



COUNTY

QUARTERLY NEWSLETTER

MAY 2026

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A Message from the Executive Director



By: Joe McCoy, Executive Director

Welcome to the May edition of the *County Quarterly*. This issue arrives at a consequential moment for Illinois counties, as federal advocacy efforts, state budget decisions, and an active legislative session converge to shape the environment in which county governments operate. Throughout this edition, you'll find timely analysis, policy updates, and reflections designed to help you navigate what lies ahead.

We begin by taking you to Washington, D.C., where Illinois county leaders gathered for the 2026 National Association of Counties (NACo) Legislative Conference. Inside, you'll find an article about a meeting between Illinois county leaders and Senators Durbin and Duckworth where issues like Medicaid access and infrastructure investment were discussed. Also included is a Q&A with candidate for NACo 2nd Vice President and current Kendall County Circuit Clerk/ISACo President Matt Prochaska.

This issue also provides an in-depth look at Governor Pritzker's proposed \$56.0 billion budget for State Fiscal Year (SFY) 2027. Our analysis walks through both the opportunities and concerns presented by the proposal, with particular attention to the Local Government Distributive Fund (LGDF). As you'll read, proposed changes to LGDF threaten to limit counties' ability to benefit from natural revenue growth, an issue ISACo continues to actively oppose as we advocate for a full restoration of the historic ten percent share of income tax collections.

The legislative session is moving quickly, and this edition highlights several key proposals that could have lasting implications for counties. You'll find information about ISACo's 2026 Legislative Agenda. Also included is a detailed analysis of SB 3646, legislation that would remove county oversight of Veterans Assistance Commissions. These insights are intended to equip you with the context needed to advocate effectively with your state legislators.

Finally, we take a moment to reflect on the people and moments that continue to shape our work. This issue includes highlights from our 2025 Annual Luncheon, where we honored Peter Austin's career of service and heard an inspiring message from Miss Illinois 2025, Nitsaniyah Fitch, reminding us of the leadership and commitment that define public service in our state.

As always, ISACo remains focused on ensuring that county voices are heard at every level of government. With the NACo Annual Conference in New Orleans on the horizon this July, we look forward to continuing that work alongside you.

Thank you for your leadership and your continued commitment to the residents you serve.

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Illinois Counties Gather in Washington for the 2026

NACo Legislative Conference

County officials from across the nation gathered in Washington, D.C., February 20–24 for the **2026 National Association of Counties (NACo) Legislative Conference**, an annual conference that provides county leaders with an opportunity to engage with federal policymakers, discuss national policy priorities, and share best practices with their peers.

During this year’s conference, the Illinois State Association of Counties (ISACo) co-hosted the Illinois Counties Dinner alongside the United Counties Council of Illinois (UCCI) at the historic Anderson House, one of Washington’s most notable Gilded Age landmarks. The event brought together county officials and partners from across Illinois and the nation in a unique and memorable setting, providing an opportunity to strengthen relationships and celebrate the important role counties play in serving their communities.

The evening also featured an important announcement for Illinois counties. ISACo President Matthew Prochaska formally announced his candidacy for NACo 2nd Vice President, marking a significant moment for Illinois’ continued leadership within the national county association. In addition, ISACo Vice President/ Cook County Commissioner Stanley Moore was in attendance and recognized for his longstanding commitment to county government and his leadership of the National Association of Black County Officials (NABCo) as its president.

On February 24, Illinois county leaders also met with U.S. Senators Dick Durbin and Tammy Duckworth for a candid and wide-ranging discussion on the federal issues shaping local government. Topics included Medicaid and health care access, housing, infrastructure, energy transmission, and public trust in government. The conversation underscored how decisions made in Washington directly affect county budgets, services, and the residents counties serve each day.

Events like the NACo Legislative Conference provide valuable opportunities for county officials to strengthen partnerships, exchange ideas, and ensure the voices of counties are heard at the federal level. Illinois counties continue to play an important role in these national conversations, advocating for policies that support local governments and the communities they serve.

ISACo looks forward to continuing this important work and building on the momentum from the Legislative Conference at the NACo Annual Conference in New Orleans this July.



2026

Legislative Agenda

By: ISACo Staff

Community Revitalization Zone Act

SB 3773 – Sponsor: Senator Willie Preston

SB 3773 creates the Community Revitalization Zone Act, which would allow counties and municipalities to designate areas for targeted economic development. Retailers operating in these zones would benefit from a reduced sales tax rate to encourage business activity and investment. The goal of the legislation is to support redevelopment and economic growth in economically distressed communities.

