate Fund will increase over FY2023 by 3.1%, or 50.2 FTEs to 1,685.4 FTEs, mostly based on the transition of some full-time positions previously funded through ARPA to the General Fund.⁶³ Special Purpose Funds, which include the Election Fund, ARPA Fund, Transportation Fund and several other funds that support specific agencies, will also increase by 5.4%, or 55.4 FTEs.

Over the five-year period between FY2020 and FY2024, total number of FTE positions (excluding grant funds) will increase by 1,086.9 FTEs, or 5%, from 21, 649.5 FTEs in FY2020 to 22,857 in the FY2024 proposal. FTE positions within the General Fund, which includes the Corporate Fund and Public Safety Fund, will increase by a total of 273.8 FTEs or 1.9% over the five-year period. The Health Fund will see the largest increase of 724.7 FTEs, and Special Purpose Funds will increase by 214.6 FTEs, or 26.4%, up from 813.5 FTEs in FY2020.

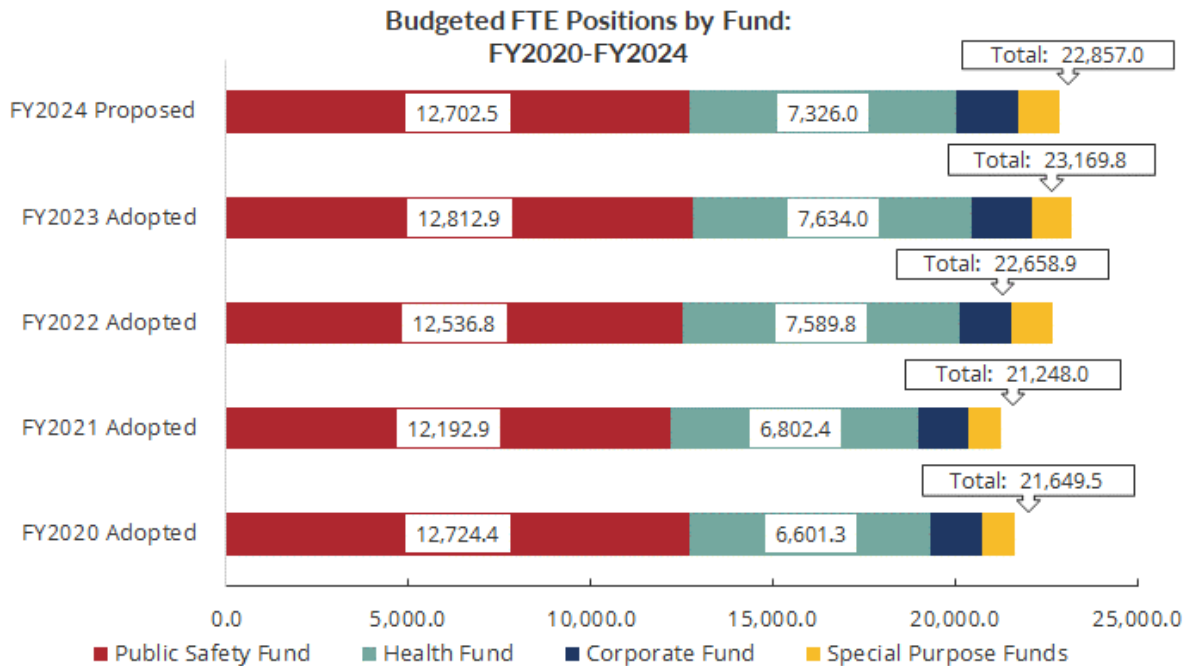
⁵⁹ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 151.

⁶⁰ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 151.

⁶¹ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 68.

⁶² Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 82.

⁶³ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 82.



Note: Figures do not include grant-funded positions.

Source: Cook County FY2024 Budget Recommendations, Volume 1, pp. 146-151.

PERSONNEL POSITIONS BY CONTROL OFFICER

This section analyzes the number of FTEs by control officer across all operating funds (excluding grant funds). Budgeted FTE positions by control officer over the five-year period from FY2020 to FY2024 are shown in the following chart.

Of the County's total 22,857 proposed operating positions, the largest portion (33%) are within the Cook County Health and Hospitals System. Cook County Health is budgeted for 7,502 FTEs, of which 7,326 are within the Health Fund and another 176.3 are within the special purpose funds. Cook County Health is expected to see the most significant decrease in FTEs in FY2024 over the prior year with a decrease of 246.7 FTEs, or 3.2%. While positions in the Health Fund will decrease by 308 FTEs, a position increase of 61.3 FTEs within the special purpose funds will partially offset the decrease.⁶⁴ Cook County Health FTEs are discussed in further detail in the next section.

The Sheriff's Office holds the second largest number of positions by control officer, with 5,702 positions proposed in FY2024. The number of FTEs in the Sheriff's Office is proposed to decrease by 88 FTEs, or 1.5%, from the FY2023 budget.

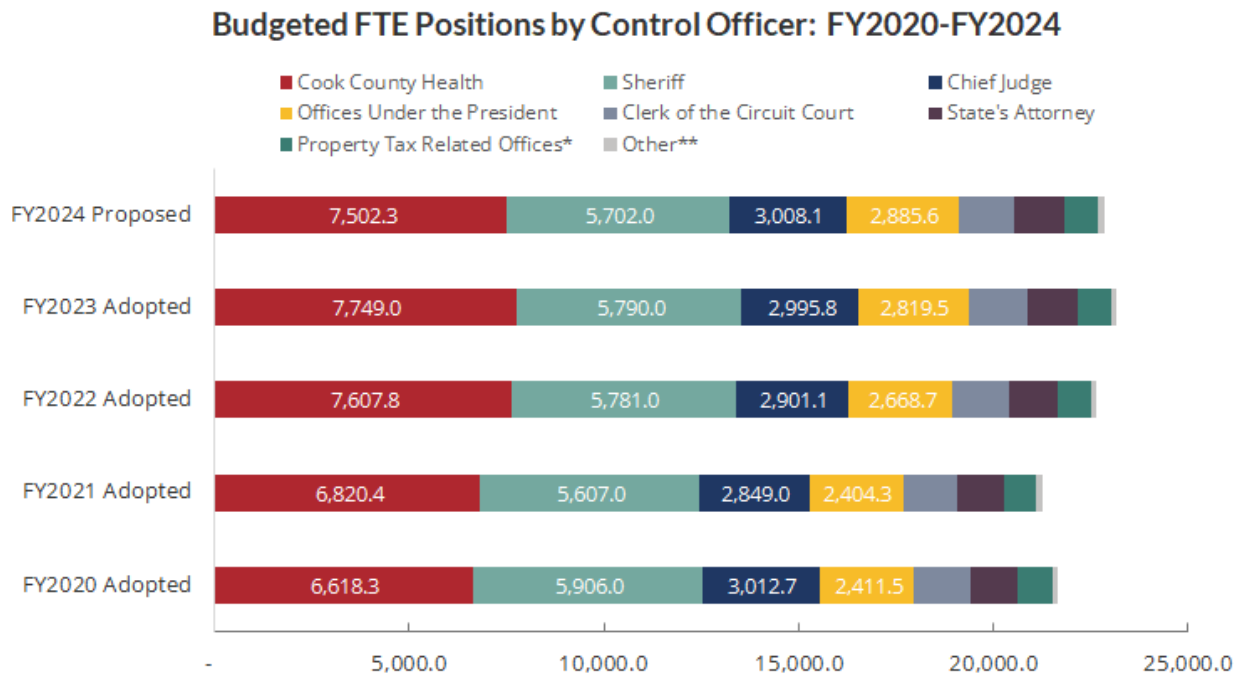
Positions within the Office of the Clerk of the Circuit Court are also proposed to decrease by 80.2 FTEs, or 5.3%, to 1,428 from 1,509 in FY2023.

