



Testimony

of

The Honorable Lee Holloway, Chairman

Milwaukee County Board of Supervisors

Submitted for the Hearing Record

**Joint Committee on Finance
Wisconsin State Legislature**

April 11, 2011



Milwaukee County Board of Supervisors

Lee Holloway

Chairman of the Board

*Testimony of Lee Holloway, Milwaukee County Board Chairman
Presented to the Joint Committee on Finance, April 11, 2011*

First, I want to thank the Co-Chairs for bringing the Joint Committee on Finance to Milwaukee County again. Having served as the Board Chairman for nine years, I present this testimony on behalf of Milwaukee County.

As introduced, the 2011-2013 budget poses real challenges to Milwaukee County residents. Summarized below are 2012 estimates of cuts in key aids for local governments in Milwaukee County. The estimated \$97.2 million reduction sum is substantial, and does not even include proposed funding reductions to higher education (University of Wisconsin-Milwaukee and Milwaukee Area Technical College) or adjustments to per pupil revenue limits.

The cumulative effect of the following budget cuts will negatively affect the delivery of public services to Milwaukee County residents in their daily lives:

- County and municipal aid to local governments in Milwaukee County will be reduced by about \$23 million;
- General Transportation Aids (GTAs) to local governments in Milwaukee County will be reduced by over \$7 million;
- General School Aids to K-12 schools in Milwaukee County could equal \$67.1 million¹.

Milwaukee County State Aid Reductions: Shared Revenues, Transit, Youth Aids, General Transportation Aids and Child Support

Under the proposed budget, in 2012 the cut to Milwaukee County shared revenue would be \$8.3 million and the GTA reduction would be \$642,000.

The Milwaukee County Transit System anticipates a \$7 million loss in operating assistance next year based on the proposed 10% reduction in the State budget. This ill-advised cut would hurt the regional economy, and the Committee should reverse it.

Milwaukee County also projects a \$1.8 million reduction in Youth Aids in 2011 and a \$3.6 million cut in 2012. With the Department of Corrections moving to close Ethan Allen in Waukesha County, the State needs to provide local governments with more tools, not less. The Committee also should amend the budget to include modifications to Chapter 938 as recommended by Milwaukee and Racine Counties.

Further, if the Committee approves the level of funding for local child support assistance recommended in the 2011-2013 budget, enforcement activities in Milwaukee County would be reduced by \$3.6 million next year.

¹ March 15, 2011, Legislative Fiscal Bureau estimate as if applied for this year

Total State Aids Reductions to Milwaukee County: Human Services Cuts Unknown

In total, **Milwaukee County already has identified a loss in State revenues of \$2.7 million in 2011 and \$26 million in 2012.** Additional reductions in human and mental health services are anticipated, but unknown, given the broad authority the budget adjustment bill would give the Department of Health Services to implement a \$500 million cut to Medicaid with limited legislative oversight. Additionally, the proposed Family Care cap would result in undesirable waiting lists for elderly and persons with disabilities effective June 20, 2011.

Wisconsin Act 10: Budget Adjustment Bill

The Administration has claimed that the proposed cuts to local municipalities in the biennial budget could be offset by the provisions relating to employee health care and pension contributions in the budget repair bill. Information compiled by the Milwaukee County budget office indicates the budget adjustment bill would allow Milwaukee County to achieve some labor savings but not nearly enough to offset proposed aid reductions. **Taking into account the non-base wage and benefit reductions achievable through the budget adjustment bill, Milwaukee County anticipates at least an \$18.4 million deficit in 2012.**

Milwaukee County has been a leader in employee benefit reform, but now is effectively being punished for taking the initiative to ask employees to contribute more toward their benefits. For example, the 2011 Adopted Budget for Milwaukee County already includes a 4% phased-in pension contribution from employees and, based on 2010 costs, a 16.3% health care contribution from non-represented employees. The budget adjustment bill proposes extending a 6% pension contribution to Milwaukee County employees (excluding non-public safety bargaining units). The budget adjustment bill also would give Milwaukee County policymakers the option of extending health care plan redesigns that currently apply to non-represented staff and retirees to other employees who are not represented by non-public safety bargaining units.

Property Tax Limitations

The proposed 2011-2013 budget includes restrictive property tax limitations. These restrictions, coupled with State aid cuts, will result in a reduction in vital County-provided services because the labor modifications in the adjustment bill do not offset the cuts proposed in the biennial budget. **Milwaukee County already has budgeted almost 70% of the savings available through the budget adjustment bill.**

Additionally, don't punish Wisconsin Counties for not using unused tax levy cap room from the previous year. In the past, that was carried forward giving bond rating agencies and financial markets comfort that we have the capacity, if needed, to repay our obligations. An alternative approach would be to reduce it gradually instead of totally cutting it off in one year. Second, if debt service is reduced from the previous year, we have to reduce the tax levy a commensurate amount. This reduction should be capped at zero. We have significantly reduced our capital improvements costs over the past several years to ensure that monies that would otherwise go to debt service would be available to pay for programs and services, without having to increase the property tax levy.

Shared Revenues

The 2011-2013 budget proposes to cut shared revenues to Wisconsin Counties by 24.1 percent and to municipalities by 8.8 percent. The reduction to the County's portion of shared revenues should be no more than the 8.8% cut applied to municipalities. It should be noted that the \$8.3 million reduction in shared revenue to Milwaukee County actually reflects a 21% reduction in our receipt of aid after the Department of Administration intercepts \$20.1 million for the administration of the Child Welfare program in Milwaukee County.



Milwaukee County

Board of Supervisors

Lee Holloway, Chairman

Testimony presented to the Joint Committee on Finance, April 11, 2011

Today, we are here to ask you to join us in support of the Milwaukee County Transit System (MCTS) and to recognize the bus system as an integral part of the economic engine that drives Southeastern Wisconsin. Mass transit is critical to the metropolitan transportation infrastructure; it is as important to the area as roads and highways. The proposed biennial budget prioritizes roads and highways but leaves transit behind. Instead of cutting transit, the State should pass legislation to create a dedicated funding source for the MCTS.

