

ILLINOIS STATE ASSOCIATION OF COUNTIES

COUNTY

QUARTERLY NEWSLETTER

SUMMER 2019



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116TH CONGRESS
SETTLES IN



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Bringing Counties Together



A Message from the President

By: Deborah Sims, Cook County Commissioner

"Make no little plans; they have no magic to stir men's blood and probably themselves will not be realized."

These words, spoken by renown Chicago architect and urban planner Daniel Burnham, are a call to action for anyone seeking to build something impactful and permanent. When I read these words, I'm reminded of the bright future that lies ahead of the Illinois State Association of Counties (ISACO).

ISACO may be a new association, but we're definitely going places. This is due in large part to the shared vision of our Board of Directors. We have plans. And they are anything but little.

We see ISACO growing in membership to include all 102 Illinois counties. We see an association that unites counties in a powerful way around broad interests while respecting and valuing their differences. We see a professional staff that works tirelessly to promote the important role of counties while offering an expanding array of services to support county officials. We see an association that encourages relationships among county officials throughout the state. We see an association approached by lawmakers out of respect for our political influence and policy expertise. And we see an association that has a strong relationship with our federal partners at the National Association of Counties (NACo).

I'm excited to share that this vision is already coming to fruition. On behalf of the ISACO Board of Directors, I invite your county to participate in this vision and join us in making no little plans.

Our Executive Director, Joe McCoy, would be delighted to visit your county if you are interested in learning more about what ISACO has to offer. He can be reached at 217/679-3368 or jmccoy@isacoi.org. We look forward to partnering with you!



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Federal Legislative & Regulatory Action Picking Up as 116th Congress Settles In



A Message from the Executive Director

By: Joe McCoy, Executive Director

Many of you reading this publication are being introduced to the Illinois State Association of Counties (ISACo) for the first time.

This may also be the first opportunity I've had to introduce myself to you.

First and foremost, you may be wondering what ISACo is about. At its most basic level, ISACo is about public policy, education and relationships. When added together, these factors equal influence. And influence is an essential precondition for success. In the case of ISACo, successful legislative and policy outcomes for counties.

You may also be wondering how ISACo fits in with other Illinois county organizations. That's a fair question best answered with references to regional diversity, interconnectedness and legislative advocacy.

Illinois is a large state without a single county organization that mirrors and speaks to its regional diversity. Over one hundred years ago, Illinois' municipalities realized they needed this kind of statewide association. As a result, the Illinois Municipal League (IML) was formed and, over the years, grew into the broad statewide association it is today. The same can be said for business organizations (Illinois Retail Merchants Association, Illinois State Chamber of Commerce and Illinois Manufacturers Association), townships (Township Officials of Illinois) and elementary and secondary schools (School Management Alliance).

The absence of a similar statewide organization for counties is puzzling and, quite frankly, has not been helpful to counties. ISACo was created to remedy this state of affairs by connecting the northeastern part of the state (Cook and the collar counties) with the vast majority of counties outside the northeastern region.

It's important to note that ISACo intends to strengthen the presence of counties at the Statehouse and we look forward to working with other county organizations towards common goals and objectives.

The benefit of enhanced interconnectedness is greater influence and legislative effectiveness for all county officials. ISACo's objective is to bring county officials from throughout the state together, get them activated like never before and leverage their combined influence to affect legislation and public policy in a meaningful way. Counties are stronger together.

But it's not enough for ISACo to simply expand our membership. We will also create opportunities for county officials to build relationships with their peers throughout the state. These relationships are the core strength of a statewide association and I've seen them result in valuable information sharing and lifelong friendships. ISACo will offer events and training opportunities for county officials

while bringing them together in pursuit of common objectives.

For those curious about my background, I came to ISACo in October 2018 as the Association's first executive director. Prior to that, I spent almost twenty years with the IML, serving my final seven years as legislative director. While at IML, I served on the senior leadership team and was actively involved in various aspects of the association beyond leading the legislative program.