⁶⁴ Cook County FY2024 Executive Budget Recommendation, Volume 2, p. G-4.

The Offices Under the President are proposed to increase by 66.1 FTEs, or 2.3%, from 2,819.5 in FY2023 to 2,885.6 in FY2024, largely based on staffing increases in the Public Defender's Office.⁶⁵

The Property Tax Related Offices, including the County Clerk, Board of Review, Treasurer and Assessor, will have a total of 884 FTEs in FY2024. This is a 1.7% increase from 869.5 FTEs in FY2023.

Over the five-year period from FY2020 to FY2024, the number of budgeted FTEs across all offices has increased by 1,207.5 positions, or 5.6%, from 21,649.5 FTEs in FY2020 to 22,857 FTEs in FY2024. Over this time period, FTE positions within Cook County Health have increased significantly, by 884 or 13.4%. The Offices Under the President are also set to gain 474.1 FTEs, or an increase of 19.7% over the past five years. The Office of the Sheriff's FTE positions will decrease by 204 FTEs, or 3.5%.



Note: Figures do not include grant-funded positions.

*Property Tax Related Offices include Board of Review, County Clerk, Recorder of Deeds, Treasurer and Assessor. Recorder of Deeds consolidated into the County Clerk's Office in 2020.

**Other includes the Public Administrator, Office of the Independent Inspector General, Board of Commissioners, Board of Election Commissioners and the Land Bank.

Source: Cook County FY2023 Executive Budget Recommendation, Volume 1, pp. 147-148; Cook County FY2024 Executive Budget Recommendation, Volume 1, pp. 152-153.

⁶⁵ Cook County FY2024 Executive Budget Recommendations, Volume 1, p. 153.

COOK COUNTY HEALTH PERSONNEL

Personnel positions within Cook County Health are proposed to be 7,326 in the Health Fund in FY2024. This is a net decrease of 308 FTEs, or 4%, from the prior year adopted budget. The health system plans to eliminate approximately 410 vacant positions across its operations, and move 102 positions into Health Administration to create a pool of available positions that can later be distributed based on the staffing needs of the health system.⁶⁶ The largest portion of the positions that will be eliminated, 197 FTEs, are at Stroger Hospital. Another 50 positions are proposed to be eliminated within the Department of Public Health. These are almost entirely contact tracer positions that were created in response to COVID-19. Additionally, 73 outpatient services positions will be eliminated within the Ambulatory & Community Health Network and 54 positions will be reduced at the Cermak Health Center at the Cook County Jail due to difficulty recruiting for positions at the jail since the pandemic.⁶⁷ Delays in hiring across the CCH's health care services operations due to workforce shortages will contribute to an increase in contractual labor services expenditures in FY2024.⁶⁸

Cook County Health personnel positions by department between FY2020 and FY2024 are shown in the table below. Over the five-year period, FTE positions within the Health Fund will increase by 724.7, or 11%. Much of this increase comes from Health System Administration and the Ambulatory and Community Health Network.

Cook County Health FTEs: FY2019-FY2023

	FY2020 Adopted	FY2021 Adopted	FY2022 Adopted	FY2023 Adopted	FY2024 Proposed	% Change FY2023- FY2024	% Change FY2020- FY2024
Health System							
Administration	328.0	317.0	375.0	469.0	570.8	21.7%	74.0%
Cermak Health Services	575.0	667.0	657.0	654.0	600.0	-8.3%	4.3%
JTDC Health Services	62.0	59.8	60.8	64.0	61.0	-4.7%	-1.6%
Provident Hospital	401.0	388.2	394.0	396.0	375.0	-5.3%	-6.5%
Ambulatory and Community							
Health Network	401.0	345.1	880.0	905.0	832.0	-8.1%	107.5%
CORE Center	71.0	71.0	72.0	72.0	71.0	-1.4%	0.0%
Department of Public Health	118.0	128.0	129.0	173.0	123.2	-28.8%	4.4%
Health Plan Services	407.0	344.0	441.0	444.0	433.0	-2.5%	6.4%
Stroger Hospital	4,189.3	4,482.4	4,581.0	4,457.0	4,260.0	-4.4%	1.7%
Oak Forest Health Center	49.0	0.0	0.0	0.0	0.0		-100.0%
Total	6,601.3	6,802.5	7,589.8	7,634.0	7,326.0	-4.0%	11.0%

Source: Cook County FY2024 Executive Budget Recommendation, Volume 2, p. G-4.

⁶⁶ Cook County FY2024 Executive Budget Recommendation, Volume 2, p. G-4 and Cook County Health FY2024 Proposed Budget, August 2023.

⁶⁷ Cook County Health FY2024 Budget Briefing, August 2023.

⁶⁸ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 86, 90.

RESERVES

This section describes Cook County government's level of operating reserves, as measured by the County's "fund balance." While the terms "reserves" and "fund balance" are often used interchangeably, they have different meanings:

Reserves is a budgetary policy term that describes available, liquid resources, such as cash and investments outside the budget, to be used if budgeted funds are insufficient in the event of an emergency or other unplanned shortfall.

