



Overview of the County Executive's 2017 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 ~ 2.2% per year
 - Ongoing revenues projected to increase ~ 0.7% per year

County Structural Budget Deficit

- **\$36.9** million shortfall for 2017
- **\$102.5** million in 2021 without permanent fixes
- **\$12.5** million shortfall in 2018, with permanent fixes

2017 CEX Budget Fiscal Synopsis

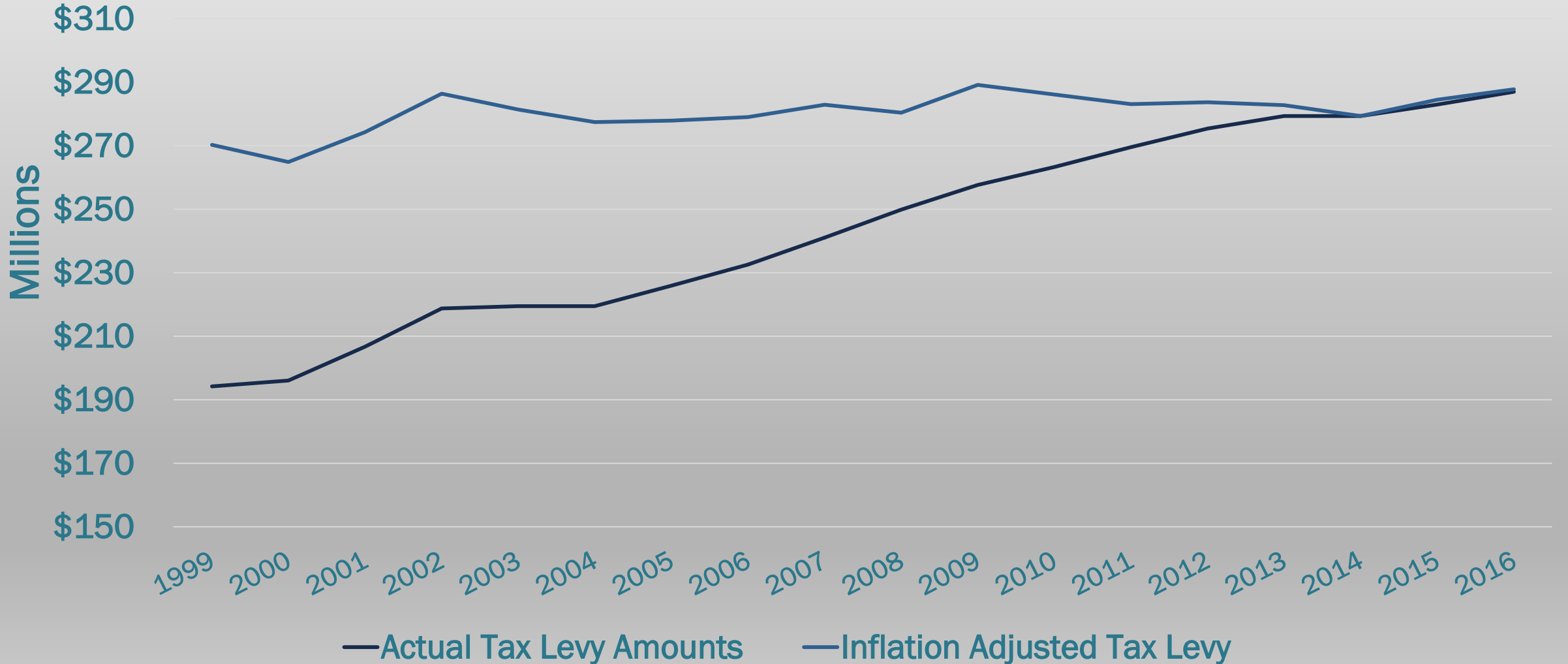
- **Total Expenditures: \$1,189,597,484**
 - Change of (\$184.7 million) or 13.4% from 2016
- **Total Revenues: \$898,423,376**
 - Change of (\$188.9 million) or 17.4% from 2016
- **Total Tax Levy: \$291,174,114**
 - Change of \$4,188,989 or 1.46% from 2016