Expand Local Option County Motor Fuel Tax to All Non-Home Rule Counties

HB 4439 – Sponsor: Representative Will Guzzardi

HB 4439 would allow all non-home rule counties to impose a local option motor fuel tax of up to eight cents per gallon. Currently, only a limited number of counties have this authority. Revenue generated would help counties fund transportation infrastructure such as road maintenance and construction.

Exempt Veterans Assistance Commission Funding from PTELL

SB 2854 – Sponsor: Senator Emil Jones III

SB 2854 would exempt Veterans Assistance Commission (VAC) funding from the Property Tax Extension Limitation Law (PTELL). By removing the PTELL restriction for VAC funding, the bill aims to ensure counties can adequately fund services for veterans without being constrained by property tax caps.

Separate Veterans Assistance Commission Funding on Property Tax Bill

SB 2853 – Sponsor: Senator Emil Jones III

SB 2853 requires that Veterans Assistance Commission funding be listed separately on property tax bills. The change is intended to improve transparency and help taxpayers understand how property tax revenue supports services for veterans. It would provide clearer visibility into how VAC programs are funded at the county level.

Wind and Solar Siting Changes

HB 5477 – Sponsor: Representative Suzanne Ness

HB 5477 proposes updates to laws governing the siting of wind and solar energy projects in Illinois. The legislation aims to better balance renewable energy development with local government authority. It would provide counties with clearer guidance and greater involvement in decisions related to renewable energy projects.



5 Questions with NACo 2nd

VP Candidate Matt Prochaska

Kendall County Circuit Clerk and ISACo President Matt Prochaska is a candidate for National Association of Counties (NACo) Second Vice President. The election will take place during the NACo Annual Conference in New Orleans, Louisiana, July 17–20. If elected, Matt would serve a three-year leadership progression, beginning as Second Vice President, advancing to First Vice President, and ultimately serving as NACo President. His presence on NACo's leadership team would not only strengthen the association but also elevate Illinois' voice on the national stage.

1. What motivated you to run for NACo Second Vice President, and how has your experience as a county leader prepared you for a national leadership role within the association?

My decision to run for NACo Second Vice President is rooted in a deep belief in the power of counties and the importance of strong, unified leadership at the national level. Throughout my career, I've had the opportunity to serve in all three branches of county government, judicial, executive, and legislative, which has given me a well-rounded understanding of the challenges and responsibilities counties face every day.

At the same time, my involvement with NACo, serving in leadership roles across committees and policy areas, has reinforced just how critical collaboration and shared learning are to our success. I've seen firsthand how NACo can elevate county voices and drive meaningful change. That experience, combined with my work building consensus at the state level, has prepared me to help lead NACo in a way that is inclusive, practical, and focused on results for counties of every size and region.

2. Counties across the country are facing growing responsibilities in areas such as infrastructure, public health, housing, and economic development. What do you see as the most pressing challenges counties will face over the next several years?

Counties are increasingly being asked to do more with limited and often inflexible resources. One of the most pressing challenges ahead is balancing rising service demands, particularly in areas like infrastructure, behavioral health, housing, and workforce development, while maintaining fiscal stability.

We're also navigating a rapidly changing landscape, from evolving economic conditions to technological transformation. Counties must modernize operations and improve service delivery while ensuring equitable access for residents. At the same time, there remains a fundamental challenge of ensuring that county governments have a strong voice in federal policymaking and access to the resources needed to meet their responsibilities.

Ultimately, the challenge is not just about managing growth in responsibilities – it's about ensuring counties are positioned to lead, innovate, and deliver results in partnership with state and federal governments.

3. If elected NACo Second Vice President, what priorities or initiatives would you hope to advance to strengthen NACo’s advocacy and support for county governments nationwide?

If elected, my focus would center on strengthening collaboration, advancing innovation, and ensuring that every county has a meaningful voice in shaping national policy.

First, I want to continue building bridges between rural and urban counties and large and small jurisdictions so that NACo remains a unified and effective advocate. Second, I believe we must expand opportunities for counties to share best practices and leverage innovation, particularly in areas like service delivery, technology, and workforce development.

Finally, I want to ensure NACo continues to be a strong, trusted partner in federal advocacy, working to secure the resources and flexibility counties need while clearly articulating the critical role counties play on the front lines of governance.

4. NACo plays an important role in elevating the county voice in federal policymaking. How would you work to ensure counties remain strong partners with Congress and federal agencies on key issues affecting local communities?

Strong federal partnerships begin with clear, consistent engagement and a unified message from counties. I would work to ensure NACo continues to bring forward real-world county experiences, grounded in service delivery and community impact, to inform federal decision-making.

