

# **Cook County Budget Efficiency Report**

**Fiscal Year 2017 and Beyond**

**Submitted by**



**Chicago**  
Federation  
of Labor

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## Summary of Recommendations and FY 17 Est. Savings

<b>Revenue and Budgeting/Structural Adjustments</b>	<b>FY17 est.</b>
1. Allow the Aggregate Base Property Tax levy (separate from the annual one-time revenue from new property and TIF rebates) to increase by the CPI.	<b>\$7.2M</b>
2. Revise Delinquent Property Tax Payment and Auction Schedule in 2017 and future years. Current year revenue gain from keeping Auction date at May 1, 2017, and 2018, and April 1 in future years.	<b>\$6.5M</b>
3. Long term trend of moving DOTH Fund 500 expenses to Fund 501 (MFT). Fifteen years ago, all DOTH operations were in Fund 500—and Fund 501 “reimbursed” Fund 500. It makes more sense now to move the last \$5M in Fund 500 expenses to Fund 501 and have the County “reimburse” Fund 501 about \$2M for expenses not allowed under MFT rules.	<b>\$3M</b>
4. Reduce Special Purpose Fund deficits and contain O&M increases in Courts.	<b>\$1M</b>

<b>Savings – Management, Staffing, Procurement</b>	<b>FY17 est.</b>
<b>Reduce overtime and temporary labor costs/contracts by filling vacant positions</b>	
5. Expedite filling of 150 nurse positions in hospital departments where the most overtime is occurring, which would also reduce use of several nurse staffing contracts. Actually use existing MOU to expedite hiring.	<b>\$21M</b>
6. Expedite filling of 181 hospital and Department of Corrections positions and reduce overtime and payments to outside temp staffing contractors.	<b>\$19.5M</b>
<b>Prioritize use of in-house staff and expertise; Reduce use of outside/single supplier contracts</b>	
7. Creation of process to reduce use of JOC and outside contracting, and increase use of County trades employees to do internal construction and maintenance (COUPE), and reduce use of CCHHS outside contracts for County Care patient coordination.	<b>\$1M</b>
8. Reduce use of single source purchase contracts for supplies and commodities such as Grainger. The County paid \$11.6M for commodities from Grainger and a sampling of products showed that Grainger website prices or competitor websites can be significantly less than the County paid leading to potential savings on those purchases and other County-wide sole purchaser contracts.	<b>\$1.5M</b>
<b>Control/reduce growth of management/administrative staff (increase span of control throughout County)</b>	
9. Reduce number of managers with insufficient supervisory responsibilities (e.g. Span of Control) and cut back the administrative increases in CCHHS, Clerk of the Circuit Court and other administrative departments.	<b>\$20M</b>
<b>Totals</b>	<b>\$80.7M</b>

## Introduction

Cook County is about to enter the 2017 fiscal year confronting yet another revenue shortfall of approximately \$175M. While this financial challenge is hardly unique to Cook County—we have confronted this structural deficit for several years, and the issue in fact plagues governments across the state and the nation—we believe this challenge can also be remedied. In this report, we identified a number of specific dynamics, from decisions in revenue resourcing to management practices and staffing decisions, that perpetuate and in fact exacerbate the County’s chronic structural deficit over the long term. This report recognizes the need for **both** increased revenue streams and corrections to management practices and staffing decisions.

Cook County has worked hard over the last five years to free itself from some of the practices that perpetuate this scenario. While these fiscally responsible decisions are extremely important, our initial analysis suggests that much more can be done, in areas ripe for reform yet largely overlooked to date. These opportunities for reform identify more than lost short-term savings. They undercut costly chronic inefficiencies that threaten good governance, financial responsibility and excellence in essential services—the hallmarks of the mission-driven management philosophy that the current Cook County administration embraces. However, addressing these inefficiencies alone will not solve the structural deficit; it must be paired with significant and steady revenue streams to ensure the long-term stability of County Government and its essential services.

This raises a fundamental question for management—one we urge management to ask and address cooperatively with its employees: what would a structurally sound and effective Cook County government look like, and how can we get there? We argue that without examining both the specific savings opportunities that we raise in this report and the deeper, systemic issues that drive them, over the long term, the County will continue to fail to address the core drivers of chronic structural deficits, while undercutting the long-term effectiveness of both our front-line services for residents and our responsibility to taxpayers.

We’ve identified prospective savings in a range of key arenas: better management of costly overtime through better and more consistent hiring and better management of staffing, more effective control of contracting and outsourcing costs, the reduction of administrative bloat, more responsible fiscal oversight of management compensation and staffing, and more efficient—and cost-effective—use of staff in place.

These arenas form the backbone of fundamental—and critical—systemic issues related to inefficient management and staffing, with key issues like procurement playing a central role in these dynamics. The savings opportunities, should management choose to join us in addressing these problems, are immense over both the short term and the long term.

