

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: April 19, 2024

To: Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors

From: Joe Lamers, Director, Office of Strategy, Budget and Performance

Subject: Office of Strategy, Budget and Performance 2023 Annual Report

File Type: Informational Report

This informational annual report provides a report on how the Office of Strategy, Budget and Performance set and achieved its 2023 goals.

POLICY

This report aligns to Chapter 108: Achieving Racial Equity & Health.

Milwaukee County Code of General Ordinances:	Chapter 108: Achieving Racial Equity & Health
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BACKGROUND

[File 22-104](#) amends Chapter 108 to require that “annually, by April 30 of each year or sooner, each Milwaukee County department leader and/or their designee(s) shall provide a written and oral report outlining their year-end results to a Milwaukee County Board of Supervisors committee. The reports shall, at a minimum:

- (a) Indicate the year-end goals the department set in the prior year
- (b) Share the rationale and relevance of the department’s performance metrics (i.e. explaining why they are “SMART” goals (specific, measurable, achievable, realistic, timely, and extending) and how they align to the county’s racial equity strategy, if applicable)
- (c) Report the department’s year-end results relating to the goals it had set, and
- (d) Provide a thorough analysis clearly articulating why goals were significantly exceeded, met, or not met.
- (e) Explain the department’s progress in creating a departmental-level strategic plan that aligns to the countywide strategic plan and provide an update about future plans to revise and enhance the departmental-level plan in the year ahead.”

ALIGNMENT TO STRATEGIC PLAN

- 1A: Reflect the full diversity of the County at every level of County government
- 1B: Create and nurture an inclusive culture across County government
- 1C: Increase the number of County contracts awarded to minority and women-owned

- businesses
- 2A: Determine what, where, and how we deliver services to advance health equity
 - 2B: Break down silos across County government to maximize access to and quality of services offered
 - 2C: Apply a racial equity lens to all decisions
 - 3A: Invest “upstream” to address root causes of health disparities
 - 3B: Enhance the County’s fiscal health and sustainability
 - 3C: Dismantle barriers to diverse and inclusive communities

Alignment to the above strategic goals is articulated in response to the questions below.

BODY

The Office of Strategy, Budget and Performance (SBP) was created in 2022 to further align strategic planning and budgeting efforts to enable Milwaukee County to achieve its long-term vision. The office leads the strategic plan, uses an equitable lens for budgeting, and implements effective practices for continuous improvement, grant development, internal communications, and project management. These activities support Milwaukee County’s ability to provide high quality services for the residents of Milwaukee County.

SBP works to strengthen county business practices and strategically align critical resources that advance the mission and improve Milwaukee County’s fiscal health. The office is structured to support departments across the organization through the following three service areas:

- Strategy: The Strategy service area works with all departments and elected offices to drive meaningful progress within the county’s strategic plan.
- Budget: The Budget service area leads the development and implementation of the county’s \$1.3 billion annual operating and capital budgets and supports the county’s efforts toward achieving long-term financial sustainability. Milwaukee County strives to be a fiscally healthy organization that prioritizes investments towards strategic plan priorities.
- Project Management Office (PMO): The PMO leads efforts to advance Milwaukee County’s strategic plan by managing mission-driven projects. The team also integrates project management methods and support for county departments in the follow service areas:
 - Project management (including continuous improvement, priority, and strategy initiatives)
 - Competitive grant development (including congressionally directed spending and state budget requests)
 - Internal communications (including brand management and digital experiences)

The PMO also leads programs including the American Rescue Plan Act (ARPA), Opioid Settlement Funds, Youth Commission, and the Administrative Manual of Operating Procedures.

1. What were the top 3 goals of your department/office in 2023? Please explain why they are “SMARTIE” goals (specific, measurable, achievable, realistic, timely, inclusive, and equitable) and how they align to the county’s racial equity strategy.

The Office of SBP shares the vision of Milwaukee County a whole, that by achieving racial equity, Milwaukee is the healthiest county in Wisconsin. The office’s mission is “We support Milwaukee County’s success by driving equitable decisions and implementing innovative solutions.” As an enterprise-wide office serving every part of Milwaukee County government, the Office of Strategy, Budget and Performance delivered on its mission by advancing the three goals below in 2023, which align to one or more of Milwaukee County’s overall strategic objectives.

- Goal 1: Facilitate the development of strategic plans by every County department.
- Goal 2: Support efforts to improve the County’s fiscal sustainability, while also utilizing an equitable lens for budgeting. This goal is aligned with strategic objective 3B regarding fiscal health and sustainability.
- Goal 3: Milwaukee County will secure competitive grant revenue to improve our ability to invest upstream and support fiscal sustainability. By 12/31/23, Milwaukee County will submit 45 grant applications, totaling \$40M as measured by the PMO tracker per AMOP 11.01.

