



EXECUTIVE SUMMARY

Cook County government provides vital services for 5.2 million residents of northeastern Illinois, including the City of Chicago, surrounding suburbs and unincorporated areas of Cook County. These services include:

- A system of public hospitals and ambulatory clinics
- Protection of persons and property services that include policing, corrections, and administration of justice through the Circuit Court System
- Property valuation and administration of property taxes for the County and all underlying municipalities, townships, school districts and other jurisdictions
- Economic development activities, including transportation infrastructure development and maintenance
- Election administration and vital records management
- Finance, administration and other central governmental service

For Fiscal Year 2019, The Executive Budget Recommendation is a \$5.94 billion spending plan, which is driven by a number of policy goals to enhance the County's services:

- Improve public health outcomes by expanding Medicaid coverage and investing in outpatient services to ensure vital health care access for the most vulnerable residents of the County.
- Foster a justice system that focuses on reducing recidivism and pretrial detention by investing in violence prevention programs, electronic monitoring, I-bonds, probationary and pretrial services.
- Provide economic development opportunities for impoverished communities in suburban Cook County through job trainings programs, public infrastructure funding and affordable housing
- Invest in highway and transportation infrastructure to ensure the County maintains its competitiveness as the Midwest's key distribution and logistics hub
- Modernize delivery of County services by investing in technology infrastructure that will streamline operations across agencies and allow residents to interact with County government electronically
- Promote a long-term plan for fiscal sustainability to address legacy liabilities and preserve essential public safety and public health services by reducing County government's real estate footprint, sustain reductions in workforce, meticulous management of health benefit costs and elimination of redundant programs.

FY2019 BUDGET AT GLANCE

TOTAL BUDGET
\$5.94 BILLION
 THE PROPOSED BUDGET TOTAL,
 INCLUDING CAPITAL AND GRANT FUNDS

 **\$82 MILLION**

PRELIMINARY GAP,
 THE SMALLEST SINCE PRESIDENT
 PRECKWINKLE TOOK OFFICE



22,438 FTEs
 (REDUCED BY 13% SINCE 2011)

\$4.5 BILLION

THE COUNTY OPERATING BUDGET, EXCLUDING CAPITAL, ANNUITY & BENEFITS, AND DEBT PAYMENT

\$2.7 BILLION
 PUBLIC HEALTH

\$1.3 BILLION
 PUBLIC SAFETY

\$226 MILLION

\$131 MILLION

\$100.3 MILLION

\$100.2 MILLION

APPROXIMATELY **88%**










OF THE COUNTY'S OPERATING BUDGET GOES TOWARD PUBLIC HEALTH AND PUBLIC SAFETY SERVICES.





FINANCE AND ADMINISTRATION

FIXED CHARGES AND OTHERS

PROPERTY AND TAXATION

ECONOMIC DEVELOPMENT

PUBLIC HEALTH	 345,000 COUNTY CARE MEMBERS	 153,000 EMERGENCY ROOM VISITS	 497,304 PROVIDER VISITS
	 JAIL POPULATION 40% REDUCTION IN THE LAST 5 YEARS	 208 AVERAGE DAILY POPULATION AT JTDC 15% REDUCTION SINCE LAST YEAR	 \$4.1M IN GRANTS TO PREVENT VIOLENCE
	 200 FIRMS PARTNERED WITH CHICAGO REGIONAL GROWTH CORPORATION	 \$83.6M OF NEW GRANTS FOR DISASTER RECOVERY	 100 PARTNERS UNITED UNDER CHICAGO METRO METAL CONSORTIUM

CAPITAL PROJECTS	 \$85 MILLION HIGHWAY IMPROVEMENTS	 \$101 MILLION CAPITAL EQUIPMENT PROJECTS	 \$275 MILLION CAPITAL IMPROVEMENTS		
	BOND RATING FOR GENERAL OBLIGATIONS				
	<table border="0"> <tr> <td>A2 MOODY'S</td> <td>AA- S&P</td> <td>A+ FITCH</td> </tr> </table>			A2 MOODY'S	AA- S&P
A2 MOODY'S	AA- S&P	A+ FITCH			
FISCAL RESPONSIBILITY	\$1 BILLION IN ADDITIONAL CONTRIBUTION IMPROVES PENSION LIABILITY				
	BY 3.36% IN 3 YRS 				

TOTAL REVENUE

Cook County receives revenues from several sources, primarily through Health Enterprise revenues and tax revenues including Property Taxes, Sales Taxes, Motor Fuel Tax and other Non-Property Taxes. Additional revenues are Grants, dedicated Special Purpose Fund revenues, miscellaneous fees and intergovernmental revenues. Countywide revenues for FY2019 are budgeted at \$5.94 billion. This is composed of \$2.6 billion or 44% from Health Enterprise Revenue, \$790 million or 13% from property tax revenue, 31% from other tax and fee revenues, and \$722 million from miscellaneous and intergovernmental revenues.

The \$5.94 billion is an increase of \$738.7 million compared to FY2018. This figure includes a \$647.3 million increase in the Health Enterprise revenue, driven primarily by the projected growth of CountyCare enrollment to nearly 345,000 members per month in FY2019.

The total revenue for the Cook County General and Health Enterprise funds is estimated at \$4.6 billion compared to the FY2018 budget of \$3.8 billion. The increase of \$714.9 million is a change of 18.6%. This figure includes a \$647.3 million increase in the Health Enterprise Fund, driven primarily by the projected growth of CountyCare membership in FY2019. The remaining \$67.6 million increase can be largely attributed to favorable variances in Sales Tax revenue. Favorable variances of \$52.3 million in Sales Tax and \$28.6 million in Property Tax, were offset by a net decrease of \$13.3 million in all other County revenue categories. The change in the Sales Tax estimate is \$15.4 million greater than the preliminary estimate for FY 2019. The base levy for property taxes remains the same as prior years, however the amount available for operating purposes has increased as our required contributions for debt service on General Obligation bonds and the Annuity and Benefit fund has decreased. The net decrease in the other revenue categories has been largely driven by a decrease in the County Treasurer’s fee collection of delinquent taxes.

WHERE THE DOLLARS COME FROM TOTAL DOLLAR AMOUNT: \$5.94 BILLION



TOTAL EXPENDITURES

Countywide expenditures of \$5.94 billion are allocated to the County's five service areas of Health Care; Public Safety; Property and Taxation; Economic Development and Finance and Administration. Additionally, operating expenses, such as building utility payments and technology maintenance costs are categorized as Fixed Charges. Debt service payments on the County's outstanding bonds and the County's employer contribution for pension are also major expenditures, with capital expenditure accounting for only 8% of the total budget.

Two major service areas are Healthcare and Public Safety representing 88% of the operating budget when capital, debt service, and pension related payments are excluded. The remaining areas comprised of Finance and Administration, Economic Development, Property and Taxation and Fixed Charges account for \$652.5 million of total expenditures. Other major expenditures in FY2019 are Annuity and Benefit payments to the Pension Fund of \$559.8 million, Capital projects of \$461.0 million and Bond and Interest payments of \$285 million.

FY2019 expenses for the Cook County General and Health Enterprise Funds are \$4.6 billion. The \$647 million increase in total expenses over prior year can be largely attributed to costs related to serving the 345,000 CountyCare members. Total requested positions within the Health Enterprise Fund increase by 344.6 to support the expansion of these services.

Within the General Fund, costs are projected to increase by \$676 million. Budgeted personnel expenses increased by \$39.8 million or 3.3% due to negotiated cost of living increases and other impacts of the recently negotiated collective bargaining agreements, along with increases in health benefit related costs. Total requested positions increased by 53 FTEs over FY2018 appropriations. The remaining increase in non-personnel expenses can be attributed to a \$15.0 million increase in debt repayment and a \$9.0 million increase in maintenance expenses. A \$3.7 million offset is attributable to a \$3.1 million reduction in the additional pension contribution and other expense categories

The Health Fund increases by 32% overall, driven primarily by the increased membership in CountyCare. The local taxpayer operating tax allocation to the Health Fund decrease by \$1.5 million or 1.4% from 2017, continuing a trend that started in President Preckwinkle's first 2011 budget and Health Fund operating tax allocation have declined by 77.4% since 2010, while still providing over half of a billion dollars in uncompensated care.

