



Overview of the County Executive's 2016 Recommended Budget

Prepared by the Office of the Comptroller
Research Services Division

County Structural Deficit

August 2015 Five-Year Fiscal Forecast

- \$26.2 million shortfall for 2016
- \$74.7 million in 2020 without permanent fixes
- \$48.9 million lower gap in 2016 than 2011 projection

2016 CEX Budget Fiscal Synopsis

- Total Expenditures: **\$1,374,746,605**
- Increase **\$37 million** or **2.8%**
- Tax Levy remains at **\$282,985,125**

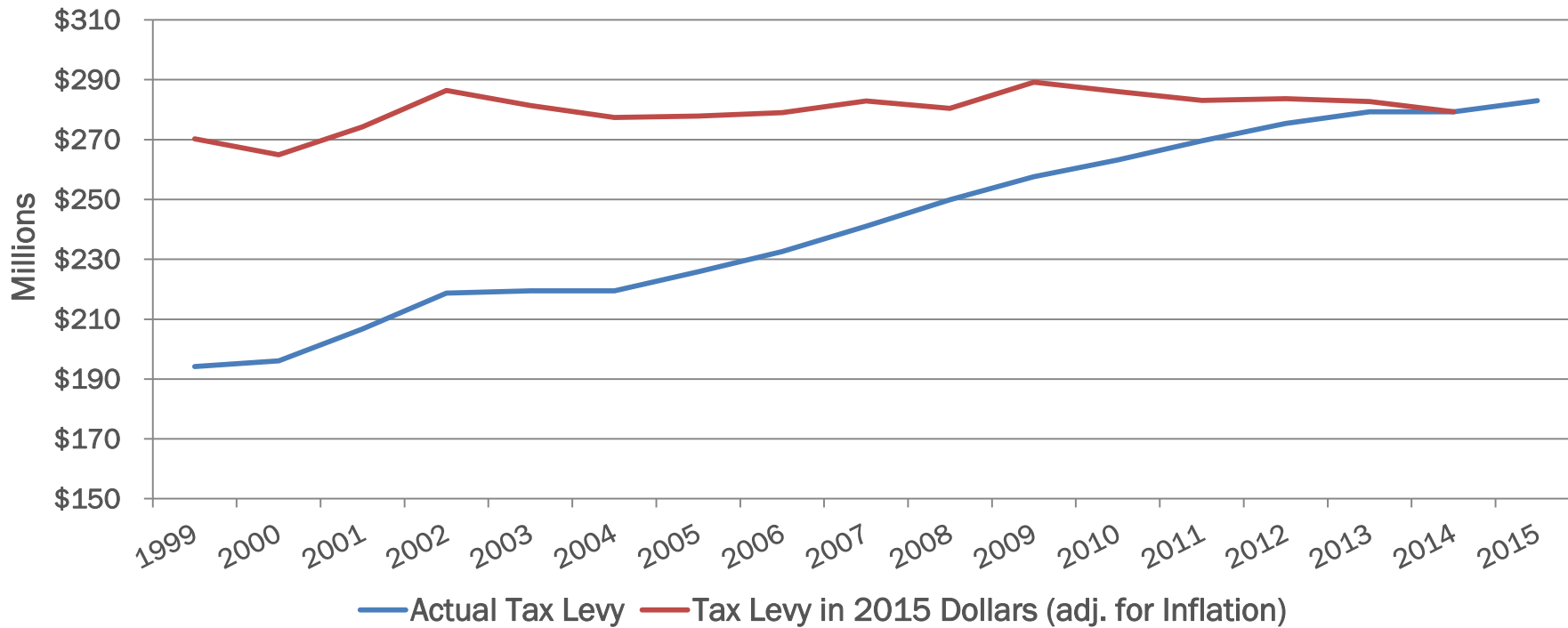
Tax Levy Cap

- Allowable increase for 2016 is **\$3.3 million**, or **1.2%**
- Unused exemptions for EMS & Federated Library expenditures raise the allowable levy increase by **\$5.0 million** to a total of **2.9%**

Tax Levy Change History Since 1999

Milwaukee County Inflation-Adjusted Tax Levy 1999-2015

Nominal and 2015 Constant Dollars



Avg. Tax Levy
Increase: 2.4%

Avg. Annual
Inflation: 2%

Budget Narrative Changes

- Narratives contain less written information about program and service changes
- Personnel Summary Tables removed from budget narrative

FTE Positions and “At-Risk” for Layoff

- FTEs increase by 131 or 2.9%
- 2016 FTEs are 111 more than 2015 due to salary adjustments
- Ten positions estimated “At-Risk” of layoff

Notable Expenditure Changes

County Pension Contribution	\$22.4 M
Employee/Retiree Health Costs	(\$12.4 M)
Employee Salary Costs	\$11.2 M
Sheriff Lump Sum Increase	(\$8.0 M)
Approp. For Contingencies	(\$3.6 M)
Election Commission	<u>\$0.7 M</u>
Total:	\$10.3 M

