

Milwaukee County 2011 Budget Listening Session



County Executive Scott Walker
May 2010



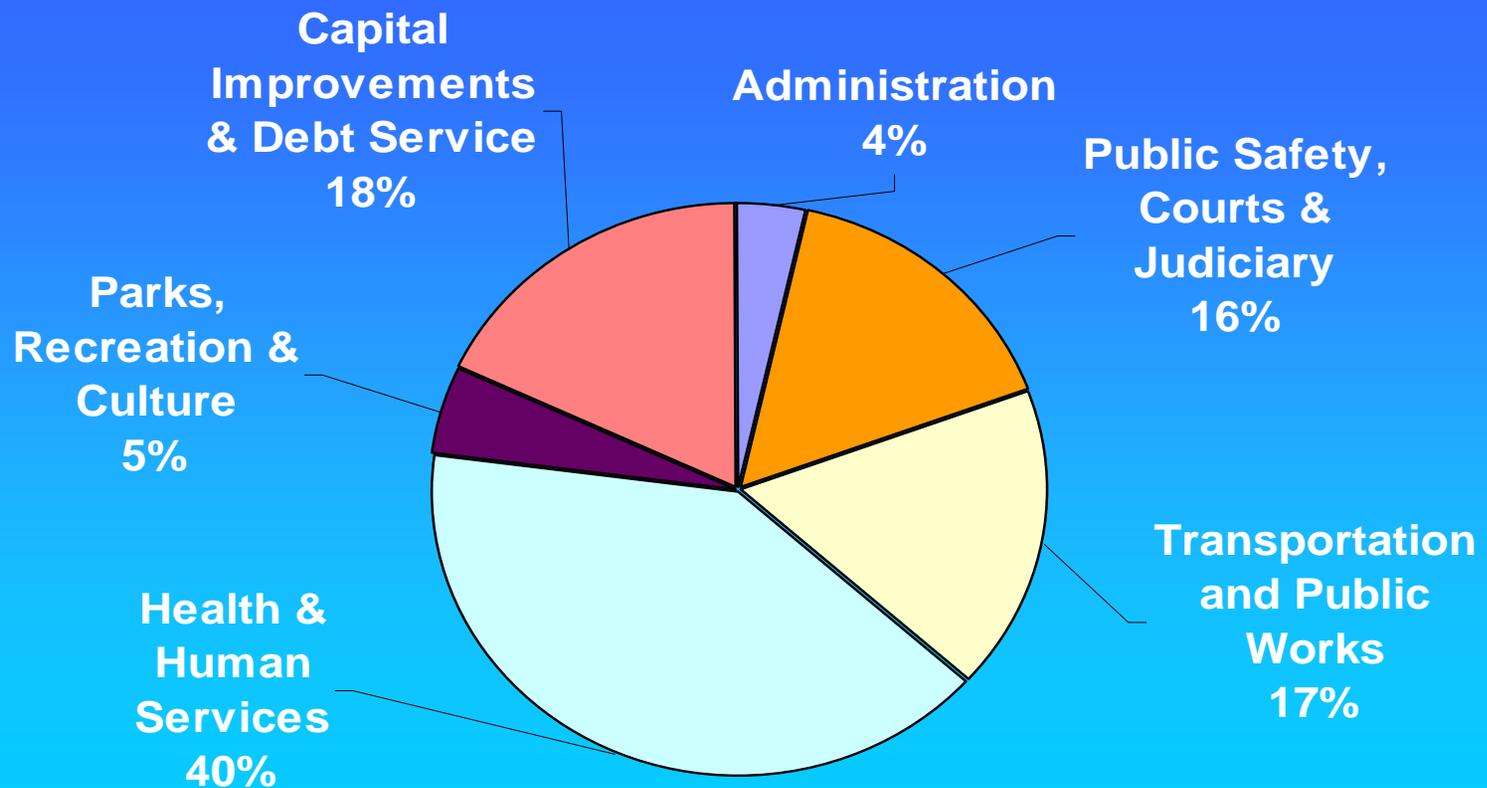
Agenda

- ★ Overview of The County Budget
- ★ Historical Budget Challenges
- ★ County Executive's Goals for the 2011 Budget
- ★ 2011 Budget Challenges
- ★ 2011 Budget Process
- ★ Discussion/Public Input

