



COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

Office of the Comptroller
Scott B. Manske, Comptroller

DATE: October 18, 2017

TO: Members, Committee on Finance and Audit

RE: Expenditure Cuts Required to Achieve a \$14.7M Tax Levy Savings

At the Committee on Finance and Audit meeting on October 9, 2017, the Committee requested an analysis of the required percentage across-the-board departmental cuts that would be necessary to return the Vehicle Registration Fee (VRF) to \$30 from the \$60 VRF proposed by the County Executive.

For purposes of this analysis, it is assumed that \$14.7M in tax levy will be needed to restore the VRF to the \$30 level. The 2018 Recommended Budget included this dollar amount, based on an additional \$30 fee being assessed to County Vehicle owners beginning on February 1, 2018, or an eleven month period. It is our understanding that the \$30 VRF established in the 2017 Budget would continue to provide revenues to Milwaukee County.

To generate \$14.7M in tax levy savings, a 2.85 percent expenditure cut to all operating departments is required. This calculation assumes that cuts are made to department's personal services (excluding pension and health fringe costs), commodities and services, capital outlay and other services. Expenditure crosscharges, abatements, and debt and depreciation are excluded from this calculation.

The report does not represent a recommendation for any plan of action for the 2018 budget. The percentage and dollar amount could change depending on other actions taken by the County Board. It is unclear how a department would put into action any of these cuts, since the possible expenditure savings are in multiple appropriation categories, as noted above. Absent any specific direction, any possible across-the-board expenditure reduction resolution would have to allow flexibility to a department to implement the changes to operate within appropriated funds.

Our understanding of this request was to determine what level of expenditure reductions are needed by departments to generate \$14.7 million in tax levy savings. Departmental expenditures were used to prorate the cuts across departments. Lost revenues, except for the Airport, were not considered or reported. If lost revenues were included, the savings shown here would likely be less than \$14.7 million.

The table below shows the savings from both a 2.85 percent reduction and a one percent reduction. A 2.85 percent reduction results in savings of \$14.67 million while a one percent reduction shows savings of \$5.15 million.

		Expenditures (net of crosscharges)	Total Expenditure Reduction	Total Expenditure Reduction
			2.85%	1.00%
1000	County Board	\$ 1,164,311	\$ 33,140	\$ 11,643
1011	County Executive	\$ 772,419	\$ 21,985	\$ 7,724
1020	Veterans Services	\$ 223,357	\$ 6,357	\$ 2,234
1021	Government Affairs	\$ 196,954	\$ 5,606	\$ 1,970
1090	Office of African Amer Affairs	\$ 634,484	\$ 18,059	\$ 6,345
1120	Personnel Review Board	\$ 280,596	\$ 7,987	\$ 2,806
1130	Corporation Counsel	\$ 2,346,517	\$ 66,789	\$ 23,465
1140	Human Resources	\$ 4,992,139	\$ 142,091	\$ 49,921
1150	Risk Management	\$ 11,536,874	\$ 328,374	\$ 115,369
1151	Dept of Admin Svcs	\$ 35,071,471	\$ 998,239	\$ 350,715
1160	IMSD	\$ 12,425,740	\$ 353,674	\$ 124,257
2000	Courts	\$ 26,001,167	\$ 740,071	\$ 260,012
2430	Child Support Enforcement	\$ 11,240,097	\$ 319,927	\$ 112,401
2900	Pretrial Services	\$ 4,893,897	\$ 139,295	\$ 48,939
3010	Election Commission	\$ 635,526	\$ 18,089	\$ 6,355
3090	Treasurer	\$ 995,001	\$ 28,321	\$ 9,950
3270	County Clerk	\$ 855,731	\$ 24,357	\$ 8,557
3400	Register of Deeds	\$ 1,697,913	\$ 48,328	\$ 16,979
3700	Comptroller	\$ 4,295,910	\$ 122,274	\$ 42,959
4000	Sheriff	\$ 49,184,295	\$ 1,399,933	\$ 491,843
4300	House of Correction	\$ 45,052,296	\$ 1,282,324	\$ 450,523
4500	District Attorney	\$ 11,838,819	\$ 336,968	\$ 118,388
4800	Emergency Management	\$ 7,297,577	\$ 207,711	\$ 72,976
4900	Medical Examiner	\$ 3,975,962	\$ 113,168	\$ 39,760
5040	Airport	\$ 47,672,019	\$ 1,356,889	\$ 476,720
5100	Highways	\$ 9,909,653	\$ 282,058	\$ 99,097
5300	Fleet Management	\$ 4,036,408	\$ 114,888	\$ 40,364
5500	Utilities	\$ 3,604,543	\$ 102,596	\$ 36,045
5600	Transit	\$ 116,914,260	\$ 3,327,731	\$ 1,169,143
5800	DOT Admin	\$ 914,185	\$ 26,020	\$ 9,142
7900	Aging	\$ 13,982,473	\$ 397,983	\$ 139,825
8000	DHHS	\$ 81,376,979	\$ 2,316,233	\$ 813,770
9000	Parks	\$ 30,765,133	\$ 875,668	\$ 307,651
9500	Zoo	\$ 15,693,807	\$ 446,693	\$ 156,938
9910	UW Ext	\$ 509,679	\$ 14,507	\$ 5,097
	SubTotal	\$ 562,988,192	\$ 16,024,333	\$ 5,629,882
	Less Airport Revenue		\$ (1,356,889)	\$ (476,720)
	Total		\$ 14,667,444	\$ 5,153,162