In my new role as ISACo Executive Director, I intend to draw on my many years working on behalf of Illinois' municipalities and apply the knowledge and experience earned (sometimes the hard way!) to benefit county governments. My general organizational philosophy is that of the servant leader. I believe authentic leadership is demonstrated by service to others carried out with integrity and humility. This will be the culture of ISACo.

Serving municipal leaders taught me what is possible when local officials from throughout the state band together and work toward common goals and objectives. This is the vision of ISACo and I look forward to working with you to deliver similar results for counties.



Please feel welcome to contact me at (217) 679-3368 or jmccoy@isacoil.org if I can be of assistance. It is an honor to serve you. Thanks.

Understanding the

Budget Process:

A PRIMER FOR COUNTY OFFICIALS

By: Julie Zolghadr, Supervisor of Fiscal Services
City of Springfield, IL

The Basics of Budgeting

Elected officials carry an insurmountable burden of having to know many aspects of county government functions while maintaining their own careers in their chosen occupation. Whether your background is teaching, business, medical or agricultural in nature, once elected you are now charged with understanding governmental budgeting. Let's start with the basics as we navigate the layers of public budgeting.

Why do governments budget?

The budget is a **law**. County budgets in Illinois originate in state statute (55 ILCS 5/6 of the Illinois Counties Code). Local ordinances provide additional financial policies.

In the private sector the budget is a planning tool, but in government a budget is a legally adopted tool to help guide spending and manage resources. Budgets also provide the legal authority for management to deliver a given level of service.

When the budget is presented for review and passage it must contain the following:

- Statement of revenues and expenses through the end of the most recently completed fiscal year.

- Statement of all estimates of revenues and expenses for the current fiscal year.
- Statement of all estimates of revenues and expenses for the proposed new fiscal year.

In addition to the elements required by state statute, the Government Finance Officers Association (GFOA) describes a well-formulated budget as being:

- A financial guide with a summary of all revenues and expenses.
- A policy guide defining your county's fiscal policies.
- An operations guide laying out activities to be performed and the resources allocated to the tasks.
- A communications tool so the public can gain insight into county operations.

The Budget as a Financial Guide

It all starts with revenue. The amount of available resources determines what can be accomplished during the new fiscal year. How are available resources determined? Revenue forecasting isn't about predicting the future but rather gathering known information from the preceding years and combining that data with current trends to arrive at a reasonable outlook for the new fiscal year.

For most local governments the major revenue sources are sales and property taxes. When financial analysts forecast sales taxes they look at past

sales tax receipts to determine historic performance, taking care to remove any one-time occurrences that might skew the assumptions. Data from the last 3-5 years is used to determine trends. Then, economic indicators such as the Consumer Price Index (CPI), information from the Commission on Governmental Forecasting and Accountability (COGFA) and regional employment trends are taken into consideration to refine estimates. For example, if your county experienced the closure of a major employer then you might assume this would decrease the disposable income in your area and may affect tax receipts. Property tax forecasting involves examining any changes in your base valuation. Add to this any proposed rate increases and the forecast becomes fairly straightforward.

Expense forecasting involves looking at your major cost drivers and determining what factors need to be taken into consideration during the forecasting process.

Personnel is usually the largest cost driver in a local government's general fund. Here you will find costs associated with first responders, public works and road maintenance, public health and administration. The forecast will examine the following factors:

- Are there any known changes in salaries such as union contract increases or planned changes to the pay scale?
- Are there any known increases in contributions for pension plans?

- What are the possible impacts of health care costs?
- What is the proposed headcount/staff size? Are there any plans to increase staff?

Operating lines are costs associated with overhead. What does it take to “open the doors?” Recurring monthly expenses such as utilities, postage, fuel, insurance, maintenance and repair, fleet costs and other commodities are found here. To accurately forecast these types of expenses we assess the following:

- What were the costs over the last three years for overhead items?
- If the items (services) are acquired by contract is there an annual negotiated increase to the contract such as external auditing costs, contracted snow removal, etc.?
- Is there an anticipated change in need or quantities?
- Should the item be competitively bid for assurance of the lowest cost?

Capital equipment and improvements are sometimes part of a county’s **Capital Improvement Plan**. Capital items may be financed through general receipts, but are typically found as a part of a financing plan either through bond issuances, short term financing or some type of special assessment specific to that project.

