



Milwaukee County Board of Supervisors

— *Lee Holloway* —
Chairman of the Board

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For Immediate Release
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CROSSROADS

Walker would borrow, sell land to fix budget

Milwaukee, WI – Last week, Milwaukee County Executive Scott Walker issued the charge to Milwaukee County taxpayers to lobby Milwaukee County Board Supervisors to blindly pass the 2005 Milwaukee County budget that he recently submitted. I believe I can safely respond on behalf of my colleagues on the County Board and say that we individually and collectively always welcome hearing from the constituents we serve. We are frankly concerned, however, when these communications don't have a basis in fact and are filled with the County Executive's distortion of reality.

To fulfill his pledge of "freezing" the property tax levy, the County Executive is counting on significant revenue from the sale of county land, a high-risk pension obligation bond scheme loaded with up-front savings and the abolishment of hundreds of County jobs.

He then cries "foul" when the Board has not shown unquestioning acceptance of a \$1.1 billion spending plan, sparse of details, which will significantly affect future budgets and future generations. This rubber stamping philosophy that the County Executive appears to expect from the Board would be simply irresponsible. It's the kind of governing that led to the taxpayer revolt that occurred in County government just a few years ago.

I respect the fact that the County Executive is pursuing creative ways to balance the 2005 budget. What I don't respect is that he's willing to roll the dice on high-risk gambles but has failed to make a commitment to this community and his current job in case the results of the risk places the County's financial standing belly up.

Pension Obligation Bonds

These bonds provide a newly used tool in bringing operational dollars into Milwaukee County. The County Executive proposes to issue approximately \$261 million in pension obligation bonds in 2005 to be paid off over up to 30 years. He expects that the Pension Fund will generate investment earnings on these funds that exceed the debt service costs

of the pension obligation bonds.

For 2005, he anticipates the total pension contribution savings to be \$10.5 million. Included in this amount is the "front-loading" of some of the anticipated savings by pushing out the bond repayment schedule to generate an additional \$3.5 million of savings in each of the next two years.

As policy makers, we are asking taxpayers do they want their government to borrow huge sums of money in hopes of hitting it big in the stock market? What we need is a reliable plan to manage the fiscal challenges related to the pension enhancements. Putting it all on the credit card for future generations to pay is simply despicable.

We need to look at specifics to make a decision, yet none are provided.

The County Executive's scheme of front loading the hoped for savings reminds me of the classic line of Popeye's buddy J. Wellington Wimpy who used to say: "I would gladly pay you Tuesday for a hamburger today."

Land Sales

This is an attempt by Walker to balance the budget on land sale revenue. He claims the Board doesn't want to go higher than last year in budgeting land sales. Actually, it was Walker who recommended in his 2004 budget to reduce land sale revenue "because budgeting of land sales to support ongoing operations is not a recommended financial practice." Now we see a flip flop on his own policy by more than doubling the amount of land sales for 2005, to \$11.6 million, creating serious budget holes for future years!

Selling County assets -- a one-time revenue -- to fund the on-going operating budget is bad public policy. It is a short-sighted fix that cannot be sustained. Milwaukee County citizens understand that you can't balance the family budget very long by selling your possessions.

These lands have been a part of Milwaukee County for generations. If sold, these proceeds should be used in a way to benefit future generations as well.

County Position Abolishments and Health Care Costs

The County Executive's budget proposes the abolishment of approximately 9.6% of the County's full-time equivalent positions. I'm concerned that these position cuts might hinder our ability to properly staff and manage our programs. What will be the impact of more job cuts? Further deterioration of our Parks System?

Walker also tries to make a case that he is saving health care and sick leave payout costs, presumably over the Board's objections. This is a major distortion. Health care cost increases have little to do with any actions of the County Board. Rather, they are something all governments and businesses are experiencing. Walker's proposal to save costs

lacks any details. They also assume negotiated savings that have no assurance of happening.

Walker wants to use "all of our financial tools to balance the budget." The County Board agrees. But these tools must be legitimate, well thought out and free from budget tricks today at the expense of our children and our children's children tomorrow.

Citizens elect leaders that they trust will make the tough decisions about balancing the needs of the community with what they can afford to pay. In the 2005 Budget, the County Executive has left those decisions for future leaders to make.

The County Board is fighting for the Milwaukee County taxpayer and for Milwaukee County residents. After two years of tax freezes, we're in a position where we must make really tough choices. Choices that will determine the core programs and services we will continue to provide. Tough choices that will dictate what quality of life offerings will be available for generations to come. And, tough choices about what we're willing to spend to maintain our standing as a world class community.

Am I willing raise taxes to the maximum allowable by the law? Let me make it perfectly clear – Absolutely, positively and unequivocally NO! But I am not willing to cut taxes or maintain a tax freeze for political pandering and sketchy, risky one time investment schemes. The Milwaukee County community deserves better than that.

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