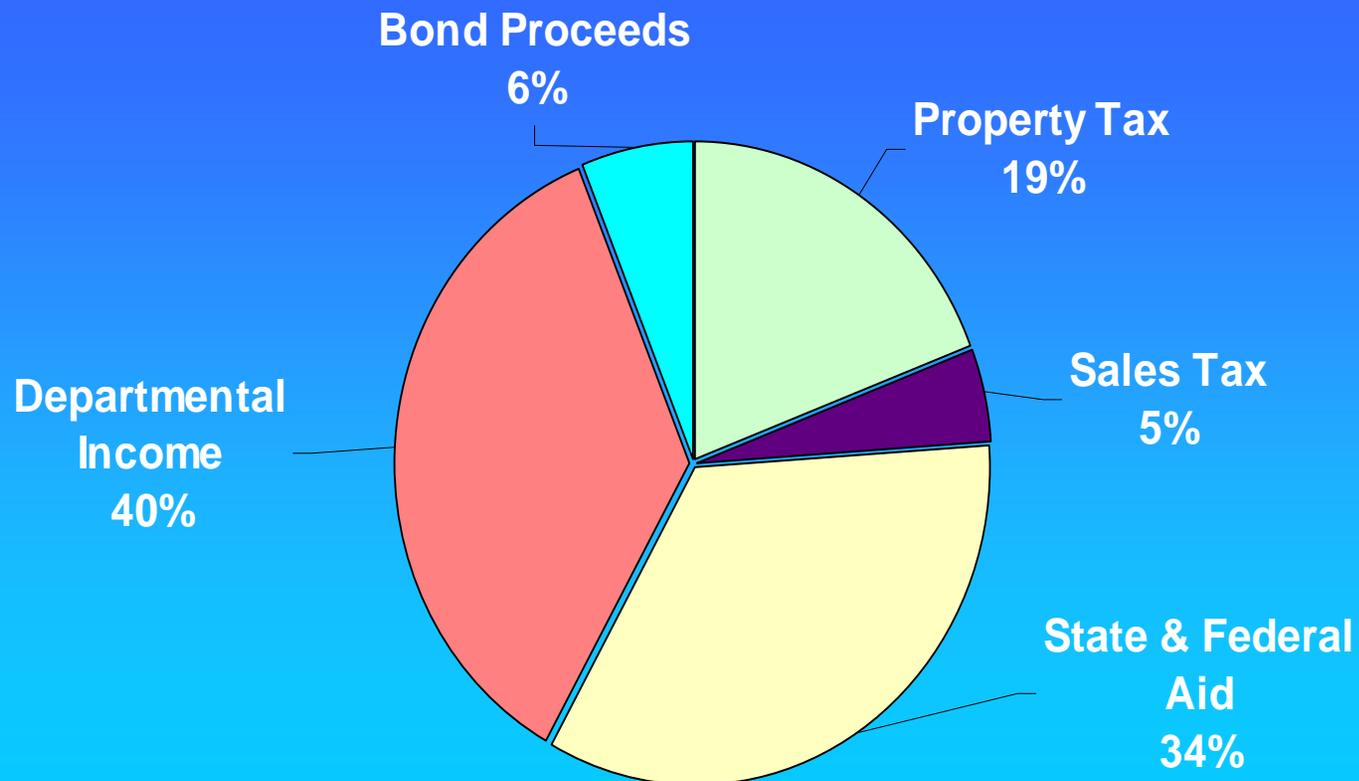


Overview of the County Budget

2010 Expenditure Budget by Function

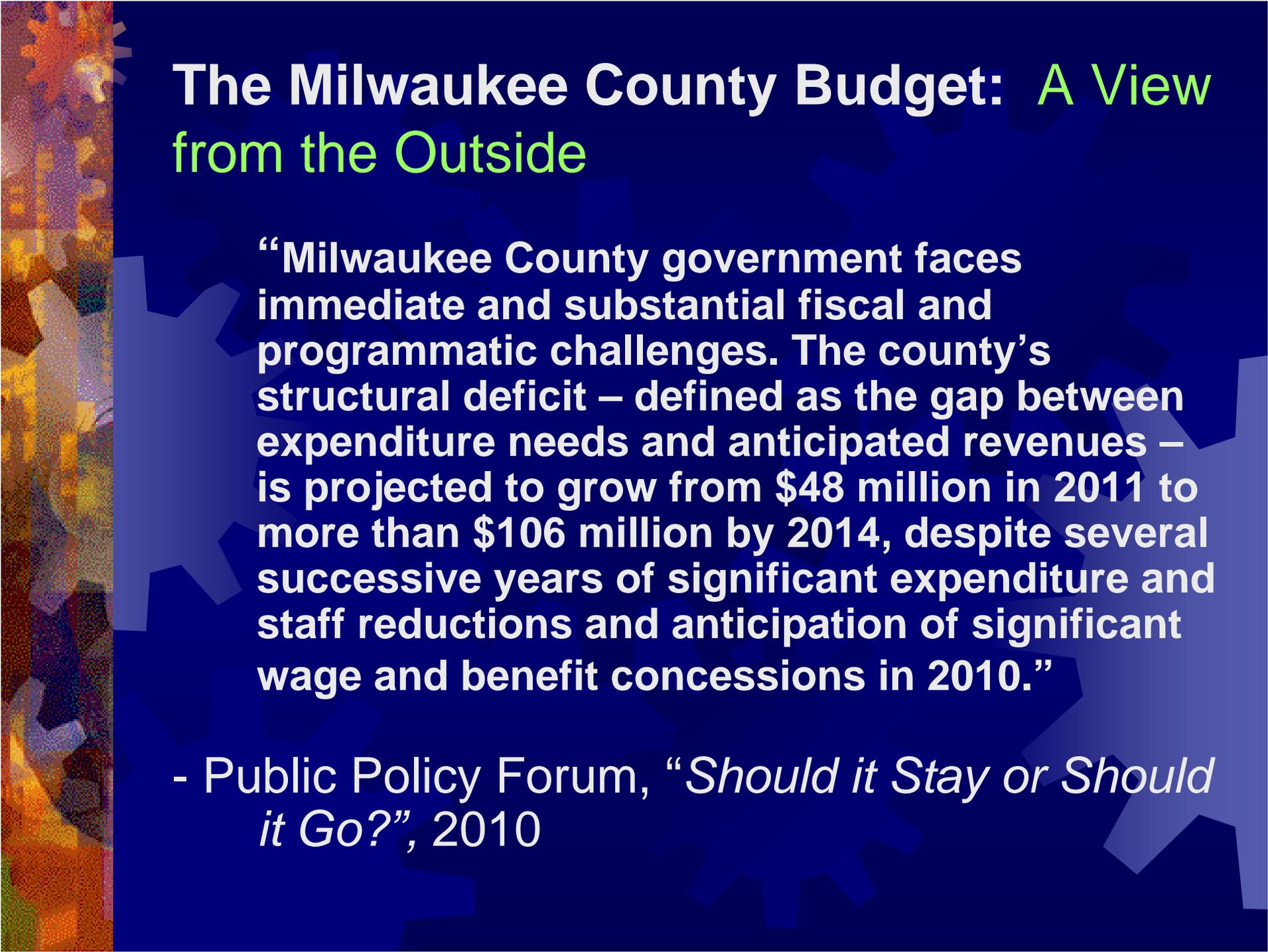


2010 Revenue Budget by Source



The background of the slide is a dark blue field filled with numerous interlocking gears of various sizes and shades of blue. On the left side, there is a vertical strip of a colorful, textured image showing a close-up of several interlocking gears in shades of orange, yellow, and