The Budget as a Policy Guide

- Financial policies include a variety of standards to ensure a healthy fiscal condition. Some common financial policies cover fund balance levels, cash flow, use of one-time revenues, revenue diversity, user fee structure and grant opportunities.
- Fund balance is, simply put, assets minus liabilities. The establishment of a fund balance policy for the general fund is an important step in defining budgetary health. GFOA recommends

a fund balance equal to two months operating expenses.

- Cash flow, when defined as the monthly difference between revenue and expenditures, is another indicator of budgetary health. Counties may choose to study cash flow needs for the purpose of investment strategies and to identify peak periods of cash needs for operating expenses.
- Another prudent policy is to clearly define that one-time revenues are best used for one-time expenses.
- Relying on one or two revenue sources can lead to budgetary stress in times of economic downturn. Diversification of revenues makes it easier to weather short-term financial fluctuations without significant service reductions for citizens.
- User fee structures should be reviewed periodically, perhaps bi-annually, to ensure cost recovery.
- Grants can provide an excellent way to cover the cost of new programs or services provided that in-kind service and/or matching fund requirements do not create budgetary stress. Another factor to consider is the length of the grant and any obligation to retain the same service levels after the grant has ended.

The Budget as an Operations Guide

It is not enough to present a balanced budget. Counties may also wish to look at the outcomes of their expenditures. GFOA recommends measuring the performance of each program through an analysis of the efficiency of delivering the service. Getting a handle on what it takes to perform each service will create greater understanding on the true cost of operations and give citizens the information to know what they are willing to pay to receive those services.

The Budget as a Communications Tool

Take away all the buzz words and government budgeting becomes surprisingly accessible to the public. After all, it’s their budget. For local officials and public finance professionals, budget hearings provide a wonderful opportunity to communicate the “whys” of the budget. Why were certain revenue and expense assumptions made? How did the end result of the previous fiscal year compare to what was forecast? How much will it cost for service expansion? How should a new sidewalk program be funded? Are we fiscally healthy? More information shared with citizen stakeholders increases the amount of input received. Greater input cultivates an enhanced understanding of county government processes and procedures. This is never a bad thing.

Each year counties contract with an external auditor and produce an audit document. The information contained in the Comprehensive Annual Financial Report (CAFR) is comparable to an annual report in the private sector. The budget document, along with the CAFR, will provide the most comprehensive set of data about your county’s finances.



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A New IDOR Service For Local Officials

MyLocalTax



By: Illinois Department of Revenue

On June 3, 2019, the Illinois Department of Revenue (IDOR) rolled out MyLocalTax, its new online portal for local government officials. MyLocalTax is a web-based account management program that provides a centralized location for local government officials to access information from IDOR. Services available in MyLocalTax include the ability to verify tax locations, view and print prior correspondence, request and receive reports, submit inquiries and request updates to your accounts.

Users of MyLocalTax include clerks, treasurers, and other local officials who interact with IDOR and its Local Tax Allocation Division. In addition, local government users of MyLocalTax can grant access to other persons who are directly involved in the financial operations of the municipality or county, such as attorneys or accountants retained by the municipality or county.

MyLocalTax replaces both the Tax Location Verification and Rebate Sharing Agreement applications that were previously available through the electronic services portion of IDOR's website. MyLocalTax encompasses both tasks in one application and offers more accessibility to a local government's account.

Users can access MyLocalTax by going to mytax.illinois.gov/MyLocalTax. First-time users must request access to MyLocalTax by selecting the "Don't Have a Logon? Register Here" hyperlink and completing all required fields before submitting for review. If your request is approved, IDOR will send an account access request letter. A user requesting access to MyLocalTax will use the unique Letter ID printed on that letter to set up the MyLocalTax account for a specific local government. Note that IDOR automatically defaults new users of MyLocalTax to receive all correspondence electronically through MyLocalTax. Unless you change your correspondence default setting under your MyLocalTax profile, you will no longer receive paper correspondence from IDOR.