WHERE THE DOLLARS GO

TOTAL DOLLAR AMOUNT: \$5.94 BILLION



SUMMARY OF REVENUE AND EXPENDITURE BY SOURCES, USES AND FUND

Revenue of \$5.94 billion is appropriated into five major governmental funds of \$2.83 billion, three non-major governmental funds of \$429.1 million and one proprietary fund of \$2.69 billion. General Fund and Health Enterprise Fund are the two main operating funds accounting for 77% of the total appropriation. The General Fund will transfer out an additional \$350.3 million to the Annuity and Benefits Fund, \$25.2 million to the Debt Service Fund and \$2.3 million to Capital projects. A Total of \$413.0 million will be transferred into the Self Insurance Fund from the General Fund, Health Enterprise Fund, Special Purpose funds, Grants and Election fund for employee insurance benefits and reserves for future settlements.

Revenues and Sources	Major Governmental Funds					Non-Major Governmental Funds			Proprietary Fund	Total Revenue
	General Fund	Self-Insurance Fund	Annuity & Benefits Fund	Capital Projects Fund	Debt Service Fund	Special Purpose Fund	Grant Funds	Election Fund	Health Enterprise Fund	
Property Taxes*	\$230.7		\$165.0	\$20.0	\$259.9			\$41.9	\$72.7	\$790.2
Personal Property Replacement Tax	\$0.0		\$44.5							\$44.5
Sales Tax	\$831.5									\$831.5
Non Property Taxes	\$517.1					\$0.4				\$517.5
Fees	\$201.1					\$63.4				\$264.5
Health Enterprise Revenue	\$0.0								\$2,604.7	\$2,604.7
Intergovernmental Revenues	\$53.0					\$1.9				\$54.9
Miscellaneous Revenues	\$34.0					\$27.9			\$13.0	\$74.9
Debt Proceeds				\$350.4						\$350.4
Grants							\$248.8			\$248.8
Motor Fuel Tax				\$118.0		\$46.6				\$164.6
Other Sources and (Uses)						\$17.7		-\$19.5		-\$1.8
Sub Total:	\$1,867.4	\$0.0	\$209.5	\$488.4	\$259.9	\$157.9	\$248.8	\$22.4	\$2,690.4	\$5,944.8
Transfer out	-\$640.1					-\$13.9	-\$11.1	-\$1.9	-\$123.8	-\$790.8
Transfer in		\$413.0	\$350.3	\$2.3	\$25.2					\$790.8
Total:	\$1,227.3	\$413.0	\$559.8	\$490.7	\$285.1	\$144.0	\$237.7	\$20.5	\$2,566.6	\$5,944.8

Expenditures and Uses	Major Governmental Funds					Non-Major Governmental Funds			Proprietary Fund	Total Expenditures
	General Fund	Self-Insurance Fund	Annuity & Benefits Fund	Capital Projects Fund	Debt Service Fund	Special Purpose Fund	Grant Funds	Election Fund	Health Enterprise Fund	
Offices Under the President	\$151.2			\$67.8		\$88.0	\$148.2			\$455.2
Board of Commissioners	\$8.6									\$8.6
Health and Hospitals System	\$0.0					\$8.3	\$16.7		\$2,686.4	\$2,711.4
Assessor	\$25.4					\$3.1				\$28.5
Board of Review	\$11.6					\$1.1				\$12.7
Board of Election Commissioners	\$0.0							\$1.1		\$1.1
Chief Judge	\$256.3					\$9.4	\$6.2			\$271.9
Clerk of the Circuit Court	\$96.7					\$21.0	\$2.4			\$120.1
County Clerk	\$11.2					\$1.6	\$0.4	\$21.2		\$34.4
Public Administrator	\$1.3					-				\$1.3
Public Defender	\$77.3					\$0.1	\$0.2			\$77.7
Recorder of Deeds	\$7.3					\$4.9				\$12.2
Sheriff	\$584.0					\$2.5	\$13.6			\$600.2
States Attorney	\$126.9					\$2.2	\$31.0			\$160.2
Treasurer	\$0.9					\$11.7				\$12.6
Fixed Charges	\$506.4									\$506.4
Annuity and Benefits			\$209.5							\$209.5
Bond Principal and Interest payment					\$259.9					\$259.9
Capital Equipment	\$2.3			\$420.6		\$4.0	\$30.1		\$4.0	\$461.0
Sub Total:	\$1,867.4	\$0.0	\$209.5	\$488.4	\$259.9	\$157.9	\$248.8	\$22.4	\$2,690.4	\$5,944.8
Transfer out	-\$640.1					-\$13.9	-\$11.1	-\$1.9	-\$123.8	-\$790.8
Transfer in		\$413.0	\$350.3	\$2.3	\$25.2					\$790.8
Total:	\$1,227.3	\$413.0	\$559.8	\$490.7	\$285.1	\$144.0	\$237.7	\$20.5	\$2,566.6	\$5,944.8

FUND BALANCE STATEMENT

It is Cook County's policy to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees due to temporary cyclical revenue shortfalls or unpredicted one-time expenditures. The County recognizes that financial reserve funds provide the flexibility to respond to unexpected circumstances that may help the County achieve long-term fiscal objectives.

Should an unforeseen event beset the County that warrants the use of the fund balance and should this use of fund balance cause it to dip significantly below the targeted level, the County will take steps to both ensure expenditures, to the extent possible, are adjusted to reflect the new economic reality and develop a plan to replenish the General Fund's fund balance over the next one to three years as necessary to return the balance to its targeted level.

FUND BALANCE TARGET

Cook County's financial reserve policy is to maintain a fund balance in the General Fund of no less than two months, of the year's audited General Fund operating expenditures, in accordance with Government Financial Officers' Association's best practices. The table below illustrates the two-month General Fund expenditure level target for FY2017 and projection for FY2018. The County's FY2018 General Fund Balance is projected to be about \$1.0 million less than the targeted level on a modified accrual basis.

FY2018 Audited General Fund Expenditures	FY2017 General Fund Balance (Target)	FY2017 General Fund Balance	Variance (Balance minus Target)	FY2018 Estimated General Fund Expenditures	Projected FY2018 General Fund Balance (Target)	Projected FY2018 General Fund Balance	Variance (Balance minus Target)
1,671,283,599	278,547,267	265,436,431	-13,110,836	1,805,793,316	300,965,553	299,983,643	-981,910

FUND DESCRIPTIONS

Cook County's operations are funded primarily through the General Fund and the Health Enterprise Fund. In addition to the General Fund and Health Enterprise Fund, the County utilizes special purpose funds that have dedicated revenues, generally fees, dedicated for a specific purpose. Significant special purpose funds include: GIS Fee Fund, Law Library, and several automation funds that impact different County agencies. Together, the General Fund, Health Enterprise Fund, grants, and Special Purpose Funds are referred to as the operating budget.

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND: The Corporate and Public Safety Funds together make up the County's General Fund.

- The Corporate Fund includes most of the property tax related functions of County government on behalf of underlying jurisdictions, as well as general administrative functions of the County. It funds such Agencies as the County Assessor, County Treasurer, County Clerk, Recorder of Deeds, Board of Review and the various offices under the President.

- The Public Safety Fund is comprised of the County's criminal justice system: jails, courts, and related programs. Agencies in this fund include: the Sheriff's office, the State's Attorney's office, the Public Defender's office, Clerk of the Circuit Court, and Office of the Chief Judge including the Juvenile Temporary Detention Center.