brown. The text "Historical Budget Challenges" is centered in the middle of the slide in a white, sans-serif font.

Historical Budget Challenges

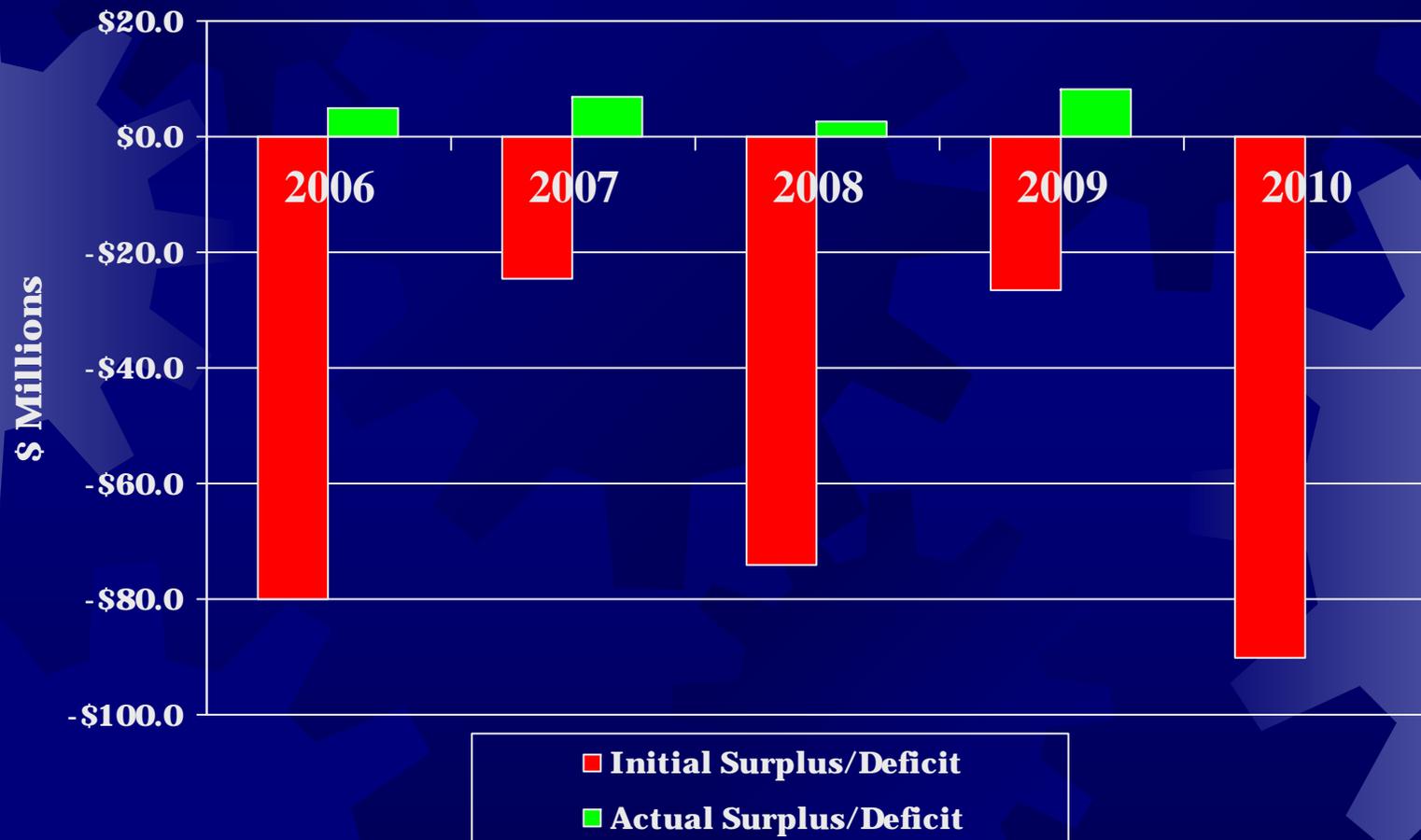
The background of the slide is a dark blue field with several large, semi-transparent gear icons scattered across it. On the left side, there is a vertical strip with a colorful, abstract pattern of gears and cityscape elements in shades of orange, yellow, and brown.