Fund balance is an accounting term referring to the difference between assets and liabilities, or the net position of governmental funds calculated according to generally accepted accounting principles (GAAP). GAAP establishes five components of fund balance. The first two, *Nonspendable* and *Restricted* fund balance, are resources that cannot be spent because of legal or contractual restrictions. The remaining three components—*Committed*, *Assigned* and *Unassigned* fund balance—involve constraints that can be lifted by the government and used for any purpose. *Committed* fund balance are funds designated for a specific purpose through formal action of the decision-making authority. *Assigned* fund balance reflects the intended purpose of a government's use of funds and can be modified without the same constraints as committed fund balance. It is often used to assign appropriated fund balance to fill the gap between appropriations and estimated revenues for the following year. The remaining surplus of net resources after funds have been identified in the other four categories is the *Unassigned* fund balance.⁶⁹ The *Committed*, *Assigned* and *Unassigned* components of fund balance together represent the **unrestricted fund balance** that could potentially be used for any operating purposes if needed.

GFOA BEST PRACTICES ON FUND BALANCE

The Government Finance Officers Association (GFOA) provides guidelines on the appropriate level of fund balance that governments should maintain. The GFOA has for many years recommended that general purpose governments maintain an unrestricted fund balance in their general fund of at least two months of general fund operating revenues or expenditures. Two months of operating expenditures or revenues is approximately 16.7%. GFOA notes, however, that an unrestricted fund balance lower than the recommended minimum may be appropriate for large governments, such as states and large cities or counties, because they can often better predict contingencies and they typically have diverse revenue streams.⁷⁰ The GFOA's longstanding guidance notes that several factors should be considered when establishing a fund balance policy including revenue predictability, expenditure volatility, potential exposure to one-time disasters, the potential drain on general fund resources from

⁶⁹ Governmental Accounting Standards Board, [Statement No. 54 of the Governmental Accounting Standards Board: Fund Balance Reporting and Governmental Fund Type Definitions](#), February 2009.

⁷⁰ Government Finance Officers Association, [Fund Balance Guidelines for the General Fund](#).

other funds, bond ratings and borrowing costs, and funds that are already committed or assigned for specific purposes.⁷¹

However, the GFOA recognizes that its best practice guidance on reserve levels may not be individualized enough to optimize a government's reserves based on local risk factors such as financial and economic disruptions, public health emergencies, public safety challenges and severe weather events. To address these issues, GFOA recently released updated recommendations that governments use risk analysis techniques to optimize the use of their reserves beyond adhering to traditional reserve standards. This approach can allow governments to tailor their reserve needs to their particular circumstances rather than following a "one size fits all" policy. The GFOA therefore recommends that governments establish a fund balance policy that defines a minimum and maximum level of reserves and incorporate the use of risk-based analysis to consider the government's specific circumstances. The GFOA also recommends that governments consider reserves in combination with self insurance or commercial insurance.⁷²

Cook County incorporates all of these considerations into its fund balance policy and the level of reserves maintained over the past several years. The County's fund balance policy establishes an optimal minimum and maximum amount, and the County conducts scenario forecasting based on various levels of risk that could impact revenues and expenditures over time.

COOK COUNTY UNRESTRICTED FUND BALANCE

This section examines the County's General Fund unrestricted fund balance as a percentage of general operating expenditures based on audited data from the County's Annual Comprehensive Financial Reports. This ratio is a measure of whether a government is maintaining adequate levels of fund balance to mitigate current and future risks while ensuring stable tax rates.⁷³ Cook County's General Fund consists of three accounts: Corporate, Public Safety and Self-Insurance.⁷⁴

Cook County's unrestricted fund balance ratio has grown significantly from a low of \$62.5 million, or 4.4% of expenditures, in FY2014 to over \$1.2 billion as of the end of FY2022. The fund balance fell in FY2014 from the prior year as a result of a combination of factors. There were shortfalls within the Office of the Sheriff due to overtime expenses, and in the Office of the Circuit Court Clerk and the General Fund due to a shortage in payments from the State of Illinois that were owed to the County. The General Fund also absorbed a negative balance of \$15.3 million in the Juvenile Justice Fund when the fund was reclassified.⁷⁵ Since then, the fund

⁷¹ Government Finance Officers Association, [Fund Balance Guidelines for the General Fund](#).

⁷² For more details about the GFOA's updated reserves guidance, see the Civic Federation's blog post, "[GFOA Recommends Governments Rethink Their Reserve Policies](#)," September 15, 2023.

⁷³ Government Finance Officers Association, "Appropriate Level of Unrestricted Fund Balance in the General Fund" (Adopted September 2015).

⁷⁴ Cook County FY2019 Annual Comprehensive Financial Report, p. 49.

⁷⁵ Communication with Cook County Bureau of Finance, October 30, 2015.

balance has steadily increased, primarily because revenue increases have outpaced spending increases annually. The General Fund's fund balance level has exceeded the GFOA's recommendation of maintaining an unrestricted reserve ratio of at least 16.7% since FY2018.

The County's fund balance increased significantly, to \$593.1 million in FY2020, representing 42.1% of general operating expenditures. The increase was due to an increase in operating revenues from the prior year across several tax and fee sources including income, cigarette, other tobacco products, cannabis, sports wagering and other non-property taxes, as well as increased revenues from the State of Illinois due to the timing of grant funded appropriations and higher than expected CVS Caremark Rx rebates and legal settlements.⁷⁶

The fund balance rose substantially again in FY2021, to \$869.1 million, or 53.6% of general operating expenditures. The increase was due primarily to two sources: 1) a \$255.5 million increase in taxes including the sales tax, personal property replacement tax, the county use tax and the cannabis tax; and 2) a \$76.9 million increase in fee revenues in the County Clerk and Treasurer's offices, as well as a reclassification of revenue in the Sheriff's Office to meet requirements of GASB 84.⁷⁷

The County's unrestricted fund balance in FY2022 increased to \$1.2 billion, well exceeding two months of reserves as recommended by the GFOA. The increase from \$869.1 million the prior year was due to revenue increases from the sales tax, personal property replacement tax, use tax, parking lot and garage operations tax and the hotel tax, which outpaced increases in expenditures that year.⁷⁸

⁷⁶ Cook County FY2020 Annual Comprehensive Financial Report, pp. 20-21.

⁷⁷ Cook County FY2021 Annual Comprehensive Financial Report, p. 20.

⁷⁸ Cook County FY2022 Annual Comprehensive Financial Report, p. 21.

Unrestricted General Fund Fund Balance Ratio: FY2013-FY2022

	Unrestricted General Fund Balance		General Operating Expenditures		Ratio
FY2013	\$	129,926,749	\$	1,335,220,403	9.7%
FY2014	\$	62,503,592	\$	1,430,325,176	4.4%
FY2015	\$	99,323,337	\$	1,472,330,244	6.7%
FY2016	\$	183,433,217	\$	1,615,046,369	11.4%
FY2017	\$	265,415,671	\$	1,671,283,599	15.9%
FY2018	\$	352,817,410	\$	1,587,866,746	22.2%
FY2019	\$	456,422,288	\$	1,616,200,408	28.2%
FY2020	\$	593,129,813	\$	1,410,302,725	42.1%
FY2021	\$	869,065,151	\$	1,621,983,620	53.6%
FY2022	\$	1,201,472,575	\$	1,721,686,660	69.8%

Sources: Cook County FY2013-FY2022 Annual Comprehensive Financial Reports: Balance Sheet Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balance: Governmental Funds.