## REVENUE & BUDGETING

### The Aggregate Base Property Tax Levy

By allowing the Aggregate Base Property Tax levy (separate from the annual one-time revenue from new property and TIF rebates) to increase by the CPI—a routine practice among municipalities across the nation—the County could generate \$5-10M annually in new revenue. Instead, the approach that the County has used since 1993 **DEFLATES** the value of the levy. As a consequence, inflation has cut the actual buying power of the County’s tax levy in the last two and a half decades by two-thirds—a critical contributor to the County’s ongoing structural deficit.

The table below summarizes how the Aggregate Property Tax levy would have changed since 2011 alone if Cook County’s Base Levy had been linked to CPI. **If the CPI increases by 1 percent in 2016, the base levy would increase by 7.2M for the 2017 budget. We recognize that increases larger than 1 percent could be justified but propose this to be in line with anticipated CPI increases.**

FY	CPI calc period	CPI-U increase from BLS data	Actual base levy (millions)	Actual total levy (millions)	Income in base levy due to one-time changes in TIF and new property (millions)	Revised base levy with CPI increase (millions)	Revised total levy with one-time changes (millions)
2012	12/2011-12/2012	1.71%	720.5	721.88	1.38	732.82	734.20
2013	12/2012-12/2013	1.51%	720.5	724.96	4.46	743.89	748.35
2014	12/2013-12/2014	0.26%	720.5	727.79	7.29	745.82	753.11
2015	12/2014-12/2015	0.31%	720.5	741.56	21.06	748.10	769.16
2016	12/2015-6/2016	0.6%	720.5	751.96	31.46	752.59	784.05

### Revise Delinquent Property Tax Loan Payments and Auction Schedule

There has been much discussion over the last few years regarding the tax sale date for property owners who are delinquent in paying their property taxes. A later tax sale date gives homeowners more time to pay their taxes, even in partial installments. While the data on who becomes delinquent and when they pay is incomplete, preliminary data indicates that many of the delinquent taxpayers are seniors and low-income families. Nearly one-third pay their taxes within the first six months after their delinquent taxes go to tax sale, generally triggered by the receipt of the certified notice that the County Clerk mails four and a half months after the tax sale date—shortly after receiving notice that their taxes have gone to auction.

The tax sale provides Cook County government bodies closer to full receipt of anticipated revenues, which is important in periods with restricted budgets. Receipt of those funds prior to the end of government fiscal years is important to school districts such as Chicago Public Schools, whose fiscal year ends on June 30. Extending the Cook County tax sale date past June 30 could delay until August or later as much as \$50M in property tax revenue to Chicago Public Schools alone.

There are some advantages to delaying the tax sale date. Clearly, movement of the tax sale date would also push the final deadline away from the holiday season (though at a much higher interest rate to the taxpayer, as described below.). Given County computer limitations and other issues, the only way for a partial tax payment by taxpayers (to reduce taxes and fees owed after the tax auction) is before a tax sale. The remaining taxes owed are subject to the tax sale. The additional time, however, comes at cost of a significantly higher interest rate of 18 percent annually (1.5 percent per month by statute).

Furthermore, once the delinquent taxes go to auction, the original taxpayer still owes the back taxes plus all accrued interest, and the taxpayer is also obliged to pay additional fees that equate to roughly 10-15 percent of the delinquent bill, on average. Allowing additional time and options to pay all or part of property taxes owed prior to auction would permit taxpayers to avoid their subsequent year's taxes being purchased—and that avoids a very high effective tax rate to which tax buyers are entitled under the law for any subsequent year that taxes are delinquent on the same parcel.

Current law will move the tax sale date to April 1, 2017. There have been proposals to move the date to May or even August. **Moving the Tax sale date to May 1, 2017, would provide the County with approximately \$6.5M in additional revenue** (since the County charges 1.5 percent per month in late fees.). Moving the tax sale to May for 2017 and 2018 and April thereafter would also provide time to collect payment data and address other issues in the County computer system (to ultimately allow the County to process partial payments) and to address problems in the Tax Sale Indemnity Fund and Sale in Error process.

## **Eliminate Deficit Spending and Past Deficits in Special Purpose Funds**

A number of special purpose funds are running large deficits—even though those funds are supposed to be self-sufficient—and thus require financial subsidies from the Corporate Fund and contribute to the County's projected overall deficit. Some of the "deficits"—for example several under the Chief Judge, the State's Attorney and the Law Library, which have accumulated deficits of approximately \$1M—should have been effectively managed in past and current budgets and would not affect employees who work for and are paid through those funds.

However, there are several long-term special fund deficits amounting in aggregate to \$22M that have created a past and present drain to the General Fund, which had to divert funds to cover these deficits **and contributed to the current deficit**. Special Funds deficits under the Clerk of the Circuit Court totaled \$18.6M (where personal services costs are up 11.6 percent; see 2016 budget, Vol. 2, p. W-4), and the Sheriff totaled \$2.9M. These deficits are both quite large and have been growing for years—requiring corporate funds to cover these deficits. Yet most of the money in those funds pay employees. We suggest requiring a detailed performance audit of these special funds, with the goal of returning these special funds to self-sufficiency, and fully reimbursing the general fund within the next year or two. If achieving the purpose of the Special Purpose Funds requires additional funding, we believe that legislation should be introduced to increase funding to avoid future deficits.