SELF-INSURANCE FUND: The County administers a self-insurance program for health insurance as well as all risks, including workers' compensation, medical malpractice, auto and general liability and other liabilities subject to certain stop-loss provisions.

ANNUITY AND BENEFITS FUND: The County Employees' and Officers' Annuity and Benefit Fund is a single defined benefit, single employer pension and other postemployment benefits plan established by Illinois Compiled Statutes (Chapter 40, Acts 5/9 and 5/10).

CAPITAL PROJECTS FUND: Capital Projects Fund expenditures are used to fund capital projects like infrastructure and technology improvements.

DEBT SERVICE FUND: The County's Bond and Interest fund or Debt Service Fund is utilized for General Obligation debt service payments.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL PURPOSE FUND: Special Purpose Funds are established for a specific and dedicated purpose and are intended to be self-balancing.

GRANT FUND: The County receives grant funds from federal, state and private agencies for a variety of direct and indirect services provided under various program areas.

ELECTION FUND: The Election Fund was established to pay for the costs of elections under the jurisdiction of the County Clerk. The fund's revenues are derived from property taxes levied for this purpose and interest earned on investments.

ENTERPRISE (PROPRIETY) FUNDS

HEALTH ENTERPRISE FUND: The Health Enterprise Fund receives revenue from the health system operations and supports the Department of Public Health, Stroger Hospital, Oak Forest Health Center, Provident Hospital, Cermak Health Services, the Ambulatory/Community Health Network Clinics and Managed Care operation, commonly referred to as CountyCare; along with a small tax allocation to support Public Health and Correction Health operations.

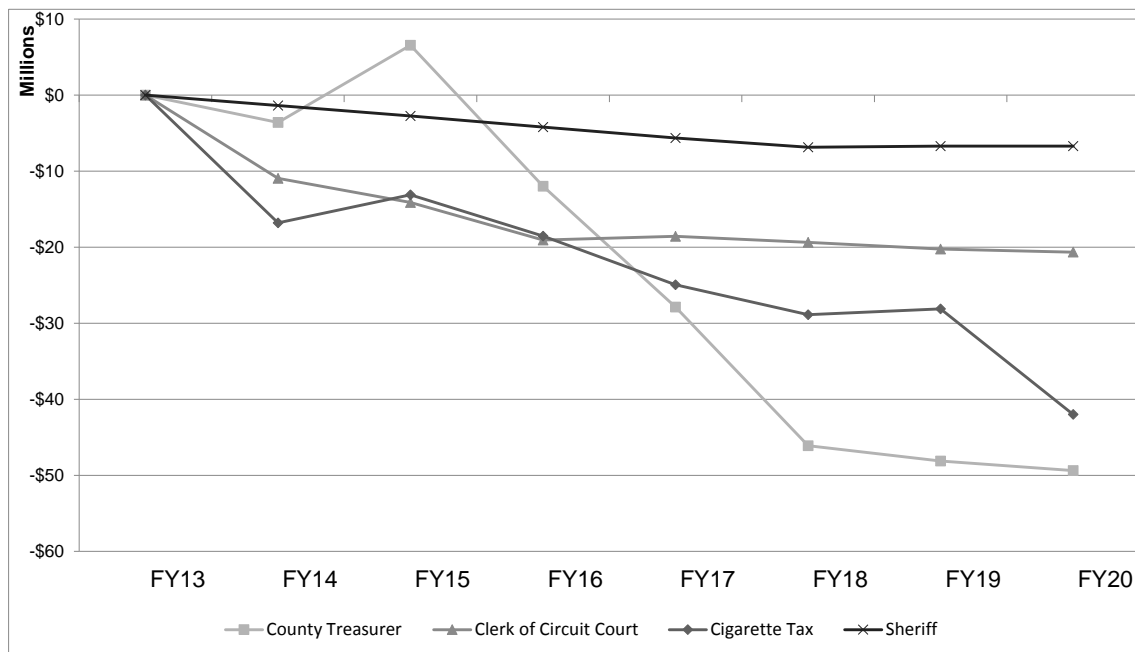
FY 2019 BUDGET HIGHLIGHTS

SHORT-TERM FACTORS AFFECTING THE BUDGET

In recent years, Cook County has pushed to restructure and modernize services to moderate costs while improving services. Used as a baseline to plan for the FY2019 budget, a preliminary forecast prepared in June 2018 identified an \$81.8 million gap between revenues and expenditures. This projection assumed an operating tax allocation for the Cook County Health and Hospitals System of \$102 million and accounted for the impact of labor costs increases given in 2018 as part of the 2018-2020 labor agreements which limited the increase in personnel costs for the Health and General Fund to \$78.3 million. Personnel costs were also impacted by increases in the costs of benefits within these funds, which are \$11.3 million greater than the FY2018 appropriation.

SWEETENED BEVERAGE TAX REPEAL: On October 11, 2017, the County Board of Commissioners overwhelmingly (15 – 2) voted to repeal the Sweetened Beverage Tax that had been in effect since August 2, 2017. The tax was expected to generate \$198 million in revenue in FY2019. Due to the difficult decisions made to eliminate positions and programs in the FY2018 budget, these structural changes lessened the impact of the repeal on the FY2019 budget.

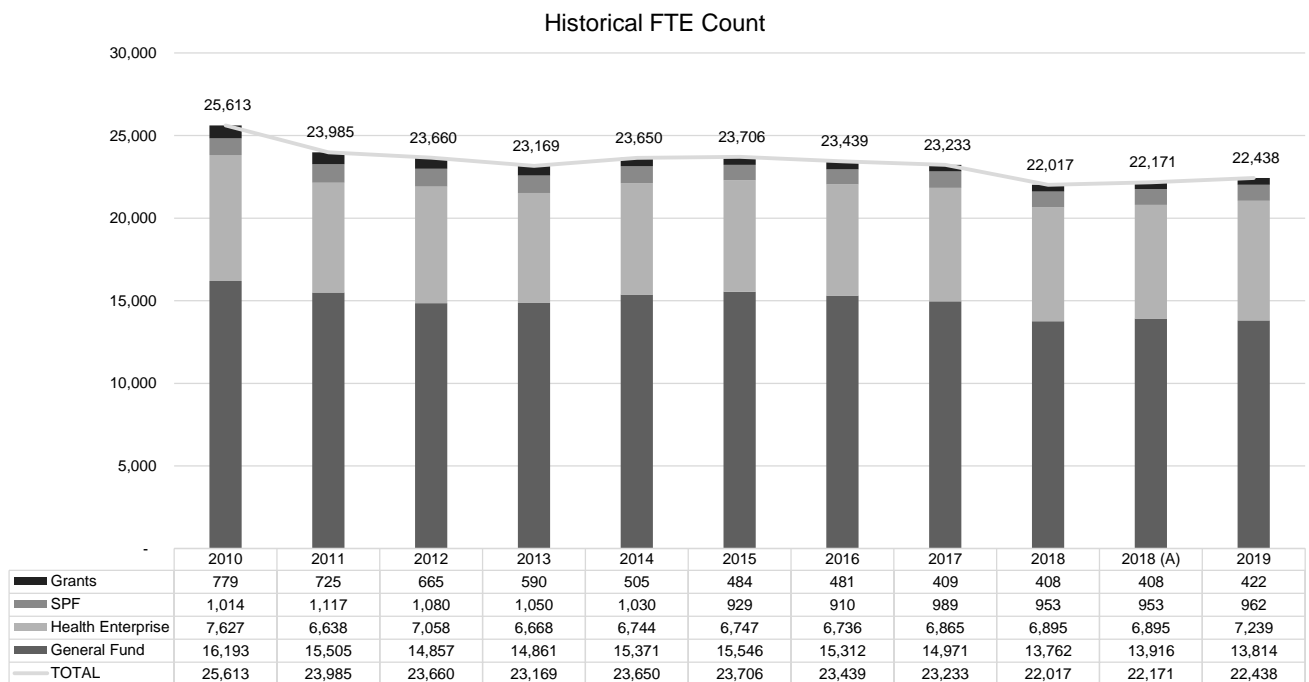
The County has a diverse revenue base, but expenditures rise over time due to inflationary pressures (i.e. medical trends for health benefits, annual cost increases on specialty medications, technology contracts, and several other categories of expenditures traditionally growing faster than general inflation across the nation). Natural growth in revenues struggle to keep pace. Many critical revenue sources are declining over time or growing at rates below general inflation. This makes structurally balancing the budget challenging and necessitates difficult decisions. Additionally, the Property Tax levy has not historically kept pace with inflation, and accordingly the value of the gross property tax levy will continue to decline net of inflation.