Counties are on the front lines of implementing federal programs, whether it’s infrastructure investments, public health initiatives, or justice system responsibilities. By strengthening communication between counties and federal partners, and by continuing to elevate those on-the-ground perspectives, we can ensure policies are more effective and responsive.

Equally important is maintaining NACo’s role as a trusted, nonpartisan voice. By focusing on practical solutions and shared goals, we can continue to build strong relationships with Congress and federal agencies that benefit counties and the residents we serve.

5. For county officials who may be meeting you for the first time during this campaign, what message would you like to share about your vision for NACo and how you hope to serve counties across America?

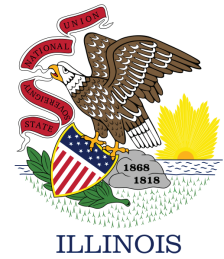
My message is simple: NACo is strongest when every county has a seat at the table and a voice that is heard. My vision is to continue building an organization that brings counties together across geography, size, and political differences, to advance practical solutions and shared priorities.

I’ve always believed in being a bridge-builder, someone who listens, collaborates, and works to find common ground. That’s the approach I would bring to NACo’s national leadership.

If permitted to serve, I will focus on strengthening the organization, supporting our members, and ensuring that counties across America are equipped, empowered, and united as we navigate the challenges and opportunities ahead.

Please visit mattprochaska.com/naco to learn more about Matt’s candidacy.





ILLINOIS

Analysis of Governor Pritzker's SFY 2027 Budget Proposal

On Wednesday, February 18, 2026, Governor JB Pritzker presented his proposed Fiscal Year 2027 state budget to the Illinois General Assembly. The \$56.0 billion General Funds proposal aims to balance core investments in education and human services with a continued commitment to fiscal responsibility. While the state has made significant fiscal progress—including ten credit rating upgrades and a \$2.4 billion Rainy Day Fund—this budget must navigate fiscal pressures stemming from erratic federal policy and the implementation of H.R. 1. For Illinois counties, the following analysis examines how these state-level priorities and federal challenges will impact local shared revenues, public safety operations, and infrastructure development over the coming fiscal year.

Topline Revenue and Expenditure Estimates

The following estimates were used as the baseline for the overall proposed budget.

Projected Revenues: \$56.1 Billion

- Total General Funds resources are projected to grow by 1.5% over FY26 revised estimates.
- State Sources (\$52.0B): Driven primarily by Individual Income Taxes (\$29.6B) and Sales Taxes (\$11.1B).
- New Revenue Adjustments: Includes a \$200M Social Media Platform Fee for education and a \$120M realignment of casino game taxes.
- Federal Funding: Projected at \$4.1B. However, the state anticipates a \$1.7B negative impact from federal policy changes (H.R. 1), including \$339M from tax law changes and \$60M from reduced SNAP administration reimbursements.

Projected Spending: \$56.0 Billion

- Proposed expenditures represent a 1.6% increase over FY26.
- Primary Spending Drivers: Over 75% of the spending increase is tied to K-12 Evidence-Based Funding (+\$305M), Pensions (+\$192M), and medical expenditures at CMS (+\$269M).
- Pensions: The budget fully funds the \$10.7B certified pension contribution.

KEY IMPACTS FOR COUNTIES

Counties should monitor these specific areas where state policy shifts will affect local operations, costs, and revenues:

Shared Revenues and Economic Development

- Overall Local Government Revenue Sharing: The administration reports that annual income and sales tax revenue sharing with local governments has increased to nearly \$4B.
- Infrastructure Investment: The \$57.4B Total Capital Budget includes \$500M in new bond authorization for downstate road and bridge projects, which directly impacts county-maintained infrastructure.
- Tax Incentives: The proposed EDGE Essentials program would provide payroll withholding benefits to independent grocery stores and pharmacies in "deserts," potentially affecting local retail bases.

Local Government Distributive Fund

The headline policy shift for SFY 2027 regarding local revenues is a proposed "hold harmless" adjustment to the Local Government Distributive Fund (LGDF) diversion percentage. Under current law, the state diverts 6.47 percent of individual income tax collections to the LGDF. For SFY 2027, the Governor proposes adjusting this diversion percentage downward to 6.23 percent. The mechanism behind this proposal is to capture the fiscal benefit of projected growth in individual income tax receipts for the state's General Funds while keeping the actual dollar amount distributed to local governments flat relative to SFY 2026 levels.

