



Overview of the 2018 Recommended Budget


Prepared by the Office of the Comptroller
Scott B. Manske, Comptroller

County Structural Budget Deficit

September 2017 Five-year Fiscal Forecast:

- Ongoing expenditures projected to increase ~ 2.5% per year
- Ongoing revenues projected to increase ~ 0.7% per year

County Structural Budget Deficit

- **\$31** million shortfall for 2018
 - **\$101** million in 2022 without permanent fixes
 - **\$10.4** million shortfall in 2019, with permanent fixes
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2018 CEX Budget Fiscal Synopsis

Total Expenditures: \$1,165,334,116

- Change of (\$59M) or 5.3%

Total Revenues: \$871,318,236


- Change of (\$56.1M) or 6.9%

Total Tax Levy: \$294,015,880

- Change of \$2,938,052 or 1.01%




State Tax Levy Cap

- Allowable increase for 2018 is **\$3.6M**, or 1.26%
 - Under State law carryforward provision, an additional \$646,559 is available from 2017 with 2/3 vote of the County Board
 - Unused exemptions for EMS & Federated Library expenditures raise the allowable levy increase by approximately \$5.7M
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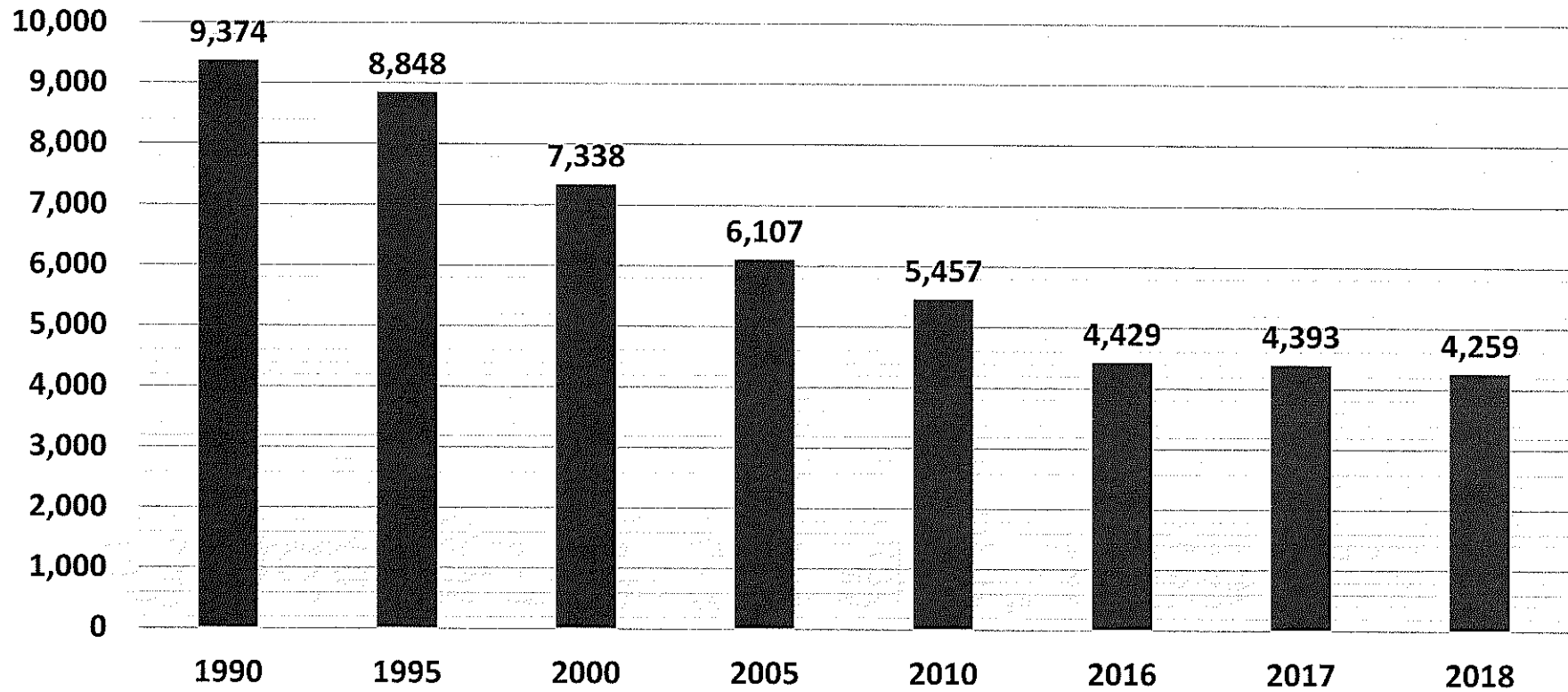
Budget Narrative Changes