Notable Revenue Changes

Debt Service Reserve Contrib.	\$7.9 M
Contribution to Sports Arena	(\$4.0 M)
Employee Pension Share	\$3.6 M
POB Stabilization Reserve	\$3.0 M
Sales Tax Revenue	\$3.6 M
Transit Revenue	(\$2.3 M)
Other Misc. Revenue	(\$1.8 M)
O'Donnell Parking Revenue	\$1.5 M
Unclaimed Funds	<u>(\$1.2 M)</u>
Total:	\$10.3 M

Key Items Used to Balance Budget

- **\$14.25 million in debt service reserve funds**
 - Reduces debt service costs/provides more sales tax for operating budget
- **\$3.0 million in pension obligation bond reserve funds**
 - Funds used to help offset \$22.4 million increase in pension costs
- **\$9.8 million lump sum reduction in Sheriff**
 - Reduces budget by \$8.0 million compared to 2015
- **\$12.4 million savings in employee/retiree health care costs**
 - Funds used to help offset pension cost increase

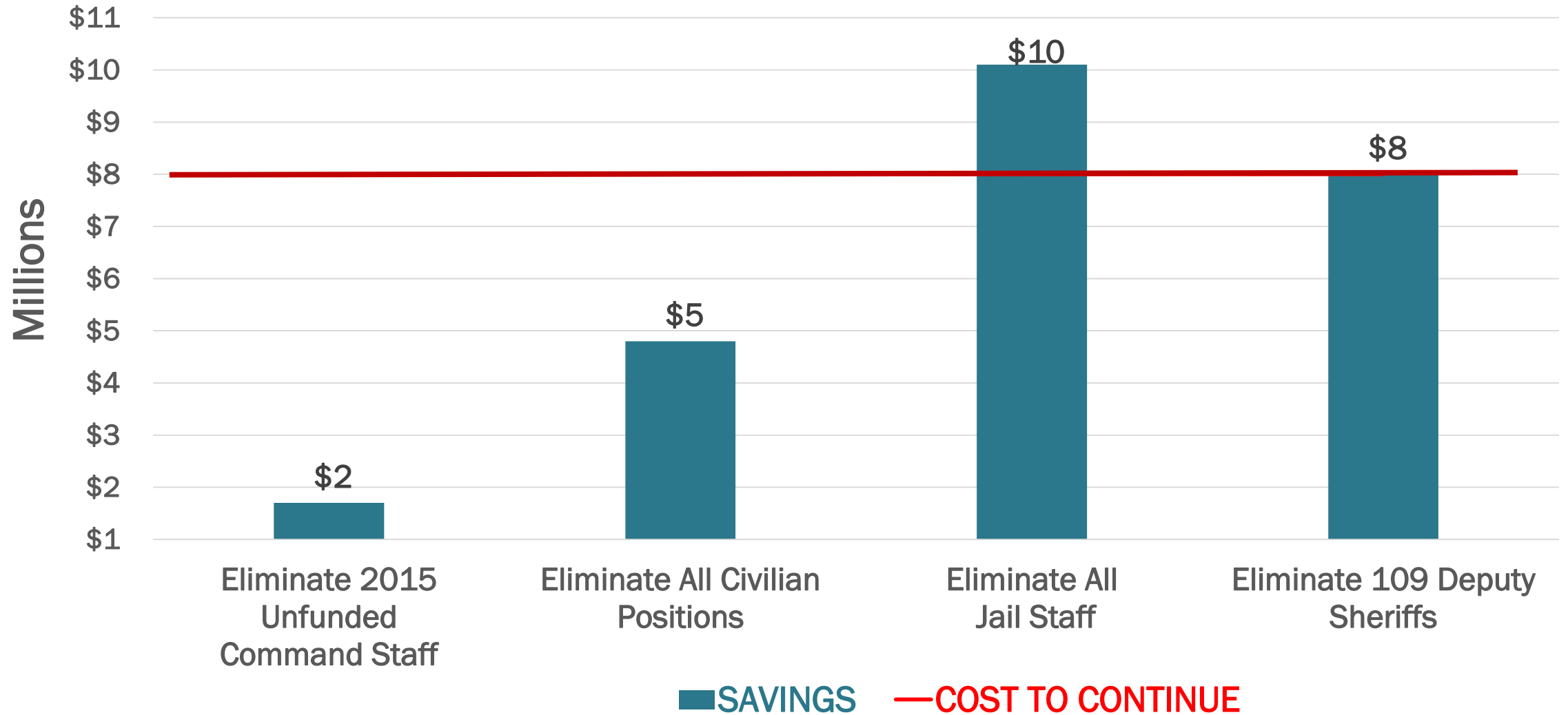
Change in Sheriff's Budget

2016 Major Expenditure Increases from 2015 Levels

Salaries for Existing Staff*	\$3.2 M
Legacy Fringe Benefits	\$1.9 M
IMSD Technology Charges	\$1.1 M
Courthouse Space Charges	\$1.6 M
Remaining Operating Costs	\$1.2 M
Total Expenditure Increase in 2016 Budget	\$9.0 M
Increased Revenue for 2016 for a tax levy savings	(\$1.0 M)
Net Expenditure increase from 2015 to 2016	\$8.0 M
2016 Total Lumpsum Expenditure Reduction Increase	(\$8.0 M)
2016 Tax Levy Change	\$0 M

