



OFFICE OF THE COUNTY EXECUTIVE
Milwaukee County
 CHRIS ABELE • COUNTY EXECUTIVE

DATE: November 17, 2015
 TO: The Honorable County Board of Supervisors
 FROM: Chris Abele, Milwaukee County Executive
 SUBJECT: **NON-VETO STATEMENTS TO FILE NUMBER 15-642 (2016 BUDGET)**

As outlined in my overview of the Board's proposed changes to the 2016 budget, the areas in which we agree far outnumber the points where we diverge. At the same time, the Board has introduced changes to my proposed budget that prompt concern, and while not vetoing these elements I'd like to highlight and discuss the issues I see. I hope to work with you in 2016 to mitigate these concerns.

COUNTY-WIDE IMPACT AMENDMENTS

Amendment that cuts multiple departments' budgets (Amendment 1a070)

Outside the two amendments I am vetoing, the Board amendment that concerns me most is the across-the-board, one-percent reduction to the budgets of 23 departments and county-supported organizations. This amendment – introduced and voted on in a matter of minutes – makes arbitrary reductions to departments in lieu of careful review and disciplined decision making. Because these cuts are based on total revenue, including grants and revenues tied to state- and federally-mandated programs, County departments will be forced to absorb these reductions in discretionary areas that are generally much smaller shares of their budgets. For instance, the Department on Aging with a total budget of \$18.7 million has been assigned a reduction of \$187,000. But over \$17 million of that revenue comes from outside sources, and only \$1 million is from the County tax levy. This means that the department faces a nearly 20 percent cut in tax levy and must decide where and how to cut critical services that seniors depend on. The zoo must decide whether to increase admission fees to balance its budget. The Medical Examiner – a key public safety function – is already short-staffed and cannot sustain this kind of cut without impact to its critical services.

The Public Policy Forum has already voiced its opinion of this tactic, commenting: “Also of concern is a 1% across-the-board cut to several County departments that was adopted at the end of the budget process to keep the overall levy increase at \$4 million. While holding down the levy is a laudable goal, across-the-board budget cutting generally is **frowned upon** by government finance professionals because of its arbitrary nature. A far more preferable approach would have been to identify specific budget cuts based on programmatic priorities.¹”

I would remind the Board that my proposed budget held the tax levy at the 2015 level. I would suggest, along with the Public Policy forum, that if the Board wishes to offset increases that it has made to the 2016 budget, it should identify specific programs and areas that it wishes to cut. In

¹ <http://publicpolicyforum.org/blog/county-board-actions-address-key-issues-recommended-budget-long-term-challenges-remain>. **Emphasis** added by the Public Policy Forum.

developing their budget requests, County department heads and leaders worked very hard to identify the resources needed to accomplish their goals and fulfill their responsibilities. By simply proposing an across-the-board reduction, the Board fails to identify how and where it wishes to modify its policies and programs.

Because these amendments will cause departments to either deficit or force a cut in service, I am instructing impacted departments to prepare corrective action plans. I ask the Board to reconsider this action and find funding to cover the holes that have been created in these departments or to specify those programs and policies it wishes to reduce or eliminate.

Amendment abolishing all unfunded positions (Amendment 1a034)

While not vetoing this amendment, I wish to state my concerns about it, as it removes important flexibility that departments need to manage their day-to-day operations.

An example illustrates how being able to use unfunded positions assists departments. Officials at the House of Correction occasionally hire using unfunded positions. They have ongoing needs for Correctional Officers, who require extensive training before they can be assigned to active duty. At times, they hire using unfunded positions so that they can maintain a pipeline of trained and available staff to manage the facility and ensure public safety. They carefully review their current staffing situation, their needs and their expenditure authority when making these necessary hiring decisions. The ability to fill unfunded positions allows them flexibility to manage their workforce, but does not result in deficits in their operations.

I agree that our current financial and human resources systems are out of date and can't always provide timely and accurate reporting. The long-term solution is to replace those systems, not remove needed flexibility from departments in hiring key positions. That is why – with the Board's endorsement – the County is well underway with a needs assessment and recommendation for an Enterprise Resource Planning (ERP) system to address these concerns.

I ask the Board to reconsider this action and work with us to address the Board's concerns while retaining important flexibility for managers in hiring and managing operations.

PARKS

Amendment funding Supervisor-specific Parks Improvements – Little League baseball diamonds in various parks, Pulaski Park pavilion Improvements, Cudahy Park and Grant Park baseball diamonds, Wahl Park basketball courts and pavilion improvements, Kulwiki Park repairs and maintenance, Washington Park west baseball field and band shell repair (Amendments 1a026, 1b009, 1b011, 1b006, 1b010, 1a069, 1b016)

While I am not vetoing these projects, I remain concerned that the Board's additions compromise the ability of the Parks Department to set priorities in a thoughtful and inclusive manner. The Parks Department bases its five-year facilities plans on important criteria, including health and safety concerns, work in progress, and community input. These projects are not on the current five-year plan for the Parks Department nor were they approved by the Board-created Capital Improvements Committee. While I appreciate the Board's desire to support our Parks system, we should respect the process used by the Department to balance community needs and available resources. Funding projects

outside that well-developed and respected process jeopardizes the Department's ability to serve the entire community.

