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# The Civic Federation

177 North State Street, Suite 400, Chicago, IL 60601 • 312.201.9066 fax 312.201.9041 • civicfed.org

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For more information, contact Laurence Msall at (312) 201-9044

## CIVIC FEDERATION SUPPORTS COOK COUNTY'S FY2015 BUDGET

### *Full Report Discusses Recent Progress, Fiscal Uncertainty Ahead*

(CHICAGO) In a report released today, the Civic Federation supports Cook County's proposed FY2015 operating budget of \$3.7 billion and praises the work of Board President Preckwinkle and her administration to reform County operations. The full 95-page report is available at [www.civicfed.org](http://www.civicfed.org).

"Under the leadership of President Preckwinkle and her team, Cook County is continuing to become a more accountable and efficient steward of public resources," said Laurence Msall, president of the Civic Federation. "We have seen encouraging progress over the last four years including significant modernization efforts, the introduction of an innovative pension reform proposal and ongoing transformation of the County's Health and Hospitals System."

The FY2015 budget takes a reasonable approach by holding the County's property tax levy relatively flat and not including any new fines or fees. Instead, a \$168.9 million shortfall is closed with \$92.9 million in revenue increases, including net revenue from CountyCare and higher state reimbursements for juvenile justice; \$53.6 million in expenditure reductions, including debt service savings and vacancy eliminations; and \$22.5 million in management and efficiency initiatives. The County has also achieved many of the goals set forth by President Preckwinkle's 2010 Transition Report and the Federation's 2010 Modernization Report such as the repeal of the 2008 sales tax increase and the adoption of budgets prior to the start of the County's fiscal year.

Despite this progress, uncertainty continues to surround two areas that are central to the County's fiscal well-being: CountyCare and proposed County pension reforms. CountyCare, which is expected to account for more than 30% of total County revenue in FY2015, began in early 2013 as a demonstration project that allowed the Health and Hospitals System to get a head start on Medicaid expansion under the federal Affordable Care Act. When the demonstration project ended in June 2014, the project was converted into a broad-based Medicaid managed care plan that can enroll all Medicaid recipients rather than being limited only to those who are newly eligible for coverage. The Federation supports this effort but warns of tougher challenges ahead including intense competition for members and financial pressures related to the popularity of its network partners. The Federation urges the Health System to develop and publicly release multi-year projections as well as an updated strategic plan to replace a 2010 document that was developed prior to the creation of CountyCare.

While the County's pension fund is not yet in as dire straits as other State and local funds, it will be soon if no action is taken. Unfunded actuarial accrued liabilities reached \$6.4 billion in FY2013 and the fund is currently projected to be insolvent by 2038. The Federation commends the County for developing a pension reform package that was approved by two-thirds of the unions that represent County employees. However, the package was adopted only by the Illinois Senate last session and passage is uncertain in the Illinois House. Failure by the General Assembly to pass this legislation or some amended version jeopardizes the stability of the pension fund and of County finances.

The full report also expresses concern that a lack of cooperation among the County's elected officials is hampering efforts to improve operations of the criminal justice system. These challenges will be analyzed in more detail in the second edition of the Civic Federation's Cook County Modernization Report next year.

*The Civic Federation is an independent, non-partisan government research organization that promotes efficient delivery of public services and sustainable tax policies in the Chicago region and State of Illinois. For more information, please visit the Federation's website at [www.civicfed.org](http://www.civicfed.org).*



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