The County's \$1.2 billion in unrestricted fund balance consists of \$390.6 million in assigned fund balance and \$810.9 million in unassigned fund balance.

COOK COUNTY FINANCIAL RESERVE POLICY

Cook County has a financial reserve policy to maintain a "floor" of unassigned fund balance in the General Fund of no less than two months (16.7%) of General Fund expenditures and a "ceiling" of three months' worth (25%) of the expenditures."⁷⁹ If the unassigned fund balance drops below the "floor," the policy directs the County to develop an action plan to replenish the fund balance in coordination with the annual adopted budget. If the unassigned fund balance exceeds the three-month "ceiling," the County can use these funds to pay for nonrecurring expenses, an outstanding liability (i.e., pensions or bonded debt) or transfer it to a committed or assigned fund balance in the following fiscal year.⁸⁰

The County's "unassigned" portion of fund balance, totaling \$810.9 million in FY2022, represents 47% of operating expenditures. This amount exceeds the target ceiling of 25% by \$301.7 million. The County plans to use this excess fund balance for the following purposes:

- \$158.8 million will be assigned to an ARPA program sustainability reserve;
- \$99.8 million will be contributed to the pension fund;
- \$11.2 million will be used for one-time General Fund expenditures;

⁷⁹ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 6.

⁸⁰ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 6.

- \$11.9 million will go to the Cook County Land Bank to help reduce the Land Bank's deficits;
- \$9.1 million will be transferred to the Infrastructure and Equipment Fund for state-mandated capital expenditures in the Sheriff's Office;
- \$10.9 million will be transferred to the Equity Fund.⁸¹

The assigned portion of the General Fund fund balance, totaling \$390.6 million in FY2022, has been assigned to a variety of purposes to mitigate various financial risks to the County. This assigned portion of fund balance is allocated as follows:

- \$160 million to the Pension Stabilization Fund;
- \$80 million to the Infrastructure and Equipment Fund;
- \$50 million to a Cook County Health Reserve Fund;
- \$45.8 million to the Equity Fund;
- \$27.9 million to Special Projects;
- \$26 million to a Self-Insurance Fund reserve; and
- \$812,239 in settlement funds to Maternal Objective Management, a program for pregnant and post-partum jail detainees.⁸²

PENSION FUND

This section examines the budgetary impact of Cook County's contributions to its pension fund. For information about indicators of the fiscal health of Cook County's pension fund, see the Civic Federation's recent blog post.⁸³ Additional descriptive information about the County's pension benefits and history can be found in past budget analyses.⁸⁴

In FY2022 there were 17,933 active County employees participating in the pension fund and 20,311 beneficiaries, for a ratio of active employees to beneficiaries of 0.9. A low ratio of active employees to annuitants means there are fewer employees paying into the fund and more retirees taking annuity payments out of the fund. This can be a signal of distress for a mature and underfunded pension like the County fund, where additional employer contributions will be needed to make up the difference. Over time, the number of beneficiaries receiving benefits has increased while the number of active Cook County employees paying into the fund has decreased. Prior to FY2020, the County fund had more employees than retirees. Members of the Cook County pension fund do not participate in the Social Security program, so they are not eligible for Social Security benefits as related to their County employment when they retire.

⁸¹ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 7.

⁸² Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 6 and 66.

⁸³ Civic Federation, "[How the Cook County Pension Fund Fared in FY2022](#)," September 29, 2023.

⁸⁴ See for example Civic Federation, "[Cook County FY2021 Executive Budget Recommendation: Analysis and Recommendations](#)," November 19, 2020, pp. 80-93.

RECENT COOK COUNTY PENSION LEGISLATION

At a 66.5% funded ratio, Cook County's pension fund is not as underfunded as other funds in Illinois, but it is still not in good financial condition. However, the County has made significant progress on improving the pension fund's financial status by making annual supplementary contributions since 2016, which is funded by a 1.0 percentage point increase to the County sales tax. The payment schedule is intended to increase by no more than 2% each year and result in a 100% funded ratio in 30 years. These supplemental contributions were recently codified into state law through House Bill 2352, which was passed by the General Assembly in May 2023 and signed into law by the Governor in August 2023 as Public Act 103-0529.⁸⁵ Previously, the contributions were made through an intergovernmental agreement with the Cook County Pension Fund. Fiscal Year 2024 is the last year where the County will make a supplemental pension contribution via intergovernmental agreement.

Public Act 103-0529 does several things to address the funded status of the Cook County pension fund. It includes a funding schedule for contributions to help the County pension fund reach 100% funding in the next 30 years. Contributions will be actuarially calculated such that they will prevent the unfunded liability from growing, rather than based on a multiplier. Previously, the County was required to contribute 1.54 times what employees contributed two years prior, but this multiple did not adjust to meet the actuarial needs of the fund and resulted in a decline in funded levels. The bill also allows the County to make its annual pension contributions from any tax source, not limited to property taxes, as was the case before.

Additionally, the legislation resolved an issue related to federal Safe Harbor rules, which require pension benefits to be comparable to Social Security benefits. Public Act 103-0529 increases the maximum pensionable salary for employees hired since January 1, 2011, known as Tier 2 employees, in line with the Social Security Wage Base so that the maximum amount of pay used to calculate a pension for county employees will grow at the same rate as the Social Security pay cap over time. The County estimates that this will cost approximately \$3 million each year over the next 30 years, for a present value cost totaling \$98.8 million. The \$3 million increase represents approximately 1% of the County's total pension fund contribution made annually.⁸⁶

PENSIONS IN THE FY2023 COOK COUNTY BUDGET

The total contribution Cook County will make to the pension fund in FY2024 is \$538.9 million. This includes a statutorily required contribution of \$205.2 million and a supplemental contribution of \$333.7 million. Since FY2016, the County has made a total of nearly \$2.6 billion in supplemental pension payments.⁸⁷ The County projects that with the supplemental