FY19 Projected Revenues	Amount	%
Declining	\$373,489,255	15.2%
Failing to keep pace with inflation	\$767,917,106	31.2%
Growing with economy	\$1,145,091,591	46.5%
Other Growth/Decline patterns	\$175,619,310	7.1%
Grand Total*	\$2,462,117,262	100.0%

*Health and Hospital System Fees are not included

The County anticipates a continued decline in overall revenues and inflationary growth in expenditures in coming years and is taking steps toward long-term fiscal responsibility and preserving critical public safety and health services. Budgeted Full Time Equivalent (FTE) positions has declined by 13% in since FY2010.



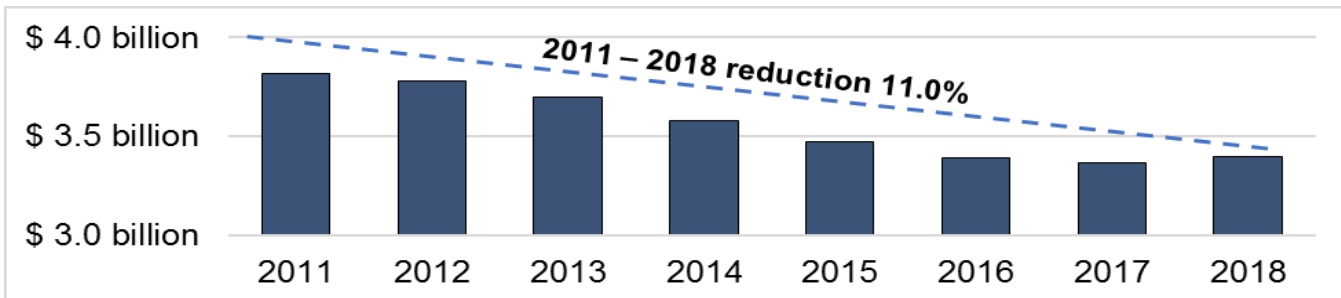
STATE BUDGET IMPACT

As of September 2018, the State owed the County \$130.8 million in revenue for Medicaid fees, reimbursements for grants and adult probation related services. In addition, the State began charging a 1.5% administrative fee for collecting the County's Home Rule Sales Tax, resulting in an impact of \$12.5 million annually. The County will continue to monitor developments for the State's FY2019.

FY 2019 POLICY GOALS

FISCAL RESPONSIBILITY

The FY2019 budget continues to emphasize long-term fiscal sustainability while preserving crucial public health and safety services. The County will continue to address its primary long-term challenges in this budget: legacy debt service, the Pension Fund's shortfall and infrastructure funding.



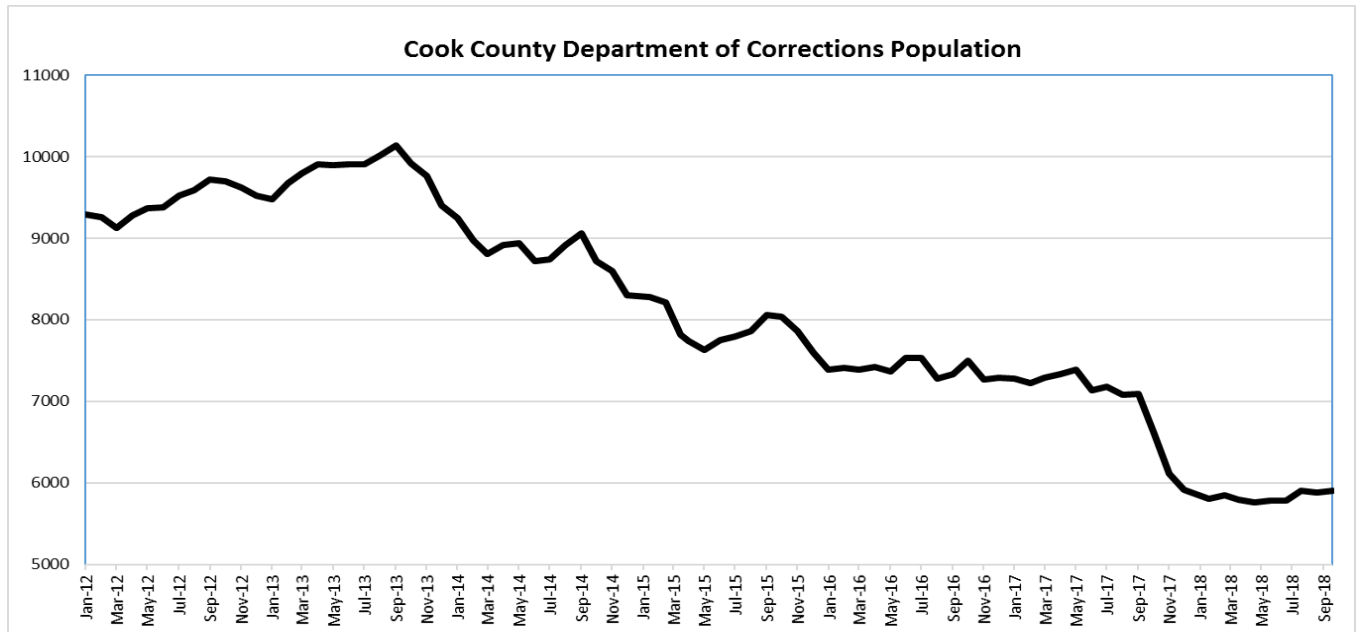
The County has sought to limit the issuance of long-term debt, and has reduced bonded debt by nearly \$420 million or by 11% since 2011. This reduction has been achieved by limiting borrowing for non-capital purposes like settlement related costs, general operations and pensions. This focus on reducing bonded indebtedness has been coupled with a focus on advocating for comprehensive pension reform, providing the public and Board of Commissioners with a long-term capital budget and debt forecast, and a long-range transportation plan, the County's first since 1940. This approach was necessitated by the significant debt burden the County faced upon President Preckwinkle assuming office, as well as the Pension Fund's unfunded accrued actuarial liability that was \$6.7 billion in FY2015. The net pension liability was \$12.5 billion at that time, based on generally accepted accounting standards.

A difficult but necessary decision to increase the Sales Tax by 1% effective January 1, 2016, has provided the County with a solid financial foundation to address growing legacy debt service costs, pension appropriations, and highway infrastructure needs. By dedicating revenue from the Sales Tax increase to long-term structural items, Cook County has increased supplemental payments to the County Annuity and Benefit Fund by nearly \$1 billion while increasing legacy debt service payments and highway funding to address deferred maintenance in the last three fiscal years. An additional \$391 million in increased contributions to these categories in FY2019 will bring the total to nearly \$1.7 billion.

In FY2018, the Department of Real Estate Management (DREM) anticipated collecting \$8.65 million in revenue. Due to collecting past due state payments occurring in 2018 as well as escalations in rent, DREM has the potential to increase revenues by approximately 9.6% over FY2017. In FY2019, DREM anticipates revenue to be \$8.93 million, an increase of 3.3% over FY2018. This increase does not include back payments from the State but does include anticipated revenue from leasing of additional floors in the Cook County Dunne Building as well as ground lease revenue from substantial completion of the renovation of the Old Cook County Hospital.