This adjustment is projected to net the state's General Funds an additional \$60 million in SFY 2027. From the perspective of county government, this proposal ensures that nominal revenues will not decline, but it effectively prevents counties from participating in the organic growth of the state's primary tax engine during this fiscal cycle. The following table contextualizes the LGDF within the broader state-local revenue sharing framework.

There are at least two caveats that could place LGDF at risk despite the "hold harmless" approach within the SFY 2027 state budget.

The first is the long-term impact of federal H.R. 1 and the state's increasing reliance on one-time revenue adjustments and fund redirections to maintain its \$24 million surplus. If federal Medicaid and SNAP support declines as projected, the resulting \$1.7 billion annual pressure on the state General Revenue Fund will likely lead to a renewed debate over the LGDF diversion percentage in SFY 2028 and beyond.

A second concerns the proposed Net Operating Loss (NOL) deduction phase-in. Illinois has historically used temporary dollar caps on corporate Net Operating Loss (NOL) deductions to balance its budget. The current cap is scheduled to expire on January 1, 2027. To prevent a massive revenue loss that the state cannot afford, the Governor proposes a phase-in approach to NOL deductions rather than another temporary cap. Under this plan, corporations would be able to apply NOL deductions to their tax liability up to a cap of 20 percent of current earnings in SFY 2027, with the cap increasing to 40, 60, and 80 percent over subsequent years. This is estimated to have a \$269 million net impact on General Funds in SFY 2027. Because corporate income tax is a component of the LGDF, the treatment of NOL deductions directly affects the pool of money shared with counties. ISACo opposes reducing the LGDF percentage and supports restoring LGDF to 10 percent of individual income tax collections.

Motor Fuel Taxes

A major structural realignment in transportation funding occurs in SFY 2027 due to Public Act 104-0457, which created the Northern Illinois Transit Authority (NITA). This act fundamentally changes how sales tax on motor fuel is distributed.

Beginning July 1, 2026, the state portion of sales taxes on motor fuel and gasohol, which was previously deposited into the Road Fund, will be shared between the Downstate Public Transportation Fund (15%) and the Public Transportation Fund (85%). This redirection is estimated to total \$788 million in SFY 2027.

This move is intended to provide a stable, long-term funding source for regional transit without increasing statewide taxes. For counties, particularly those in downstate regions, the \$118.2 million allocated to the Downstate Public Transportation Fund is a vital lifeline for maintaining local bus systems and paratransit services. Furthermore, the local cost-share for downstate transit is being lowered from 35 percent to 20 percent to reflect shifting local tax bases.

While the sales tax portion is being redirected to transit, the standard Motor Fuel Tax Fund (Table III-B) remains a primary source for county road and bridge maintenance. Since the enactment of Rebuild Illinois in 2019, local governments have seen over \$800 million annually in additional motor fuel taxes. The SFY 2027 budget plans for a continuation of these allotments, though the specific county-by-county breakdown is typically determined by formulaic adjustments based on vehicle registrations and road mileage.

Health and Human Services (Cost-Shifting Risks)

- SNAP and Medicaid Administration: Federal changes (H.R. 1) are increasing administrative burdens. The state is adding \$50M and 450 staff to handle eligibility determinations. Counties that partner in service delivery should watch for similar administrative pressures.
- Home Illinois: This program provides \$253.7M for homeless services, including \$81.5M for shelters and \$50M for court-based rental assistance—programs often administered at the local level.

Public Safety and Criminal Justice

- Clean Slate Act: The state has allocated \$5.6M for early implementation costs. Counties will need to coordinate with the State Police on these record-clearing processes.
- Juvenile Justice and Corrections: Funding increases for staffing at state facilities (\$103M for DOC, \$12M for DJJ) aim to reduce mandatory overtime, which may alleviate some pressures on the broader regional labor market for public safety officers.

Housing and Permitting Reform

- Cutting Red Tape: A planned Executive Order will direct state agencies to review ways to expedite permitting.
- Unlocking Housing: The budget proposes modernizing building codes and utilizing state-funded public transit to reduce parking requirements for developers, which may require counties to adjust local zoning and development standards.

Pension Sustainability

- Buyout Extension: The Governor proposes extending the pension buyout program through FY28. While this addresses state-level debt, the broader stability of the state pension system impacts county credit environments and the overall fiscal health of the region.

OVERVIEW OF CAPITAL SPENDING

The Governor's SFY 2027 budget proposal includes a multitude of capital expenditures.

Transportation and Regional Infrastructure

Transportation remains the largest piece of the capital puzzle, with \$30.2 billion in total appropriations.