**Without further details we can estimate a minimum reimbursement of \$1M to the general fund from these special purpose funds in 2017.**

At the same time, the draft 2017 budget should be thoroughly reviewed for significant increases in operations and maintenance costs for specific agencies that should be flagged and examined. For example, the Clerk of the Circuit Court's operations and maintenance costs for the Daley Center increased more than 68 percent in 2016, or by \$1.369M.

## **Department of Transportation and Highways**

Transportation & Highways could use more of its MFT funds to free up general fund revenues. If all Transportation & Highway activities were funded by MFT, that would result in a reduction in general fund expenses of roughly \$5M. The General fund would have to reimburse the MFT for about \$2M in some salaries and overhead, since some expenses are not allowed to be paid from MFT—still producing savings of about \$3M. We could offset those diversions of the MFT by greater use of in-house staff for planning and some engineering services, which will lower expenses paid to outside contractors.

## **SAVINGS**

### **Reduce Overtime and Temporary Labor Costs/Contracts by Filling Vacant Positions**

The County has emphasized the problem of overtime at our hospital facilities as contributing \$45M to the preliminary 2017 budget deficit. According to our analysis, the overtime issue is the result of inefficient staffing, an over-reliance by the County on temporary labor service contracts, and the County's lack of commitment to filling budgeted positions.

For example, in the first quarter of 2016 alone, Cook County Health and Hospital System (CCHHS) spent [more than \\$6.5M](#) on temporary labor expenses, for a variety of administrative, healthcare and nursing services—while more than 200 RNs and over a hundred other positions remain vacant in the system today.

At the same time, CCHHS [overtime costs](#) totaled more than 356,000 hours by bargaining unit RNs in 2015, at a cost of \$21.4M, which accounts for nearly half of the \$45M in overtime the Preliminary Budget Report identified as a problem.

Overtime pay costs Cook County on average 39 percent more than the cost of straight time labor, and contracting out for these services bears considerably increased costs, as well.

By expediting the hiring of 150 vacant and budgeted nurse positions where the most overtime is occurring, the County could offset \$17.5M in overtime costs. This would also allow the County to reduce its use of several nurse staffing contracts totaling \$2.8M—and CCHHS management could actually implement the wholly unutilized NNOC-County MOU to expedite this hiring. Furthermore, Illinois has a law banning mandatory overtime for healthcare workers. If the County proceeds to eliminate unfilled positions from its 2017 budget (as CCHHS has implied), the \$45M overtime hole will never be filled. **The County unions are willing to work with County management to develop additional mechanisms to expedite hiring and address staffing issues.**

These strategies could provide savings in overtime and reduced contracting costs of \$21M. Filling these positions and dramatically reducing use of temporary service contracts needs to be accompanied by a joint labor management process to address staffing inefficiencies and changing staffing needs.

Department/Division with major position titles (pulled from March 2016 vacancy list)	Hourly rate (average for various positions filled rather than total hours)	Total open positions (March 2016) CURRENTLY IN BUDGET	Total OT hours in depart. (11 months reported in December 2015)	Total gross cost of OT in Department (11 months reported in December 2015)	Average cost per hour of OT gross	Total FT positions if converted from OT hours	Cost of FT positions at 1.35 times average hourly pay	Cost of outside nurse contracts
Cermak - Clinical Nurse I and II	\$41.15	11	35,010	\$1,963,147	\$56	16	\$1,848,787	
Provident - Nurse Clinician, Clinical Nurse I & II	\$44.76	6	9,665	\$598,907	\$62	4	\$502,744	
ACHN- Nurse Clinician, Clinical Nurse I & II	\$43.71	31	8,827	\$562,901	\$64	4	\$490,951	
Stroger - Nurse Clinician, Clinical Nurse I & II	\$44.77	116	180,934	\$10,836,089	\$60	80	\$10,057,133	\$1.8M
Stroger ICUs - Nurse Clinician, Clinical Nurse I & II	\$41.13	39	112,039	\$6,798,324	\$61	46	\$5,312,680	\$1.020M
<b>Totals</b>	\$43.10	203	346,475	\$20,759,368	\$60	150	\$18,212,295	\$2.820M
Favorite Healthcare Staffing for OR and Neonatal Intensive Care Unit staff - \$1.020M								
Med Call Healthcare - for Labor and Delivery RNs and for Cermak RNs - \$1.6M; The Nurse Agency Inc - for Cermak RNs - \$200,000.								
150 new positions will account for 75% of vacancies in these Depts/Divisions as of March 2016, and cover 87% of OT hours accrued over 11 months in 2015 and 84.5% of gross cost of OT over 11 months in 2015.								
Note: Some numbers presented have been rounded and are correct based on the raw data.								