MyLocalTax sends email alerts when IDOR transmits new letters on a local government's account. This allows all MyLocalTax account holders from a local government to timely receive and view the correspondence. MyLocalTax also allows users to send messages directly to staff in IDOR's Local Tax Allocation Division, greatly reducing the amount of time required to address potential issues compared to using traditional mail service.

The time saved with the implementation of MyLocalTax allows IDOR's Local Tax Allocation Division staff to do additional front-end work for local governments. With MyLocalTax, the Local Tax Allocation Division can respond to inquiries faster and complete more detailed research on any discrepancies that local governments may find.

After activating a MyLocalTax account, IDOR encourages local government officials to utilize this portal to email questions or concerns to the Local Tax Allocation Division. Users can also reach the Local Tax Allocation Division via email at REV.Localtax@illinois.gov, by phone at 217/785-6518 or by fax at 217/785-6527.

IDOR is excited about MyLocalTax and hopes this online account management portal will become a tremendous resource for local government officials throughout the state.

For additional information about MyLocalTax, visit IDOR's website at tax.illinois.gov. There you will find a MyLocalTax Informational Bulletin, along with a listing of local government workshops regularly held throughout the state. Please note: this year's workshops are entirely focused on MyLocalTax and will provide helpful tips for using and navigating the portal. The sessions will also give local government officials the chance to ask questions and engage in dialogue with other local officials. IDOR charges no fees for these workshops and places no limit on the number of people from each local government who may attend.



2019 Spring

State Legislative Session Summary

By: Joe McCoy, Executive Director

The Illinois General Assembly concluded the 2019 spring legislative session with a flurry of activity that required two extended session days beyond the scheduled May 31 adjournment date. Key legislation of interest to counties is highlighted below. Bills with public act numbers (P.A. 101-####) were signed into law by the Governor. For more detailed information about these and other bills, please visit ISACo's more comprehensive "2019 Spring State Legislative Session Summary" on our website at www.isacoil.org.

State Fiscal Year (SFY) 2020 Budget (P.A. 101-0007/P.A. 101-0009/P.A. 101-0010)

Governor Pritzker signed a \$40 billion SFY2020 budget into law for the state fiscal year beginning on July 1, 2019. Local governments did well in the budget. The percentage of state-shared income tax revenue distributed via the Local Government Distributive Fund (LGDF) is held at prior year levels and local pass-through revenues are fully-funded with increases in some cases (e.g., Motor Fuel Tax). The budget continues the practice of diverting additional amounts of Corporate Personal Property Replacement Tax (CPPRT) revenue away from local governments.

Capital Infrastructure (P.A. 101-0029/P.A. 101-0030/P.A. 101-0031 and P.A. 101-0032)

The General Assembly approved the first Illinois capital infrastructure package in nine years. The \$45.6 billion package includes funding for both transportation and vertical infrastructure projects. Gaming expansion is also included within the package.

Minimum Wage Increase (P.A. 101-0001)

The Governor enacted into law legislation that gradually increases the state's minimum wage until it reaches \$15 per hour in 2025.

Online Sales Tax Collections (P.A. 101-0009 and P.A. 101-0031)

The General Assembly approved legislation intended to generate additional sales tax revenue for the state and local governments. The ISACo-supported "Leveling the Playing Field for Illinois Retail Law" would allow for the collection of Retail Occupation Taxes (ROT) based on purchases made from out-of-state retailers.





State Legislative Update

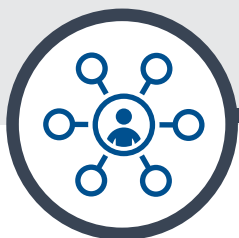
»» The 2019 spring legislative session was good for local revenues.

Graduated Income Tax Constitutional Amendment (SJRC 1)

The General Assembly approved a constitutional amendment that will place a question on the November 2020 ballot asking voters if the Illinois Constitution should be amended to allow for graduated income tax rates.

Join ISACo Today!

