



**County Executive Scott Walker
2011 Budget Address
September 30, 2010**

Chairman Holloway, members of the County Board, Constitutional Officers, fellow citizens of Milwaukee County, it is my honor to present our 2011 county budget.

Milwaukee County was on the precipice of a financial and organizational meltdown eight years ago. Despite challenges presented by the economic recession and the former administration's pension enhancements that nearly left county government bankrupt, we have had our share of successes in county government.

We reduced the government workforce by 25%, and overtime is down 12% since 2002. And we did this while maintaining high levels of service for county residents.

Our outstanding debt will be nearly 30% lower in 2012 than it was in 2002. Two years ago, we agreed on a fiscal reform to take on our existing pension liability. Like many homeowners these days who are re-financing their homes at a better rate, we used Pension Obligation Bonds to save current and future taxpayers \$237 million.

The national bond rating agencies took note of our positive work. Standard & Poor's recently ranked the county financial practices as "strong," and Moody's attributed the improvement to "conservative budget practices and increasingly strong oversight."

So how did we control government spending?

Department heads were required to prioritize spending based on available revenue. Like the hardworking families of our county, we made difficult decisions and, unlike other governments in this area, we crafted eight straight budgets with no increase in the property tax levy from the previous year. Last year, when state government faced a massive budget shortfall, Milwaukee County finished the year with a budget surplus. And we did it without sacrificing quality.

Since my last budget address, the Milwaukee County Parks Department was awarded the prestigious National Gold Medal for Excellence as the best park system in the country. Congratulations again to Sue Black and her team for doing such a great job.

Congratulations also go out to Stephanie Sue Stein who helped us start Family Care in Milwaukee County. Ten years ago, there were more than 2,500 older adults on a waiting list for long-term care services. By the middle of 2002, the county had eliminated the waiting list. Today, we serve about 6,400 seniors through Family Care.

General Mitchell International Airport is another award-winning county asset. Since 2002, we have invested \$199 million dollars in airport renovations and improvements without increasing the property tax levy. Those investments have paid off. Today, our airport is the fastest growing airport in America and one of the fastest growing in the world.

These investments, along with the hard work of Barry Bateman and his staff, helped us bring in a new hub, a new airline, and expanded service.

This all means more jobs, more flights, lower fares and a more attractive environment for businesses competing in a global economy.

The budget plan I submit to you today is built on five major objectives:

1. Making it more affordable for families to live and work in Milwaukee County.
2. Creating a better environment to retain and attract new jobs.
3. Maintaining a high quality of life for Milwaukee County residents.
4. Providing a balance between public and private sector benefits.
5. Enacting major budget reforms to protect taxpayers and ensure the long-term viability of county assets and services.

1. Afford to Live and Work in Milwaukee County

We must continue to change the way government does business to help employers maintain and grow jobs, rather than making it more expensive for employers and families to make ends meet.

Since 2002, we've been engaged in perpetual battle with those who refuse to keep spending in check and are determined to maintain a status quo that Milwaukee County families and employers can no longer afford.

For years, I've been talking about the need to keep Milwaukee County affordable to live and work in. A perfect example is the story I've told about Bob Bitters. He is the retiree who expressed his concern about all of the seniors in his neighborhood who could barely afford to live in their homes.

He sent me a Christmas card after our first budget that affirmed why I work so hard to hold the line on property taxes. Inside the card was a copy of his tax bill with a circle around the county tax. It was the only part of the bill that went down. He wrote a big THANK YOU above it. Guys like him remind me how important that it is to hold the line on spending.

But it is not just our seniors who are suffering. Young couples just starting out and trying to buy their first home, small business owners struggling to create new jobs and opportunities, working families trying to avoid foreclosure – these are the stories I hear all too often and these are the people who need our help.

With families, seniors and small businesses in mind, I am doing more than just holding the line on the tax levy this year, **I am proposing a budget that will lower the property tax levy for Milwaukee County by \$1 million.**

2. Attract and retain jobs

Last year, I proposed an aggressive plan to retain and attract jobs in Milwaukee County. That proposal included an Executive Office of Business Development that would work with each of the municipalities to promote and coordinate economic development throughout the county. This year, I am again returning to you my proposal to create a fully staffed Office of Economic Development.

Before making this proposal, I met with local mayors and economic development staff from the other municipalities across our county. They welcomed the idea of the County playing a significant role by assisting them in joint marketing efforts and facilitating collaboration and coordination countywide.

The county does not need to duplicate the development efforts of our municipalities, but can play an important role in helping to support and coordinate efforts throughout the county. For example, we helped the City of Wauwatosa attract GE Healthcare and plenty of high paying jobs to the Milwaukee County Research Park. Today, there are 113 businesses in the research park that employ approximately 4,600 people.