## Adequately Enforce Existing Memoranda of Understanding to Insure Best Use of In-House Staff

There are at least three Memoranda of Understanding with the CCHHS ending the contracting out of bargaining unit work. Despite these MOUs, it appears that Cook County is still letting contracts related to this work.

We believe that we could achieve savings well into the millions of dollars by modifying or eliminating these contracts and assigning the work to County employees instead. However, we have not yet received data on details of those contracts, including job titles and skills of outside employees. In some instances, we recognize that existing County employees may require some training, but the MOUs reflect the desire to create a mechanism to address training needs.

For example, the CCHHS Pharmacy Department has contracts with SavRX Chicago, Inc. and RelayHealth Pharmacy that appear to include work within the job description and current skills of pharmacy technicians. Replacing outside pharmacy technicians with existing budgeted vacancies can reduce contract costs.

Although there are two MOUs regarding coder classifications, CCHHS has contracts with the following companies that appear to include work previously performed by County employees: Himage Solutions, Inc., KForce Healthcare, Inc., PST Services, Inc., McKesson, Chamberlin Edmonds and Associates, The Olenik Consulting Group, Automated Health System, and Valence Health.

The existing MOUs resulted from the mutually determined and shared conclusion between management and labor that this work could be performed more efficiently and cost-effectively in-house. Yet we continue to see the County let costly contracts instead.

In addition, CCHHS has contracts with vendors, including Ciox Health LLC, Washington Group and Ajilon Professional Staffing, that we believe are performing bargaining unit work in general accounting, medical records and the mail room/call center.

Again, we believe this work would be performed better and more cost-effectively by existing and budgeted CCHHS employees.

While we have requested a list of and copies of personal services and/or staffing contracts for Hospital, Sheriff, Clerk of the Circuit Court, and Treasurer, we have been informed that the County cannot readily produce such a list until the new ERP system is functioning. Thus, we must rely on the anecdotal information gathered to produce this report.

## **Long-Term Solutions that will Help Resolve the Structural Deficit**

While we await more detailed information, it bears noting that the general issue of using temp staffing contracts at the County's hospitals in lieu of consistent hiring, consistent management decisions and mechanisms to address staffing decisions likely applies to other areas, as well.

For example, 347 positions of SEIU 73 members were vacant as of July 2016—including 181 positions at ACHN, Bureau of Health, Cermak Health Services, Oak Forest, Stroger Hospital and the Department of Corrections—where much of the overtime is accumulating and where outside temporary staffing contracts supply similar job titles.

Such contracts paid out \$6.5M in the first quarter of FY2016 alone (as shown below), which could ultimately total \$26M for the entire Fiscal Year.

Yet filling those 181 positions would cost approximately \$19.5M out of the \$26.5M expected to be spent on temporary labor services (using the average hourly wage and a factor of 1.35 for benefits for County employees).

**The long-term issue for the County and the unions is how to address these ongoing structural issues related to inefficient staffing and management.**

**Recognizing and acknowledging these structural management issues and creating a joint commitment/process to remedy staffing problems is the first step towards solving these structural issues over the long term.**

**Instead, the County has been very slow in allowing hiring across the board. Some of this is due to the County's hiring process, employee distrust of mid- and upper-level management decision-making, some managers' lack of familiarity with the process (for example, lack of familiarity with the expedited hiring process for nurses allowed in an existing MOA that the County has failed to use), and some is apparently due to Cook County's past decisions to slow hiring.**

<b>The Cost of Temporary Labor Services: Check Register Payments, Q1 FY 2016</b>			
<b>Payment</b>	<b>Fund</b>	<b>BU</b>	<b>Name</b>
\$4,062.50	240	2400801	Allied Health Professional LLC
\$658,828.04	896	8960101	Health Management Associates
\$4,170.00	240	2400501	Maxim Healthcare Services
\$68,509.75	240	1195	Maxim Healthcare Services /Nursefinders/ Nurse Agency, Inc
\$61,182.00	240	2401901	Med-Call Health Care/Nursefinders/ Nurse Agency, Inc
\$6,470.75	891	1210	Nurse Agency, Inc/ Allied Health Professionals LLC/ Smith-Thomas-Williams LLC
\$464,238.15	897	8970301	Nursefinders/Nurse Agency
\$9,313.25	241	1197	Nursefinders/Nurse Agency
\$149,829.75	891	8910489	Smith-Thomas-Williams LLC
\$8,585.40	891	8910491	Smith-Thomas-Williams LLC
\$21,027.45	893	1215	Smith-Thomas-Williams LLC
\$15,709.34	893	8930417	Smith-Thomas-Williams LLC
\$2,592.00	896	1222	Smith-Thomas-Williams LLC
\$1,998.00	896	8960101	Smith-Thomas-Williams LLC
\$8,736.00	897	89870169	Smith-Thomas-Williams LLC
\$555,581.71	897	8970209	Smith-Thomas-Williams LLC
\$3,931,628.91	897	1225	Smith-Thomas-Williams LLC/Sodexo/ Nursefinders/Maxim Health Care Services/ Allied Health Professionals
\$554,160.57	890	1200	Smith-Thomas-Williams LLC/Ajilon Finance
\$4,232.85	890	8900401	Sodexo
<b>TOTAL \$6,530,856.42</b>			

## **Prioritize use of In-House Staff and Expertise and Reduce use of Outside/Single Supplier Contracts for Construction and Commodity Purchases at CCHHS and Other Agencies**

While outside contracting can be necessary as a function of effective service provision, for certain services this approach can be both unnecessarily costly and thwart timely, responsible management oversight—particularly where in-house staff could undertake this work instead with greater efficiency and vastly reduced labor costs. We propose a much more rigorous approach to the use of outside contracting, including requiring contractors where possible to deploy lower overhead and profit margins—and bringing more work in-house for sizeable savings.