Without a dedicated funding source for transit (other than the property tax), we have witnessed a steady decline in bus service. According to a study by the University of Wisconsin-Milwaukee Center for Economic Development, a minimum of 40,000 jobs became inaccessible by transit due to service cuts between 2001-2007. The region needs a strong and vital transit system to remain competitive and move the region forward. Your help is needed to reverse the pattern of service reductions and fare increases.

We urge you to prioritize and support transit by rejecting the Governor's proposal to reduce State operating assistance by 10% next year. This 10% reduction would equal a \$7 million cut to MCTS in 2012.

- The MCTS Director has informed the Milwaukee County Board this reduction would equate to a loss of 100,000 hours of bus service.
- The Executive Director of the Southeastern Wisconsin Regional Planning Commission (SEWRPC) has projected the cut would equate to an 8% service reduction or a 29% increase in bus fares.

Given the proposals in the budget to severely restrict levy limits and to cut other key State aids (shared revenues, youth aids, general transportation aids, and human services), a cut in transit operating assistance most likely would translate into service reductions via fare increases, route eliminations, and shortened paratransit service. It would be necessary to reexamine reductions in MCTS service, including the possible elimination of:

- Freeway Flyer service (\$1 million);
- Service to Summerfest and State Fair (\$500,000);
- Late night/early morning service (\$1.5 million); and
- Service on Routes 28, 64, 68, 219 (\$1.8 million).

A reduction in the scope of paratransit services to the federally required minimum of a $\frac{3}{4}$ mile transit service also could be considered. If MCTS no longer provided paratransit for persons with disabilities Countywide, the suburbs of Franklin, Oak Creek, Hales Corners, Fox Point, Bayside, River Hills, as well as significant portions of the Northwest side of the City of Milwaukee would be left without transportation services to provide individuals with disabilities rides to medical appointments and jobs (\$600,000 - \$900,000).

Via referendum, Milwaukee County voters already have endorsed removing transit from the property tax. Please "Save Our Ride" and take legislative action to preserve State funding for MCTS.

POTENTIAL SERVICE REDUCTIONS AND FARE INCREASES NEEDED FOR PUBLIC THE TRANSIT SYSTEMS IN THE REGION TO OFFSET PROPOSED REDUCTIONS IN STATE TRANSIT ASSISTANCE IN 2012

Transit Services	Estimated 2011 State Aid Contract Amounts ^a				2012 Actions			
	Operating Cost	Operating Revenues	Public Funding		Proposed 10 Percent Reduction in State Transit Assistance ^b	Potential Service Reduction to Offset Reduced State Transit Assistance ^c	Potential Fare Increase Needed to Offset Reduced State Transit Assistance ^d	
			Federal	State				Local
Bus Systems								
Kenosha-Racine-Milwaukee Counties.....	\$ 1,236,896	\$ 262,000	--	\$ 723,584	\$ 251,312	\$ 974,896	\$ -72,358	60%
City of Kenosha.....	\$ 7,352,929	\$ 1,264,650	\$ 2,314,318	\$ 1,917,716	\$ 1,856,245	\$ 6,088,279	\$ -191,772	47%
Milwaukee County.....	\$ 171,404,608	\$ 59,380,989	\$ 18,648,933	\$ 68,583,168	\$ 24,791,518	\$ 112,023,619	\$ -6,858,317	29%
Ozaukee County (Bus & Taxi).....	\$ 2,653,128	\$ 454,465	\$ 424,200	\$ 1,115,153	\$ 659,310	\$ 2,198,663	\$ -111,515	60%
City of Racine.....	\$ 7,855,638	\$ 1,662,600	\$ 2,472,545	\$ 2,048,828	\$ 1,671,665	\$ 6,193,038	\$ -204,883	38%
Washington County (Bus & Taxi).....	\$ 3,269,347	\$ 589,500	\$ 612,723	\$ 1,281,463	\$ 785,661	\$ 2,679,847	\$ -128,146	55%
City of Waukesha & Waukesha County.....	\$ 9,746,971	\$ 2,068,656	\$ 1,013,993	\$ 4,657,565	\$ 2,006,757	\$ 7,678,315	\$ -465,757	52%
Subtotal	\$ 203,519,517	\$ 65,682,860	\$ 25,486,712	\$ 80,327,477	\$ 32,022,468	\$ 137,836,657	\$ -8,032,748	--
Shared-Ride Taxi Systems								
City of Hartford.....	\$ 237,874	\$ 64,346	\$ 83,300	\$ 68,819	\$ 21,409	\$ 173,528	\$ -6,882	31%
City of Port Washington.....	\$ 277,929	\$ 62,750	\$ 103,542	\$ 74,006	\$ 37,631	\$ 215,179	\$ -7,401	36%
City of West Bend.....	\$ 1,142,058	\$ 350,000	\$ 379,397	\$ 351,559	\$ 61,102	\$ 792,058	\$ -35,156	28%
City of Whitewater.....	\$ 204,459	\$ 58,583	\$ 69,961	\$ 60,839	\$ 15,076	\$ 145,876	\$ -6,084	30%
Subtotal	\$ 1,862,320	\$ 535,679	\$ 636,200	\$ 555,223	\$ 135,218	\$ 1,326,641	\$ -55,522	--
Region Total	\$ 205,381,837	\$ 66,218,539	\$ 26,122,912	\$ 80,882,700	\$ 32,157,686	\$ 139,163,298	\$ -8,088,270	--

^a Figures assume a 3 percent increase in operating costs, a 3 percent increase in State operating assistance, and no changes in service levels, ridership, and operating revenues over the amounts used to prepare the 2010 State aid contracts for each transit system.

^b Reflects a reduction of 10 percent in State transit operating assistance as included in the Governor's proposed 2011-2013 State budget.

^c Reflects an estimate of the percentage reduction in transit service that would be needed to reduce transit operating expenses to offset the proposed reduction in State transit assistance funds and keep local funding approximately the same as estimated for 2011. The estimate assumes that there would be a 5 percent reduction in ridership and passenger revenues for each 10 percent reduction in service.

^d Reflects an estimate of the percentage increase in passenger fares that would be needed to increase operating revenues by an amount approximately equal to the proposed reduction in State transit assistance funds. The estimate assumes that there would be a 3 percent reduction in ridership for each 10 percent increase in passenger fares.