INNOVATIVE LEADERSHIP

PUBLIC SAFETY REFORMS: The Public Safety Fund includes the Sheriff’s Office, the States Attorney’s Office, the Public Defender’s Office, the Office of the Chief Judge, the Clerk of the Circuit Court and the Juvenile Temporary Detention Center (JTDC). In FY2019, the appropriation for the Public Safety Fund portion of the General Fund is \$1.29 billion. Several investments were made in this area to achieve compliance with mandates, meet the needs presented by legislative requirements and to improve public safety and access to justice.



Through collaborative efforts between the Public Safety stakeholders, the jail population is averaging at its lowest since 1991. This is part of President Preckwinkle’s continued criminal justice reform efforts to reduce the pre-trial jail population. For years, the daily jail population hovered at roughly 10,000. Today, it is approximately 6,000 largely because of these efforts.

Cook County has also invested millions in community-based programming to reduce violence and recidivism and keep people out of the criminal justice system; worked with the Legislature to dramatically decrease the automatic transfer of youth to adult court and overseen the end of a federal monitor at the Juvenile Temporary Detention Center. These efforts have resulted in a decline in Cook County’s detained youth population by 45% since 2009. Administered by the Cook County Justice Advisory Council, in FY2019 the County will award over \$4 million in two-year grants to 20 community-based organizations to support violence prevention, recidivism reduction and restorative justice.

HIGHWAY AND TRANSPORTATION INVESTMENTS: The FY2019 budget continues to promote investments in highway and transportation infrastructure ensure the County maintains its competitiveness as the Midwest’s key distribution and logistics hub.

The Department of Transportation and Highways is the newest member of the Chicago Regional Environmental and Transportation Efficiency (CREATE) Program, a longstanding public-private partnership of railroads and public-sector agencies that advances a set of 70 rail improvements across northeastern Illinois. Since joining the partnership in 2015, the County's participation has proved transformative. The Department's commitment of \$78 million in matching funds was critical in winning a \$132 million federal grant in June 2018 for much-needed area rail improvements.

TRANSPARENCY AND ACCOUNTABILITY

Technology has the power to reshape Cook County Government and streamline government operations, while providing the tools necessary to increase transparency and accountability through consistent and verifiable reporting.

The Bureau of Technology (BOT) has made significant strides towards modernizing Cook County in the past year and plans to continue to bring innovations and efficiency in 2019. In FY2018, BOT completed an overhaul of the County's back-office financial systems with a modern Enterprise Resource Planning System. Artificial-intelligence-based security systems were utilized to reduce over 1.75 billion possible threats into a manageable 1,153 for human analysis between July 2017 and July 2018.

In FY2019, BOT will continue the roll out of a modern Voice Over Internet Protocol phone system to consolidate telephone and data infrastructure. BOT will also bring much-needed digitization to the County's Adoption and Family Support Services records in 2019. The department's focus for 2019 is on improving customer service for both County employees and residents of the County.

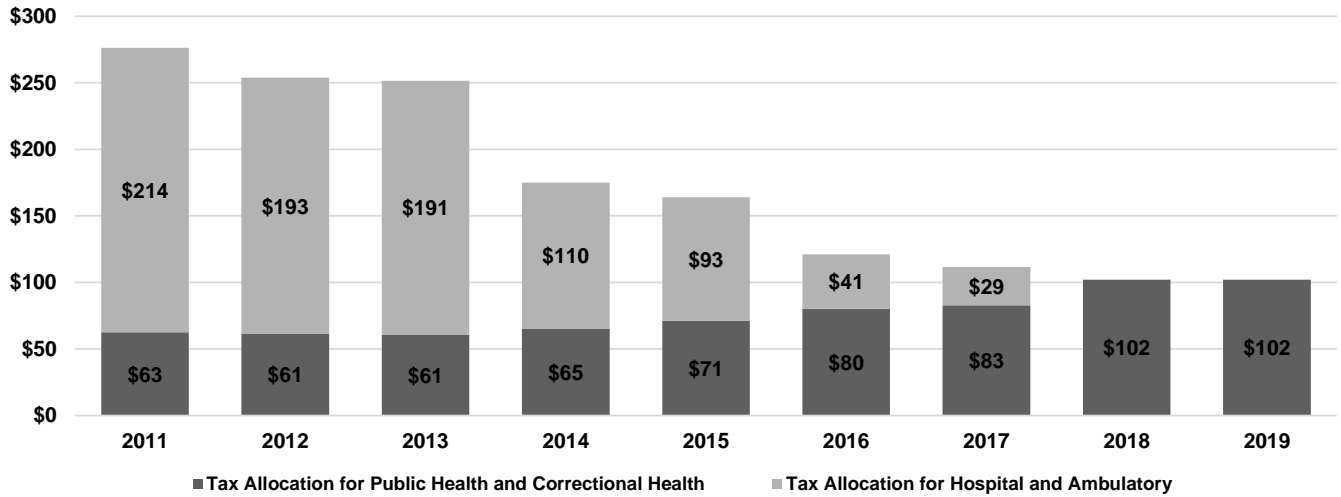
IMPROVED SERVICES

The Cook County Health and Hospitals System (CCHHS) will continue transforming itself into a healthcare organization of choice, providing outstanding clinical and specialty care, while improving patient experience regardless of a patient's ability to pay. CCHHS serves approximately 300,000 unique patients annually through more than a million outpatient visits and more than 20,000 inpatient hospital admissions.

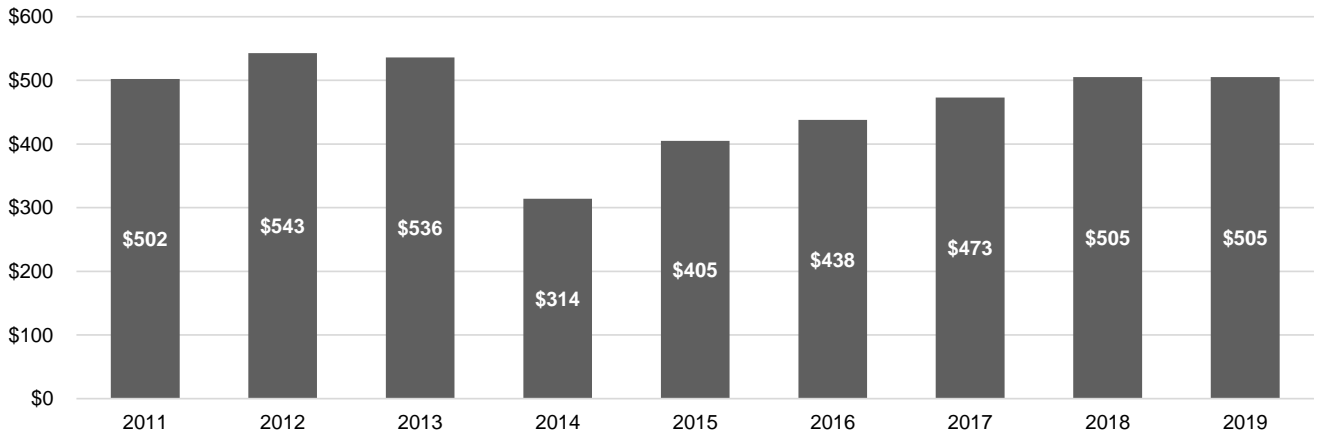
In FY2018, CountyCare health plan successfully transitioned more than 200,000 new members into care and remains the largest Medicaid managed care plan in Cook County, providing high quality services to over 330,000 members through a network of community providers including CCHHS. In 2019, County Care is expected to generate more than \$1.8 billion in revenue, which is used to pay claims costs for member care including for service provided at CCHHS. In addition to caring for CountyCare patients, CCHHS continues to increase its contracts with managed care health plans and commercial insurers to further drive new reimbursement to the system. Through a combination of fiscal prudence and with the advent of the Affordable Care Act, Cook County has reduced the direct health care tax allocation from \$389 million in 2010 to \$102 million in 2019. That amount covers the cost of healthcare for the detainee population in the County corrections system and funds The Cook County Department of Public Health, both services we are required to fund under the law. This has been accomplished while still providing over \$500 million in uncompensated care to County residents.