**In addition, the creation of a working process to reduce use of JOC and outside contracting, and increase the use of the range of County trades employees to do internal construction and maintenance could easily save an additional \$1M per year—and potentially considerably more.**

A range of examples within Cook County government related to Facilities Management illustrates this issue and underscores what in-house staff, if given the opportunity, can provide in terms of both service and cost savings.

- The JOC Program: The in-house trades typically install the same products as outside contractors at approximately one half or less the cost. At the same time, some projects would be much better managed in-house rather than through the JOC Program.
- A prime example of the shortcomings of reflexively deploying JOC in lieu of in-house labor was the replacement of the sound system in six courtrooms at the Criminal Courts Building. Facilities Management had requested and received bids for this installation, with the low bid being \$78,500. The project was instead shifted to the JOC Program—which used the same bid specifications, yet ended up costing \$123,500, an increase of **\$45,000—or more than 57 percent more.**
- The Markham Courtroom 105 modifications were assigned to JOC (AGAE Contractors, Work Order 34543) at a cost of \$42,600. Yet the job could have been done entirely with in-house staff—and the County would only have had to pay \$4-5,000 for outside materials. The JOC contract even noted that the GC for the project performed poorly. Use of in-house staff would have saved the County approximately **\$37,600, or a savings of 88 percent.**
- Cook County Laborers Local 1092 has noted that at the jail facilities in April of 2016, a contractor bid \$64,000 to complete work involving removing old roof debris and bringing up new material at the CCAB. Laborers already employed by the County argued for the work and completed the work for \$5,948—a cost savings of approximately **\$58,000, or 90 percent.**
- A 300 KVA transformer that feeds the Mail Order Pharmacy and part of Oak Forest Hospital’s “F” Building failed. Patten Power Systems proposed providing a generator at a cost of \$12,426 for the first two weeks and then \$4,269 for every additional week. Instead, staff County electricians decided to temporarily supply power to the damaged area from a different building and rented the necessary cables from Patten for \$3,300/month. When the repair was completed nearly a year later, the cost of the temporary fix was substantially lower and the cost of fuel was not included. Had Patten been allowed to contract for the work, the total job cost would have cost \$225,876 (\$12,426 for the first two weeks + \$ 213,450—the additional cost of \$4,269 x 50

weeks). Instead, in-house electricians spent \$39,600—\$3,300/month x 12 months—a direct cost savings of **\$186,276, or roughly 82 percent.**

- The Sheriff's Department approached Facilities Management about deploying their Body Camera Project—a top priority for the Sheriff that consisted of work at all courthouses and warehouses, as well as at the Juvenile Detention Center—and asked if Facilities could fast-track the project for them. Facilities agreed, and the project was underway quickly and completed on time, with Facilities Management working closely with the Sheriff's project management staff. The project clocked 346 staff hours at \$45/hour, with a total labor cost to the Sheriff of \$15,570, plus the cost for materials of \$7,528, bringing the total project expense to \$23,098. This same project would have cost the Sheriff nearly twice as much if it had been contracted out at the common outsourcing hourly rate of \$100/hour—totaling \$34,600—and material would have been marked up to an outside contractor at an additional 15 percent, for a cost of \$8,657, bringing the total project cost to \$43,257. Doing the project in-house with County staff produced **\$20,000 in savings—close to 50 percent less** than what contracting outside would have cost.
- The 911 Call Center in Des Plaines received a price of \$35,000 for additional body camera work—an extremely high cost—so the County decided that Facilities would instead incorporate this work into Skokie Courthouse work. County Facilities staff installed the conduit for 14 data drops and 14 electrical duplexes for a total cost of **\$4,677—a savings of 87 percent.**
- Division One—the oldest of all the detention facilities located on the 96-acre site referred to as the “compound”—opened in 1929 and consists of four stories divided into ten tiers which can house up to 1250 detainees. The Department of Justice initiated the Division One Emergency Lighting project after determining during an inspection that the tiers had no emergency lights. Instead of contracting out the project at a labor cost of \$131/hour, Facilities Management's Deputy Director contacted in-house electricians, developing a plan supported by the Department of Corrections based on installing a separate electrical conduit throughout the tiers, adding new emergency lighting circuits to some of the existing fixtures—and eliminating the need to buy additional detention grade lighting fixtures. County electricians then re-routed the original circuits around the new emergency lights so that all the lighting remained in operation. On average, it took two electricians one week—80 hours—to complete a tier, contingent on the time used for inmate movements, at a cost of 80 hours x \$45/hour, plus material costs of just under \$3,000 per tier, for a total of \$6,600 a tier or \$66,000 for the entire project. The cost of using contractor labor in a detention setting—80 hours x \$131/hour—would have been just under three times the cost of in-house labor. The County **saved over \$70,000** on this single project alone by using in-house labor.