- Cross charges and fringe benefits are removed from most departmental budgets
- Charges remain in departments or sections that are offset by revenue
- "Effective" tax levy allows for an "apples to apples" comparison with previous year budgets

Funded FTEs “At-Risk” Positions

- 4,259 funded FTEs for 2018, decrease of 133.5
 - Inclusion of a 1% vacancy and turnover for most departments reduces the FTE count
 - Two positions are “at-risk” of layoff
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Full Time Equivalent Positions



2018 Budget Drivers


Expenditure Increases/Revenue Decreases	Amount
Health Care cost increase for Employees/Retirees	\$13.8 M
Pension Contribution increase	\$6.0 M
1% Raise (2017 full year + 2018 half year)	\$2.1 M
Behavioral Health Division Tax Levy increase	\$1.3 M
Transit increase to Maintain Services	\$2.9 M
Funds to Settle Dep. Sheriff's 2015-17 Contracts	\$2.4 M
Land Sale Revenue decrease	\$1 M
Unclaimed & Misc. Money Revenue decrease	<u>\$2.1 M</u>
Total:	\$31.6 M

2018 Budget Drivers

Expenditure Decreases/Revenue Increases	Amount
New \$30 VRF (11 Months of Revenue)	\$14.7 M
Existing \$30 VRF for Full Year (Additional 2 months)	\$2.5 M
Sales Tax Revenue increase	\$1.3 M
Tax Levy increase	\$2.9 M
Park Parking and Naming Rights Revenue increase	\$2.2 M
Inmate Telephone Revenue increase	\$1.1 M
Zoos Admission and Parking Rental Revenue increase	\$0.9 M
Employee/Retiree Health Costs increase	\$1.8 M
1% V&T across-the-board (Salary funding reduction)	\$1.9 M
Transit Fare Revenue increase	<u>\$1.5 M</u>
Total:	\$30.8 M

2018 Debt Service Reserve

Projected Balance as of 12/31/2017	\$33.4M
2018 Recommended Budget Use	<u>(\$6.75 M)</u>
Projected Balance as of 12/31/18	\$26.6 M



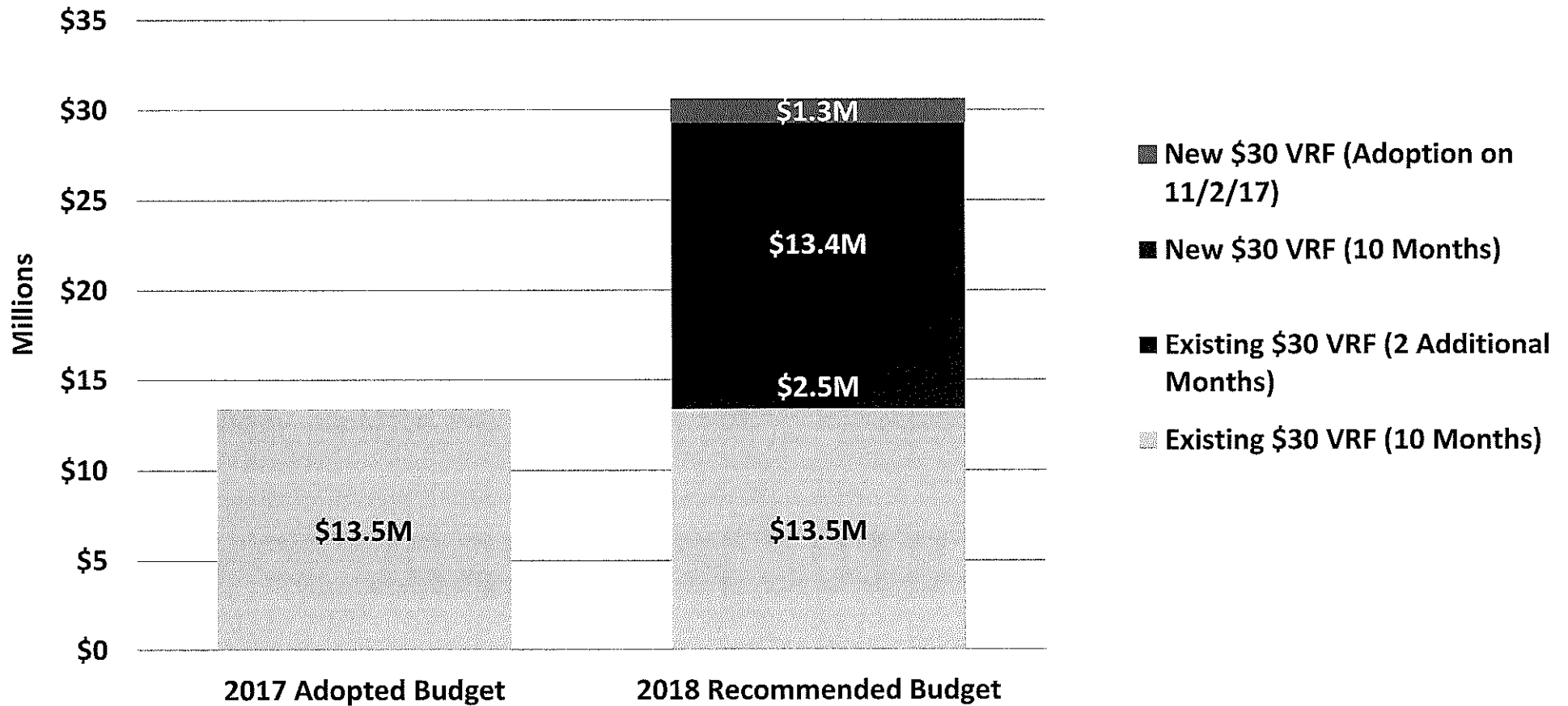
Vehicle Registration Fee (VRF)

