



DANIEL J. CRONIN
COUNTY BOARD CHAIRMAN
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DuPage County

December 15, 2014

Dear DuPage County Taxpayers and County Board Members:

I hereby present my recommended FY2015 budget as passed November 26, 2014, and effective December 1, 2014. The FY2015 budget for County operations, capital improvements, and debt service totals \$449.5 million. FY2015 marks another step in the County's effort to continuously reduce budget and expenditures, without sacrificing the quality of services we provide. The budget for FY2015 is \$34.2 million less than FY2011, which was a \$483.7 million budget during my first year in office. (Historic figures adjusted for gross debt service transfers.)

On November 25, the County Board also approved a \$58.6 million budget for the County's Department of Health, which includes \$10.5 million in capital outlays for the behavioral services center currently under construction, and a \$21.2 million budget for the County Emergency Telephone Systems Board. These programs are operated by separate boards.

Full-time budgeted headcount in FY2015 will total 2,225, compared to 2,270 when I took office. In strategic terms, controlling personnel expenditures – the largest single area of cost – has been a County priority for the last decade. In addition, personnel policy changes to control the cost of benefits enacted at the end of 2011 have stabilized employee benefit payouts and compensated absence accruals.

The budget operates within natural revenue growth expectations. There is no property tax increase, as the total levy remains at \$66.6 million. The primary growth component is sales tax revenue, which eclipsed pre-recession levels in FY2013 and has been growing steadily. After solid FY2014 sales tax revenue growth, FY2015 sales tax revenue is projected to grow 3.75%. Other revenues are mixed with recording and court revenues stabilizing and declines expected related to foreclosures and the tax sale, reflecting an improving economy. The General Fund budget of \$177.1 million is balanced solely by anticipated revenue during FY2015, and it is up 2% over FY2014. The General Fund is the County's chief operating fund, covering most personnel and program operations.

The FY2015 budget maintains current services for major government functions and contains several initiatives to improve operations. These initiatives include continued spending on heroin prevention, increasing the County contribution to the Convalescent Center, and increasing our efforts to maintain our campus facilities. County grants to human service agencies are maintained

at \$1 million. These include organizations serving homeless youth, seniors, veterans and the unemployed.

The budget provides for a 2 percent increase to employees currently not under union contracts or engaged in contract negotiations. Over the past few years, the county's pension burden has decreased due to healthy pension investment returns, implementation of a reduced pension plan for newer employees (TIER 2 employees), and continuing County efforts to hold down personnel costs.

The FY2015 budget is, in summary, a "maintenance-plus" budget that reflects solid revenue performance, and more importantly, continued restraint in spending and costs. However, we are not without challenges. Health insurance, a part of our personnel costs, is an area of concern. Currently, the budget assumes an 8% increase in base costs, and the County will enter the third year of its planned movement to an 80/20 employer/employee cost-sharing arrangement. We also continue to monitor state and federal legislation that could adversely impact local revenues and/or drive up local costs.

Nationally, the economic recovery from the Great Recession began in 2009 and is now five years underway. In September 2014 the DuPage County unemployment rate dropped to 4.9%, our seventh consecutive month below the national rate. This is consistent with our recent local signs of recovery, such as improved sales activity and an improving real estate market. Thus, our outlooks remain cautious and we must continue to look for innovative, cost-efficient approaches of service delivery to the citizens of DuPage County.

I welcome any input and look forward to hearing from our residents in the coming year.

Respectfully,

A handwritten signature in cursive script, appearing to read "Dan Cronin".

Daniel J. Cronin
DuPage County Board Chairman