We expect that this kind of approach can realize parallel savings in other arenas, including CCHHS.

- Currently an outside agency manages the maintenance of equipment (MRI scanner, Catscan, etc.) for CCHHS, an approach that can cause unnecessary and costly delays in repairs and maintenance that also undercut patient services. For years, Oak Forest and Provident were serviced with an in-house staff without the use of an agency. This approach can be reinstated at Oak Forest and Provident and expanded to Stroger. If our in-house technicians (who are contacted by the agency) cannot repair a certain piece of equipment or the equipment is under a service agreement, the County should be allowed to contact the service vendor directly instead of requiring a contracting agency to contact the vendor on the County's behalf—with

the County handling the maintenance process from start to finish. **Better management and use of in-house staff could reduce the outside contractor cost by \$500,000**, though exact savings will depend on a review of the contracts.

- The County currently has a \$5M contract with Clearwater, Florida-based Community Health Solutions of America, Inc. to provide Chicago-based care coordination staff, including nurses and social workers, to staff the delegation of County Care members for care coordination. The contract specifies that the vendor shall include staff familiar with our care management system who are field-based and have experience working with FQHCs—justifying the use of outside staffing because CCHHS would not be able to assume responsibility for CountyCare care coordination without staffing in place and operational. Yet these labor costs per hour are higher than if in-house staff were employed, who would provide the added bonus of continuity of care for our patient base.

## **Fiscal Oversight of Procurement**

Cook County could reduce costs by employing a different approach to the procurement process.

For example, the Bureau of Technology is routinely required to make a list of all material the Bureau might possibly need to order—and when orders for material are placed, every item must be contained in this original list.

But in the world of IT, innovations and improvements in technology occur rapidly—and the blunt procurement instrument of a fixed list for material inevitably falls short of innovations in technology.

The Budget Office offers a method to add items to the master procurement list, but the time frame to modify the list can take months—when material is needed now.

For example:

- The Bureau of Technology needed six-strand indoor/outdoor fiber cable for security cameras. Instead, the Bureau was forced to order twelve-strand fiber, which costs substantially more, because six-strand was not on the procurement list.
- The Bureau of Technology needed some 20' Cat5E patch cords, but instead had to use the more expensive Cat 6 patch cords.
- The County paid \$11.6M for commodities from Grainger and a sampling of products showed that Grainger website prices or competitor websites are approximately 15 percent less than the County paid, leading to potential savings on those purchases and other County-wide sole purchaser contracts of at least \$1.5M.

Clearly, the procurement process for Bureaus like IT needs to be streamlined and revised to forestall these kinds of unnecessary inefficiencies and expenses.

**At the same time, reducing the use of single purchase contracts for supplies and commodities such as Grainger could save \$1.5M dollars per year—even considering the annual rebate on Grainger purchases, which varies from \$0 to \$400,000 per year.**

## **Control/Reduce Growth of Management/Administrative Staff (increase Span of Control Throughout County)**

**Opportunities to reduce unnecessary managerial positions could total savings of \$20M if deployed in agencies that include the Clerk of the Court, Corrections, CCHHS, the Treasurer, et al.**

A deeper dive into management positions should be and needs to be undertaken—toward the goal of eliminating managers with little or no supervisory responsibilities (e.g. Span of Control issue).

While span of control is individualized to an organization and depends upon many factors, such as the type of work, type of organizational structure, and duties of managers outside of directly managing staff, the span of control in many Cook County departments is out of step with current trends. **This is particularly true given that Cook County has eliminated some 2,200 full time equivalent (FTE) positions since 2010 – an 8.5 percent reduction.**

**If the County is committed to creating a 21st century County government that cost-effectively delivers a wide range of effective services, then it must commit to reforming mid-level and upper-level management at the County and commit with its employees to work jointly at developing effective programs with effective staffing.**

Each County department should be analyzed to determine the appropriate number of managerial personnel needed.

Where there are excessive numbers of management personnel, some of these positions should be eliminated. Below are preliminary analyses of several critical departments.

### **CCHHS**

Staffing in CCHHS' human resources department(s) has grown from \$2.9M and 38 full-time employees in 2011 to \$5.5M and 72 FTEs today—an increase in both staff and costs of almost 90 percent, at the same time that frontline workers report no particular improvements in services from HR, including chronic labor shortages in mission-critical departments.