The Milwaukee County Budget: **A View from the Outside**

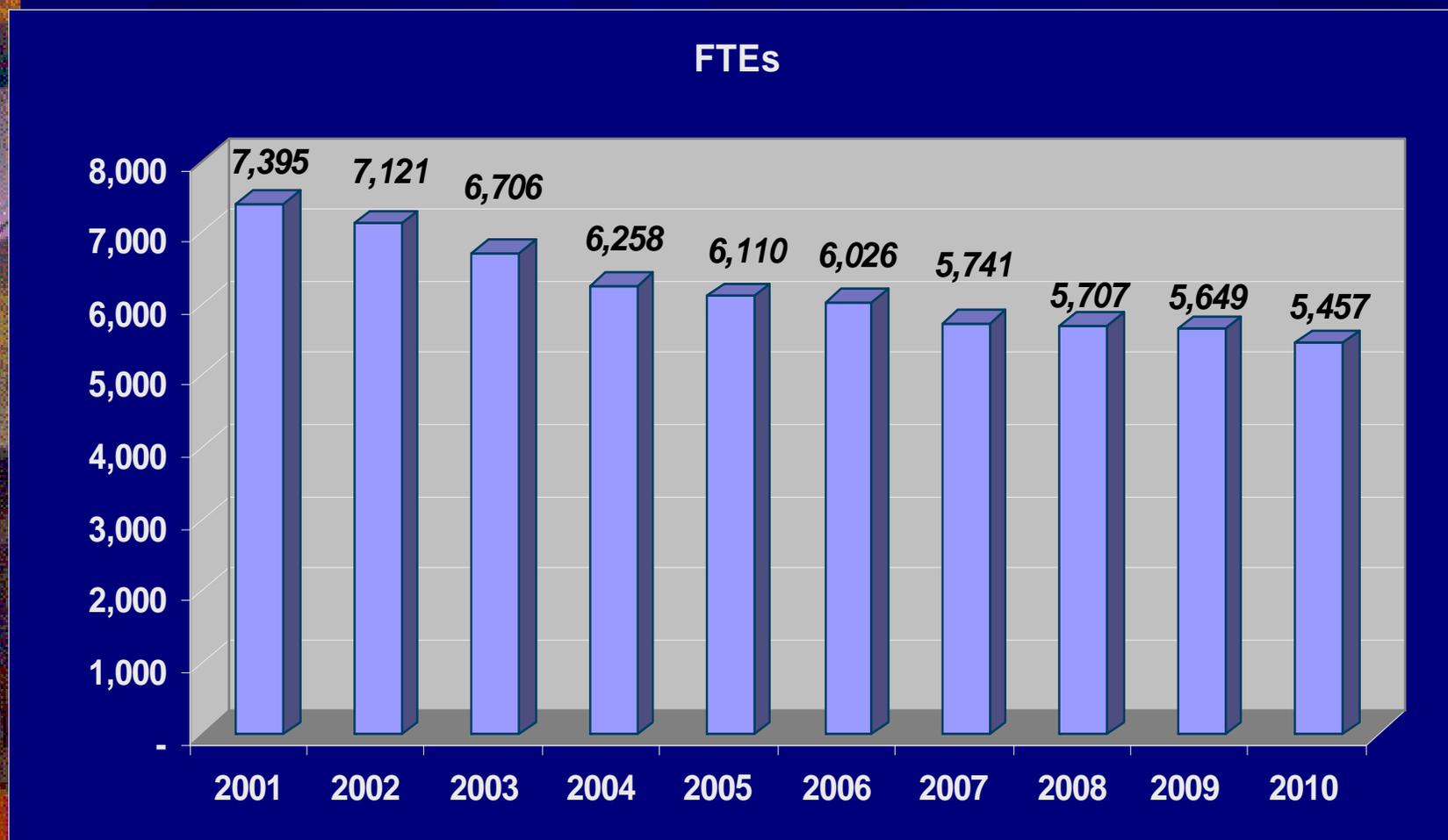
“Milwaukee County government faces immediate and substantial fiscal and programmatic challenges. The county’s structural deficit – defined as the gap between expenditure needs and anticipated revenues – is projected to grow from \$48 million in 2011 to more than \$106 million by 2014, despite several successive years of significant expenditure and staff reductions and anticipation of significant wage and benefit concessions in 2010.”