2. To what extent were these goals accomplished in 2023? Please explain.

- a. Goal 1: SBP achieved its goal by facilitating the development of strategic plans for every department within the County Executive’s administration and supporting some elected officials, such as the Milwaukee County Sheriff, to develop strategic plans as well. Departments will present each of these plans in Q2 of 2024 along with their 2023 annual reports. This will be the first time in the County’s 189 year history that the County has both an enterprise-wide strategic plan as well as department plans that nest underneath it.
- b. Goal 2: Continued progress was made in 2023 towards improving the County’s fiscal health and sustainability.
 - In 2023, the Wisconsin State Legislator approved, and the Governor signed Act 12, allowing Milwaukee County the ability to increase its sales tax rate from 0.5% to 0.9%. This increase took effect as of January 2024 and an increase of \$84 million of sales tax revenue is reflected in the 2024 budget. As defined in Act 12, the additional sales tax revenues are to be dedicated to paying off the County’s pension liabilities.
 - Act 12 also increased the amount of shared revenue Milwaukee County will receive from the State. The 2024 Adopted Budget includes an

approximately \$8 million increase in shared revenue. Further, shared revenue will grow with inflation in future years based on statewide sales tax collections. Previously, shared revenues to Milwaukee County had been flat and reduced for more than a decade.

- By enacting the 0.4% sales tax, the County must now elect to join the Wisconsin Retirement System (WRS) for new employees. New County employees will join WRS beginning in 2025. This change was recommended by the Retirement Sustainability Task Force created in 2017 to “ensure retirement security for future employees and long-term fiscal sustainability for the County.” WRS is considered one of the best managed pension plans in the Country due to its policies and procedures and fully funded status.
- Due to the above actions, Milwaukee County started the 2024 budget process with a surplus for the first time in decades.
- The 2024 budget directed significant spending towards one-time items, including over \$26 million of cash financing for capital projects, and more than \$10 million in one-time operating costs. These one-time allocations were strategically included within the 2024 budget to further address the County’s capital backlog, and to provide critical needs in the County such as affordable housing and improvements to parks amenities. In addition, these one-time investments will help to improve the County’s 2025 and future year fiscal outlook, given that a large increase in ongoing costs would not be sustainable.
- An increase in Debt Service Reserve funding is projected at 2023 year-end.
- 2023 reflected increases in grant revenues to support County programs and services as detailed below.

In the operating budget process, departments submitted 87 Supplemental Requests for additional funding. The 2024 Adopted Budget included funding for ten requests (up from 5 in 2023) that were flagged as being in alignment with the County’s strategic plan based on the Racial Equity Budget Tool (REBT). The investment totaled \$1.9 million over 6 departments. While this amount reflects investments specifically tied to the REBT document, additional new investments towards strategic plan priorities were also made within the 2024 budget. Some examples include a \$4 million investment in affordable housing, a \$1 million invest in a senior home repair fund and a \$350,000 investment in traffic/water safety in County parks.

- c. Goal 3: During its third year of implementation, the grant development team within the PMO worked to pursue competitive grant funds for Milwaukee County through targeted grant development support for County departments. The 2023 grant development goal was accomplished to the extent that \$70,522,538 was requested through 39 grant proposals, exceeding the anticipated amount of competitive grant funding pursued.

As of April 18, 2024, 23 of the applications submitted in 2023 have been awarded, totaling \$19,618,053 in grant revenue. This is a 59% success rate for proposals submitted and then awarded to date. There are 5 grant proposals pending award which total \$42,665,605.

Since inception as the Grants & Special Projects division in January 2021, the grant development team in collaboration with Milwaukee County departments supported the accumulation of \$110,147,839 in competitive grant awards through April 2024.

Also in 2023, the PMO facilitated requests for Congressionally Directed Spending through local legislative offices in the amount of \$56,464,658 for 13 projects. Milwaukee County will receive \$5,500,000 from those requests to support affordable housing, lagoon revitalization, and clean diesel bus purchase initiatives. Milwaukee has been the most successful county in securing congressional funds in Wisconsin.

Lastly, the PMO is administering the County's use of ARPA State and Local Fiscal Recovery Funds and Opioid Settlement Funds. The PMO has facilitated the conclusion of the full allocation of \$183.7M in ARPA funds in 2023, dispersing the dollars across Milwaukee County departments for eligible uses. Similarly, \$16.5M in Opioid Settlement Funds were allocated and dispersed to departments in 2023 to facilitate 15 projects intended to combat the opioid crisis in the community through 2025. In total, \$200.2M has been distributed within the organization through processes facilitated by the SBP PMO for strategy-aligned efforts using one-time ARPA and Opioid Settlement Funds.