U.S. News and World Report recognized Stroger Hospital with its highest rating for heart failure care in their 2018 Best Hospital ranking. Stroger Hospital was re-designated as a Level III Perinatal Center and recertified as Advanced Primary Stroke Center by The Joint Commission while the Burn Unit was reaccredited by the American Burn Association. CCHHS' hospitals and outpatient centers achieved Health Information Management Systems Society (HIMSS) Stage 7 in 2018. Only

Direct Operating Tax Allocation



Uncompensated Care provided by CCHHS



6.4% of providers in the US have reached Stage 7. In FY2019, CCHHS will establish dialysis services, expand outpatient services and invest in care coordination to improve patient care and outcomes to meet healthcare needs of underserved populations in Cook County.

Outside of the Health and Hospitals System, the Offices Under the President will establish the Office of Research, Operations and Innovation in FY2019 to implement solutions to make operations more efficient and cost effective. The departments purpose will be to apply the principals of Industrial engineering toward resolving operational gaps where expertise is required and resources are limited. By leveraging personnel with extensive institutional County knowledge, the Office of Research, Operations and Innovation, will assist in the implementation of solutions in a more cost-effective way than outside consultants.

LONG-TERM STRATEGIC PLAN

Since taking office in 2010, President Preckwinkle and her administration has played and continues to play a strong leadership role in transforming county government by promoting fiscal responsibility; advancing reforms in the criminal justice arena; ensuring that residents have access to quality health care; providing multi-modal transportation options that connect people to family, work and school; and becoming a regional leader in growing our economy.

To ensure that these reforms will be institutionalized and have a long-lasting impact for the benefit of Cook County residents, the county is crafting and implementing a Policy Roadmap—the first comprehensive policy driven strategic plan since the administration’s transition plan implemented in 2011.

The plan was completed in the fall of 2018 and incorporates key policy priorities and strategic initiatives that address the major public policy challenges facing the residents of the County and reflects the administration’s core values and vision for fostering safe, thriving and healthy communities.

Below are the key policy priority areas of the Roadmap and what the Roadmap plans to accomplish in each area.

<p>Safe and Thriving Communities <i>Criminal Justice</i></p>	Foster resilient communities and an equitable and fair justice system
<p>Vital Communities <i>Economic Development</i></p>	Pursue inclusive economic and community growth through strategic partnerships to support residents and businesses and attract investment and talent.
<p>Healthy Communities <i>Health and Wellness</i></p>	Improve the physical, mental and social wellbeing of the Cook County residents and Communities.
<p>Smart Communities <i>Public Infrastructure</i></p>	Provide and enable efficient, reliable, inclusive and equitable connections between residents, businesses, services, and the global economy,
<p>Sustainable Communities <i>Environment and Sustainability</i></p>	Support healthy, sustainable, resilient communities and ecosystems.
<p>Open Communities <i>Good Government</i></p>	Ensure that Cook County is an ideal place to live, work, and succeed while developing a thriving, professional workforce that reflects the communities served.

THE INTERSECTION OF STRATEGIC PLANNING AND PERFORMANCE MEASUREMENT

Strategic Planning intersects with Performance Management by translating a policy driven strategic plan into goals and objectives which can be put into various operations that are accountable and whose outcomes and performance can be measured.

Cook County has an interest in ensuring that every department and agency, including agencies operated by the 11 separately elected officials and Cook County Health and Hospitals System operate in an efficient and fiscally responsible manner. Performance Management addresses this County wide interest through its role in the execution of program based budgeting.

The submission of budget requests by the constituent departments and agencies of Cook County are governed by Article X of the Cook County Code (Based Management and Budgeting). This article was revised significantly on June 29, 2016. For the purpose of designing an annual budget based on administrative units called “programs.” Program based budgeting is defined in Article X (Section 2-931) as “a vehicle for reorganizing administrative units into more coherent structures focused on particular objectives, and that emphasizes the objectives and outputs of government spending, and presents information in ways that make it easier to relate allocations to the goals of spending, such as improved service delivery, while grouping budgetary inputs around objectives.

Cook County departments and agencies now submit, as part of their budget requests, historical performance data for their requested programs measuring levels of service and other outputs, as well as indicators of efficiency and success of services. Targets for these metrics are set for the upcoming fiscal year, taking into account what allocations will exist for these programs.

Cook County departments and agencies also submit, as part of their budget requests, a narrative highlighting their execution of past strategic planning and what strategic initiatives they will implement with their budgeted resources in the upcoming fiscal year.

The extent in which the 11 separately elected officials align with the core values and vision for fostering safe, thriving and healthy communities as articulated in the forthcoming Policy Roadmap will be represented in their program based budget requests with coherent and relatable objectives and the measurable impact of their proposed strategic initiatives.

For the Offices under the President, participation in the STAR (Set Targets Achieve Results) Performance Management program will allow for thoughtful alignment of strategic planning with specific goals, objectives, initiatives and performance metrics resulting in impactful services and outcomes that realize the priorities of the Policy Roadmap.

Below is a sample strategic alignment matrix created by the Office of the County Auditor:

Presidents Priority /Focus Area	Goals	Objectives	Strategic Initiatives	Performance Measures
Open Community (Operational Excellence)	Institute audits that add value to County Operations	Follow up on open recommendations to verify controls are established	Implement a recommendations follow-up audit process	Percent of implemented recommendations in compliance
	Implement an annual Countywide Risk Assessment Program	Annual Audit plan consists of higher risk areas identified	Annual audit plan provides a core guide for audits to be initiated during the year	Percent of annual countywide risk assessment completed
	Provide an extensive audit coverage throughout the County in an efficient manner	Deliver broad coverage throughout the County	Ensuring the audit function is immersed in the County operations	Number of audits per Auditor Number of offices audited per Auditor
	Comply with auditing standards while ensuring staff proficiency	Meet the IIA requirement for CPE in cost efficient manner	Utilize free training as available	Number of CPE hours per Auditor

COUNTY LONG TERM FINANCIAL FORECAST

Pursuant to Executive Order 2012-01, Cook County prepares a long-term financial forecast to support responsible long-term planning. The County’s \$5.4 billion operating budget helps support vital public safety, public health and property tax related services for its residents. Although the County has a diverse revenue base, expenditures rise over time due to inflationary pressures (with medical trends for health benefits and several other categories of expenditures growing faster than general inflation) whereas natural growth in revenues struggle to keep pace. A number of critical revenue sources are declining over time or growing at rates below general inflation. This makes structurally balancing the budget challenging and necessitates difficult decisions

Importantly, 97% of the FY2019 budget solutions are structural changes that will continue to reduce the deficit in future years. These are in addition to the structural changes that were implemented in the FY2018 budget of which 61% were from personnel, non-personnel expenditure reductions and other management initiatives. The remaining solution for FY2019 came from growth in tax revenues and CCHHS’s increased CountyCare membership. Payroll costs represent 52% of General Fund expenditures – Cook County worked with its labor partners to negotiate contracts for the upcoming term to limit growth in personnel costs to inflationary levels.