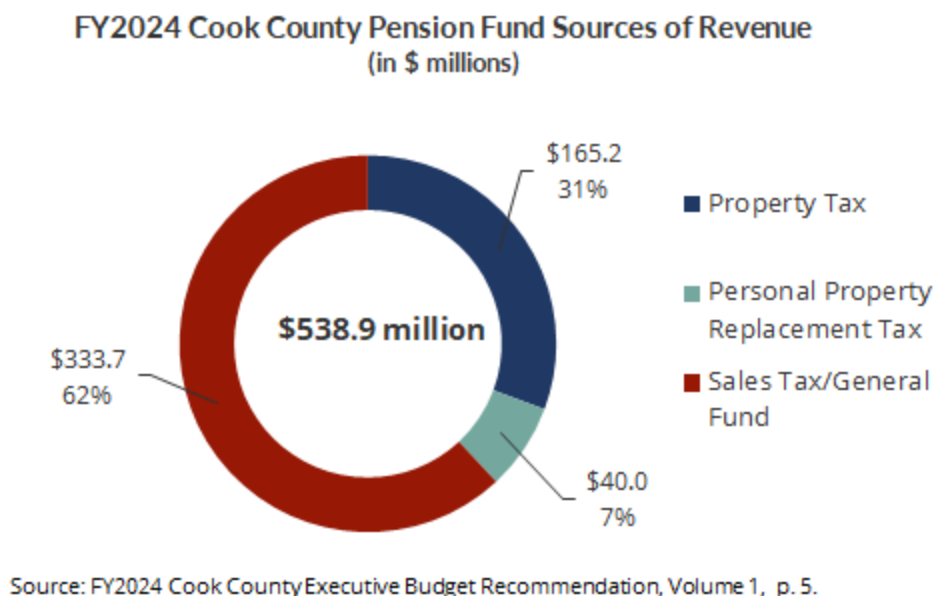
⁸⁵ [Public Act 103-0529](#).

⁸⁶ Cook County Press Release, "[Historic Cook County Pension Reform Legislation Signed Into Law](#)," August 11, 2023.

⁸⁷ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 2.

payments, the fund will be 100% funded by 2058, whereas it would have become insolvent by 2044 if only the statutory payments were made.⁸⁸

The County uses several revenue sources to make its pension contributions: property taxes, personal property replacement tax (PPRT) and sales tax revenue. The property tax and PPRT fund the statutory payment, while the sales tax transfer from the General Fund usually provides funding for the supplemental payment. In FY2024 the County is proposing to make a change to how it uses PPRT revenue to fund pensions. Starting in FY2024, the County will budget a flat amount of \$40 million of PPRT revenue to fund its statutory pension contribution. The County says it is making this change because of the volatility of PPRT revenue. The County will use more property tax revenue to make up the difference. The remaining PPRT revenue will flow to the General Fund.⁸⁹ The following chart shows the breakdown of the County's pension revenue sources. The sales tax is the single largest source of revenue for pensions at \$333.7 million or 62% of total pension funding. Property taxes will account for \$165.2 million, or 31%, of the contribution, and PPRT will account for \$40 million or 7%.

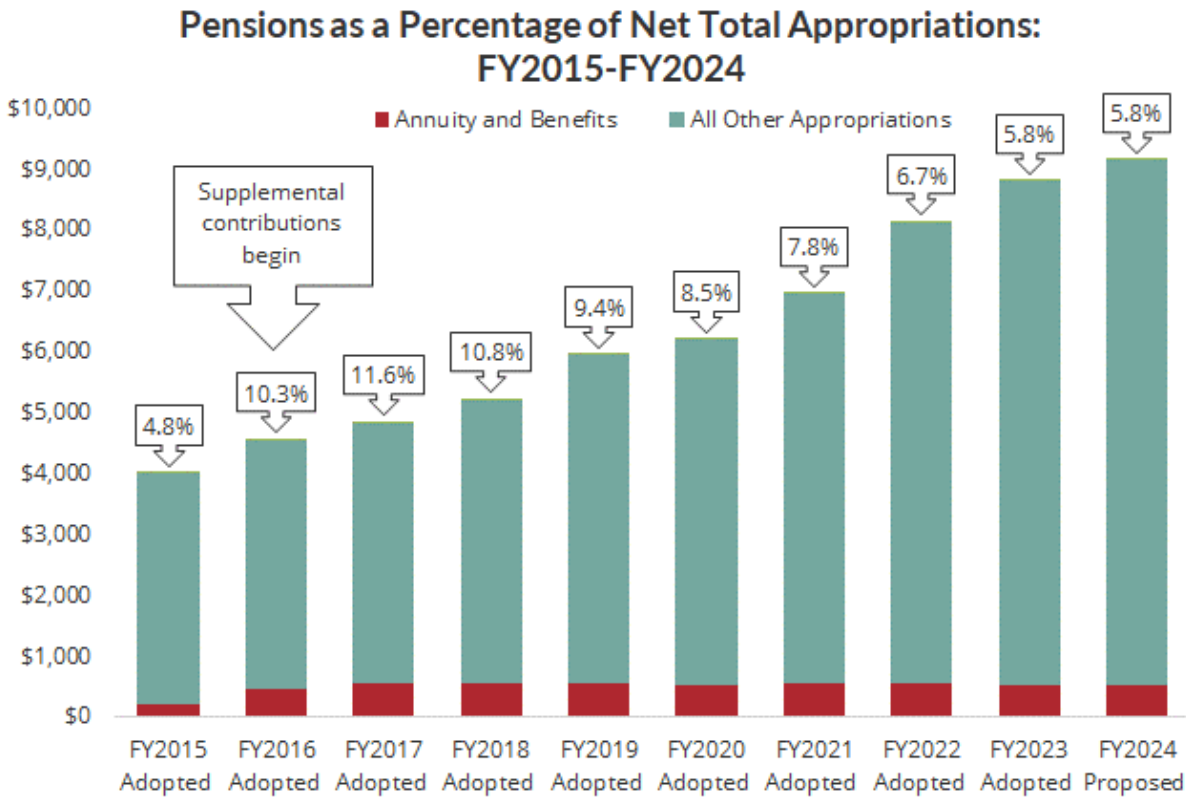


As shown in the following chart, the year before the County started making extra pension payments, pensions made up \$192.8 million or 4.8% of the County's total spending in FY2015. However, the following year pension spending increased to \$465.5 million or 10.3%. While the amount of the annual pension payment has grown since then, the total County budget has

⁸⁸ Cook County, "Executive Budget Recommendation: Fiscal Year 2024 Presentation," October 4, 2023, p. 34.

⁸⁹ Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 11.

grown faster, meaning that the percentage of the budget going to pensions has decreased over the years to 5.8% in FY2024.