- Public Policy Forum, *“Should it Stay or Should it Go?”*, 2010

Historical Challenges: Initial Funding Gaps and Final Results



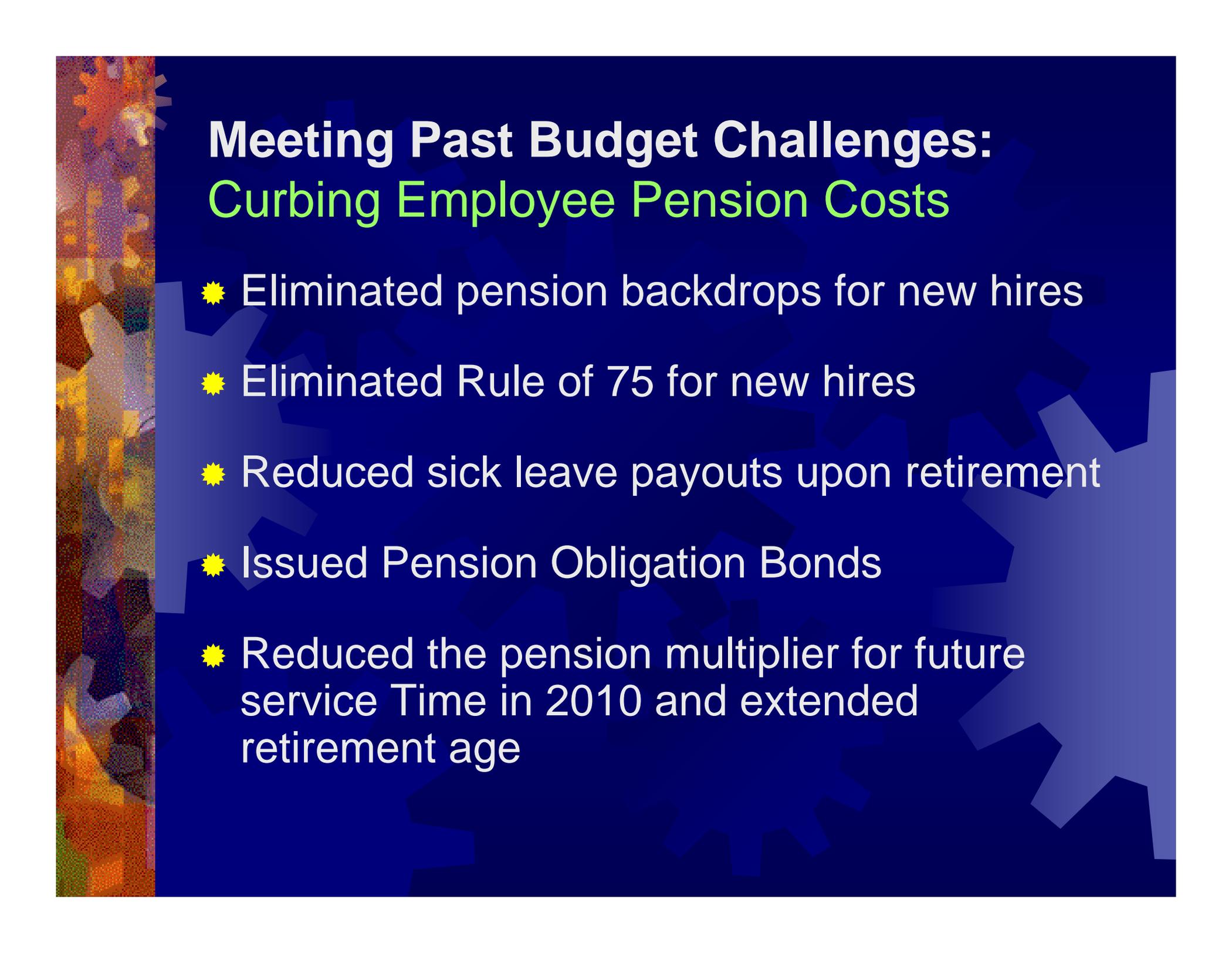
Meeting Past Budget Challenges: Reducing the County Workforce





Meeting Past Budget Challenges: Managing Employee Health Care

- ☀ Employee Wellness Program
- ☀ Employee Health Care Cost-Sharing
- ☀ Active Management of Health Care Costs
 - Improved provider discounts
 - Increased Employee Contributions in 2010
 - 2009 Health Care Expenditures \$12 million below 2008 Expenditures.



Meeting Past Budget Challenges: Curbing Employee Pension Costs

- ✦ Eliminated pension backdrops for new hires
- ✦ Eliminated Rule of 75 for new hires
- ✦ Reduced sick leave payouts upon retirement
- ✦ Issued Pension Obligation Bonds
- ✦ Reduced the pension multiplier for future service Time in 2010 and extended retirement age



Meeting Past Budget Challenges: Additional Accomplishments

- ✦ Aggressive Management of Debt
- ✦ Reformed Overtime to Reduce Payouts
- ✦ Implemented Energy Management Strategies



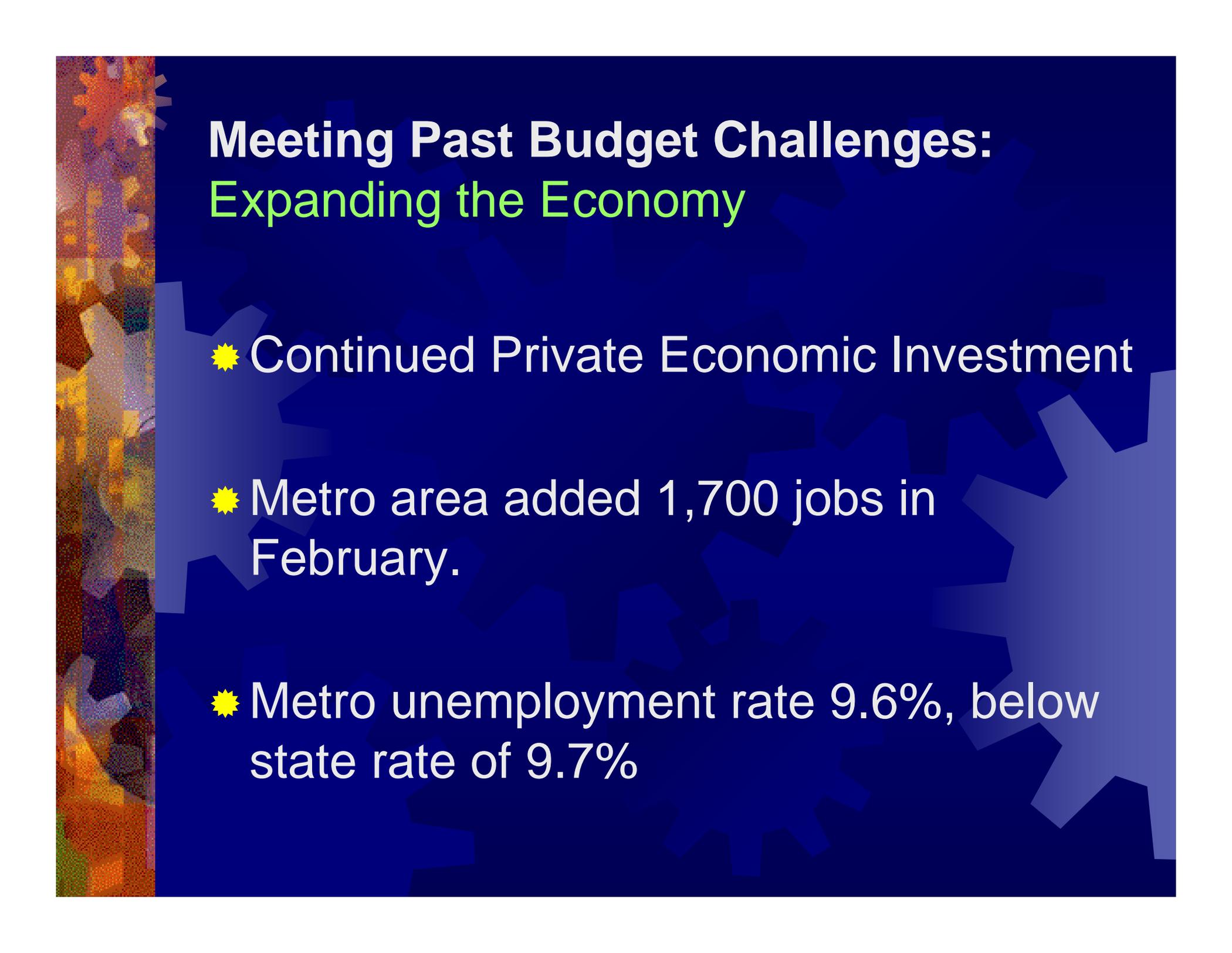
Meeting Past Budget Challenges: Additional Accomplishments