Milwaukee County Board of Supervisors

— *Lee Holloway* —

Chairman of the Board

April 11, 2011

Senator Alberta Darling, Senate Co-Chair, Joint Committee on Finance
Representative Robin Vos, Assembly Co-Chair, Joint Committee on Finance
Room 305 East, State Capitol
Madison, WI 53702

Dear Joint Committee on Finance Co-Chairs,

Prior to the introduction of the 2011-2013 budget, I wrote Governor Scott Walker about my concern that *“removing transit from the transportation budget would force bus systems to compete with schools, prisons, and human services for scarce general purpose revenues.”* Given Governor Walker’s familiarity with the Milwaukee County Transit System (MCTS) and the critical role it plays in the economy of Southeastern Wisconsin, I am disappointed with his decision to introduce a biennial budget that proposes to finance mass transit out of the general fund, instead of with segregated transportation revenues. This budget proposal is especially frustrating given the provisions in the budget that protect and beef up the transportation fund.

As I told the Governor in February, this type of *“move could be the death knell of MCTS. In turn, such action could cause economic harm to the following entities served by MCTS: employees, businesses, schools, medical facilities and Summerfest.”* Because transit is a transportation service, and not a social service, I ask you to reject this budget recommendation.

While he campaigned for Governor last year, Milwaukee County Executive Walker proposed the transfer of revenues collected on the sales of cars into the transportation fund as a way to pay for transit. The budget before you indeed proposes to transfer these sales tax revenues into the transportation fund. Over a 10 year period, it is estimated this provision would result in the shift of \$35 to \$292 million from the general fund to the transportation fund. This budget measure, coupled with the transit funding shift, clearly moves in the opposite direction of what Governor Walker discussed as a candidate.

Milwaukee County voters already have endorsed taking transit off the property tax. Yet, the State has failed to deliver an alternate dedicated funding source. In the absence of a local dedicated funding source for transit (other than the property tax), MCTS is especially dependent upon the State for operating assistance. The Southeastern Wisconsin Regional Planning Commission (SEWRPC) examined other similarly-sized metropolitan transit systems that also depend heavily upon State assistance. SEWRPC found these transit systems received operating assistance from the transportation fund in their State, not the general fund.

Today, I join other Milwaukee County Supervisors and ask you to oppose the \$7 million cut to MCTS next year. I also ask you to support transit by not forcing it to compete with K-12 schools, universities, corrections, human services and municipalities for limited general purpose revenues. Transit is a transportation service that should be funded with segregated revenues. We should not kill the economic thrust of our region. Thank you for considering this important request.

Sincerely,

Lee Holloway
Chairman, Milwaukee County Board of Supervisors

cc: Milwaukee County Board of Supervisors
Governor Scott Walker
Joint Committee on Finance, members
Department of Transportation Secretary Mark Gottlieb
Milwaukee County State Legislative Delegation
Ken Yunker, Executive Director, SEWRPC

Attachments

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LEE HOLLOWAY

MILWAUKEE COUNTY EXECUTIVE

February 1, 2011

Governor Scott Walker
Office of the Wisconsin Governor
115 East Capitol
Madison, WI 53702

Dear Governor Walker,

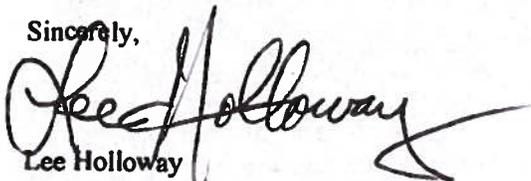
From 2002 to the end of last year, you served as Milwaukee County Executive, so you already are familiar with the Milwaukee County Transit System (MCTS) and the businesses in this community that rely on the transportation services it provides. As Governor, you now have an opportunity to link transit services to your economic development agenda. Positive State action to stabilize the largest transit system in Wisconsin through the provision of additional operating assistance and the creation of a dedicated funding source would send a clear signal that Wisconsin is open for business.

It is extremely important that this Administration and legislators in Madison understand the economic development contributions made by transit providers like MCTS. Mass transit is a transportation service, not a social service. Transit service is no more a welfare program than is the construction and maintenance of roads. Your help in communicating a message that transit is an essential component of Wisconsin's transportation infrastructure is needed.

Some are speculating that your Administration or key legislators may be considering removing transit from the segregated transportation fund. Removing transit from the transportation budget would force bus systems to compete with schools, prisons, and human services for scarce general purpose revenues. This move could be the death knell of MCTS. In turn, such action could cause economic harm to the following entities served by MCTS: employees, businesses, schools, medical facilities and Summerfest.

As Milwaukee County Executive and as Chairman of the Milwaukee County Board of Supervisors, I have been a passionate advocate for transit, and I look forward to discussing the future of mass transit funding with you. Many are working to protect the transportation fund, and transit deserves to remain part of this sheltered funding source. Let's work together to enhance opportunities for transit in the next State budget because Wisconsin is closed for business when businesses are inaccessible.

Sincerely,



Lee Holloway
Milwaukee County Executive

cc: Milwaukee County Board of Supervisors
Department of Administration Secretary Michael Huebsch
Department of Transportation Secretary Mark Gottlieb

Attachment

MILWAUKEE COUNTY COURTHOUSE ■ 901 NORTH 9TH STREET, ROOM 306 ■ MILWAUKEE, WI 53233
(414) 278-4211 ■ LEE.HOLLOWAY@MILWCNTY.COM ■ COUNTY.MILWAUKEE.GOV/COUNTYEXECUTIVE

**Milwaukee County Transit System
Essential Component of Transportation Infrastructure**

MCTS: Efficient and Effective

- In 2010, the Milwaukee County Transit System (30th largest transit system in the nation) provided almost 44 million rides on the fixed route system and 1 million rides on paratransit services for individuals with disabilities.

- The 2008 Wisconsin Department of Transportation (DOT) commissioned Management Performance Audit of MCTS concluded that, in comparison to its peers, Milwaukee County's system had: the lowest cost per passenger; the lowest percent of administrative cost; and the highest ridership per capita.

MCTS: Dedicated Local Funding (other than the Property Tax)

- With State-imposed levy limits and unfunded mandates placing pressure on the property tax, it is critical that DOT maintain and expand operating assistance for transit.

- Via the November 2008 referendum, 52% of Milwaukee County voters endorsed a local dedicated sales tax in order to provide property tax relief and support services like transit.