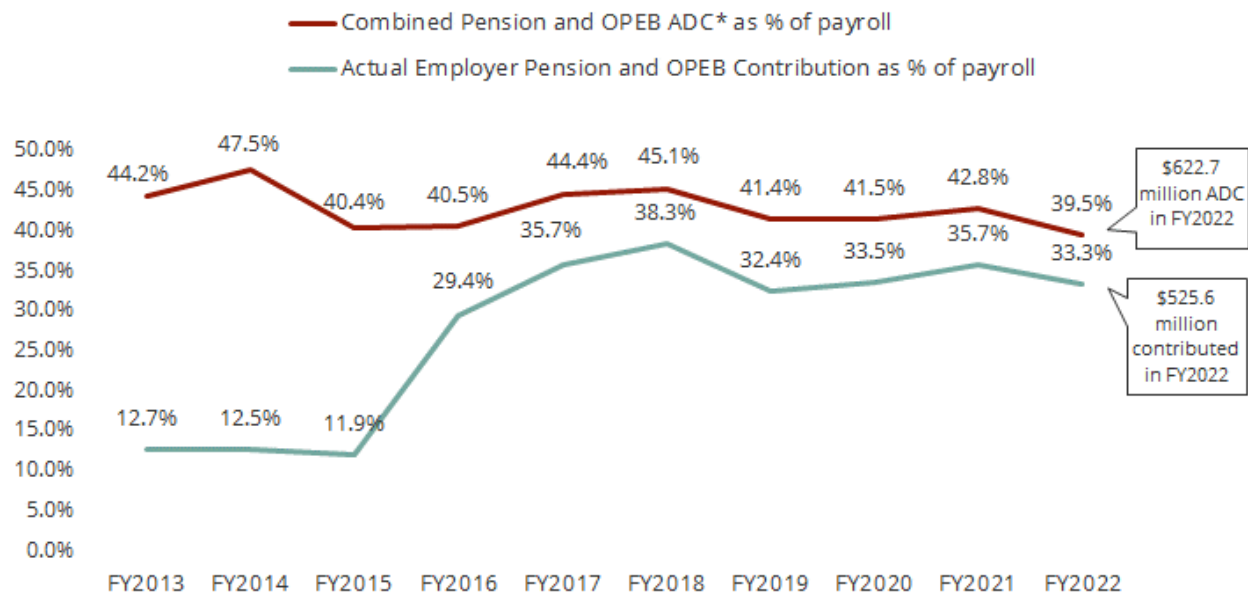
Source: Cook County Budgets, FY2015-FY2024.

The Actuarially Determined Contribution (ADC), metric provides an objective measure of how much the County would need to contribute in order to pay off its unfunded liability over a set period of time. The ADC is a reporting requirement of the Governmental Accounting Standards Board (GASB) and is reported in each pension fund's annual actuarial reports.

The following chart compares the County's actual pension contribution as a percentage of payroll to the actuarially determined contribution as a percentage of payroll. The spread between the two amounts has decreased from a shortfall of 31.5 percentage points in FY2013, or \$468 million, to a gap of just 6.2 percentage points in FY2022. The gap between the actual contribution and the ADC decreased significantly in FY2016 due to the County's first supplemental pension payment that year. The shortfall has continued to decrease since then. In order to fund the pension plans at a level that would both cover normal cost and amortize

the unfunded liability over 30 years, the County would have needed to contribute an additional 6.2% of payroll, or \$97.1 million, in FY2022.

Cook County Combined Pension and OPEB Valuation Actuarially Determined Contribution* vs. Actual Employer Contribution: FY2013-FY2022



Note: The combined valuation produced by the pension fund discounts both pension and OPEB obligations using a 7.0% discount rate. It does not use a lower discount rate for OPEB liabilities as required for GASB Statement 75 financial reporting.

* Annual Required Contribution prior to FY2014.

Source: Cook County Financial Statements and Combined Actuarial Valuations, FY2013-2022.

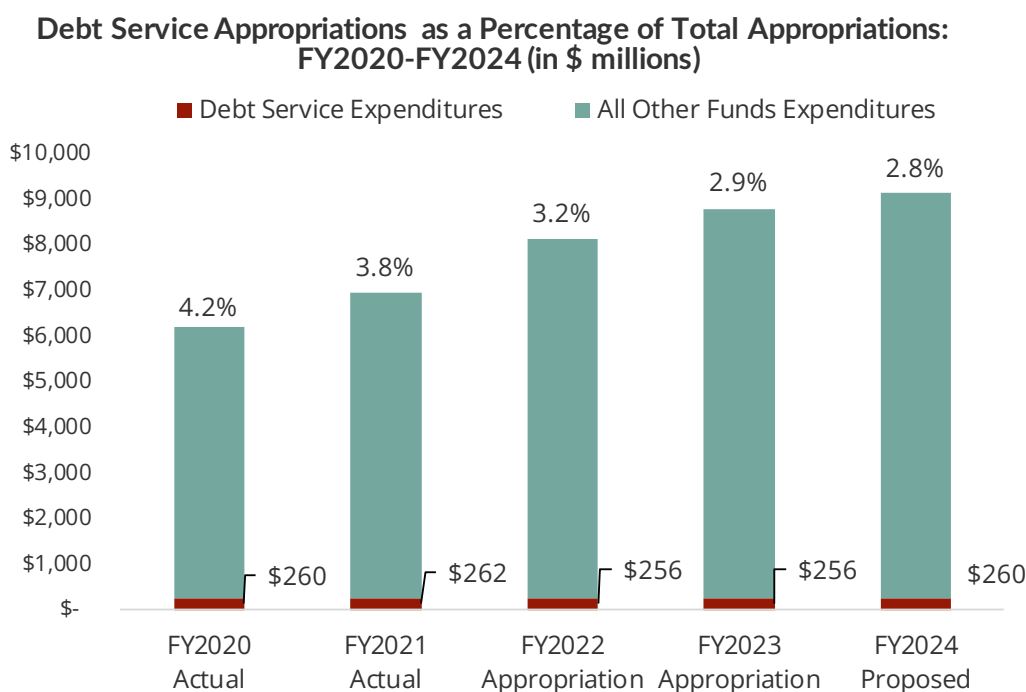
COOK COUNTY DEBT AND CAPITAL BUDGET

This section of the analysis provides summary information about debt service trends over time, the County's current bond ratings, the proposed FY2024 capital budget and the County's 10-year capital improvement plan.

For information about Cook County's long-term liabilities over time, please see the Civic Federation's blog post.⁹⁰

DEBT SERVICE TRENDS

The ratio of debt service expenditures as a percentage of total expenditures is frequently used by rating agencies to assess governmental debt burden. Debt service payments at or exceeding 15-20% of all appropriations are considered high by the rating agencies.⁹¹ The County has not come close to the 15% threshold in the five years examined. The debt service ratio has declined over this period, from a high of 4.2% in FY2020 to a low of 2.8% for the FY2024 proposed budget, as the County's overall expenditures have grown from about \$6.2 billion to \$9.1 billion. Debt service appropriations have remained level throughout this five-year period at approximately \$260 million.