- **Downstate Road and Bridge Construction:** A new \$500 million bond authorization is proposed specifically for downstate IDOT projects, which will provide critical support for regional connectivity outside of the Chicago metro area.
- **Port Development:** The budget includes \$10 million in capital for grants to ports for administrative functions and to leverage federal matches, alongside existing Rebuild Illinois funding for dock wall rehabilitations and intermodal yards.
- **Local Motor Fuel Tax (MFT) Distributions:** Counties currently receive approximately \$134 million annually in total MFT distributions (including Cook County's \$64 million and \$70 million for all other counties) bolstered by the 2019 fee increases.

Community and Economic Development Grants

The Department of Commerce and Economic Opportunity (DCEO) oversees \$7.8 billion in capital appropriations, much of which is accessible to local governments through competitive grants.

- **Public Infrastructure Grants:** \$200 million is allocated for public infrastructure to modernize local roads, bridges, and sewer/water mains. Individual grants through programs like the CDBG often cap at \$1.5 million per project.
- **Rebuild Illinois Downtowns and Main Streets:** \$35 million is proposed to revitalize business corridors. Counties can partner with municipalities on these projects, which have previously funded streetscapes and historic restorations up to \$3 million per award.
- **Site Readiness and Prime Sites:** A combined \$165 million is proposed for Site Readiness Illinois (\$100M) and Prime Sites (\$65M) to help local governments and developers make industrial sites "shovel-ready" for large-scale investment.
- **Surplus to Success:** An additional \$50 million is proposed for CMS to remediate state-owned sites, which can eventually return these properties to local tax rolls.

Water and Environmental Infrastructure

The Illinois Environmental Protection Agency (IEPA) manages \$5.9 billion in capital funding.

- **Water Loan Program Expansion:** A \$100 million expansion of water loan programs is proposed. This supports low-interest loans for wastewater, storm water, and drinking water infrastructure.
- **Contaminant Mitigation:** \$90 million is set aside to address PFAS and other emerging contaminants in small and disadvantaged communities.
- **Lead Service Line Replacement:** The budget continues a massive \$1.07 billion commitment to funding lead service line replacements statewide.

Workforce and Education Infrastructure

Area Career Centers: A new \$50 million capital grant program, designed in partnership with ISBE, will modernize facilities to create better career pathways for local students. **Manufacturing Training Academies (MTA):** \$20 million is proposed for capital grants to support workforce training partnerships involving community colleges and private industry.

Conclusion

To maximize the benefits of this proposed budget, counties should prioritize the following:

Review Local Project Lists: Align «shovel-ready» projects with the \$200 million Public Infrastructure and \$100 million Site Readiness pools.

Monitor Housing Opportunities: Engage with the DCEO regarding the new \$50 million Area Career Centers initiative and housing infrastructure grants.

Compliance Check: Ensure all county agencies are GATA prequalified and updated in the state's central systems to avoid delays in grant disbursements.

It is important to recognize that the Governor's proposal serves as the initial blueprint for the state's fiscal priorities. The Illinois General Assembly will exercise its constitutional authority to review, debate, and provide significant input before a final budget is enacted. As this process unfolds, the Illinois State Association of Counties (ISACo) will remain actively engaged in Springfield to monitor all legislative developments. We are committed to advocating for the interests of county governments, ensuring that the final SFY 2027 budget reflects the essential role of counties in delivering vital services to the residents of Illinois.

ISACo Policy Brief

Military Veterans Assistance Act Expansion

By: ISACo Staff

Overview

SB 3646 (Sen. Porfirio, D-Burbank) would amend the Military Veterans Assistance Act in several significant respects. The proposal expands the structure under which veterans assistance services may be delivered, broadens eligibility for assistance, creates new enforcement mechanisms, and increases oversight and compliance requirements.

While some provisions apply primarily to counties that do not currently operate a Veterans Assistance Commission (VAC), many of the most consequential changes apply statewide. Counties with existing VACs are not exempt from expanded eligibility, arbitration procedures, litigation exposure, or enhanced reporting and oversight requirements.

This *Policy Brief* outlines the major provisions of the bill and analyzes the potential fiscal, legal, and governance implications for counties.

Creation of Jurisdictional Veterans Assistance Commissions (JVACs)

The legislation authorizes the formation of Jurisdictional Veterans Assistance Commissions (JVACs) in counties that did not have a VAC prior to January 1, 2026, where the judicial circuit includes multiple counties. Veteran service organizations within those judicial circuits may come together to create a JVAC, which would operate as the VAC for that circuit. The bill also establishes procedures for selecting a superintendent and delegates.