- Most other metropolitan public transit systems in the nation (similarly sized to MCTS) are funded by a local dedicated funding source such as a sales tax. See attached chart from SEWRPC (Southeastern Wisconsin Regional Planning Commission).

MCTS: Economic Development, connecting Employers and Employees

- A DOT commissioned study on the economic impacts of transit concluded that every \$1 invested in public transportation generates between \$3- \$4 in benefits for the community.

- Area businesses depend on the MCTS to transport their workers. According to a study by the University of Wisconsin-Milwaukee Center for Economic Development, a minimum of 40,000 jobs became inaccessible by transit due to service cuts between 2001-2007.

- Close to 50% of individuals who use transit service take the bus to work or other job-related opportunities. An additional 12% use it to access educational opportunities. About 70% of the individuals who use transit do not regularly have a vehicle available to them.

- Close to 100 local businesses choose to invest their dollars into providing discounted transit tickets/passes for employees.

**PUBLIC TRANSIT FUNDING IN METROPOLITAN
AREAS SIMILAR IN SIZE TO THE MILWAUKEE AREA**

Name	2000 Population (in millions)	Percent of Annual Operating Funding Provided by Local Funding ^a	Source of Local Dedicated Funding
St. Louis, MO	2.08	87%	0.75% Sales tax
Denver, CO	1.98	81%	1.0% Sales tax
Cleveland, OH	1.79	88%	1.0% Sales tax
Pittsburgh, PA	1.75	13%	Sales and Use taxes ^b
Portland, OR	1.58	77%	0.6618% payroll tax
Cincinnati, OH	1.50	72%	0.3% payroll tax
Norfolk, VA	1.39	28%	--
Sacramento, CA	1.39	81%	0.5% Sales tax
Kansas City, MO	1.36	78%	0.375% Sales tax
San Antonio, TX	1.33	88%	0.5% Sales tax
Las Vegas, NV	1.31	96%	0.25% Sales tax
Milwaukee, WI	1.31	22%	--
Indianapolis, IN	1.22	38%	--
Providence, RI	1.18	14%	--
Columbus, OH	1.13	80%	0.25% Sales tax
New Orleans, LA	1.01	76%	1.0% Sales tax
Buffalo, NY	0.98	49%	0.125% Sales tax
Memphis, TN	0.97	53%	--
Austin, TX	0.90	90%	1.0% Sales tax
Salt Lake City, UT	0.89	74%	Sales tax ^c
Jacksonville, FL	0.88	87%	1.0% Sales tax
Louisville, KY	0.86	73%	0.2% payroll tax
Charlotte, NC	0.76	79%	0.5% Sales tax

^a Remaining percent of annual operating funding provided by State and Federal funding (2004)

^b The Port Authority of Allegheny County is funded by dedicated State sales and use taxes allocated to Pennsylvania transit systems including 1 percent sales tax, \$1 per tire, \$2 per vehicle rental, and 3 percent of vehicle leases; and Allegheny County dedicated taxes of 10 percent on alcoholic drinks and \$2 per vehicle rental.

^c Sales tax rates vary in the Utah Transit Authority service area, ranging from 0.276 percent to 0.68375 percent.

JournalTimes.com

Walker: Fund transit with auto sales tax

PAUL SLOTH paul.sloth@journaltimes.com | Posted: Wednesday, January 20, 2010 6:15 am

RACINE – It might not be his main issue, but Scott Walker, Republican candidate for governor, said he has some ideas for mass transit in the state.

As local lawmakers try to come up with a workable transit plan, Walker, Milwaukee's county executive since 2002, said he'd look to the state's transportation fund to pay for mass transit and would continue to give local communities a say in how they fund transit projects.

Walker told The Journal Times editorial board Tuesday that he doesn't support using a sales tax to fund transit, even though some leaders have argued it is the only way to do it.

Instead, Walker said he would look to beefing up the state's transportation fund to pay for mass transit in Wisconsin.

The state should supplement its transportation fund with tax revenue currently collected on new and used automobile sales. A portion of that fund could then be designated for things like regional transit authorities throughout the state, Walker said.

In transit discussions, local leaders should focus on job patterns in the region rather than political boundaries, Walker said.

"You can have a regional transit authority, but have it really truly focused on transit," Walker said. "I've argued in the past, the RTA really ... has been more a debate on regional taxing authority versus transit."

Walker, 42, will face a field that includes former U.S. Rep. Mark Neumann in a Republican primary. Milwaukee Mayor Tom Barrett is among Democratic candidates for governor.

As far as jobs in the state are concerned, Walker says that, while a mix is needed, Madison can't ignore "the three big industries that built the state over the past 160 years."

"I would still put tremendous support and strength behind manufacturing, agriculture and tourism," Walker said. "I still think they are what built the state, (and) they're going to be a large part of what brings us out of the recession."

Walker, a former state lawmaker, said that he would take his philosophy of shrinking government to Madison if he's elected governor.

"It makes sense to maintain public safety, as public employees, but just about anything else in my mind is fair game," Walker said.

The next governor has to focus on jobs and the economy and balancing the budget and little else, Walker said. To do that, Walker says he would ease the tax burden by reducing taxes on employers, retirees, individuals and property owners.

"To get the state working again, you've got to get government out of the way," Walker said.

film production tax credits that can be claimed in a fiscal year is \$500,000.

Sales and Excise Taxes

1. DEPOSIT SALES AND USE TAX REVENUE GENERATED FROM SALES OF MOTOR VEHICLES AND MOTOR VEHICLE PARTS AND ACCESSORIES INTO THE TRANSPORTATION FUND

GPR-Tax - \$35,127,000

Governor: Provide that a specified percentage of sales and use tax revenues generated from the sale, lease, or use of motor vehicles and motor vehicle parts and accessories would be deposited into the transportation fund, instead of the general fund. Require DOR to annually estimate the amount of revenue generated from such sales to be deposited into the transportation fund beginning with tax revenues received on July 1, 2012. Specify that the percentage of sales tax revenues generated from the sale, lease, or use of motor vehicles and motor vehicle parts and accessories that are deposited into the transportation fund would increase over a ten-year period in the following manner:

- a. 7.5% of revenues for 2012-13, but not more than \$35,127,000;
- b. 10% of revenues for 2013-14;
- c. 15% of revenues for 2014-15;
- d. 20% of revenues for 2015-16;
- e. 25% of revenues for 2016-17;
- f. 30% of revenues for 2017-18;
- g. 35% of revenues for 2018-19;
- h. 40% of revenues for 2019-20;
- i. 45% of revenues for 2020-21;
- j. 50% of revenues for 2021-22 and each year thereafter.