Source: Cook County FY2024 Executive Budget Recommendation, Volume I, p. 116.

⁹⁰ Civic Federation, "[Cook County Long-Term Liabilities Fell by \\$1.9 Billion from FY2018 to FY2022](#)," October 13, 2023.

⁹¹ Standard & Poor's *Public Finance Criteria 2007* and Moody's, *General Obligation Bonds Issued by U.S. Local Governments*, October 9, 2009.

RECENT BOND ISSUES AND FUTURE FINANCING ACTIONS

In August 2022, Cook County issued \$277.7 million in general obligation bonds. Of that amount, \$268.5 million was issued in Series 2022A general obligation refunding bonds and approximately \$9.32 million in Series 2022B taxable general obligation bonds. These bonds were used to refund the County's outstanding Series 2021C bonds that mature on or after November 2, 2023. The refunded bonds were called for redemption on November 15, 2022.⁹²

The bond issue received the following underlying credit ratings: A2 with a positive outlook from Moody's; A+ with a stable outlook from Standard & Poor's Global; and AA- with a stable outlook from Fitch Ratings. Kroll Bond Rating Agency assigned an AAA rating with a stable outlook on these bonds as well, citing the County's robust revenue base and strong bondholder protections.⁹³

In FY2024 Cook County anticipates taking the following financing actions:⁹⁴

- Issuing \$175.0 million of Sales Tax Bonds to repay the County's current tax-exempt revolving line of credit that is drawn upon to pay for capital expenditures.
- Extending its \$175.0 million Series 2014D and 2018 Tax-Exempt Revolving Line of Credit in January 2024. The Revolving Line of Credit will be used as a funding source for various capital projects.
- Extending its \$85.0 million General Obligation Bonds, Series 2012B agreement when it expires in August 2024.

COOK COUNTY BOND RATINGS

The table below summarizes the credit ratings as of October 2023 for various types of Cook County bonds.

COOK COUNTY BOND RATINGS (as of October 2023)		
	Rating	Outlook
General Obligation Debt		
Moody's Investors Services	A1	Stable
Standard & Poors	A+	Stable
Fitch Ratings	AA-	Positive
Sales Tax Debt		
Standard & Poors	AA-	Stable
Kroll	AAA	Stable

Source: Cook County Bond Ratings at <https://www.cookcountyil.gov/service/cook-county-bond-ratings>.

⁹² Cook County. *Official Statement: \$277,705,000 General Obligation Refunding Bonds, Series 2022A and Series 2022B*, August 11, 2022.

⁹³ Kroll Bond Rating Agency. *Cook County, Illinois Sales Tax Revenue Bonds, Series 2022A and Sales Tax Revenue Bonds, Refunding Series 2022B Rating Report*, July 27, 2022.

⁹⁴ Cook County *FY2024 Executive Budget Recommendation, Volume I*, p. 166-167.

RATINGS CHANGES IN 2022 AND 2023

The following narrative summarizes recent actions taken by rating agencies regarding Cook County debt issuances and credit ratings in 2022 and 2023.

Moody's Rating Actions

In August 2023, Moody's Investors Services upgraded Cook County's credit rating to A1 from A2. The upgrade reflected the County's strong financial position, its accumulation of reserves and the recent approval of pension reform legislation affirming the County's use of supplemental funding for its retirement system. This was the second ratings upgrade by Moody's in less than two years. The outlook was revised to stable from positive.⁹⁵

In August 2022, Moody's Investors Services assigned an A2 rating to Cook County Series 2022A and Series 2022B general obligation bonds, affirmed its A2 rating on outstanding general obligation debt and raised the outlook from stable to positive. The outlook change reflected the County's strong financial position and its accumulation of reserves.⁹⁶

Kroll Rating Actions

In July 2023, Kroll Bond Rating Agency affirmed its AAA rating with a stable outlook for Cook County sales tax revenue bonds.⁹⁷ This was due to strong bondholder protection, a dedicated revenue stream to pay for the debt and the County's diverse and stable economic base. As noted above, Kroll Bond Rating Agency assigned an AAA rating with a stable outlook on the County's 2022 bond issuance.⁹⁸

Standard and Poor's Rating Actions

Cook County's Series 2022A general obligation refunding bonds and Series 2022B taxable general obligation bonds issued in August 2022 received an A+ with a stable outlook from Standard & Poor's Global.⁹⁹ On November 5, 2021, S&P had raised the outlook on Cook County general obligation debt from negative to stable while affirming its A+ rating. The change reflected the County's improved fiscal situation, due in part to the receipt of substantial American Rescue Plan funds from the federal government.¹⁰⁰

Fitch Rating Action

⁹⁵ Cook County Government, "[Cook County Receives Bond Rating Upgrade from Moody's Investors Service](#)," August 22, 2023.

⁹⁶ Moody's Investors Services, Rating Action: Moody's affirms Cook County, IL's A2 & assigns to Series 2022A & B GOs; revises outlook to positive, August 2, 2022.

⁹⁷ Kroll Bond Rating Agency, KBRA Affirms AAA Rating for Cook County, IL Sales Tax Revenue Bonds; Outlook is Stable, July 25, 2023.

⁹⁸ Kroll Bond Rating Agency, Cook County, Illinois Sales Tax Revenue Bonds, Series 2022A and Sales Tax Revenue Bonds, Refunding Series 2022B Rating Report, July 27, 2022.

⁹⁹ Cook County, Official Statement: \$277,705,000 General Obligation Refunding Bonds, Series 2022A and Series 2022B, August 11, 2022, p. 62.

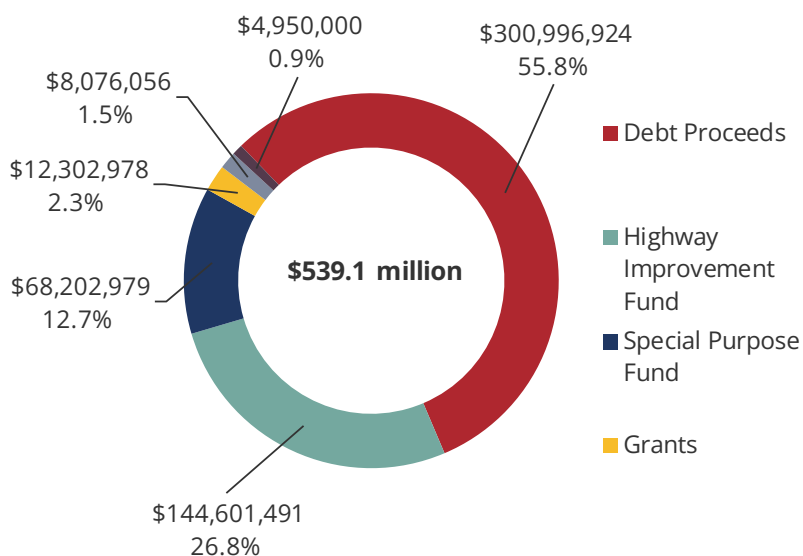
¹⁰⁰ Standard and Poor's Global Ratings, Cook County, IL GO Bond Outlook Revised to Stable From Negative; \$255 Million GO Refunding Bonds Assigned 'A+' Rating, November 5, 2021.