Counties that currently operate a VAC are not required to dissolve or merge into a JVAC structure. Their existing

governance model may remain intact. However, counties located within multi-county judicial circuits could experience indirect effects if neighboring counties form a JVAC. Differences in structure, funding mechanisms, and administrative processes across counties within the same judicial circuit may create coordination challenges or policy inconsistencies.

For counties that do not currently operate a VAC, the creation of a JVAC introduces questions regarding funding responsibility, cost-sharing formulas, and administrative oversight among participating counties. The bill does not clearly establish how financial obligations would be apportioned across circuit counties, which may require intergovernmental agreements or additional clarification.

Taxation Authority

The provision authorizes the county board of counties other than Cook County that participate in a Jurisdictional Veterans Assistance Commission (JVAC) to levy an annual property tax of up to 0.03% of assessed value to fund assistance for military veterans and their families under the Military Veterans Assistance Act. Revenue generated from this levy must be deposited into the county treasury of the county in which the JVAC is headquartered, even if the JVAC serves multiple participating counties.

The levying of up to 0.03% of assessed value taxing authority is a permissive grant of authority to county boards and matches existing law for single county VACs. The underlying law still mandates the levy of an amount equal to 0.02% of assessed value to fund the VAC. Both funding provisions would apply to VACs and JVACs outside of Cook County.

Expanded Eligibility for Veterans Assistance

The legislation expands eligibility for assistance to include veterans who served in the armed forces of the United States and did not receive a bad conduct or dishonorable discharge or equivalent discharge.

This provision applies statewide, including to counties that already operate a VAC. As a result, counties should anticipate a potential increase in the eligible veteran population. Expanded eligibility may lead to higher caseloads, increased general assistance expenditures, and additional administrative demands. The bill does not identify a dedicated state funding source to offset this expansion, raising the possibility of increased county fiscal exposure.

Arbitration of Assistance Disputes

The bill provides that if a county board fails or refuses to provide the funding recommended by a veterans service organization, VAC, or JVAC, the VAC or JVAC may request that all parties enter into an arbitration agreement.

The arbitration provision applies to counties regardless of whether they operate an existing VAC.

This represents a structural change in dispute resolution. Historically, counties have exercised discretion in making assistance determinations. Under this proposal, disputed decisions may proceed to arbitration, potentially increasing administrative burdens and legal costs. Counties may need to revise internal review procedures, strengthen documentation practices, and consult with legal counsel before denying recommended assistance.

It should be noted that the arbitration is not mandatory, however, the refusal of the county board to participate could result in the county being sued by the VAC or JVAC. Additionally, the legislation includes a new provision allowing for a civil cause of action against counties when a veteran does not receive a benefit award for lack of funding sought by the VAC or JVAC.

Of further concern is the provision that the Attorney General plays a “gatekeeper” role in the new arbitration process. Arbitrators are legally required to confer with the Veterans Assistance Provost, acting for the Attorney General, before issuing any award. When a State’s Attorney renders an opinion on certain sections of the Act (Sections 2, 8, 9, or 10), they must first confer with the Office of the Attorney General.

These requirements only foster the perception of a constitutional office being used to improperly influence a process intended to resolve a dispute between a county board and an agency of the county that under current law is rightly subject to oversight by the county board.

Here is how the arbitration process is structured:

Consent Required for Arbitration

The bill states that if a county board refuses to provide recommended funds, the veteran service organization or commission “may request that all parties involved enter into an arbitration agreement.

For the arbitration to proceed, both parties must agree to it. If the county refuses to participate in arbitration, they do not escape the dispute; rather, the process moves to a more formal legal stage.

The “Alternative” to Refusal: Mandamus

If a county board refuses to enter into arbitration, the bill grants the Commission the power to immediately

apply to the circuit court for a writ of mandamus. This option is part of existing law but would now be triggered after the arbitration process was refused.

If the court finds the commission’s request was “just and necessary,” the court shall grant the sums requested.

If the dispute goes to court because arbitration was refused, the court may order the county to pay the commission’s attorney’s fees and interest at a rate of 1% per month backdated to the initial request if the VAC prevails. This penalty only works in one direction. The county board bears the risk of the penalty while the VAC does not. This asymmetry suggests that the attorney fees and interest provision is intended to pressure county boards into submitting to an arbitration award or not challenging the VAC in court.

Civil Cause of Action Against Counties

A new provision proposed within the legislation permits any individual eligible for assistance under the Act to bring a civil action against the county for failure or refusal to provide such assistance.

This provision significantly increases potential legal exposure for counties. In addition to arbitration proceedings, counties could face direct litigation, including legal defense costs and potential court-ordered compliance. Risk management policies, insurance coverage, and internal procedural safeguards may need to be reassessed if the bill is enacted.