Traditionally, the County solves for existing budgetary gaps with changes that flow into future years and are structural in nature. However, despite those efforts, deficits continue to remain in out years, since several of the County’s revenue streams decline or fail to keep up with inflation on a year-over-year basis. To help address this issue, the County Board approved the Sweetened Beverage Tax as part of the FY2017 budget, that not only solved the budgetary gap for FY2017, without damaging cuts to Public Safety; but also allowed the County to address its traditional structural deficit through 2020. However, due to the repeal of the Sweetened Beverage Tax in October 2017, The County was required to reduce personnel by right sizing management to employee ratios, eliminating redundant programs and further reducing operating expenditures at the jail and the Juvenile Temporary Detention Center.

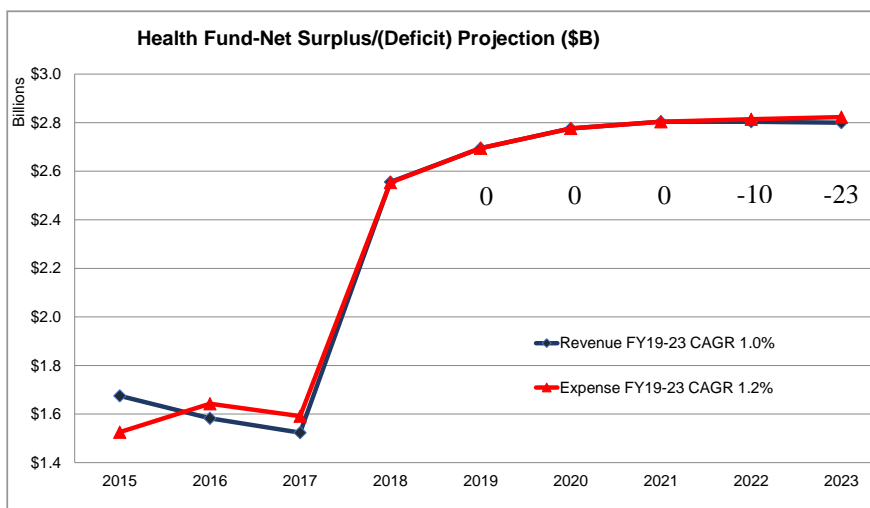
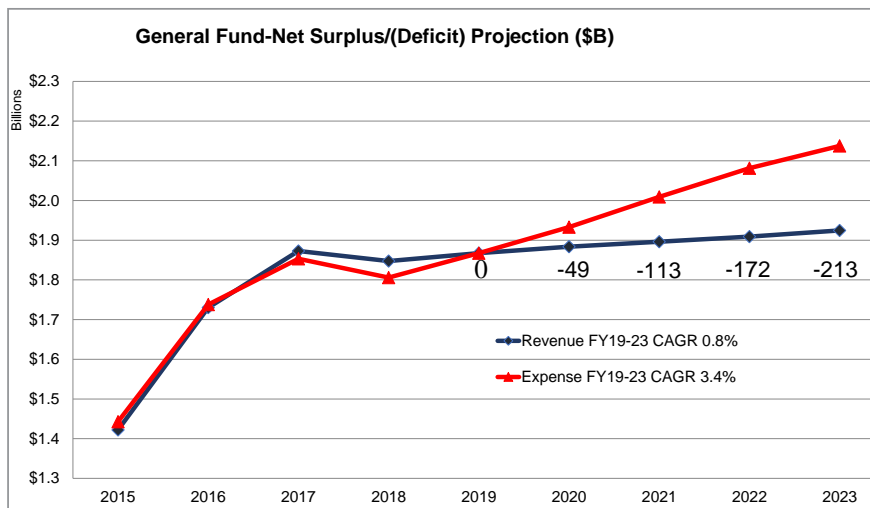
We expect further cost reductions through operational improvements and efficiencies gained from our strategic investments in technology, as well as revenue forecast revisions to address the expanding structural deficit shown in 2020 through 2023 in the accompanying charts. Though the County is required by statute to present a balanced budget annually,

the forecast provides a critical tool in evaluating the long-term fiscal challenges the County faces. This forecast examines the County's General Fund and Health Enterprise Fund only, as special purpose funds are inherently self-balancing. The Health Fund will still receive a tax allocation in the 2019 budget, primarily to fund its correctional health and public health services and is therefore included in the forecast analysis.

PROJECTED EXPENSES

Between 2019 and 2023 total expenses for the General and Health Enterprise Funds are expected to increase \$403 million, a compound annual growth rate (CAGR) of 2.1%. Revenues within the Health Fund are largely expected to keep pace with projected expenditures. Within the General fund, total expenses are expected to increase by \$270.2 a CAGR of 3.4%. The three major drivers of this increase are total compensation (including salaries, and benefits), new bond issuances and pension appropriations. Approximately 65% of the General Fund increase is associated with total compensation which is expected to grow by \$176.0 million or 3.6%. This is just slightly greater than the CPI of 2.1%. The next largest components are new debt service and contingent pension appropriations which are expected to increase by \$34.1 and \$28.9 million.

PROJECTED REVENUES



By 2023, the total revenue for the Cook County General and Health Enterprise funds is estimated to increase by \$109.3 million, a CAGR of just 1.0%. Revenues within the Health Fund, are projected to largely keep pace with expenditures. Within the General Fund, total revenues are expected to increase by \$60.7 million a compound annual growth rate of just 0.8%. Nearly half of the County's revenue streams are either declining or failing to keep pace with inflation. This includes the Gas and Diesel tax, Cigarette tax and Property taxes. The tax levy on property has remained flat since 1992. Sales tax is projected to largely keep pace with inflation with an expected increase of \$73.6 million or 2.1%. However, Sales tax is also subject to economic volatility. To prevent future structural deficits, the County will need to either reduce expenses, identify new revenues, or replace existing revenues with ones that grow at the rate of inflation.

METHODOLOGY

In projecting each of the revenue sources, the County took into consideration economic drivers like inflation and GDP growth, operating initiatives and regulatory factors that may affect collection of those revenues. This resulted in revenue specific models, which included single and multiple linear regressions that projected a growth or decline rate in each revenue category. Similarly, expenses were analyzed as falling into three primary categories: (i) those expenses that grow at or around the rate of inflation; (ii) employee healthcare related costs that traditionally grow at a medical inflation rate that exceeds the general rate of inflation; and (iii) CountyCare purchased services from third-party healthcare providers, which are a function of enrollment projections. The first category includes salaries, supplies, utilities and other non-personnel costs related to the Health System, the majority of which were projected using a 2.14% growth rate, which is the average rate of inflation (CPI-U) over the last 20 years. Payroll costs include adjustments for union contracts and 0.36% growth in salaries related to the changing mix of job types. Healthcare costs were further divided into medical insurance projected using a 6.1% growth rate, pharmacy related costs projected using a 8% growth rate, and dental and vision at 3%. The final category includes CountyCare revenues and related expenses, for which moderate growth is projected until 2023.

Every forecast includes statistical assumptions and policy decisions, including the level and type of risks to take. These forecasts have generally assumed equal risks for positive and negative errors, but in FY 2018 there was a recognition of a systemic business cycle risk which indicated a need for conservatism. This meant an adjustment downwards for several revenue types, especially Sales Tax, to consider a medium-level recession. Such a recession did not occur in FY 2018, causing Sales Tax revenues to be substantially higher than expected and ultimately helping close the County's budget gap. The FY2019 revenue estimates also include the assumption of a mild recession.