ISACo is a statewide association whose mission is to empower county officials to provide excellent service to their residents.



collaboration

ISACo member counties are comprised of forward-thinking public servants who recognize that the challenges confronting county governments require new and innovative ideas, collaborative solutions and collective advocacy at the state and federal levels of government.



connection

Members of the association will benefit from education and training opportunities, peer-to-peer networking, shared resources and robust representation before policymakers at various levels of government. ISACo creates and connects county officials to these opportunities and successfully equips them to make counties ideal places to live, work and play.



contact us

If your county is interested in discussing membership in ISACo, please contact Executive Director Joe McCoy at (217) 679-3368 or jmccoy@isacoil.org. Thank you for your consideration.

Graduated Income Tax Rates (P.A. 101-0008)

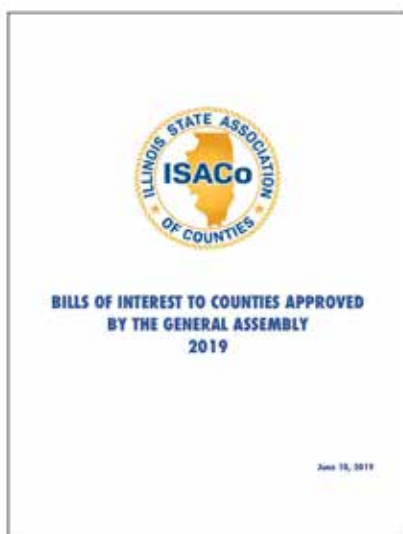
The Governor signed legislation into law that would establish specific graduated income tax rates contingent upon voters amending the Illinois Constitution to allow for the rates to take effect. The new rates are estimated to generate approximately \$3.5 billion in new revenue annually. An additional \$100 million is estimated to be distributed to eligible local governments annually on a per capita basis should the new graduated rates take effect.

Recreational Cannabis Legalization (P.A. 101-0027)

The General Assembly approved legislation to legalize the sale and use of recreational cannabis. The bill establishes county and municipal taxation rates, an opt-out provision, zoning authority, criminal conviction expungements, social equity requirements for licensing businesses, funding for cannabis regulation, mental health, substance abuse programs, community reinvestment and allocates money to partially pay down the state's bill backlog. Also included is authorization for limited medical cannabis homegrow.

Workplace Transparency Act (SB 75)

The General Assembly approved legislation that includes multiple provisions intended to address sexual harassment and discrimination in the workplace. The bill affects employers, including local governments, by requiring an independent review of allegations of sexual harassment made against local officials, imposing limitations on the use of contractual provisions that would inhibit sexual harassment reporting and making sexual harassment against contractual employees illegal.



For a full list of bills of interest to counties, visit our "Bills of Interest to Counties Approved by the General Assembly - 2019" report at www.isacoil.org



ISACo is pleased to announce that ISACo Board Member David Meyer

(Washington County Board Chairman) officially joined the National Association of Counties (NACo) Board of Directors in March 2019.

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***Don't miss out
on these valuable
ISACo updates!***

Federal Legislative & Regulatory Action Picking Up as 116th Congress Settles In

By: Austin Igleheart, Legislative Associate
National Association of Counties

Nearly all federal domestic policy impacts counties at some level. However, as the 116th Congress continues its work, a few issues have risen to the forefront in recent months. From the FY2020 appropriations process to new regulations impacting counties, here are a few major developments that impact counties, including a look at how the National Association of Counties (NACo) is working to preserve county interests throughout the legislative process.



The National Association of Counties (NACo) unites America's 3,069 county governments. Founded in 1935, NACo brings county officials together to advocate with a collective voice on national policy, exchange ideas and build new leadership skills, pursue transformational county solutions, enrich the public's understanding of county government and exercise exemplary leadership in public service.

FY 2020 Appropriations Process Underway

Already more than halfway into the current fiscal year, Congress must still pass all 12 annual appropriations bills for FY2020 before the fiscal year ends on September 30, 2019. If Congress is unable to agree on funding allocations before that deadline, it may pass a continuing resolution to keep the government operating at current funding levels and avoid a partial government shutdown.

One hurdle to passing these bills on time is that Congress has not yet agreed to spending caps for FY2020. Essentially, appropriators are working to fund federal programs without knowing exactly how

much money they can spend! Without a deal to raise the caps, lawmakers will be bound by sequestration rules, causing across-the-board cuts to federal programs that could directly impact counties' ability to serve their residents. Ultimately, the two chambers will have to compromise on both spending caps and final appropriations allocations.