While the Airport revenue offset is shown above, nearly all of the departments listed above have revenue offsets in the department. *This means that an across-the-board expenditure cut, depending on where absorbed by the department, could result in a loss of revenue. And any lost revenue would effectively reduce the expenditure savings achieved.* Therefore, if these cuts are issued, all departments would need to ensure that expenditure cuts are directed to tax levy funded items.

The County Board may also choose to include across-the-board expenditure cuts in non-departmental (expenditure) budgets. These non-departmentals are listed with corresponding expenditure amounts and possible savings if the same 2.85 percentage cut was applied.

It is important to note that if all of the above non-departmental expenditure cuts were included, the overall across-the-board would be less than the projected 2.85 percent.

		Expenditures (net of crosscharges)	Total Expenditure Reduction	Total Expenditure Reduction	Notes
			2.85%	1.00%	
1908	County Historical Society	\$ 258,105	\$ 7,346	\$ 2,581	
1913	Civil Air Patrol	\$ 11,000	\$ 313	\$ 110	
1914	War Memorial	\$ 486,000	\$ 13,833	\$ 4,860	May be limited by contract.
1915	Villa Terrace / Charles Allis	\$ 225,108	\$ 6,407	\$ 2,251	
1916	Marcus Center	\$ 850,000	\$ 24,194	\$ 8,500	May be limited by contract.
1917	Milwaukee Art Museum	\$ 1,290,000	\$ 36,717	\$ 12,900	May be limited by contract.
1921	HRIS	\$ 1,968,000	\$ 56,015	\$ 19,680	
1930	Offset to Internal Service Charges	\$ -	\$ -	\$ -	Housekeeping item; no savings possible.
1935	Charges to Other County Departments	\$ -	\$ -	\$ -	Housekeeping item; no savings possible.
1945	Appropriation for Contingency	\$ 5,138,755	\$ 146,264	\$ 51,388	
1950	Fringe Benefits	\$ 223,697,885	\$ 6,367,113	\$ 2,236,979	Would need to identify benefit changes to produce savings.
1961	Litigation Reserve	\$ 526,899	\$ 14,997	\$ 5,269	
1966	Federated Library System	\$ 66,650	\$ 1,897	\$ 667	
1972	Wage and Benefits Supplemental	\$ 3,951,600	\$ 2,197,949	\$ 2,197,949	Only \$1.75M needed for 2018.
1974	Milwaukee County Funds for Performing Arts	\$ 407,825	\$ 11,608	\$ 4,078	
1975	Law Enforcement Grants	\$ 501,288	\$ 14,268	\$ 5,013	May be limited by contract.
1985	Capital Outlay / Depreciation Contra	\$ 6,809,600	\$ -	\$ -	Housekeeping item; no savings possible.
6300	BHD	180,569,228.00	\$ -	\$ -	Reductions by the County Board not allowed.
9700	Milwaukee Public Museum	\$ 3,500,000	\$ 99,621	\$ 35,000	May be limited by contract.
	Total	\$ 430,257,943	\$ 8,898,922	\$ 4,552,224	

To fully represent the 2018 budget, the table below provides a snapshot of the non-departmental revenue accounts within the budget. These revenues are carefully analyzed each budget season and a projection is provided. The amounts shown below have been included in the County Executive's Recommended Budget.

		Total Revenue	Notes
1901	Unclaimed Money	\$ -	Not received in even years.
1933	Land Sales	\$ -	
1937	Potawatomi Revenue Allocation	\$ (4,184,628)	
1991	Property Taxes	\$ (294,044,799)	
1993	State Shared Taxes	\$ (31,229,789)	
1994	State Exempt Computer Aid	\$ (4,994,531)	
1995	Milwaukee Bucks Sports Arena	\$ 4,000,000	
1996	County Sales Tax Revenue	\$ (69,380,817)	
1998	Surplus from Prior Years	\$ (5,000,000)	
1999	Other Misc Revenue	\$ (100,000)	

The information represented in the first table above assumes that all operating departments are subject to an across-the-board cut. If the County Board exempts any departments, or chooses to include non-departmental expenditure cuts or revenue increases, the total percent reduction may vary based on the selected options. The Comptroller will provide additional calculations upon request by the Committee.

Please feel free to contact me at 414.278.4199 or CJ Pahl, Fiscal and Budget Coordinator, at 414.278.4174 if you have any questions.



Scott B. Manske
Comptroller

CC: Theodore Lipscomb, Sr., County Board Chairman
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