- Proposed \$60 VRF in 2018, \$30 increase from 2017
- Total VRF revenue of \$30.6M
- \$17.2M additional VRF revenue than in 2017

Vehicle Registration Fee (VRF) - 2018



2017 & 2018 VRF Revenue Comparison



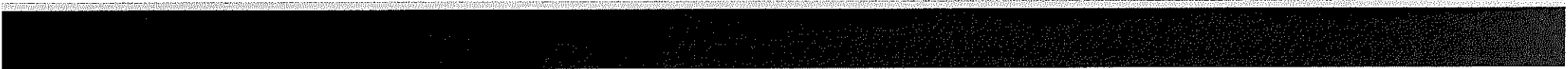
Use of Additional 2018 VRF Revenues

- VRF replaces tax levy for Transit and Highway Maintenance division operations, frees up tax levy support for other County operating needs
- VRF finances some highway capital improvement projects and bus replacement to provide room for other capital projects and remain under the self-imposed bonding cap

2018 VRF revenues are used for:

Eliminating the Additional VRF Revenue

Capital Improvement Projects

- Eliminate or find alternative way to finance capital projects funded with VRF
 - VRF funded projects may be eligible for general obligation bond financing but may exceed the County self-imposed bonding cap
 - Exceeding the cap will result in higher debt service costs and provide less excess sales tax revenues in the future to help fund operating budget needs
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Eliminating Additional VRF Revenue

Operating Budget


- Replace some or all of VRF for Transit and Highway Maintenance with tax levy
- Make permanent expenditure cuts or revenue increases in Transit or other departments

Fee Changes

Parks

- New Pay-to-Park program, estimated revenue of \$1.6M
- Park user fees increase, estimated revenue of \$380K
- Additional sponsorships and naming rights revenue will increase an estimated \$110k

Zoo

- Admission fees increase, estimated revenue of \$454K
 - Zoo parking space rental, estimated revenue of \$474K
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Employee Wages

- 1% raise for most employees effective 6/17/18
- Total of \$400K added to departmental budgets for equity, merit, and compensation increases effective in 4th quarter of 2018.
- Most employees pension contribution remains at 6.5%
- No funds provided for "step" increases, new compensation plan not yet approved

Healthcare and Dental Benefit Changes 2018 Recommended Budget

Item	Employee Only	Employee + Child(ren)	Employee + Spouse	Employee + Family
New Monthly Health Premium (Wellness Program)	\$99 (+\$8)	\$143 (+\$23)	\$226 (+\$36)	\$254 (+\$34)
New Monthly Health Premium (No Wellness participation)	\$138 (+\$8)	\$193 (+\$23)	\$276 (+\$36)	\$304 (+\$34)
New Monthly Dental Premium	\$25 (+\$5)	\$50 (+\$5)	\$50 (+\$5)	\$50 (+\$5)
Increase in Deductibles	\$1,250 (+\$250)	\$1,500 (+\$250)	\$2,250 (+\$250)	\$2,500 (+\$250)