- ✦ Developed long-range financial forecasting and improved capital planning processes.
- ✦ Consolidated the House of Correction and Jail in the Office of the Sheriff.
- ✦ Outsourced Housekeeping, Security, Dietary Services, and IT Functions to the Private Sector

Meeting Budget Challenges:

Effect of these Steps on the County's Structural Deficit:

Forecast Year	2009 Forecast	2010 Forecast
2010	\$78.4M	0
2011	\$109.8M	\$48.0M
2012	\$127.7M	\$66.0M
2013	\$145.5M	\$87.7M
2014	\$152.8M	\$106.4M



Meeting Past Budget Challenges: Expanding the Economy

- ✦ Continued Private Economic Investment
- ✦ Metro area added 1,700 jobs in February.
- ✦ Metro unemployment rate 9.6%, below state rate of 9.7%



County Executive's Goals for the 2011 Budget

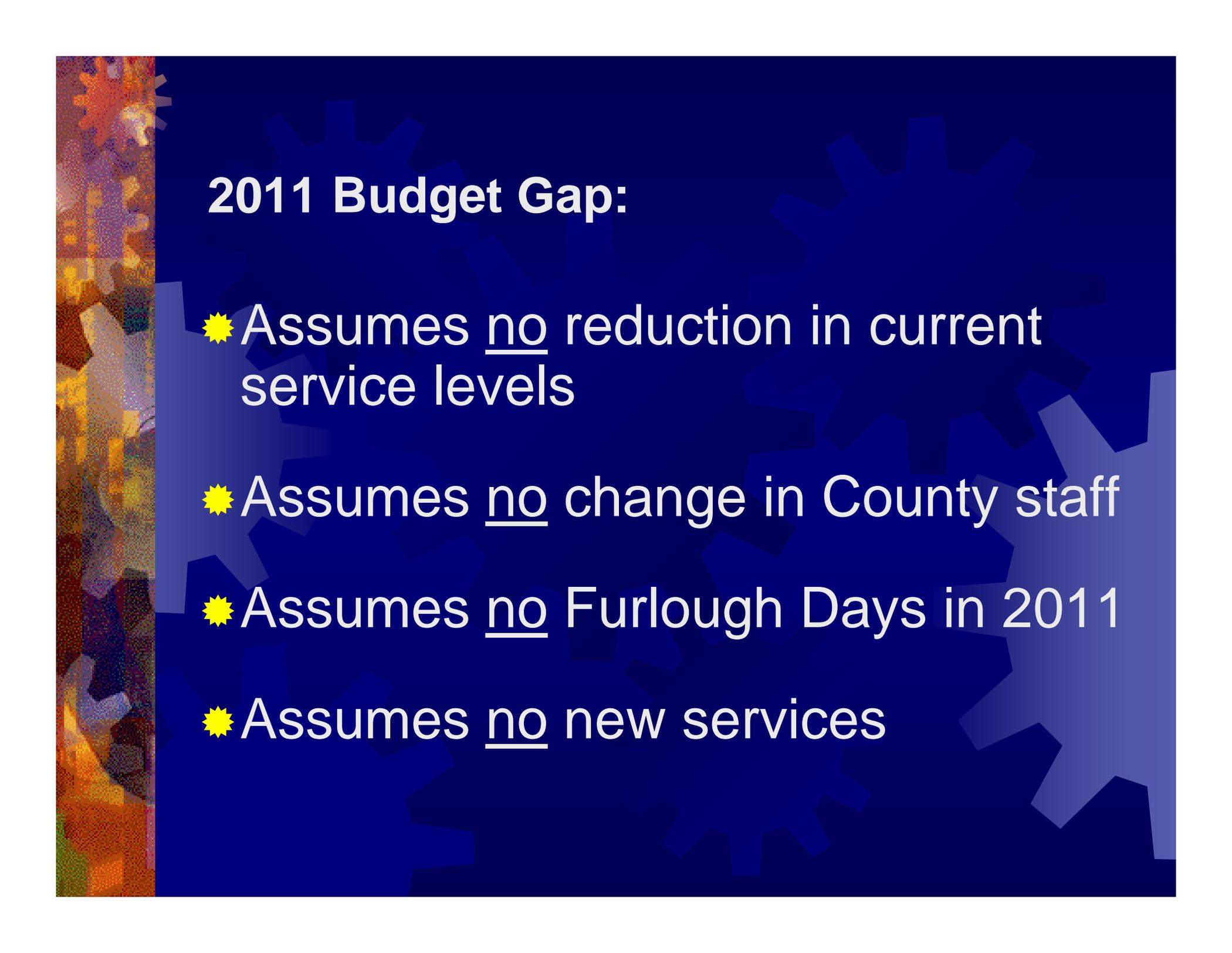