*including 2015 new deputies

BUDGET GAP ILLUSTRATIONS



Debt Service Reserve Projected Balance

Balance as of 12/31/2014	\$40.2 M
Amount used in 2015 Adopted Budget	(\$6.3 M)
Amount expended in 2015	(\$10.1 M)
Adjusted Current Balance	\$23.8 M
Amount Projected due to 2015 Surplus	\$14.7 M
Pending Request to use portion for pension	(\$7.5 M)
Projected Balance as of 12/31/15	\$31.0 M
2016 CEX Budget Use	(\$14.2 M)
Projected Balance as of 12/31/16	\$16.8 M

Pension Obligation Bond Reserve Contribution

Recommended Budget includes:

- A \$3.6 Million contribution from POB Reserve fund in 2016 Recommended Budget
- Current balance of POB Reserve is \$6.9 Million
- Funds must be used to pay pension liabilities

Employee Wages

Recommended Budget includes:

- 1% Cost of Living Adjustment (COLA) effective 6/19/16
- 0.5% Merit Bonus effective 6/19/16 to employees in good standing
- 1.5% COLA provided in 2015 Funded for Full Year in 2016
- Most Employees to Contribute 6.5% toward Pension, up from 5% in 2015.

Employee Benefits

Recommended Budget includes:

- Reduction in FSA Match from \$2 to \$1 for each \$1 employee contributes
- Modifications to Rx coverage/formulary to encourage lower cost alternatives
- Preauthorization for additional procedures.
- Tuition Reimbursement Program to provide up to \$2,500/year

Department of Health & Human Services: Behavioral Health Division

Wisconsin Act 203:

- Created the Mental Health Board (MHB)
- Shifted governance from County Board to MHB

Corporation Counsel has advised that per statute, the County Board “shall incorporate into the budget for Milwaukee County” the “tax levy amount as proposed by the county executive,” the community aids allocation allocated by the Board under § 51.41(4)(b)3, and the balance of the total mental health budget amount proposed to the County Executive by MHB. § 51.41(4)(b)4, Stats.

BHD Tax Levy

2015 Adopted BHD Tax Levy	\$62.1 M
MHB Requested 2016 Tax Levy	\$59.4 M
2016 Recommended Tax Levy	\$58.8 M
Difference MHB REQ. and CEX REC. (\$0.6 M)	

The primary programmatic difference is a reduction of approximately \$196,000 to make third shift coverage a pilot rather than permanent. The remainder of the changes are primarily related to legacy fringe benefit charges.

Capital Improvements Program

	Non-Airport	Airport	Combined
Total Number of Projects	73	15	88
Total Expenditures	\$ 60,493,133	\$ 22,158,500	\$ 82,651,633
Total Reimbursement Revenues	\$ 9,426,497	\$ 10,493,875	\$ 19,920,372
Net County Financing	\$ 51,066,636	\$ 11,664,625	\$ 62,731,261
<i>Financed as follows:</i>			
General Obligation Bonds	\$ 39,728,678	\$ -	\$ 39,728,678
Airport Revenue Bonds		\$ -	\$ -
Passenger Facility Charges (PFC)	\$ -	\$ 1,873,625	\$ 1,873,625
Sales Tax Revenue (cash financing)	\$ 10,451,068	\$ -	\$ 10,451,068
Misc. Revenue/Sale of Asset	\$ -		\$ -
Airport Capital Improvements Reserve	\$ -	\$ 9,791,000	\$ 9,791,000
Private Donations	\$ 886,890	\$ -	\$ 886,890
Total Financing	\$ 51,066,636	\$ 11,664,625	\$ 62,731,261

Major Capital Projects/County Funding

Demolition of BHD Buildings \$3.8 M

Purchase 30 New Buses \$12.2 M

Marcus Center HVAC \$3.6 M

War Memorial Funding \$2.0 M

Cash Financing in Capital Budget

- \$10.4 M of Sales Tax Funding and \$0.9 M of Private Contributions used to Cash Finance Non-Airport Capital Projects
- This represents 22.2% and exceeds County Goal of 20%

Capital Improvements Committee (CIC) and Bonding Limits

- CIC Recommendations compared to CEX Recommendations at the end of the Overview
- 2016 Recommended Budget \$4.1 M below bonding limit based on 2015 Adopted Amount.



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