While I understand the Board's interest in improving the Washington Park band shell, I would strongly encourage the Board to delay its plans in order to give the Parks Department time to solicit input and feedback from the community, as well as to investigate options for funding selected investments. Nonprofits, private businesses and other partners have made significant investments in Washington Park in recent years, and the County should continue to work with these partners and neighbors to develop a long-term plan for the park. In addition, the Parks Department is launching a master plan for our parks and facilities that will include assessment of capital needs and options for sustaining them. While potentially a worthy candidate for investment, the Washington Park band shell should be evaluated alongside other assets of our park system. Delaying this project would allow the Parks Department time for planning and establishing priorities with the community.

Amendment with changes to Parks Revenue and Fees, including County-wide park fees, disc golf revenue, O'Donnell Parking Garage revenue, Beer Garden revenues and South Shore Park revenues (Amendments 1b009, 1a045, 1a046)

I understand public, as well as the Board's, concerns about fees for public facilities; the Parks Department has demonstrated repeatedly that it too understands those concerns and carefully balances competing interests and perspectives in setting fees and projecting revenues. Parks income always depends on variable conditions – weather, public demand, changing cost drivers – and the professionals who manage our award-winning Parks system are in the best position to analyze trends to set fees and project revenues.

Further, I agree with the Parks department's opposition to tying specific revenues to specific expenses. Having to ensure that revenues collected in one activity are spent only on that activity creates inefficiencies and means we have less investment overall in our parks system. For example, having to track the amount spent in maintaining disc golf courses means separating out mowing and lawn maintenance efforts within individual parks, increasing overhead in park operations. Further, requiring that revenues collected in one activity support only that activity may mean over-investing in one area at the expense of other public priorities. I would encourage the Board to rely on the dedicated team at the Parks Department to project revenues and set fees based on their expertise and to manage our facilities to the benefit of the entire community.

Because these amendments did not replace the displaced revenue, I am instructing the Parks Department to prepare a corrective action report for the anticipated deficit.

CULTURAL INSTITUTIONS

Amendments related to Marcus Center and Historical Society (Amendments 1b003, 1c001)

Milwaukee County is fortunate to have many cultural organizations that provide a valuable service to all residents. My goal has been and remains ensuring that these organizations exist not only today, but for future generations. We have heard from multiple third-party organizations, including the Public Policy Forum, that the current model of funding for cultural institutions is not sustainable, noting that the County has many competing priorities and does not have unlimited resources to fund these institutions at the level they need. This is the perspective I bring to discussions with both the Marcus Center and the Historical Society.

The outcome I am seeking is the best interest of both the County and these important organizations. It is because I want to see both the Marcus Center and Historical Society succeed that my 2016 proposed budget preserves the operating dollars to both organizations at their requested and provides significant capital support as well.

We must look for a solution that doesn't simply preserve the status quo, but rather puts both the Marcus Center and Historical Society on a path toward sustainability and decreased reliance on County tax levy. It is not appropriate to threaten either of these organizations with the removal of County support if they are looking for more sustainable or flexible options that do not continue administrative ties to the County. We need instead to work with each to develop long-term sustainability as well as flexibility.

I am not vetoing the amendments that make various stipulations for these two cultural institutions, in the hopes that Supervisors will work with me on a resolution that balances the best interests of the County, along with those of the Marcus Center and Historical Society.

Amendment increasing funding to CAMPAC (Amendment 1c003)

Art, particularly public and widely accessible art, is important to the community as well as to me personally, which is why I preserved funding for the CAMPAC program at its current level in my recommended budget. At the same time, as you know, Milwaukee County government continues to be under significant fiscal pressures and cannot be all things to all people. If we want to ensure that the County can continue to support art and cultural programs in the community, then we need to think about every single dollar we spend as part of a path that leads to the County financial stability and sustainability – especially since this extra funding was not requested by its recipients. I am approving this funding on a one-time basis only.

TRANSIT

Amendment removing funding for transit initiatives (BRT, GO Pass Study, Building and Grounds maintenance) and funding one bus extension (Amendment 1a011)

Throughout my tenure as County Executive, I have been a stalwart supporter of transit. My team and I reversed the longtime decline of route miles and funding to Milwaukee County Transit System (MCTS). In the decade before I took office, our transit system was in disarray, the result of regular route cuts and fare increases. The year I took office, despite a \$7 million cut from the state, we ended the practice of slashing transit. With your support, we have worked very hard for five years in a row to strengthen transit by adding new route miles and keeping bus fares unchanged.