State Tax Levy Cap

- Allowable increase for 2017 is **\$4.6 million**, or **1.59%**
- Under State law carryforward provision, an additional **\$637,100** is available from 2016 (requires 2/3 majority vote)
- Unused exemptions for EMS & Federated Library expenditures raise the allowable levy increase by approximately **\$2 million**

Milwaukee County Inflation-Adjusted Tax Levy 1999-2016

Nominal and 2016 Constant Dollars



Budget Format Changes

- Personnel Summary Tables included in budget narrative
- Legacy healthcare and pension charges are abated out of most budgets
 - Centralized in Org. 1950 – Employee/Retiree Fringe Benefits

of FTE Positions and “At-Risk” for Layoff

- 4,434 funded FTEs for 2017
 - Increase of 5 FTEs from 2016
- According to DAS-PSB no abolished positions are “At-Risk” of layoff
- All reclasses already reviewed by Committee on Personnel

Full Time Equivalent Positions 1990 to 2017 Budget



Key Items Used to Balance Budget

- \$27.1 million in new revenue generated from a \$60 annual Vehicle Registration Fee
- \$7.25 million in Contributions from the Debt Service Reserve and POB Stabilization Fund
- \$4.2 million in new tax levy generated from 1.46% increase in the overall levy

Debt Service Reserve Projected Balance

| | |
|--------------------------------------|-------------------|
| Projected Balance as of 12/31/2016 | \$34.6 M |
| 2017 Recommended Budget Use | <u>(\$6.75 M)</u> |
| Projected Balance as of 12/31/17 | \$27.9 M |
| Fix 2017 Rec. HealthCare Calculation | <u>(\$2.5 M)</u> |
| Adjusted Balance | <u>\$25.4 M</u> |

Office of the Sheriff: Potential budget shortfall

- **2016 Budget Projection: \$5.25 million deficit**
- **2017 Recommended Budget eliminates expenditure reductions (abatements) in service and commodity account series**
- **Anticipates ~ \$4 million savings in personnel costs**
 - Lower cost deputies
 - V&T of majority of Command Staff

Office of the Sheriff: Potential Budget Shortfall

| Total | Amount |
|--|----------------------|
| Projected Salary & OT Shortfall | (\$3,140,080) |
| Projected C&S Surplus | \$1,425,662 |
| Projected Revenue Surplus | \$181,907 |
| PROJECTED 2017 BUDGET SHORTFALL | (\$1,532,511) |

Vehicle Registration Fee (VRF)

- **Proposed \$60 VRF**
- Generates: ~ \$27.1 million in 2017 (10 months)
- Generates: ~ \$32.5 million in 2018 (12 months)
 - \$11.5 million: MCTS operations
 - \$15.6 million: Capital related projects

Vehicle Registration Fee (VRF)

- VRF Revenue will:
 - Continue GO Pass Program (modifications proposed)
 - Maintain transit operations and bus replacement
 - BRT enhancements of transit system
 - Monies to support operating budgets and capital projects
- Taskforce for State solutions to reduce impact on low income households

Eliminating the VRF

Capital Improvements Budget

- Eliminate the Capital Improvement Projects funded with VRF
- Many VRF funded projects may be eligible for general obligation bond financing at County self-imposed bonding cap.
- Exceeding cap will result in future higher debt service costs and crowd out available funding for other capital improvement needs

Eliminating the VRF

Operating Budget

- Replace \$11.5M in VRF revenues in Transit operating budget
- Limited tax levy availability due to state-imposed cap. Must make permanent expenditure cuts (or revenue increases) in Transit or other departments. Use of reserves is limited and creates “budget hole” for future budgets.

