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CIVIC FEDERATION SUPPORTS COOK COUNTY BUDGET FOR IMPROVED EFFICIENCY, SPENDING CUTS

(CHICAGO) The Civic Federation supports the proposed FY2012 Cook County budget of \$3.3 billion because it reduces spending from FY2011, implements efficiencies and avoids raising broad-based taxes. The full 77-page report is available at civicfed.org.

Breaking with many past County practices, the operating budget is set to reduce spending by 3.7%, or \$112.3 million, and is on target to be approved before the start of the County's fiscal year on December 1, 2011. The cuts in the plan make up nearly 70% of the measures to close the deficit and include over 1,000 layoffs, an across the board spending reduction of 3% and elimination of step increases for non-union employees. "While the level of layoffs proposed in this budget will not be without hardship," said Laurence Msall, president of the Civic Federation, "they are necessitated by the past failure of County government to right-size its operations."

The rest of the deficit is closed with targeted and reasonable revenue enhancements that impact specific sets of users. Raising fees and user-based taxes is preferable to increases in general sales or property taxes. The Federation commends President Preckwinkle for continuing to follow through on her promise to fully roll back the County's 2008 sales tax increase with this budget.

The Federation's analysis found that in addition to much-needed cuts to spending, the budget also contains a number of reforms to County operations that will increase efficiency. Many of the improvements, such as the "STAR" performance measurement initiative and the reduction of subsidies to unincorporated areas were key recommendations in the Civic Federation's "Cook County Modernization Plan" released in 2010. The implementation of managed competition for custodial services is a good first step toward reducing costs. The Federation urges the County to continue to evaluate what other services could benefit from outsourcing or managed competition.

Despite the many positive aspects of this budget, Cook County government will continue to face significant challenges that will require cooperation by the President, elected officials and Commissioners. Primary among the County's ongoing challenges is its structural deficit. The County projects that it will continue to have budget deficits in the future even with the actions taken in FY2012, perhaps increasing to \$667 million by FY2016. Although the Federation strongly supports the governing board for the Health and Hospitals System, concerns remain about its finances, especially its habit of making overly aggressive revenue forecasts. A development that bears watching is the fact that limited operating revenue growth and the restriction of the System's subsidy from the County have raised questions about whether the Health System will be able to implement its crucial five-year strategic plan.

Cook County cannot be turned around overnight—it will take years and many politically difficult decisions to finally achieve sustainability for the long-term. "The Civic Federation is encouraged by the commitment to reform demonstrated by this budget and looks forward to continuing to work with County leaders as they modernize and fiscally stabilize this government," said Msall.

The Civic Federation is an independent, non-partisan government research organization founded in 1894. The Federation's membership includes business and professional leaders from a wide range of Chicago area corporations, professional service firms and institutions. For more information, please visit the Federation's website at www.civicfed.org.

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