In July 2023 Fitch Ratings affirmed Cook County's general obligation bonds rating at AA- and revised the outlook to positive from stable. The change in outlook reflected the County's continued improvements in financial management, its strong reserve position and increased pension payments.¹⁰¹

COOK COUNTY CAPITAL BUDGET

Cook County proposes a total one-year capital budget appropriation of \$539.1 million in FY2024. The graph below shows the sources of funding for the capital budget. Approximately 55.8% of all capital funds, or nearly \$301.0 million, will be derived from general obligation debt fund proceeds. Approximately 26.8%, or \$144.6 million, of capital funding will come from highway improvement funds. Smaller amounts will be funded by grants, the General Fund and the Special Purpose Funds.

FY2024 Capital Budget: Sources of Funding



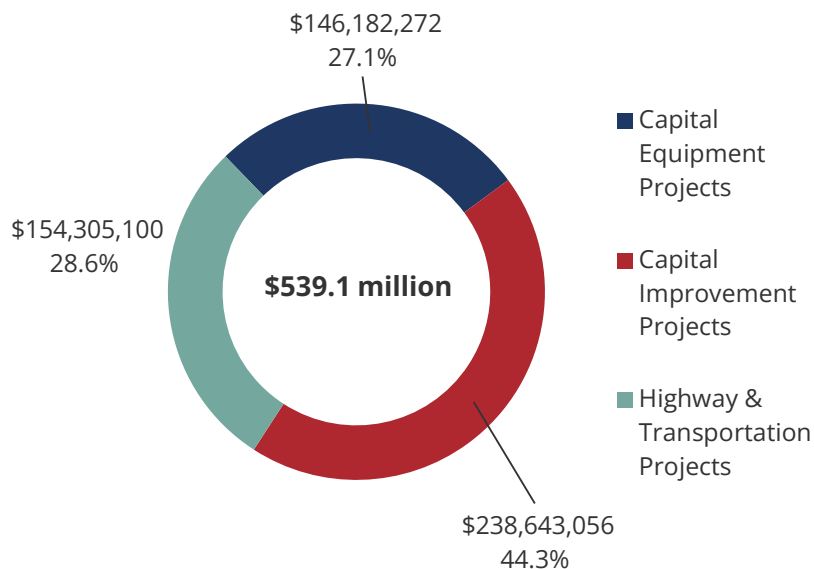
Source: FY2024 Cook County Budget Recommendations, Volume 1, p. 167.

Cook County will use 44.3%, or \$238.6 million, of its FY2024 capital budget for capital improvement projects. Highway and transportation projects are expected to total 28.6% of the

¹⁰¹ Fitch Ratings, Fitch Affirms Cook County, IL's IDR & ULTGOs at 'AA-'; Outlook to Positive, July 26, 2023.

capital budget, or \$154.3 million. Capital equipment investments will account for 27.1%, or approximately \$146.2 million, of the total capital budget.

FY2024 Capital Budget: Uses of Capital Funds



Source: FY2024 Cook County Budget Recommendations, Volume 1, p. 167.

TEN-YEAR CAPITAL IMPROVEMENT PLAN

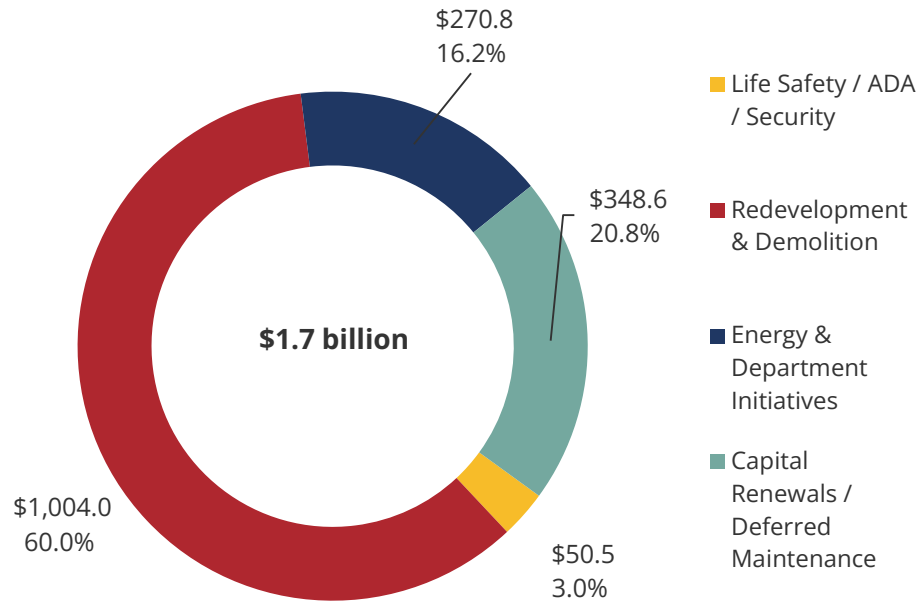
Cook County's proposed 10-year capital improvement plan (CIP) for FY2024 to FY2033 includes approximately \$1.7 billion of infrastructure investment. The projects in the plan are ranked using a facilities condition assessment.¹⁰² The CIP includes an overview of the proposed infrastructure investment by category of need and area of expense as well as some narrative description of the projects to be undertaken. The document also includes a list of all projects included in the CIP and the annual amounts needed for each to complete the plan.

The graph below shows that 60.0%, or \$1.0 billion, of the capital expenditures between FY2024 and FY2033 will be earmarked for redevelopment and demolition projects. Approximately 20.8%, or \$348.6 million, will be used for capital project renewals and to address deferred maintenance. Smaller amounts are earmarked for energy and departmental initiatives and life

¹⁰² Cook County FY2024 Executive Budget Recommendation, Volume 1, p. 175

safety projects, compliance with the American with Disabilities Act (ADA) and security improvements.

Ten-Year Capital Improvement Plan: FY2024-FY2033



Source: FY2024 Cook County Budget Recommendations, Volume 1, p. 176.