GO Pass Changes

Proposed GO Pass Program Changes:

- \$5.00 one-time issuance fee per pass
- \$0.25 fee per ride
- New eligibility requirements, Federal definitions of low income
- Workgroup; plan for implementation of changes
- Shifts eligibility determination to the Aging and Disability Resource Centers
- Six new positions in Aging and DHHS

Bus Replacement Program

- No formal policy on bus replacement, 12 year or 500,000 mile replacement schedule per FTA guidelines
- Replacement goal of 30-35 buses per year per MCTS
 - Dependent on funding, heavy reliance on federal grants
 - Restriction of bonding cap
- 2017 Recommended Budget proposes replacement of 15 buses

Bus Fleet Age by Miles Comparison

| Bus Miles | Public Policy Forum September 2016 Report | Percent | Comptroller October 2016 Analysis | Percent |
|-----------------------|--|---------|---|---------|
| | Number of Buses | | Number of Buses | |
| Less than 250,000 | 183 | 44.4% | 213 | 50.2% |
| 250,000 to 499,999 | 123 | 29.9% | 123 | 29.0% |
| 500,000 to 599,999 | 74 | 18.0% | 61 | 14.4% |
| More than 600,000 | 32 | 7.8% | 27 | 6.4% |
| Total | 412 | 100% | 424 | 100% |

Employee Wages

➤ Recommended Budget includes:

- 1% raise for most employees effective 6/18/17
- Approximately 1% of salaries added to each department for performance, equity and market adjustments
- Most Employees to Contribute 6.5% toward Pension
- No monies for “step” increases as new compensation plan is pending

Healthcare and Dental Benefit Changes

2017 Recommended Budget

| Item | Employee Only | Employee + Child(ren) | Employee + Spouse | Employee + Family |
|---|-----------------|-----------------------|-------------------|-------------------|
| New Monthly Health Premium (Participating in Wellness Program) | \$91 (Same) | \$120 (+ \$8) | \$190 (+ \$10) | \$220 (+ \$20) |
| New Monthly Health Premium (No Wellness participation) | \$130 (Same) | \$170 (+ \$10) | \$230 (+ \$10) | \$270 (+20) |
| New Monthly Dental Premium | \$20 (+ \$5) | | | \$45 (+\$10) |
| New Vision Benefit (Optional) | \$4 | \$8 | \$8 | \$12 |

DHHS: Behavioral Health Division

➤ Wisconsin Act 203:

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

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

| | |
|---------------------------|------------------|
| 2016 Adopted BHD Tax Levy | \$58.8 M |
| 2017 Recommended Tax Levy | <u>\$57.4 M</u> |
| Change from 2016 to 2017 | <u>(\$1.4 M)</u> |

- Amount is approximately \$7.6 M under maximum BHD levy of \$65 M.

Capital Improvements Program

68 Capital Projects (57 non-airport and 11 airport)

County Funds required for non-airport projects: \$70.6 M

Financed by:

| | |
|--------------------------|----------|
| General Obligation Bonds | \$40.4 M |
|--------------------------|----------|

| | |
|----------------------------------|----------|
| Vehicle Registration Fee Revenue | \$15.6 M |
|----------------------------------|----------|

| | |
|--------------------------|---------|
| Sales Tax Revenue (cash) | \$8.2 M |
|--------------------------|---------|

| | |
|-------------------|---------|
| Private Donations | \$6.3 M |
|-------------------|---------|

| | |
|-------------------|---------|
| Property Tax Levy | \$125 K |
|-------------------|---------|

Major Capital Projects/County Funding

| | |
|------------------------------|----------|
| Bus Rapid Transit | \$7.8 M |
| GMIA International Terminal | \$4.6 M |
| Lake Park Ravine Bridge | \$2.5 M |
| Zoo – African Plains Exhibit | \$8.6 M |
| Enterprise Platform | \$14.6 M |

Capital Improvements Committee (CIC) and Bonding Limits

- CIC Recommendations compared to CEX Recommendations at the end of the Overview
- 2017 Recommended Budget \$46,000 below self-imposed general obligation bonding limit



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