The administration estimates that \$35,127,000 of sales tax revenues would be deposited into the transportation fund in 2012-13 under the proposal. The amount deposited into the transportation fund (in 2012-13 dollars) would increase to an estimated \$58 million in 2013-14, \$88 million in 2014-15, and would ultimately increase to approximately \$292 million in 2021-22. [The segregated transportation fund revenue increase under this provision is shown under "Transportation -- Transportation Finance."]

[Bill Sections: 881 and 2182]

2. SALES AND USE TAX EXEMPTION FOR MODULAR AND MANUFACTURED HOMES

GPR-Tax - \$455,000

Governor: Create an exemption from the sales and use tax for modular homes and

**SOURCES OF STATE TRANSIT FUNDS IN METROPOLITAN
 AREAS OF SIMILAR SIZE AS THE MILWAUKEE AREA AND
 WHICH HAVE SUBSTANTIAL STATE OPERATING FUNDING^a**

Metropolitan Area	Transit Operator	Source of State Transit Funds Used for System Operation
Pittsburgh, PA	Port Authority of Allegheny County	Funding obtained primarily from the Public Transportation Trust Fund which is funded through a dedicated portion of state sales tax revenues and several other sources including: an allocation from the Pennsylvania Turnpike Commission; an annual executive authorization of state lottery proceeds; funds generated by the Public Utility Realty Act; and other sources including vehicle leasing fees, vehicle rental taxes, and a tire tax ^b .
Norfolk, VA	Hampton Roads Transit	Funding obtained from the state Mass Transit Trust Fund which receives 14.7 percent of the state Transportation Trust Fund revenues. Transportation Trust Fund revenues come from Federal Aid Highway grants, a statewide tax of \$0.175 per gallon of motor fuel, vehicle registration fees, a 3 percent motor vehicle sales tax, and a 5 percent retail sales tax.
Milwaukee, WI	Milwaukee County Transit System	Funding obtained from state Transportation Trust Fund revenues. The Transportation Trust Fund is funded primarily through motor fuel taxes and vehicle registration fees.
Providence, RI	Rhode Island Public Transit Authority	Funding obtained through a \$0.0975 per gallon statewide motor fuel tax.
Buffalo, NY	Niagara Frontier Transportation Authority	Funding obtained from general funds and the State Transit Operating Assistance (STOA) Program. A petroleum business tax is used to generate the STOA program funds used for transit systems outside the metropolitan New York area.
Memphis, TN	Memphis Area Transit Authority	Funding obtained through a portion of the \$0.21 per gallon statewide motor fuel tax.
Charlotte, NC	Charlotte Area Transit System	Funding obtained through allocations from the state Highway Fund and discretionary transfers from the state Highway Trust Fund ^c .
Indianapolis, IN	Indianapolis Public Transportation Corporation	Funding obtained from the State Public Mass Transportation Fund that received 0.635 percent of the State's general sales and use tax revenue. These funds are allocated to transit agencies using a performance-based formula. The formula uses operating expenses, passenger trips, total vehicle miles, and locally-derived income to compute the allocations.

^a Transit systems in metropolitan areas of 800,000 to 2.1 million population (Milwaukee area has 1.3 million population) which have between 20 to 70 percent of their annual public transit operating funding provided by State funding (Most of these systems do not have a local dedicated funding source--Buffalo and Charlotte have local dedicated funding.)

^b The public utility realty tax is levied in lieu of local real estate taxes against certain entities furnishing utility services. The other revenue sources include funds generated from a 1.22% sales and use tax, and special fees of \$1 per tire, \$2 per vehicle rental, and 3% on vehicle leases.

^c Both the Highway Fund and the Highway Trust Fund are supported by the statewide motor fuel tax of \$0.325 per gallon. The Highway Trust Fund also receives revenues generated through highway-user fees including motor vehicle sales taxes and registration fees, and federal-aid appropriations.

Source: SEWRPC.



Milwaukee County Board of Supervisors

Lee Holloway
Chairman of the Board



Joint Committee on Finance Public Hearing
Wisconsin State Fair Park, West Allis, WI: April 11, 2011
2011-2013 State Budget (Senate Bill 27/Assembly Bill 40)

Local Transportation Aids

- a. **Oppose 10% reduction in State operating assistance for mass transit in 2012.**
 - ❖ This 10% reduction will translate into a \$7 million cut for the Milwaukee County Transit System (MCTS) next year.
 - ❖ Given the restrictive levy limits proposed in the State budget and the 24.1% reduction in shared revenues to Wisconsin Counties (\$8,316,885 to Milwaukee County), the cut in State operating assistance likely will translate into service reductions via fare increases, route eliminations, and shortened paratransit service.
 - ❖ State needs to pass dedicated funding for MCTS (voter-endorsed referendum).
- b. **Support the continued funding of transit, a critical component of the transportation infrastructure, with Segregated (SEG) Revenues.**
 - ❖ Oppose the Governor's proposal to shift funding for mass transit from (SEG) to General Purpose Revenues (GPR).
 - ❖ Transit provides economic thrust in Southeastern Wisconsin; it is not a social service.
 - ❖ Transit should be funded with SEG from the protected transportation fund and not be forced to compete with schools, human services, and local governments for scarce GPR.
- c. **Request that the cut to General Transportation Aids (GTA) be reversed.**
 - ❖ Overall, the GTA reduction in 2012 to Milwaukee County (\$641,851) and all its municipalities is over \$7 million.