The goal of the Public Policy Forum's (PPF) report in 2013 is one that I support – we need to find ways to link people who need work with high density job areas. I am directing the County's Department of Transportation to evaluate and analyze the information presented in the PPF report and to recommend options to extend service along Route 80 in a responsible and sustainable way. This plan will include an analysis of how routes with similar changes are performing, which job and / or educational center(s) the route should include, expected ridership levels, and ways to pay for this route on an ongoing basis.

I am concerned, however, that this study and initial implementation is funded at the expense of two other important projects, which also need careful study and attention.

The Journal Sentinel just published an article earlier this month showing that MCTS is facing a \$1.5 million shortfall this year, with an estimated \$2.6 million revenue loss expected from the GO Pass by the end of the year.² Given the much greater than anticipated effect of the GO Pass on MCTS' revenues and general financial health, it is imperative that the program and its implementation be evaluated carefully and thoroughly. While I respect the work done by the Southeastern Wisconsin Regional Planning Commission (SEWRPC), I am concerned that they are not equipped to complete the type of analysis needed here. I suggest instead that we request the services of outside transit professionals to help us with this critical analysis. At the same time, I want to be clear that I am not opposed to the spirit and goal of the GO Pass, but I am worried that, by offering free rides not just to those who truly need them but also to people who can afford to pay full or reduced prices fares, we are jeopardizing the transit system as a whole. A robust analysis would give the County needed information to shape the program in a way that is effective, is in keeping with the original intention, and doesn't destabilize the transit system that is so vital to the livelihood of our constituents.

This amendment also removed the dedicated funding for the Bus Rapid Transit (BRT) study. BRT would connect downtown Milwaukee with the Milwaukee Regional Medical Center, the top two job centers in Milwaukee metropolitan area. In short, BRT has the potential to transform transit and job access in Milwaukee County. This amendment states that \$1.5 million was previously allocated for BRT, but that is not strictly accurate. Funding has been allocated for signal priority which, although a part of BRT, is not the same as the full study that should be conducted before implementing individual components of a BRT system. Without a correction or clarification, this amendment will endanger our ability to implement a true BRT system in the carefully planned and evaluated fashion that it requires.

I ask the Board to work with me to identify funding sources for a thorough study of the GO Pass by transit experts, as well as for a full analysis of opportunities offered by BRT. The Milwaukee County Transit System is a vital and integral element in our community, and working together we can continue to expand and improve its services.

HUMAN RESOURCES

Amendment addressing compensation step system (Amendment 1a007)

In addition to an across-the-board raise for employees, my budget proposal included \$1.5 million to revamp the County's compensation structure from an outdated model of step-based pay grades to one based on pay ranges, resulting in raises for hundreds of employees whose current pay is below market. We previously recommended these raises back in March. The Human Resources (HR) Department, in collaboration with department heads and managers, spent two years evaluating jobs across the County to ensure that every job has a current and accurate description and that the salary ranges for all jobs are fair and competitive. So far, they have identified 486 employees, many of whom are direct-service workers (e.g., victim witness advocates, highway workers, corrections officers, support staff) who fall below the minimum pay for their job. Under the new pay range system my proposed budget would implement, the average yearly salary for these employees would increase by \$2,780. Bringing

² <http://www.jsonline.com/news/milwaukee/milwaukee-county-transit-system-faces-15-million-deficit-b99608233z1-339508431.html>

employees below minimum into the new ranges is only the first step on our path to a more competitive pay system that helps ensure equity across the organization.

I know that my colleagues on the County Board share my appreciation for our hard-working County employees. Unfortunately, this proposed amendment to my budget would block implementation of the pay range system in favor of keeping the outdated step-based pay grade system – again delaying implementation of raises. Under the current system, pay increases vary widely between more than 150 grades that each have anywhere from 5 to 21 steps. In addition, the size of each step varies widely, meaning that when employees receive step increases, one employee might receive a 19% increase, another might receive a 2% increase, and another may receive nothing because he or she is at the top step. This pay system has also resulted in different pay grades for similar positions, meaning an employee in one department may make substantially less than an employee in a different department for doing the same work simply because they were assigned a different, arbitrary pay grade or step. This is not a fair or equitable way of compensating all County employees.

Having a fair, sustainable, and competitive pay structure is essential to hiring and retaining the best employees. Right now we lose far too many County employees to other local governments and the private sector who can pay them a higher salary. We know Milwaukee County employees value public service, however, we believe it is important to compensate them fairly and equitably.

I ask that Supervisors take up and pass the recommendations that the Compensation Workgroup will send to you in the next month so we can pay our workers more, on average, and can ensure that this year's budget is the first of many that reward all County employees. This new compensation structure will allow us to pay employees more fairly and competitively.