Milwaukee County has received national recognition for its allocation processes related to both ARPA and the Opioid Settlement. In an assessment of state and local government ARPA Performance Reports conducted by Results for America (RFA), Milwaukee County ranked third amongst a group of 93 county governments receiving ARPA State and Local Fiscal Recovery Funds. The ranking was based on key best practices, evidence-based programs, and ensuring equitable outcomes. Milwaukee County also received the "Award for Excellence in the Application of the Opioid Litigation Principles" which recognizes efforts to combat the opioid epidemic and save lives through effective utilization of opioid settlement dollars. The award and principles were developed by a coalition of organizations from across the spectrum of the substance use field and coordinated by faculty from the Johns Hopkins Bloomberg School of Public Health.

3. What factors *enabled* progress toward accomplishing these goals?

Goal 1: The prioritization of the department strategic planning by the County Executive, the County Board, and every member of the County Executive's team and cabinet enabled departments to carve out the necessary time to complete this historic task.

Goal 2: SBP has been successful in building processes that include an equitable lens as part of the standard procedures. In the operating budget, the Racial Equity Budget Tool requires all parts of the County to think critically on the impact of the services and their needs to perform those services more equitably. The 2024 Adopted Budget included funding in many departments that originated from ideas in the Racial Equity Budget Tool. Another measure of success is that the amount of funding included in adopted budgets based on the REBT has increased year over year. In the capital budget, the formula used by the Capital Improvement Committee includes a section on racial equity impact of the requested capital project.

Goal 3: During its third year of implementation, the grant development team within the PMO continued to improve systems for grant searching and supporting development of new proposals with County content experts. Familiarity and forecasting of state of federal opportunities allowed for effective collaboration between PMO and County department staff.

In 2023, the PMO began implementation of the Matching Grant Pilot Program which allocated \$2M in ARPA aid for matching funds for new competitive grant opportunities. The program removes a common barrier to pursuing new grant funds and reduces financial strain caused by matching requirements. The overarching goal of the program is to maintain a 75% return on the matching fund investment. To date, Milwaukee County has transferred \$408,313 in matching funds from this source to support 5 projects, which brought in \$2,501,427 in competitive grant revenue. This is a 513% return on investment.

4. What factors *hindered* progress toward accomplishing these goals?

Goal 1: Due to a lack of capacity on the part of the strategic planning and performance management team, some departments needed to hire consultants to support the development of their strategic plans. While this had some advantages, such as the use of neutral, external facilitators with unique subject-matter expertise, it also made it more challenging to align certain elements of strategic planning across all of the departments.

Goal 2: Based on the new 0.4% sales tax approved in July 2023, the 2024 budget had additional funds available for investment. However, long-term projections show that due to the County's structural deficit (where expenditures increase at a higher rate than revenues), future budgets will likely have limited or no additional funds for investment in new programs, without further changes to the County's revenue structure. In the 2024 Budget, the County prioritized one-time investments that will not impact future year budgets. If the County was not in a structural deficit, additional ongoing investments with positive impacts could have been included in the 2024 Budget as well.

Goal 3: Federal grant revenue sources in response to the pandemic and economic recovery needs reached a highpoint in 2021 and 2022. While the PMO grant development team continues to work with Milwaukee County Government Affairs to forecast opportunities through the Infrastructure Bill, Inflation Reduction Act, and other state sources, there were fewer solicitations than in years past. Eligibility is also a limiting factor for Milwaukee County when new federal program funds are directed to the state-level.

As a proactive practice, PMO grant staff scan and share open grant opportunities weekly with County offices and departments. Factors that deter interest in new grants typically included: 1) matching fund requirements; 2) capacity of the service area to implement and meet grant reporting requirements; and, 3) subject matter expert availability to develop a concept and generate technical language. Capacity within County departments to implement new projects or programs continues to hinder the entity's ability to apply for new funds, especially with the influx of ARPA and Opioid Settlement projects and other competing priorities. Efforts are made to build in project coordination roles in grant budgets to address this need. Limited County resources (operating and capital) also create a challenge when matching funds are required for a grant competition, which is why the ARPA Matching Grant Pilot Program was created.

5. What is the status of your Department/Office in developing its strategic plan? If complete, please upload your plan with this report.

SBP developed a five-year strategic plan, which is attached to this report. The SBP team also developed and reviews key performance indicators in the form of a scorecard to ensure progress on annual goals and quarterly milestones aligned to the strategic plan. Annual strategies are cascaded to the budget, strategy, and PMO service areas so that office staff can align their efforts.

6. If not addressed in #5, what are your Department/Office goals for 2024?

The SBP strategic plan document, included within this file, details goals for 2024 and beyond.

FISCAL EFFECT

The report is informational only and there is no fiscal impact.

VIRTUAL MEETING INVITES

PREPARED BY:

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APPROVED BY:

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ATTACHMENTS:

SBP Strategic Plan Summary

cc: Kelly Bablitch, Chief of Staff, Milwaukee County Board of Supervisors
Janelle M. Jensen, Legislative Services Division Manager, Office of the County Clerk