Juvenile Justice Reform

- a. **Oppose 10% reduction in Youth Aids funding.**
 - ❖ It is projected that Milwaukee County will absorb about 40% of the statewide cut in Youth Aids, resulting in a loss of \$1.8 million in 2011 and \$3.6 million in 2012. Unlike other reductions in key State aids, this cut will be made in 2011. Counties already have budgeted for this year, making this 2011 cut more difficult to manage.
- b. **State must accompany closure of Ethan Allen correctional facility with additional placement tools at the local level for Southeastern Wisconsin.**
 - ❖ Milwaukee County and Racine County have passed similar resolutions asking the State to modify Chapter 938 to extend the time for secure placement in a juvenile detention facility from 30 to 180 days. (see attached Milwaukee County resolution on Juvenile Justice Code)
 - ❖ DOC should reimburse Milwaukee County for increased transportation costs associated with the 7 ½ hour round-trip to Lincoln Hills.
- c. **Request that the Legislature act to lower the daily rate the Department of Corrections (DOC) charges Wisconsin Counties for housing adjudicated juveniles at Lincoln Hills.**
 - ❖ The budget proposes raising the daily rate by \$14 over the biennium to \$289 by July 1, 2012. This rate increase includes a deficit reduction surcharge of \$17 a day. Instead of paying off the State's DOC deficit, Milwaukee County could reinvest these resources (\$1 million) in new service options.

Family Care Enrollment Cap

a. Oppose proposed enrollment cap in Family Care.

- ❖ Of the 8,703 people receiving Family Care services in Milwaukee County, the Milwaukee County Department of Family Care (MCDFC) serves 7,512 of the individuals, including 6,280 elderly and 1,002 with developmental disabilities (January 2011).
- ❖ Under the cap, elderly and persons with disabilities would be wait-listed for services effective June 20, 2011. Milwaukee County entered into an agreement with the State to provide Family Care with the understanding the program would eliminate waiting lists for long term care services and operate as an entitlement.
- ❖ **Seniors:** an enrollment cap would result in a wait list for the elderly for the first time since November 2002. Milwaukee County certifies 150 seniors a month for Family Care; under the proposed cap, they would have to wait for care.
- ❖ **Persons with disabilities:** an enrollment cap would eliminate the ability of Milwaukee County to further remove persons with disabilities from the current waitlist of about 2,000. With a cap, this waitlist could grow at a projected rate of 75-85 people a month.
- ❖ It is unclear how the Department of Health Services (DHS) will implement the cap from an operational perspective. For example, if an elderly individual withdraws from the MCDFC, will that "slot" be granted to MCDFC for the same category of service placement? Or would DHS grant that placement to a different need category, a different County, or the other provider in Milwaukee County?

b. Reexamine the prior Administration's approach to the delivery of Family Care services in Milwaukee County.

- ❖ Instead of rewarding the MCDFC for delivering cost-effective services, DHS entered into a risk-sharing agreement with the other provider in Milwaukee County.
- ❖ Earlier this year, Milwaukee County Board Chairman Lee Holloway wrote Governor Scott Walker the attached letter urging him to direct the DHS to consider the logical option of contracting solely with the MCDFC for delivery of Family Care services.
- ❖ An enrollment cap would distress the financial stability of Family Care Managed Care Organizations (MCOs), as the cap would prevent them being able to spread the costs of care over a wider pool of individuals with varying levels of need.

Child Support Enforcement

a. Thank the Joint Committee on Finance (JCF) for unanimous vote at the December 2010 meeting.

- ❖ With the adoption of Motion #40, the Committee took action to address the anticipated shortfall in child support contracts for Calendar Year 2011.

b. Recommend the JCF work to resolve the discrepancy in base funding for child support local assistance.

- ❖ Without supplementary action by the Legislature, child support agencies throughout Wisconsin face a \$25 million biennial loss in funding (\$8.5 million GPR and \$16.5 million FED match).
- ❖ If the Legislature approves the Governor's budget as introduced, Milwaukee County anticipates a 2012 loss of \$3.6 million (GPR and FED) and a projected staff loss of 38 workers.
- ❖ It is estimated about ½ of the children in Milwaukee County are affected by the child support program in Milwaukee County. A loss of funding would translate into reduced customer service as a result of delayed support orders and paternity establishments.

c. Request that the Legislature allocate an additional \$4.25 million GPR a year (\$8.25 million FED) to counties for child support enforcement activities.

- ❖ The resources identified in the March 25, 2011, Legislative Audit Bureau correspondence could be a possible funding source.



OFFICE OF THE COUNTY CLERK

JOSEPH J. CZARNEZKI • COUNTY CLERK

STATE OF WISCONSIN)
)SS
COUNTY OF MILWAUKEE)

I, Joseph J. Czarnezki, County Clerk in and for the County of Milwaukee, State of Wisconsin, do hereby certify that the attached copy of File No. 11-132 is a true and correct copy of the original resolution duly adopted by the Milwaukee County Board of Supervisors at a meeting held on March 17, 2011 and approved by the Milwaukee County Executive on March 18, 2011.

Given under my hand and official seal, at the Milwaukee County Courthouse, in the City of Milwaukee, this 22nd day of March, 2011.



JOSEPH J. CZARNEZKI
Milwaukee County Clerk

17 2011

Adopted
17-0

Supervisor Peggy West, Chairperson
From the Committee on Health and Human Needs, reporting on:

File No. 11-132/RES 11-158
(Journal, March 17, 2011)

(ITEM NO. 1) A Resolution by Supervisors Holloway and Lipscomb supporting changes to the "Juvenile Justice Code," specifically State Statute, 938.34 (3), governing the ability of the juvenile court to place a youth in a secure detention facility beyond 30 days and the use of more than one placement to maximize service options available to adjudicated youth, by recommending adoption of the following:

A RESOLUTION

WHEREAS, the sustained population declines at Wisconsin's Juvenile Correctional Institutions (JCIs) has raised per capita costs at the State's two male juvenile institutions, Ethan Allen School (EAS) in Wales and Lincoln Hills School (LHS) in Irma; and

WHEREAS, in April, 2010, Governor Doyle appointed a statewide Juvenile Corrections Review Committee to determine how best to serve juvenile offenders in the future while reducing costs, including possible consolidation of the two State male JCIs and/or programming; and

WHEREAS, in June 2010, the Juvenile Corrections Review Committee issued their final report, which stated that while they would not recommend which JCI to close, that "it is not fiscally or programmatically feasible to continue to operate two male JCIs and that the department should proceed with consolidation of EAS and LHS"; and