DHHS: Behavioral Health Division


Wisconsin Act 203:

- Created the Mental Health Board (MHB)
- Shifted governance from County Board to MHB in 2014

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

2017 Adopted BHD Tax Levy	\$57.4 M
2018 Recommended Tax Levy	<u>\$58.6 M</u>
Change from 2017 to 2018	<u>\$1.2 M</u>

- Amount is approximately \$6.4 M under maximum BHD levy of \$65M
 - BHD projected year-end reserves: \$23.6M
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Capital Improvements Program

50 Capital Projects (36 non-airport and 14 airport)

County Funds required for non-airport projects: \$50.4M

Financed by:

General Obligation Bonds \$39.8M

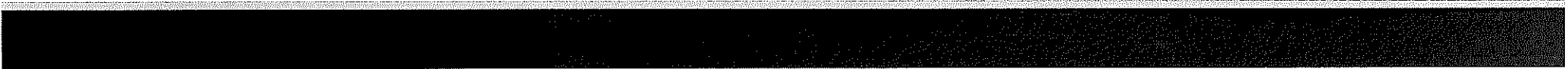
Vehicle Registration Fee Revenue \$2.8M

Sales Tax Revenue (cash) \$6.3M

Property Tax Levy \$1.5M

Major Capital Projects

GMIA International Terminal	\$25M
Bus Replacement	\$15M
Fleet Equipment	\$9M
Enterprise Platform	\$5.7M



New GMIA International Terminal

- Demolish existing Concourse E
- Feasibility Study did not include potential project risk, the impact on finances, or a market analysis

Total Cost = \$45.3M

2018 Commitment = \$25.2

2018 Financing:

- \$15M PFC backed bonds
- \$8.2M Airport Reserve
- \$2M PFC cash

Capital Improvements Committee (CIC) and Bonding Limits

- CIC did not recommend a Five Year Capital Improvements Plan
- 2018 Recommended Budget self-imposed bonding limit is \$39.7
- \$2.7M due to 2017 approval of the Zoo – Elephant Exhibit
- CEX Budget is \$93K over the adjusted bonding limit





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Budget 2018
Org. Unit 1140
Date 10-09-17



Human Resources

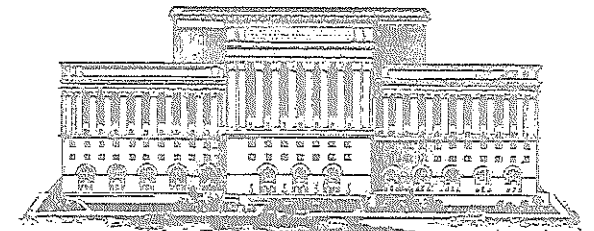
2018 Recommended Budget

Kerry Mitchell ■ Chief Human Resources Officer



2017 Successes

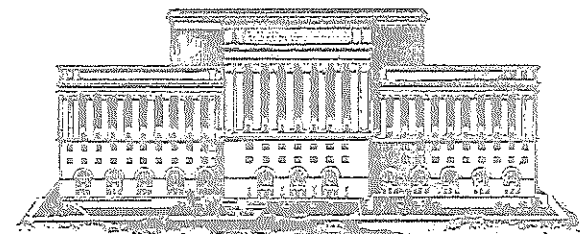
- Conducted numerous employee focus groups to improve the work environment
- 90% efficiency improvement in the pre-employment testing process
- Screened over 32,000 job applicants and posted 540 positions
- Implemented new Vision Benefit for employees
- Processed 290 requests for tuition reimbursement, totaling \$212,000 in assistance to employees
- Received national recognition for our Wellness program, awarded the Gold level designation by WELCOA
- Received the WI Business Journal 2017 HR Award for the Government sector, based on driving major HR transformation and modernization





2017 Successes

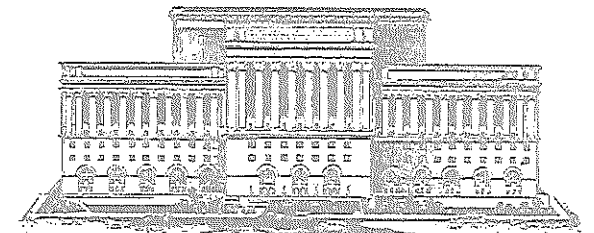
- Launched employee lunch-n-learns for professional development
- Increase in the percentage of employees who received a performance review
- Partnered with departments to streamline and modernize work rules
- Managed extensive, multiphase agreed-upon procedures audit of our retirement plan, involving thousands of benefit calculations
- Launched enhanced interviewing methodology and trained leaders to ensure a consistent and effective approach
- Enhanced and expanded Leadership Excellence and Management Development programs
- 82% decrease in employment claims Q1 2015 – Q1 2017