Still, House Appropriators are moving forward with legislation, while the Senate is expected to take up and consider its own bills soon. The House Appropriations Committee has already approved 10 of the 12 bills, while the others have been approved by their respective subcommittees.



National Flood Insurance Program (NFIP) Reauthorization

NFIP is a wide-ranging law that helps communities understand and mitigate flood risks and provides property owners with affordable flood insurance. The program has received ten short-term extensions dating back to 2017.

On June 6, 2019, the president signed into law a \$19.1 billion disaster aid package (H.R. 2157) that includes funding for recent disaster recovery efforts, as well as a reauthorization of NFIP through September 30, 2019. House Financial Services Committee Chairwoman Maxine Waters (D-Calif.) stated that this short-term reauthorization should give Congress time to work out a long-term deal by the end of September.

Broadband Legislation and Federal Communications Commission (FCC) Connectivity Data

On May 15, 2019, the U.S. House Energy and Commerce Subcommittee on Communications and Technology held a hearing titled, "Accountability and Oversight of the FCC," during which two major county priorities were discussed: expanding rural broadband access and improving the accuracy of the FCC's broadband coverage maps. FCC Chairman Ajit Pai also outlined a \$20.4 billion investment plan – the Rural Digital Opportunity Fund – to build and improve rural broadband networks, which help connect county residents to services and are an important driver of local economic development.

Several bills have been introduced this Congress aimed at addressing the FCC's broadband mapping inaccuracies. These bills, among other things, would require a report on the FCC's accuracy and recommended improvements, and would enhance how the FCC collects and uses connectivity data, particularly data submitted by consumers and state and local governments. Another bill, H.R. 530, has been introduced with NACo's support and would overturn a recent FCC ruling that curtails local authority over public rights-of-way for 5G wireless deployment.

To amplify these efforts, NACo has developed the TestIT App, which individuals can use to test connectivity and broadband access in real time. The app maps the resulting data and compares it to the FCC's reported speeds and minimum access standards across the country.

Department of Labor Overtime Pay Regulations

Earlier this year, the U.S. Department of Labor (USDOL) issued new proposed overtime pay regulations governing which types of employees are eligible for overtime pay. This regulation proposes a salary threshold increase from \$23,660 to \$35,308 for administrative, executive and professional employees. Those earning less than this threshold, and who qualify based on the specific "duties test" related to their job functions, would be eligible for overtime pay. The proposed rule would go into effect on January 1, 2020.

NACo submitted comments on this proposed rule on May 21, 2019, acknowledging improvements over previous proposals, but still expressing concerns that the new rule could negatively impact counties' ability to retain employees and could lead to a reduction in benefits and hours worked, and possibly in the level of services provided to county residents and increased costs to local taxpayers.

Infrastructure in Focus

Infrastructure remains a key topic in Washington, D.C., and many believe it is the best opportunity for broad bipartisan action this year. The president and congressional Democrats have met to discuss the size and scope of a package in recent weeks, though talks have stalled over unrelated issues and additional meetings have not been scheduled.

Looking forward, Congress must still determine how to fund a possible infrastructure package. Counties support an "all tools in the toolbox" approach, including increasing motor fuel user fees such as the gas tax. The administration has not taken a public stance on raising the gas tax, though it has some bipartisan support in Congress.

In the absence of a major infrastructure bill, counties are already working with Congress to begin a reauthorization of the Fixing America's Surface Transportation (FAST) Act, which is set to expire in September 2020. This legislation provides authorization and funding for all modes of surface transportation, including ports, transit, rail, roads and more.

Counties support an infrastructure package that adequately reflects their role as major owners of infrastructure, owning 46 percent of all public roads and 38 percent of the nation's bridge inventory. Counties also own and maintain a vast amount of water infrastructure, including drinking water utilities, wastewater treatment plants and stormwater infrastructure. Counties stand ready to work with their federal partners as an infrastructure package is further pursued by Congress and the administration.

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