WHEREAS, should the State ultimately decide to close EAS, even though a majority of JCI placements come from southeastern Wisconsin, Milwaukee County's only option for male JCI placement would be more than a seven hour round-trip drive away; and

WHEREAS, over the last several years both Milwaukee County and other counties have invested time, effort, and financial resources to develop smart and responsible alternatives to JCI placement, which is the most restrictive response to youth adjudicated delinquent; and

WHEREAS, best practices for community reentry suggest that placement of locations facilitating family contact are critical as well as provide the opportunity to maintain and or engage the resources of the community that can improve the likelihood of successful reentry; and

WHEREAS, in 2003, Racine County began operating the Alternatives to Corrections through Education (ACE) Program as an innovative alternative to JCI placement, leveraging

APPROVED AS TO FORM
Timothy R. Schwaney
CORPORATION COUNSEL

45 existing resources and maintaining local control, in response to the increasing use of State
46 JCI and the length of stays experienced by juveniles; and

47

48 WHEREAS, in 2009, the Delinquency and Court Services Division (DCSD) met with
49 Racine County officials regarding a possible pilot program to determine if the ACE Program
50 was an appropriate alternative to JCI placement for some Milwaukee County juvenile
51 offenders; and

52

53 WHEREAS, while representatives from Milwaukee County's juvenile justice
54 community recognize that programming such as ACE may be a useful alternative to JCI
55 placement, concern has been raised by Milwaukee County District Attorneys regarding a
56 possible conflict in the language contained in State Statute 938.34 (3); and

57

58 WHEREAS, changes in the aforementioned statutory language would allow for more
59 local flexibility in tailoring a short-term secure juvenile placement to individual offenders
60 and would assure that Milwaukee County youth would have the option of placement closer
61 to home; and

62

63 WHEREAS, current State Statute 938.34(3)(f)3., would subject the use of a
64 placement in a secure detention facility for purposes of disposition to the adoption of a
65 resolution approved by the County Board of Supervisors under State Statute 938.06(5); and

66

67 WHEREAS, the Committee on Health and Human Needs, at its meeting of March 9,
68 2011, recommended approval of the said resolution (vote 6-0); and

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70 WHEREAS, the Committee on Intergovernmental Relations, at its meeting of
71 March 14, 2011, also recommended approval of the said resolution (vote 6-0); now,
72 therefore,

73

74 BE IT RESOLVED, that the Milwaukee County Board of Supervisors hereby supports
75 changes to the State Statute, 938.34(3), governing the ability of the circuit court to place a
76 youth in a secure detention facility beyond 30 days and the use of more than one
77 placement to maximize service options available to adjudicated youth; and

78

79 BE IT FURTHER RESOLVED, that the Milwaukee County Board of Supervisors
80 hereby supports the following changes to State Statute 938.34(3)(f):

81

82 *938.34(3)(f) A juvenile detention facility or juvenile portion of a county jail that*
83 *meets the standards promulgated by the department by rule, or in a place of non-*
84 *secure custody designated by the court, and in addition to placements under sub.*
85 *(a), (b), (c), (cm), (d), and (e), subject to all of the following:*

86

87 *938.34(3)(f)1. The placement may be for any combination of single or consecutive*
88 *days totaling not more than 180. The juvenile shall be given credit against the*
89 *period of detention or non-secure custody imposed under this paragraph for all time*

spent in secure detention in connection with the course of conduct for which the detention or non-secure custody was imposed.

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03/09/2011
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RECORD OF COUNTY BOARD AND COUNTY EXECUTIVE ACTIONS 3327 R2	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Ordinance	COUNTY BOARD FILE NO. <div style="font-size: 24pt; text-align: center;">11-132</div>
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CERTIFICATION TO COUNTY BOARD PASSAGE	I certify that the attached resolution or ordinance was adopted by The Board of Supervisors of Milwaukee County at a meeting held on the <u>17th</u> day of <u>March</u> 20 <u>11</u> by a vote of <u>17</u> ayes <u>0</u> noes. <div style="display: flex; justify-content: space-between;"> <div style="width:45%;"> DATE SIGNED <u>3/17/11</u> DATE SIGNED <u>3/17/11</u> </div> <div style="width:50%;"> COUNTY CLERK <u>Joseph G. S. Jeli</u> COUNTY BOARD CHAIRMAN <u>Lee Holway</u> </div> </div>
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COUNTY EXECUTIVE'S ACTION	I approve the attached resolution or ordinance. <div style="display: flex; justify-content: space-between;"> <div style="width:45%;"> DATE SIGNED <u>March 18, 2011</u> </div> <div style="width:50%;"> COUNTY EXECUTIVE <u>Marnie Pratt</u> </div> </div>
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CERTIFICATION OF PUBLICATION	DATE PUBLISHED _____ DATE SIGNED _____ COUNTY CLERK _____
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RECEIPTS

BY COUNTY CLERK'S OFFICE	DATE SIGNED <u>3/22/11</u> SIGNATURE <u>Joseph G. S. Jeli</u>
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LEE HOLLOWAY

MILWAUKEE COUNTY EXECUTIVE

January 26, 2011

Governor Scott Walker
Office of the Wisconsin Governor
115 East Capitol
Madison, WI 53702

Dear Governor Walker,

Over the last few years, the previous Administration seemed to view the operations of Milwaukee County primarily through a political prism. As a result, Milwaukee County encountered difficulties in our efforts to advance a positive policy agenda. Given your prior service as County Executive and familiarity with Milwaukee County programs, I look forward to working with the new Administration to better serve our residents.

Given past problems between Milwaukee County and the State Department of Health Services (DHS), it is imperative you take immediate action to review a couple decisions made by outgoing leadership. These decisions relate to Family Care and are hurting Milwaukee County.

Family Care IT RFP

Language in a draft Requests for Proposals (RFP) from DHS for a Statewide Information Technology (IT) System indicates that proposals owned by or licensed from a Managed Care Organization would be rejected. The Milwaukee County Department of Family Care has built a sophisticated and cost-effective IT system, MIDAS (Member Information Documentation and Authorization System). Other Family Care providers could benefit from MIDAS. Therefore, I urge you to scrap the draft language and issue a fair RFP that gives MIDAS an opportunity to compete.