Counties with established VACs are not exempt from this provision; it applies statewide.

Restrictions on Funding and Organizational Structure

The bill prohibits the disbursement or transfer of VAC or JVAC funding to any not-for-profit corporation or similar entity. It also prohibits a VAC or JVAC from establishing or operating a not-for-profit corporation with a substantially similar name. This is to prevent “relegating the responsibilities” of the Commission to an outside entity. The legislation permits VACs and JVACs to receive gifts or donations in furtherance of veterans’ interests and contains provisions relating to employee benefits.

Counties that utilize nonprofit-affiliated structures or cooperative service arrangements may need to review their current models to ensure compliance. These provisions appear designed to promote transparency and prevent circumvention of statutory oversight requirements, but they may limit flexibility in service delivery.

Training, Reporting, and Oversight Requirements

The legislation imposes additional compliance requirements, including annual voting reporting obligations and mandatory training for VAC and JVAC delegates and alternates. It also includes audit provisions and establishes a Veterans Assistance Provost within the Office of the Attorney General.

VAC delegates must complete Open Meetings Act training within 90 days and the Attorney General’s new electronic training within 30 days or lose their voting rights.

The creation of a Veterans Assistance Provost formalizes state-level oversight and enforcement authority. Counties should anticipate increased scrutiny, potential compliance inquiries, and expanded audit exposure.

If a Veterans Assistance Commission (VAC) or Jurisdictional Veterans Assistance Commission (JVAC) fails to timely submit or publish required audits and reports to the Veterans Assistance Provost, acting on behalf of

the Attorney General, the superintendent or interim superintendent may be fined up to \$50 for each month, or portion thereof, that the required audit or report is not submitted or published as mandated under the Military Veterans Assistance Act.

The State’s Attorney of the county in which the VAC or JVAC is located, or the Attorney General, may seek a court order through mandamus to compel payment of the fine. Any fines collected must be paid to the county where the VAC or JVAC is located and deposited into that county’s general corporate fund.

Administrative staff may need to dedicate additional time to reporting, recordkeeping, and training requirements.

These compliance and oversight provisions apply broadly and are not limited to counties without existing VACs.

Fiscal and Operational Considerations

The combined effect of expanded eligibility, arbitration procedures, civil litigation authority, and enhanced oversight will increase costs for counties. Potential cost drivers include higher assistance caseloads, administrative time associated with dispute resolution, legal defense expenses, training mandates, and audit compliance obligations.

The legislation requires counties to fund VAC offices, furnishings, supplies and services from the county’s general fund. None of the revenue generated from the designated property tax levy can be used for these purposes. This will result in the county having to increase other taxes and fees, cut other public services, or a combination of both.

Counties should evaluate the extent to which implementation will create unfunded mandate concerns and consider modeling potential fiscal impacts based on local veteran populations and current assistance expenditures.

Limitations on County Board Authority

The bill includes a provision prohibiting counties or their policies from controlling VAC operations, despite counties retaining their obligation to fund the VACs.

County Boards are also mandated to pay a warrant presented to them by a VAC superintendent.

Legal Precedent: The Sangamon County Decision and SB 3646

The proposed amendments in SB 3646 appear to be a legislative response to the October 2025 Sangamon County Circuit Court ruling, which significantly curtailed the autonomous spending authority of Veterans Assistance Commissions (VACs). The ruling affirmed the right of county boards to exercise fiscal oversight, a principle that this bill seeks to limit through new statutory mandates and punitive legal measures.

Mandating a Funding “Floor”

The Ruling: The Sangamon County Court rejected the theory that the Military Veterans Assistance Act (MVAA) creates an automatic “floor” for funding, ruling that counties are not required to provide the maximum statutory rate unless the VAC proves the request is “just and necessary.”

SB 3646 Response: The bill explicitly defines the «minimum amount to be appropriated» as 0.02% (or 0.03% if voter-authorized) of the assessed value, effectively stripping the county board of the discretion to negotiate a lower budget based on actual demonstrated need.

Deterring Oversight through Financial Penalties

The Ruling: The court held that the County Board has the legal authority to determine if VAC expenditures are reasonable and compliant with county financial rules.

SB 3646 Response: If a county board denies a funding request to exercise this oversight, it now faces mandatory 1% monthly interest penalties and must pay the VAC’s attorney’s fees if the VAC prevails in a mandamus action. These measures increase the «cost of defense» for counties attempting to maintain fiscal control.