HEALTH AND HUMAN SERVICES

Amendment adding Funding for Emergency Shelter Care (Amendment 1a021)

With regard to funding for local shelters, I would remind the Board that my proposed budget includes over \$400,000 for additional case management services through local shelters as part of the \$1.8 million budgeted for the County's initiative to end chronic homelessness. Our clients have told us repeatedly that they strongly prefer permanent housing – and Housing First – over shelter services. Moreover, the extra support for Emergency Shelter Care added to the 2014 and 2015 budgets was intended to help local shelters develop new funding sources in light of reduced federal support. In fact, recipients of these funds last year acknowledged their transitional nature. As a result, I believe that future County efforts to assist the homeless should be focused toward housing and case management. This in turn will decrease the need for shelter housing.

Amendment removing demolition funding for vacant BHD facilities (Amendment 1b012)

This amendment would delay the demolition of unused and outdated buildings at the Behavioral Health Division (BHD) in order to assess the implications of demolition versus sale and/or rental of the buildings. While I am not vetoing the Board's amendment to complete a cost/benefit analysis related to demolition versus sale of the Day Hospital and D-18 buildings, I would remind the Board that we already know that keeping the Day Hospital is substantially more costly than demolishing it, over the medium and long term.

The Day Hospital is a vacant, out-of-date, and inefficient building. It needs \$200,000 in electrical updates and would cost the County hundreds of thousands annually to maintain. This contrasts with the one-time cost of \$3 million for demolition. This amendment forces the building to be “abandoned in place” to avoid annual maintenance. Buildings that are abandoned in place can cause a public nuisance and otherwise distract from neighboring properties.

OFFICE OF EMERGENCY MANAGEMENT

Amendment modifying staffing and funding for the Office of Emergency Management (Amendment 1a031)

I would like to provide additional background on the proposed budget for the Office of Emergency Management (OEM). OEM receives several important grants to fund its operations, including the Emergency Planning and Community Right-To-Know Act (EPCRA) grant, also known as the Superfund Amendments and Reauthorization Act (SARA), and the Emergency Management Performance Grant (EMPG), both of which are operated under the Department of Military Affairs, Homeland Security Grant Program. These grants support many emergency management activities within the OEM, including funding two positions: the SARA Coordinator and a clerical position to support the SARA Coordinator (the clerical position has been vacant since 2014). Note that Milwaukee County is not required to use these grants to fund staff positions; these grants are to be used by the County to improve its ability to prepare for, respond to, and recover from incidents that would otherwise overwhelm local emergency response.

Over time, much of the work of monitoring and developing preparedness plans for Extremely Hazardous Substance (EHS) facilities has been integrated into the Wisconsin Hazmat Online Planning and Reporting System (WHOPRS). As a result, the County no longer needs two full-time employees, the SARA Coordinator and a clerical assistant, to support these EPCRA activities. Instead, the County needs to significantly bolster its presence and assistance to local municipalities through emergency preparedness drills and simulations, which are the most critical and valuable stage in developing a robust emergency management practice. I hope that you will work with OEM and our partners across the county to continue to evolve and improve our emergency management support and readiness.

LEGISLATIVE AND EXECUTIVE FUNCTION

Amendment taking away County Executive security (Amendment 1a002)

While I oppose the amendment to remove \$100,000 for security from the County Executive office budget and transfer the funds to the Sheriff’s office with no accountability, in the interest of collaborating with the County Board to pass this budget, I am not vetoing this amendment.

Instead, I will with personal funds pay the full cost of \$400,000 for the security contract for the Office of the County Executive, which is in line with the security costs allocated for the mayor of Milwaukee.

Please note, however, that my concern is this sets a dangerous precedent for Milwaukee County: that elected officials are entitled to competent protection from professionals with whom they can establish a mutually trusting and respectful relationship only if they can afford to pay for it themselves. This is the wrong message to send to people who seek elected office and who are committed to public service.

I regret deeply that the safety of our elected officials, their families, and their staffs has become a political issue.

Amendment adjusting cost allocation formulas (Amendments 1a008, 1a018)

I applaud the Board for requesting that the Comptroller convene a Workgroup to study the current crosscharge formulas and to recommend changes prior to consideration of the 2017 budget in order to “provide accurate information on the cost to provide programs and services.” Further, I support your request that the Comptroller review the methodologies used for the 2016 Budget. I am concerned, however, about efforts to change internal cost allocations prematurely before the Workgroup completes its review. In these two amendments, the Board has removed fringe benefit charges from certain departments and has also reduced the cross charges that are levied against its own operations in a manner inconsistent with the handling of those charges for other departments. The current crosscharge methodology was applied consistently across all County departments, as required by accounting standards, and any adjustments should be reviewed carefully by the Comptroller’s Workgroup and applied uniformly.