2018 Initiatives

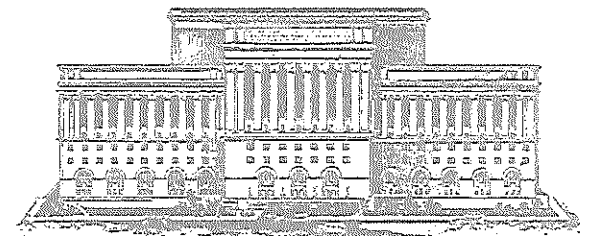
- Streamline and enhance the new employee onboarding process
- Create and execute a social media recruitment strategy
- Continue to reduce time to fill positions
- Expand veteran recruitment efforts
- Implement 3 new voluntary benefits for employees
- Attain 75% participation rate in wellness health screenings





2018 Initiatives

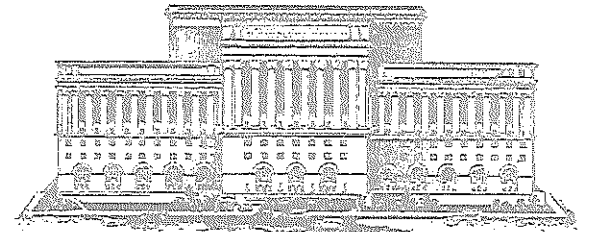
- Launch a campaign to effectively communicate and execute on Countywide required compliance and safety/OSHA training
- Implement process controls and update internal policies to mitigate future administration risk for retirement system
- Standardize and centralize all active employee records digitally.
- Enhanced Leadership Excellence Certification Program
- Launch Diversity & Inclusion strategy for Milwaukee County





Budget Request

	2017	2018	Variance
Expenditures	\$6,882,808	\$5,638,487	(1,244,321)
Revenue	\$1,596,669	\$1,588,117	(\$8,552)
Tax Levy	\$5,286,139	\$4,050,370	(\$1,235,769)





Human Resources

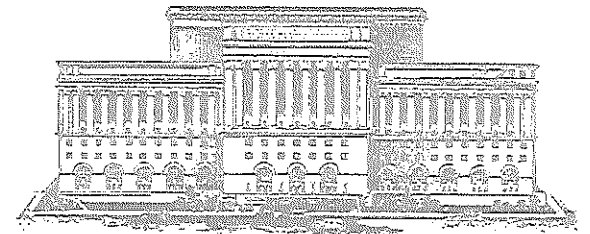
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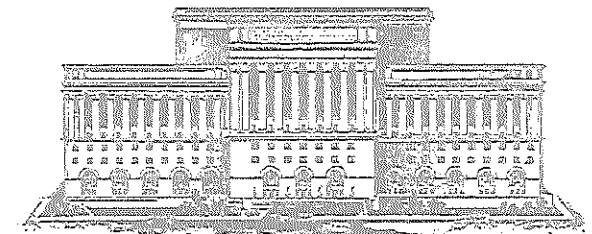
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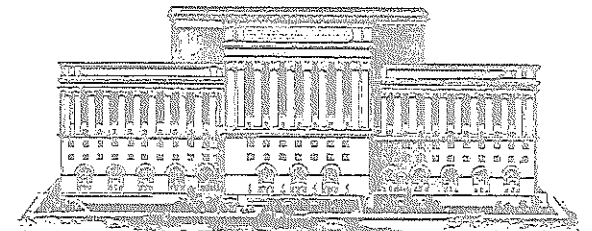
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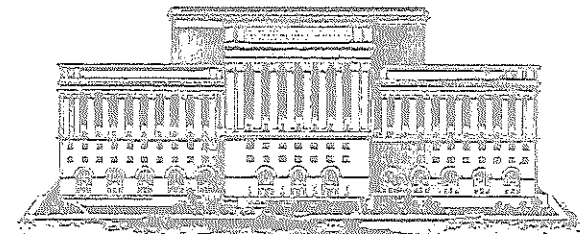
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