In the last two years, CCHHS has added two deputy CEOs and three new Chief Nursing Officers (Alesia Coe, Kathy Pavkov, Susan Morby). In the same time frame, CCHHS also added \$1.5M to the Labor Relations Department budget, which has grown from a staff of two to more than 15 lawyers—in addition to contracting out arbitrations.

### **CLERK OF THE CIRCUIT COURT**

At the same time, we identified examples of salary creep and management growth among senior staff in offices that include the Clerk of the Circuit Court that in some cases are higher than 50 percent in increased salary costs, when most salary/step increases for frontline staff average 3-7 percent—and while lower-grade frontline positions are being eliminated. See, for example, the following:

- Compensation Services - 3350405: A new Manager IV-CCC position (Grade 17) added, at \$73,838, at the same time that the Clerk cut a similar position in this nine-person department that earned over 15 percent less than this new position.
- Financial Planning & Control - 3350406: 3 out of 10 positions in this department are above Grade 17, and 40 percent of the department earns over \$70,000/year, including the top two management slots, which pay \$112,260/year.
- Records Management - 3350603: The office grew from four to seven positions, and added a new Associate Clerk of the Circuit Court at G24, paying **\$118,211/year**.
- Traffic Division - 3351002: Procurement Analyst IV - CCC, grade 17 salary increased by 52 percent to **\$73,470**.
- Special Projects - 5281452: Grade 22 Programmer IV, one of seven employees in this department, with a salary increase of over 42 percent to **\$78,780**.
- Traffic Division - 3351002: Grade 17 Procurement Analyst IV - CCC, with a salary increase of 52 percent to **\$73,470**, along with a grade 16 Administrative Support IV position, where salary was increased 26 percent to \$62,943.
- District 2 - Skokie - 3351102: a grade 16 Manager III-CCC position, with a salary increase of 46 percent to \$62,631.
- Criminal Division - 3350902: a grade 20 Manager VII-CCC position, with a 52 percent salary increase to **\$84,904**.
- Family Law Administration - 3350801: within this five-person department, 3 out of 5 positions are grade 18 and above, and the lone grade 16 Manager III-CCC position saw a salary increase of over 40 percent to \$62,009.
- County-wide Operations Bureau - 3350701: This department of one eliminated a grade 22 Deputy General Counsel III - CCC position at \$81,250—and replaced it with a grade 22 Chief Deputy Clerk III position at **\$115,093/year**.

## ADULT PROBATION

There are only six employees per manager in the Adult Probation Department. There are nine staff per frontline supervisor (defined as the 64 positions with “supervisor” titles). Thus, there are only three supervisors for every high-level manager.

If the span of control for “managers” was the same as for “supervisors,” half of these 22 high-level management positions could be assessed for elimination, **saving over \$1.1M** in salaries alone, or **\$1.49M**, including benefits.

For example, there is a recently created Executive Assistant position budgeted under the Skokie Division of Adult Probation but is actually based at 69 W. Washington, in Chicago. The position was to become vacant this summer. This position should not be backfilled, as the duties have never been enumerated. Eliminating that position saves \$119,777 in salary alone.

Other possibly wasteful top-heavy management:

- An Assistant Director and two Assistant Chief positions – all at Grade 23.

- A Director of MIS (Grade 22), when there appear to be only three other employees under that director.
- 13 Probation Officer V positions – one of whom functions not in a supervisory position but as a Research Director and three of which are newly created.

### **COOK COUNTY ASSESSOR'S OFFICE**

The Assessor's Office has a high ratio of managers to frontline staff. Of the 342 total budgeted positions, 56 are high-level managers: 10 deputy Assessors, 12 directors, 18 managers, 9 assistant managers, 2 chiefs and 5 supervisors—a **ratio of 5 employees per high-level manager**. If that ratio were doubled – still far below what is current in best business practices today – it would **save over \$2.5M** in salaries alone, or **\$3.38M**, including benefits.

For example, the new Department of Exemption Investigations has a very narrow mission of determining if taxpayers are entitled to the exemptions they received. This department has a total of 26 employees, four of whom are managers: a deputy, a director, a manager, and a chief investigator—a ratio of 5.5 frontline employees per management position.

If this department was merged with the Taxpayer Services Department, it would eliminate the four management positions. Savings from salaries alone would total \$364,000.

Another example is the Residential Field unit, which has a Director of Field Operations, a Manager of Residential Field, a Supervisor of Field, and an Assistant Manager of Residential Field. AFSCME members report that the Supervisor of Field has very little interaction with staff. If that position were eliminated, the County would save \$95,221 in salary alone.

### **PUBLIC DEFENDER'S OFFICE**

The Public Defender's Office has a broader span of control on average than the examples above, with 11 staff per manager. However, given that this critical office has suffered staff cuts in past years, a key question must be asked about each of the 54 high-level management positions: namely, what is that manager doing that contributes to better results for the clients? If a manager doesn't perform a function that public defenders call upon to further the mission of the office, then this management position should be cut before that of any assistant public defender position.