Circumventing Local Courts via Arbitration

The Ruling: Sangamon County successfully litigated its dispute in a traditional circuit court setting where the VAC bore the burden of proving its budget was «just and necessary.»

SB 3646 Response: The bill introduces a new arbitration mechanism. By allowing a VAC to request arbitration, with the involvement of a state-appointed Veterans Assistance Provost, the bill weaponizes the litigation penalties by creating a procedural hurdle that forces counties into a state-influenced process. If a county board refuses to participate, it is not merely choosing a different venue; it is triggering a “refusal” that may prejudice a court to conclude that the board is acting in bad faith, making the award of attorney’s fees and 1% monthly interest far more likely.

Asserting Operational Independence

The Ruling: The court ruled that VACs must «adopt and adapt» county policies regarding ethics, procurement, and personnel and cannot modify them to the point of ineffectiveness.

SB 3646 Response: While the bill keeps the «adopt and adapt» language, it adds a new shield stating that «nothing in this subsection shall be construed to permit a county or its policies to control a Veteran Assistance Commission’s operations.” This language appears specifically designed to prevent the type of county-led policy enforcement upheld in the Sangamon decision.

The following table compares provisions from the Sangamon County ruling to proposals within SB 3646 that attempt to circumvent the Court’s interpretation of the statute.

Feature	Sangamon County Ruling (2025)	SB 3646 Proposed Mandates
Budgetary Oversight	The County Board retains ultimate legal authority to determine if VAC requests for funds are “just, reasonable, and necessary.”	County Boards are mandated to pay a warrant presented by a superintendent ; refusal to pay triggers arbitration or mandamus.

Feature	Sangamon County Ruling (2025)	SB 3646 Proposed Mandates
Funding Source	The court did not restrict the use of the VAC tax levy for administrative costs if deemed “just and necessary” .	Prohibits using the VAC tax levy or State funds for offices, furnishings, or supplies; these must come from the County General Fund.
Office Location	The court held that VACs must comply with county budgeting and procurement laws regarding physical space.	Grants the Commission “final discretion” in selecting an office facility ; the county must provide the office and all furnishings.
Policy Control	Ruled that VACs must “adopt and adapt” county policies (procurement/personnel) and cannot make them ineffective.	Explicitly states “nothing... shall be construed to permit a county or its policies to control a Veteran Assistance Commission’s operations.”
Administrative Services	County-provided services (HR/ Payroll) were subject to standard intergovernmental coordination and oversight.	Mandates the county provide human resources, payroll support, IT services, equipment, and liability insurance at no cost to the VAC.
Legal Risk of Refusal	The burden of proof was on the VAC to show necessity; the county faced no statutory penalty for a good-faith denial.	Triggers mandatory 1% monthly interest and payment of the VAC’s attorney’s fees if the county’s denial is overturned in court.

Conclusion

The proposed amendments to the Military Veterans Assistance Act represent a significant shift in the administration and enforcement of veterans assistance at the county level. Although counties with existing VACs are not required to transition to a JVAC structure, they remain subject to expanded eligibility standards, arbitration requirements, civil litigation exposure, and increased oversight.

Per ISACO’s analysis, the following provisions would be problematic for counties:

- Establishment of a civil cause of action.
- Inclusion of mandatory arbitration.
- Unfunded mandate risk with costs tied to litigation and eligibility expansion.
- Attorney General oversight.
- Collateral tax increases and/or reductions in other public services.

2025 ISACo

Annual Luncheon

The luncheon took place on Friday, December 12, 2025, at the Union League Club of Chicago. ISACo's 2025 Annual Luncheon brought together county officials, staff, corporate partners, and special guests from across Illinois for an afternoon of connection, reflection, and shared purpose for Illinois counties. The luncheon served as a meaningful opportunity to celebrate the important work of county government while reinforcing ISACo's commitment to collaboration, leadership, and service to Illinois.

ISACo was honored to welcome Miss Illinois 2025, Nitsaniyah Fitch. A Chicago native and accomplished fundraising professional, Miss Fitch shared insights from her platform, AFRM (Aspire, Flourish, Rise, Manifest), which focuses on empowering young women and supporting child-focused nonprofit organizations. Her message of leadership, service, and empowerment resonated strongly with attendees. We were grateful for her presence and appreciated the opportunity to hear about her inspiring work and advocacy on behalf of Illinois.

ISACo was also pleased to honor McHenry County Administrator Peter Austin on his retirement after 20 years of service in local government.







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CONTACT US

Email jmccoy@isacoil.org

Address 427 E. Monroe
Suite 200
Springfield, IL 62701

Phone (217) 679-3368

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