

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: June 26, 2017
TO: Supervisor Theodore Lipscomb Sr., Chair, County Board of Supervisors
FROM: Steven R. Kreklow, Director, Office of Performance, Strategy, and Budget
SUBJECT: Crosscharges and Fringe Benefits in the 2018 Budget

Overview

As you are aware, Milwaukee County has a complicated structure of crosscharges and fringe benefit costs that effect every department's budget. The 2018 Recommended Budget will include changes in crosscharges and fringe benefits that are designed to simplify departmental budgets and maintain the crosscharge policy in the 2017 Adopted Budget toward elected officials. **These changes have no effect on departmental operations, they only change technical items in the budget.** Staff from the Office of the Comptroller and the Office of Performance, Strategy, and Budget (DAS-PSB) collaborated on the 2018 Budget framework.

A list of definitions and a list of departments (or parts of departments) designated as "revenue orgs" is attached to this report.

2017 to 2018 Comparison

<u>2017 Budget</u>	<u>Elected Officials</u>	<u>Revenue Orgs</u>	<u>Non-Revenue Orgs</u>
Direct Service Crosscharges	Distributed, but abated	Distributed to Depts	Distributed to Depts
Centralized Crosscharges	Distributed, but abated	Distributed to Depts	Distributed to Depts
Active Fringe Benefits	Distributed, but abated	Distributed to Depts	Distributed, but abated
Legacy Fringe Benefits	Distributed, but abated	Distributed to Depts	Distributed, but abated
IT Central Spend Charges	Distributed, but abated	Distributed to Depts	Distributed to Depts
<u>2018 Budget</u>	<u>Elected Officials</u>	<u>Revenue Orgs</u>	<u>Non-Revenue Orgs</u>
Direct Service Crosscharges	Not distributed	Distributed to Depts	Distributed to Depts
Centralized Crosscharges	Not distributed	Distributed to Depts	Not Distributed
Active Fringe Benefits	Not distributed	Distributed to Depts	Not Distributed
Legacy Fringe Benefits	Not distributed	Distributed to Depts	Not Distributed
IT Central Spend Charges	Not distributed	Not distributed	Not distributed

Effect on Elected Officials

- There is no effective change from 2017. In 2017, the crosscharge/fringe benefit amounts were shown in the budget then abated out for a net of \$0. In 2018, the crosscharges are not distributed to elected officials, so no abatement is needed.

Effect on Revenue Orgs

- IT Central Spend charges are no longer distributed to departments. Funding for IT purchases is contained in the DAS-IMSD budget, with a portion allocated to each department.

Effect on Non-Revenue Orgs

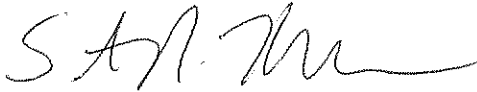
- Fringe Benefits: In 2017, active and legacy fringe benefits were distributed to departments and then abated out for a net of \$0. In 2018, fringe benefits are only distributed to revenue orgs.
- Centralized Crosscharges (IMSD, Risk, Facilities, Central Service): In 2017, these crosscharges were distributed to all non-revenue orgs. In 2018, these costs will be held centrally in the charging department and only distributed to revenue orgs.
- IT Central Spend charges are no longer distributed to departments. Funding for IT purchases is contained in the DAS-IMSD budget, with a portion allocated to each department.

Effect on Central Crosscharging Departments

- In 2017, crosscharging departments such as IMSD received indirect revenue from user departments to shift the tax levy cost of the central services to user departments.

Recommendation:

This report is for informational purposes only. No action is necessary.



Steven R. Kreklow
Director, Office of Performance, Strategy, and Budget

Attachments:

List of Definitions

Appendix B – List of Revenue Orgs