Of concern are the layers that have developed in management over the years. In the past there was a Public Defender and a First Assistant to the Public Defender. Staff took their problems to their immediate supervisor, and if the issue couldn't be resolved at that level it went to the First Assistant or Public Defender. Over the years, additional management layers have been added: Chief of Staff, Deputy of County Operations, Deputy of Central Operations, Deputy for Employment Litigation and Financial Development, Chief of Legal Resources, Deputy of Suburban Operations and Chiefs at suburban and municipal division offices, in addition to the supervisors in those offices.

These managers come at great expense. The office currently has eight Assistant Public Defender (Supervisor) positions in the D11 and D12 pay grades that pay more than \$150,000 annually. If half these positions were eliminated, Cook County would **save \$626,000** in salaries alone, or **\$845,000**, including benefits.

- For example, some of these positions have no significant role in supervising staff. One of the D11 positions has a working title as Deputy of Community and Media Relations, with the rest making up the middle management titles listed above.

The remaining supervisory positions are also distributed unevenly.

- For example, in Skokie there are 29 attorneys to every supervisor and 35 at Markham. There are not even 12 per supervisor at Bridgeview. An analysis would determine whether more offices could function with fewer supervisors so that all the resources possible are put into providing services directly to clients.

<b>Public Defender: Uneven Distribution of Supervisors</b>			
Unit	APD	APD Supervisor	APD/Supervisors
Homicide TF	32	6	5.33
Municipal District	57	6	9.50
Legal Resources	33	3	11.00
Juvenile	29	5	5.80
Multiple Defendants	24	3	8.00
Skokie	29	1	29.00
Rolling Meadows	24	2.5	9.60
Trial Technology	3	2	1.50
Maywood	18	2	9.00
Bridgeview	35	3	11.67
Markham	42	1.2	35.00
Felony Trial	89	7	12.71
Civil Operations	43	1	43.00
Forensic Science Division	5	1	5.00

## **SHERIFF'S OFFICE**

There has been a very significant increase in high-level management positions in the Sheriff's Office. For example, in Corrections, a 2007 organizational chart shows a simple structure: the Executive Director of Corrections had a 1<sup>st</sup> Assistant Executive Director, three Assistant Executive Directors, and two other directors. By 2014, the organizational chart had greatly expanded. The Executive Director had a Chief of Staff, four 1<sup>st</sup> Assistant Executive Directors, two directors, three deputy directors, a coordinator, a senior project manager and a project manager.

Office-wide, the 2014 organizational chart listed 25 high level positions, including the Chief, Director and Assistant/Deputy Director. Based on the 2016 organizational chart, this number seems to have grown to 63—with more Deputy and Assistant managers.

A review of the Sheriff's Office budget shows some 303 high-level managers in a wide variety of titles. For example, there are 30 Directors, 37 Deputy Directors, 7 Chiefs, 10 Assistant Chiefs, 12 Deputy Chiefs, 7 Bureau Chiefs, 4 Deputy Bureau Chiefs, 2 Chiefs of Staff, 5 Executive Directors, 3 First Assistant Executive Directors, 7 Assistant Executive Directors – and the list goes on.

While the ratio of 21 staff per high-level manager sounds more reasonable than the narrow span of control in other departments discussed here, this agency has a well-defined chain of command below these high-paid, high level management positions, with many frontline supervisors.

For example, there are lieutenants and sergeants in the police and corrections department that provide front-line staff with day-to-day supervision. Armed officers are still assigned clerical or desk duty. Yet senior management positions have proliferated.

Given the recent growth in these senior management positions at the expense of prioritizing hiring critical—and less costly—frontline staff, eliminating 10 percent—or approximately 30 of these senior management positions—is a reasonable goal to ensure adequate frontline staff so that the department's primary mission of safety is realized.

This would **save approximately \$3M** in salaries alone, or **\$4.1M**, including benefits.

## Conclusion

**Our initial assessment has identified roughly \$80.7M in short-term savings and revenue – although a more detailed analysis should allow the County to realize much greater savings in the future** if our leadership addresses the broad management and administrative issues that we identified, including the need for stable, long-term revenue, staffing, overtime and temporary labor costs; issues related to contracts and outsourcing; and fiscal oversight, including in procurement.

To that end, we propose a more thorough and deliberative review of both County revenue and savings opportunities in these and related arenas to support longer-term cost savings, greater efficiencies, best practices in management, and durable, sustainable operations.

In the long run, reversing these systemic inefficiencies—and creating joint, formal processes to address staffing and management inefficiencies—will address Cook County's structural deficiencies with revenues and resources beyond any short-term cost-cutting. We recognize that this is a process that requires dialog with and commitments from both labor and management. In addition, this approach also must emphasize effective service delivery and buy-in from committed County employees, in tandem with the creation of durable mechanisms to improve services. Finally, these alternative cost-cutting opportunities will sharpen the mission-critical efficiency of management and frontline staff by improving accountability and oversight, by strengthening cost controls, and by improving Cook County's fiscal stability over the long term. We expect that parallel byproducts of this approach will be improved morale among staff at all levels and an increased revenue stream to the County's pension fund from our frontline workforce.