General Fund Expenses

	Actual			Actual/Projection	Dept. Estimate	Projection			
	FY15	FY16	FY17			FY18	FY19	FY20	FY21
Health Ins (501610)	161,948,821	148,284,748	149,889,498	138,843,759	151,295,951	160,530,000	170,320,000	180,710,000	191,730,000
Pharmacy (501715)	40,721,144	41,740,008	46,665,394	47,224,208	47,843,717	51,670,000	55,800,000	60,260,000	65,080,000
Dental/Vision (501640/501690)	7,070,869	7,269,738	7,204,185	7,429,882	7,281,097	7,500,000	7,730,000	7,960,000	8,200,000
Payroll (501010)	952,849,095	977,145,377	978,435,085	946,044,082	967,258,425	985,890,000	1,021,060,000	1,057,480,000	1,084,630,000
Pay-Go Capital			15,000,000	0	0	0	0	0	0
New Bond Issuance Debt Service			4,500,000	16,407,821	8,658,610	27,800,000	39,610,000	45,350,000	42,790,000
Comm. & IS Maint.(520150/540130)	12,544,462	9,094,871	11,377,657	12,891,189	19,709,067	20,500,000	21,320,000	22,170,000	23,060,000
Contingency									
Contingent Pension Appropriations		270,526,000	349,300,000	353,436,000	350,296,720	357,303,000	364,449,000	371,738,000	379,173,000
All Other Expense	<u>267,634,967</u>	<u>283,845,271</u>	<u>290,686,961</u>	<u>283,516,375</u>	<u>315,035,181</u>	<u>321,777,000</u>	<u>328,663,000</u>	<u>335,696,000</u>	<u>342,880,000</u>
Total	1,442,769,358	1,737,906,013	1,853,058,780	1,805,793,316	1,867,378,768	1,932,970,000	2,008,952,000	2,081,364,000	2,137,543,000
Compensation (Payroll, Health, Pharmacy) Growth			0.7%	-3.6%	3.0%	2.7%	4.1%	4.1%	3.3%
Overall Expense Growth Year over Year			6.6%	-2.6%	3.4%	3.5%	3.9%	3.6%	2.7%
Total Revenue	1,422,181,606	1,729,976,388	1,872,772,460	1,847,418,524	1,867,378,768	1,883,758,000	1,896,203,000	1,908,933,000	1,924,593,000
Total Expenses ²	1,442,769,358	1,737,906,013	1,853,058,780	1,805,793,316	1,867,378,768	1,932,970,000	2,008,952,000	2,081,364,000	2,137,543,000
Surplus/(Deficit)	-20,587,752	-7,929,625	19,713,680	41,625,208	0	-49,212,000	-112,749,000	-172,431,000	-212,950,000

² FY15-17 expenditures from Comptroller's Trial Balances. FY18 projected by departments and DBMS.
 FY19: Budgeted Appropriation. FY20-23: 6.1% CAGR for health insurance, 8% for pharmacy; Comm & IS at 4%; 2% for Additional Pension Funding. FY20-23 payroll reflects impact of current union CBAs plus .36% salary growth due to changes in payroll mix. FY21-23 include 2.14% CPI-U 20 year growth rate.

Cook County Health & Hospital System - Projected Annual Revenues and Expenses, by Source

	Actual			Actual/Projection	Dept. Estimate	Projection				
	FY15	FY16	FY17			FY18	FY19	FY20	FY21	FY22
<u>CCHHS Fees</u>										
Patient fees (Medicare, Other)	347,318,111	290,436,109	288,106,439	427,277,329	494,000,000	522,700,000	531,770,000	531,770,000	531,770,000	
CCHHS BIPA	138,668,750	137,435,000	140,000,000	132,300,000	132,300,000	132,300,000	132,300,000	132,300,000	132,300,000	
Medicaid DSH	157,709,645	157,278,312	156,986,882	155,556,192	156,700,000	156,700,000	156,700,000	156,700,000	156,700,000	
Managed Care	859,295,613	868,162,903	816,435,746	1,754,814,306	1,821,749,627	1,874,580,000	1,893,330,000	1,893,330,000	1,893,330,000	
CCHHS Misc., CDDPH	<u>8,005,811</u>	<u>8,118,594</u>	<u>18,000,845</u>	<u>13,205,055</u>	<u>13,000,000</u>	<u>13,000,000</u>	<u>13,000,000</u>	<u>13,000,000</u>	<u>13,000,000</u>	
Total fees	1,510,997,930	1,461,430,918	1,419,529,912	2,483,152,882	2,617,749,627	2,699,280,000	2,727,100,000	2,727,100,000	2,727,100,000	
Property Tax - Tax Levy	149,756,021	121,235,196	87,863,880	72,704,917	72,704,917	72,700,000	72,700,000	72,700,000	72,700,000	
Cigarette Tax	13,081,290	-	3,331,185	0	0	0	0	0	0	
Other Tobacco Products	667,311	-	-	-	-	-	-	-	-	
Sweetened Beverage Tax	-	-	12,753,670	4,321,381	0	0	0	0	0	
<u>Firearms Tax</u>	<u>426,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
County Tax Allocation	163,931,212	121,235,196	103,948,735	77,026,298	72,704,917	72,700,000	72,700,000	72,700,000	72,700,000	
<u>Total Expenses ²</u>										
Health Ins (501610)	56,661,230	53,934,368	61,099,740	58,963,524	64,229,191	68,150,000	72,310,000	76,720,000	81,400,000	
Pharmacy (501715)	17,669,487	21,471,082	20,819,891	21,224,484	21,360,791	23,070,000	24,920,000	26,910,000	29,060,000	
Dental/Vision (501640/501690)	2,871,662	2,975,187	2,984,712	3,155,508	3,197,170	3,290,000	3,390,000	3,490,000	3,590,000	
County/Care (896)	568,560,247	645,873,302	547,783,028	1,507,981,195	1,539,410,000	1,585,590,000	1,598,280,000	1,598,280,000	1,598,280,000	
Payroll (501010)	465,657,552	508,681,827	510,565,596	531,459,360	621,734,543	652,480,000	656,990,000	656,990,000	656,990,000	
Comm. & IS Maint.(520150/540130)	1,866,598	1,058,970	2,172,117	2,589,110	4,746,920	4,890,000	5,000,000	5,200,000	5,400,000	
All Other Expense	<u>412,335,194</u>	<u>391,744,297</u>	<u>425,961,322</u>	<u>428,145,434</u>	<u>435,775,929</u>	<u>434,510,000</u>	<u>438,890,000</u>	<u>442,530,000</u>	<u>448,230,000</u>	
Total Health	1,525,621,970	1,625,739,033	1,571,386,406	2,553,518,615	2,690,454,544	2,771,980,000	2,799,780,000	2,810,120,000	2,822,950,000	
Overall Expense Growth Year over Year			-3.3%	62.5%	5.4%	3.0%	1.0%	0.4%	0.5%	
Total Revenue	1,674,929,142	1,582,666,114	1,523,478,647	2,560,179,180	2,690,454,544	2,771,980,000	2,799,800,000	2,799,800,000	2,799,800,000	
Total Expenses	1,525,621,970	1,625,739,033	1,571,386,406	2,553,518,615	2,690,454,544	2,771,980,000	2,799,800,000	2,810,100,000	2,823,000,000	
Surplus/(Deficit)	149,307,172	-43,072,919	-47,907,759	6,660,565	0	0	0	-10,300,000	-23,200,000	

² FY15-17 expenditures from Comptroller's Trial Balances. FY18 projected per DBMS. 19: Budgeted Appropriation. FY20-23: projected by CCHHS, does not include \$29.3M pension contributions provided by General Fund.

All Fund Total Surplus(Deficit)

	Actual			Actual/Projection	Dept. Estimate	Projection			
	FY15	FY16	FY17			FY18	FY19	FY20	FY21
Total Revenue	3,097,110,748	3,312,642,502	3,396,251,107	4,407,597,704	4,557,833,312	4,655,740,000	4,696,000,000	4,708,730,000	4,724,390,000
Total Expenses	2,968,391,328	3,363,645,046	3,424,445,186	4,359,311,931	4,557,833,312	4,704,950,000	4,808,752,000	4,891,464,000	4,960,543,000
Surplus/(Deficit)	128,719,420	-51,002,544	-28,194,079	48,285,773	0	-49,210,000	-112,752,000	-182,734,000	-236,153,000