Risk Sharing Arrangement

DHS has entered into a "risk sharing arrangement" with the other Family Care provider in Milwaukee County: Community Care Inc. (CCI). In many cases, CCI is paying higher rates to service providers than our Family Care network. The State should be rewarding our Family Care network for its cost-effective delivery of services. Instead, the State is undermining our network with an arrangement that could subsidize inflated provider prices with taxpayer dollars. Given the ability of our network to operate without a state subsidized risk sharing agreement, this arrangement with CCI is a questionable use of scarce resources.

Future of Family Care in Milwaukee County

Fundamentally, I believe your Administration needs to rethink the State's approach to delivery of Family Care services in Milwaukee County. Many other areas in Wisconsin are served by only one Family Care provider. The Medicaid program could realize significant cost-savings if DHS were to contract solely with the MCDFC. Therefore, I urge you to direct DHS to consider the logical option of contracting solely with MCDFC for Family Care services in Milwaukee County.

Your consideration of this correspondence is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Lee Holloway". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Lee Holloway
Milwaukee County Executive

cc: Secretary Dennis Smith, Department of Health Services
Secretary Michael Huebsch, Department of Administration
Milwaukee County Board of Supervisors

Attachment

Risk Sharing Agreement

Intent: In recognition of the unique risks presenting in the initial years of Family Care operations within a given service region, the Department and the MCO agree to share in 2011 Family Care program losses (or savings) incurred (or generated) by CCI, Inc., within its Milwaukee County region. Per federal regulation, the Department will share risk of losses with the MCO as long as the MCO will share savings under this contract with the Department (i.e., the corridors defined below are symmetrical). However, the joint sharing of losses and savings will occur only for the first-half of this annual contract, to be defined as January 1, 2011 – June 30, 2011, inclusively. The MCO may request sharing of losses and savings for the latter half of this annual contract, or for contract renewal years after the current arrangement terminates on June 30, 2011, but it will be at the Department's sole discretion to approve the request and determine the manner of sharing. The MCO understands that it is the Department's intent to discourage risk sharing beyond the current contract period.

1. *Sharing of Losses*

The Department will share losses with the MCO within its Milwaukee County region only after the MCO has expended all Family Care-related revenues, including all MCO service revenues, funds in the restricted reserve account in excess of the minimum required balance in the restricted reserve, enrollee cost share and third party liability recoveries, and after retrospective payment adjustments are made. For purposes of this section, losses are limited to MCO expenses that exceed revenues, as calculated according to paragraph (a), below. Loss amounts to be considered for sharing shall exclude any MCO commitment towards the MCO's funding reserves.

a. Computation of Losses

For purposes of this provision, losses are defined as MCO expenses that exceed revenues. The amount of losses subject to sharing shall be determined by DHS evaluation. When possible, the Department shall use information provided through the independent financial audit of the MCO's financial reports required under Article XVII.E. page 213, of this contract, but the Department's calculations shall be binding. To determine the losses eligible for sharing, actual administrative costs, up to a maximum allowable cost, will be deducted from MCO service revenues. The remainder amount will then be the base upon which the MCO's loss percentage is determined. 'Maximum allowable administrative costs' will equal 10% of MCO service revenues. The Department will provide a definition for "allowable administrative costs" for the purpose of sharing losses.

b. MCO Share of Losses

The MCO shall have funds available to cover its portion of any losses. The MCO share of losses will be the cumulative total of its loss responsibilities under each loss corridor.

c. Department Share of Losses

The Department will share Medicaid losses with the MCO up to the upper payment limit imposed by 42 CFR 438.6(c).

2. *Sharing of Savings*

The MCO may retain savings within its Milwaukee County region only after the MCO complies with its obligations under this contract, including meeting performance expectations, and after it shares a portion of its savings with the Department, if required under this contract.

a. Computation of Savings

For purposes of this provision, savings are defined as excess MCO service revenues over expenses. The amount of savings subject to sharing shall be determined by DHS evaluation. When possible, the Department shall use information provided through the independent financial audit of the MCO's financial reports required under Article XVII.E. page 213, of this contract, but the Department's calculations shall be binding. To determine the savings eligible for sharing, actual administrative costs, up to a maximum allowable cost, will be deducted from MCO service revenues. 'Maximum allowable administrative costs' will equal 10% of MCO service revenues. The Department will provide a definition for "allowable administrative costs" for the purpose of sharing savings.

b. Savings to be Shared

At the end of this contract period, the MCO share of savings will be the cumulative total of the MCO's savings under each savings corridor.

c. MCO Use of Savings

The MCO may use its retained share of savings for any purpose and at its sole discretion, except for the funds placed in a segregated restricted reserve account, which are restricted as described in this contract. However, it is the Department's expectation that any such savings shall be used to meet the Family Care program's capital requirements.

3. *Risk Sharing Corridors*

The risk sharing arrangement is structured as follows:

Department of Health Services Arrangement for Sharing Loss and Savings			
Loss (Savings) Corridors	Effective Share of Loss (Savings)		
	MCO	State	Federal Share of Total
< 1.0%	100%	0%	0%

>= 1%	50% of non-federal share	50% of non-federal share	Federal Matching Rate in Place at Time of Payment
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4. *Time Period of Risk Sharing and Payments*

The Department and the MCO recognize that CMS has prior approval authority of all Medicaid-related risk sharing arrangements. Pending CMS approval, this risk sharing arrangement shall be effective for only the first-half of the period of this annual contract, as defined above. Only those service costs, administrative costs, capitation payments, and other revenues/costs that are applicable to this time period, defined inclusively, shall be included in the risk sharing calculations defined above. The MCO shall allocate costs when necessary. The Department shall review and approve, or disapprove, the MCO's allocation methods whenever such methods are used to comply with the parameters of this calculation. Interim risk sharing payments shall be made on a monthly basis, but will be reconciled at the conclusion of the contract period, to match the sharing corridors defined in Section 3 above. The final risk sharing calculation shall be based on complete information for the applicable contract period and shall not be based on estimates of either revenues or costs.

5. *Timing of Settlement*

The final determination of savings or losses shall be carried out only after all claim payments for the first-half of the contract period have been made. Consideration will not be given to any claims that have been incurred but not reported (IBNR). The Department and the MCO shall make the determination of the timing of the final settlement jointly.