2011 County Executive Budget Goals

- ★ Decrease in County property tax levy
- ★ Continued commitment to core services for Milwaukee County residents
- ★ Address the County's long-term structural deficit

2011 Budget Gap:

$$\begin{aligned} & \text{2010 Costs} \\ & + \\ & \text{Increases in Costs Related to Existing} \\ & \text{Employees and Retirees} \\ & + \\ & \text{Increases in Costs for Utilities, Fuel, etc.} \\ & + \\ & \text{Estimated Reductions in Federal and State} \\ & \text{Aids,} \\ & \text{and Other Revenues} \\ & = \\ & \text{2011 Budget Gap} \end{aligned}$$



2011 Budget Gap:

- ✦ Assumes no reduction in current service levels
- ✦ Assumes no change in County staff
- ✦ Assumes no Furlough Days in 2011
- ✦ Assumes no new services

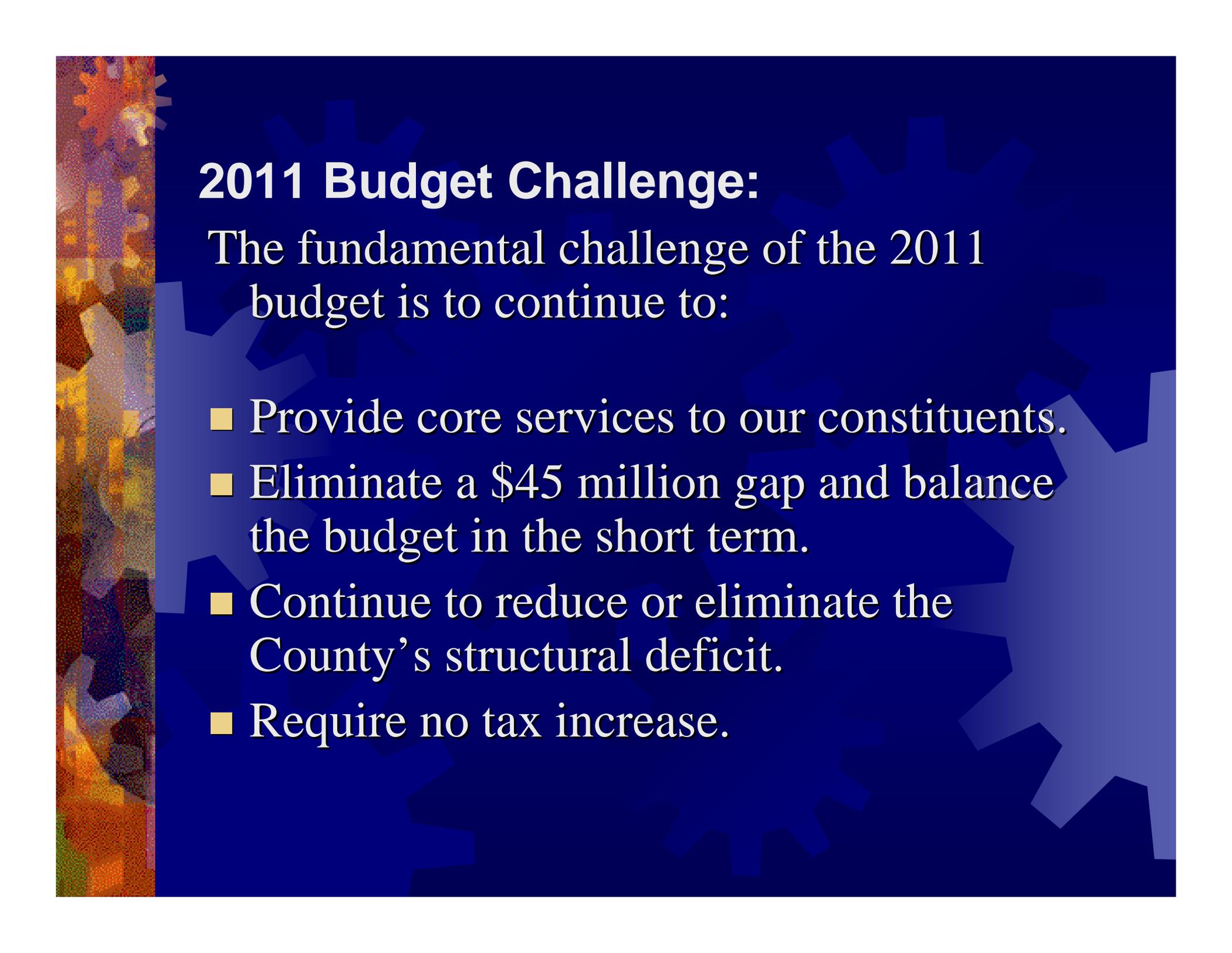
2011 Budget Gap:

