



2020 Budget Forecast & Planning

April 2019

Background

- County budget has been faced with structural deficit dating back to early 2000's
 - \$245 million cumulative budget gap closed since 2012 (avg \$31m / year)
- Gap is caused by growth in fringe benefit costs combined with State caps which do not allow revenues to increase at the pace of inflation
- April report provides updated 2020 gap estimate of \$28.0 million due to:
 - 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)
- Broad options to close the gap have been presented to the board for consideration





Estimated 2020 Operating Budget Gap		
Description	Initial Draft (Jan)	Update Draft (April)
Compensation Increase	\$ 5.7	\$ 5.7
Health Care	\$ 2.8	\$ 5.5
Pension	\$ 6.6	\$ 6.6
Debt Service P&I	\$ 1.0	\$ 1.0
Other Operating Cost to Continue	\$ 10.7	\$ 10.7
Inmate Medical Cost Increase	\$ 5.0	\$ 4.5
Court Appointed Attorney Fees	\$ 1.5	\$ 1.5
Total Expense Change	\$ 33.3	\$ 35.5
Revenue Change - Lost Revenues		
Debt Service Reserve	\$ 3.3	\$ 3.3
Unclaimed Revenue	\$ 1.3	\$ 1.3
Revenue Change - Increased Revenue		
Property Tax	\$ (3.9)	\$ (3.9)
Sales Tax	\$ (2.6)	\$ (3.6)
GTA	\$ (0.5)	\$ (0.5)
VRF	\$ (0.4)	\$ -
Other/Reimbursement Revenue	\$ (4.1)	\$ (4.1)
Total Revenue Change	\$ (6.8)	\$ (7.5)
Gap Total	\$ 26.5	\$ 28.0

Other Updates

- **DC 48 v. Milwaukee County**

- County unfunded liability and employee contribute rates will likely increase.
- RPS and Pension Actuary are expected to submit a report on financial impacts in June.

- **Court Appointed Attorney Fees**

- Supreme Court Ruling increases the fee in 2020.
- We are working with Courts staff to determine the impact.



Gap Closing Options



2020 Gap Closing Options	Divest	Temp Fix	Sustain
Dept's Self Fund Operating Cost-to-Continue	\$ 10.7	\$ 10.7	\$ -
Debt Service Reserve Withdrawal Equal to 2019	\$ 3.3	\$ 3.3	\$ -
Cash Capital or Other Reduction	\$ 4.0	\$ 4.0	\$ -
Department Levy Targets	\$ 10.0	\$ -	\$ -
New Revenues	\$ -	\$ 10.0	\$ 28.0
Total	\$ 28.0	\$ 28.0	\$ 28.0

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	Reduction		Agency	Reduction	Agency	Reduction	
102	CEX - Vets	\$ (3,219)	200	Courts	\$ (431,517)	<i>Revenue Departments:</i>		
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	Child Support	\$ -
480	OEM	\$ (70,571)						
490	Medical Examiner	\$ (68,380)				<i>Elected Offices with Limited Staff:</i>		
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)				<i>High Risk Areas:</i>		
990	UW-Ext	\$ (7,381)				116	DAS-IMSD	\$ -
	Culturals	\$ (105,996)				117	DAS-Risk	\$ -
						301	Election Commission	\$ -
Total Cabinet Depts		\$ (8,536,716)	Total Elected Depts		\$ (1,463,284)	Excluded Depts		\$ -
GRAND TOTAL							\$ (10,000,000)	

State Budget Revenues

- Fair Deal For Milwaukee Work Group provided recommendations to enhance local revenues
- For 2020 budget process, status quo revenue assumptions will be assumed until State budget is approved or changes are confirmed.



Summary of State Budget Impacts (In millions)		
	SFY 2020	SFY 2021
Levy Limit Floor Change	\$1.30	\$1.30
Shared Revenue 2% Increase		\$0.60
Local Transit Aids 10% Increase	\$1.30	\$5.50
General Transport Aids	\$0.30	\$0.30
Total Estimate	\$2.90	\$7.70

Budget Calendar

- April 2019: Instructions issued to departments. Budget system open.
- July 2019: 2020 Budget requests due
- August 2019: Summary of Requests published
- October 2019: Recommended Budget released, Finance Committee Hearings
- November 2019: 2020 Budget Adopted by County Board
- January 2020: Budget Implemented



Questions / Comments

