

2020 Operating Budget Forecast & Planning

Background

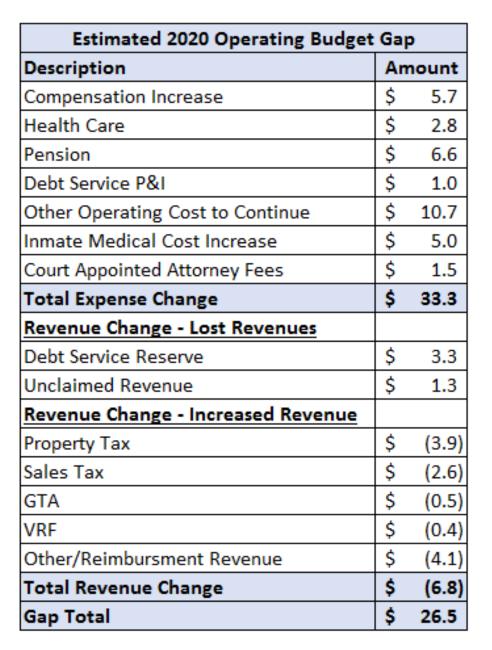
- County budget has been faced with structural deficit dating back as far as early 2000's
 - \$245 million cumulative budget gap closed since 2012 (avg \$31m / year)
- Structural deficit caused by State caps which do not allow revenues to cover cost of inflation and other operating cost increases



- ongoing imbalance between revenues and expenses
- Change in pension rate of return assumption from 7.75% to 7.5% (\$4.5 million)
- Increase in cost to provide inmate medical services at the jail and HOC (\$5 million)
- March report submitted to the board begins to identify options for closing the gap



2020 Initial Draft Forecast





Potential Gap Closing Options

- County must now decide whether to raise new revenue and/or reduce expenditures in order to close budget gap
- Preliminary framework:
 - Divest option assumes no new revenues available and relies on budget reductions and cost containment to close gap
 - **Temporary fix** would provide some new revenues and/or non-departmental cost savings, in order to avoid further departmental budget reductions
 - **Sustainability** option requires substantial increase in new revenue to cover projected expense growth. Current State statutes are prohibitive.

2020 Gap Closing Options	D	ivest	Ter	mp Fix	Sustain		
Dept's Self Fund Operating Cost-to-Continue	\$	10.7	\$	10.7	s,	_	
Debt Service Reserve Withdrawal Equal to 2019	\$	3.3	\$	3.3	S,	_	
Cash Capital or Other Reduction	\$	2.5	\$	2.5	\$	_	
Department Levy Targets	\$	10.0	\$	-	\$	-	
New Revenues	\$	-	\$	10.0	\$	26.5	
Total	\$	26.5	\$	26.5	\$	26.5	



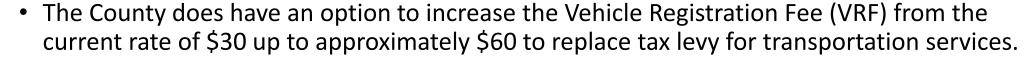
Draft Levy Targets

2020 BUDGET PRELIMINARY DRAFT TAX LEVY REDUCTION TARGETS: 1.6% of TOTAL BUDGET												
County Executive Cabinet Departments				Elected Departments			Excluded Departments					
	Agency	F	Reduction		Agency	R	eduction	Agency			Reduction	
102	CEX - Vets	\$	(3,219)	200	Courts	\$	(431,517)	Revenue Departments:				
103	CEX - Gov Affairs	\$	(3,689)	290	Courts Pre-Trial	\$	(82,856)	504 DOT-Airport			-	
109	OAAA	\$	(12,046)	340	ROD	\$	(23,614)	580	DOT-Directors	\$	-	
112	PRB	\$	(4,414)	370	Comptroller	\$	(70,708)	530	DOT-Fleet	\$	-	
113	Corp Counsel	\$	(18,021)	450	DA	\$	(184,806)	510 DOT-Highway		\$	-	
114	Human Resources	\$	(84,594)	400	Sheriff	\$	(669,783)	507 DOT-Tran Svcs		\$	-	-
115	DAS	\$	(595,293)					550 DAS-Utility		\$	-	
430	HOC	\$	(482,662)					243	243 Child Support		-	
480	OEM	\$	(70,571)									
490	Medical Examiner	\$	(68,380)					Elected Offices wiith Limited			aff:	
560	DOT-Transit	\$	(1,647,032)					110 CEX - General		\$	-	-
630	DHHS-BHD	\$	(2,750,763)					100	County Board	\$	-	
800	DHHS	\$	(1,498,095)					309	Treasurer	\$	-	
790	Aging	\$	(325,588)					327	Clerk	\$	-	
900	Parks	\$	(592,515)									
950	Zoo	\$	(266,457)					High Risk Areas:		\$	-	
990	UW-Ext	\$	(7,381)					116	DAS-IMSD	\$	-	
	Culturals	\$	(105,996)					117	DAS-Risk	\$	-	
								301	Election Commission	\$	-	
Tota	Total Cabinet Depts \$ (8,536,716) Total Elected Depts \$ (1,463,284) Excluded Depts					\$	-					
											•	
GRAND TOTAL							\$	(10,000,0	000)			



Revenue Options

- County taxing authority is granted by State Statute, and options for generating new revenues are limited
 - Property tax for operating purposes is limited to the percentage of growth in net new construction
 - The County share of sales tax receipts is limited to 0.5%



	VRF Increase Scenarios								
Increase		1	Annualized	Prorated					
Am	ount		Increase		Increase*				
\$	5	\$	2,843,444	\$	2,606,490				
\$	10	\$	5,679,808	\$	5,206,491				
\$	15	\$	8,516,172	\$	7,806,491				
\$	20	\$	11,352,535	\$	10,406,490				
\$	25	\$	14,079,808	\$	12,906,491				
\$	30	\$	16,916,172	\$	15,506,491				

^{*} VRF change becomes effective 3 months after ordinance change



Revenue Detail

- Fair Deal For Milwaukee Work Group provided recommendations which are a focus of County lobbying activity during the State's 2019-2021 budget process
- The Governor's proposed budget does include several items which would improve the County's revenue forecast, if approved, i.e.
 - Increase in Mass Transit Operating Assistance and General Transportation Aids
 - 2% increase in State Shared Revenue
 - Levy Limit Floor adjustment to 2% or net new construction (whichever is greater)
- DAS-PSB is working with departments to monitor State budget for changes or impact and will provide updates on relevant developments
- For 2020 budget process, status quo revenue assumptions will be assumed until State budget is approved or changes are confirmed.



Questions

- PSB will continue to update the board/FA Committee 2020 budget process
- April report to include any updates to budget estimates and/or gap closing strategies.
- Questions / Feedback