☀ Savings from Furlough Days	\$10.1m
☀ Empl./Retiree Health Care	\$9.8m
☀ Pension Contribution	\$5.1m
☀ Increase in Debt Service	\$5.7m
☀ Increase in Other Expenses	\$6.5m
☀ Reduction in Sales Tax	\$3.6m
☀ Reduction in Revenues	<u>\$4.2m</u>
TOTAL	<u>\$45.0m</u>



2011 Budget Challenge: Impact on Homeowners

To address the gap with
a property tax increase,
County property taxes would
have to rise by 17%.



2011 Budget Challenge:

The fundamental challenge of the 2011 budget is to continue to:

- Provide core services to our constituents.
- Eliminate a \$45 million gap and balance the budget in the short term.
- Continue to reduce or eliminate the County's structural deficit.
- Require no tax increase.



The 2011 Budget Process



Budget Process

- ☀ May 2010

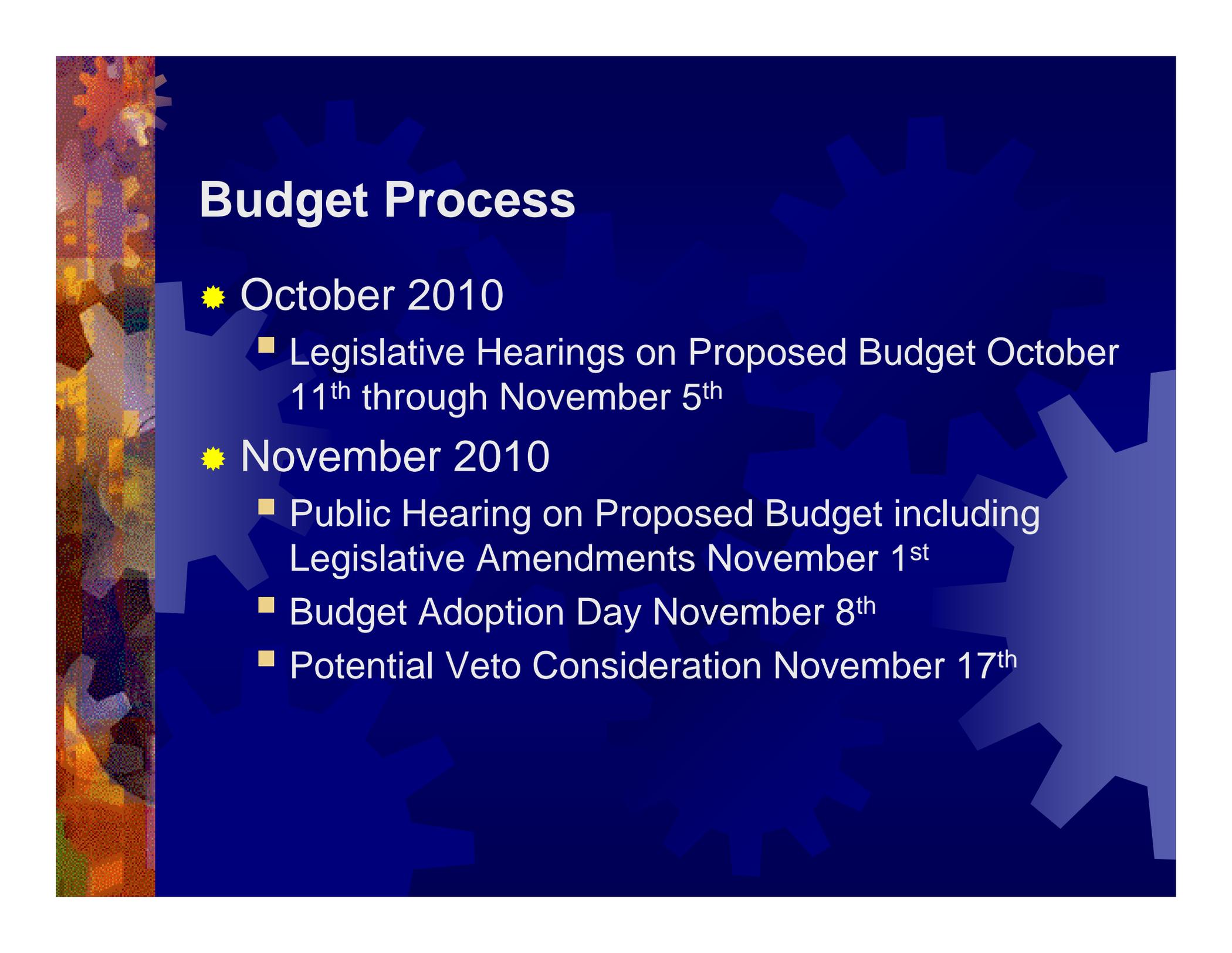
- Listening Sessions

- ☀ July 2010

- Departments Brief County Executive July 1st

- ☀ September 2010

- County Executive Introduces Budget on September 30th



Budget Process

☀ October 2010

- Legislative Hearings on Proposed Budget October 11th through November 5th

☀ November 2010

- Public Hearing on Proposed Budget including Legislative Amendments November 1st
- Budget Adoption Day November 8th
- Potential Veto Consideration November 17th

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Public Input/Discussion