The Milwaukee County Office of Economic Development is critical in our efforts to spur more development like this throughout the county. Today, I am urging you to take another look at this proposal.

In addition, the budget I am presenting today continues our investment in transit by maintaining existing routes and fares on regular bus routes. We retain funding to purchase 125 new buses, 90 to be delivered by the end of this year and 35 to be delivered in 2011.

To get people to and from work faster, I have included in the 2011 Budget funding for a new Bus Rapid Transit line along the corridor on Fond du Lac and National avenues. The ten-mile BRT line will include upgraded shelters, signal controls and dedicated traffic lanes to improve travel time.

My plan also includes major investments to improve and expand capacity at General Mitchell International Airport. For many, this is our front door to the business community and we continue to make major improvements at our record-breaking airport. In addition, I propose a new position to oversee the rapid development of land at the airport.

Continued investment in transportation is key to supporting economic development in our community.

3. Maintain Quality of Life

My budget also maintains the quality of life for Milwaukee County residents.

It starts with our budget priorities to keep public safety funding intact while fully funding - and in some areas expanding funding - for safety net programs for low-income families, children, veterans, and people with disabilities.

Working with the Sheriff and the District Attorney, we built a budget to protect public safety. We will construct a special area for domestic violence victims to meet with the District Attorney's office – much as we supported a witness

protection program in the past. We continue to support our Emergency Medical Services (EMS) system to ensure paramedic service in all parts of the county.

Despite a tough economy and a tight budget, we maintain safety net services for people with disabilities, older adults and veterans. In fact, our plan provides an additional \$1.7 million for the expansion of Family Care to include people with developmental and physical disabilities.

Serving residents with mental health issues is also a priority in my budget. Milwaukee County cares for approximately 20,000 people each year who suffer from mental illness. But if just one person falls through the cracks, this is unacceptable. Our budget adds \$5.5 million to improve our mental health services. This includes additional positions for patient care, increased security and more community-based care.

And we are investing in our parks and recreational facilities, too.

My budget continues the investment in our gold medal-winning parks system. The parks, pools, golf courses and community centers remain open in 2011. In fact, we put over \$4 million in the budget for general maintenance and infrastructure improvements.

We include funding for a new master plan at the zoo to continue to improve the quality of the attractions for future generations through our partnership with the Zoological Society of Milwaukee.

This budget also supports our cultural institutions and programs by maintaining our annual \$7.2 million investment.

We have a rich and diverse quality of life in Milwaukee County. This budget recognizes that. I hope you review each of these proposals carefully as you move forward.

4. Create Balance between Public and Private Sector Benefits

Now, probably the most critical part of this budget addresses the need to create a balance between the benefits received by public and private sector employees. We can not and should not maintain a system where public employees are the “haves” and the taxpayers footing the bill are the “have-nots”.

Wages and benefits comprise more than 49% of the county budget, and the cost of benefits is growing at an alarming rate. Delivery of necessary services will be affected if these costs are not controlled. We can not simply tax our way out of the challenge.

Many private sector workers in the county are seeing their wages and benefits frozen or cut to preserve jobs. Retirement contributions have been suspended and employee contributions for health care have increased. It is hard not to expect the same from those in government. Just ask the employees at Harley-Davidson.

This budget again includes the wage and benefit reforms adopted in the 2010 Budget.

While we have taken actions in the past to help control costs, we must take additional steps to help balance the escalating cost of public employee benefits for taxpayers, now and in the future.

This budget includes major reforms such as:

- Asking county workers to make the employee contribution to the pension system,
- Ending the step increase for wages,
- Redesigning the healthcare plan for non-union employees and retirees to lower costs, and
- Eliminating furlough days for employees who helped balance the budget with the wage and benefit reforms.

I want to thank the unions and the non-represented employees who helped balance the budget by accepting reasonable wage and benefit reforms. This budget protects their jobs and relieves them from furlough days.

For those who do not help the county balance its budget, we include a fall back provision. If the wage and benefit reforms are not met, the 2011 budget will be balanced with furloughs and potential layoffs. Public safety and direct patient care will continue to be exempt from these potential changes.

In tough times, people all across our county are making sacrifices to keep people working. County government should be no exception. Together, we must hold firm and make the tough decisions that will ultimately make Milwaukee County stronger.

5. Enact Major Budget Reforms

Developing the budget for Milwaukee County is never an easy task given the fiscal devastation caused by the county pension deal in 2001.

In the past, we worked together to save the taxpayers \$237 million through our pension reforms. Our 2011 budget proposes even more long-term fiscal reforms:

First, the proceeds from all county land sales will be used to fund a limited number of one-time projects or to pay down the county debt.

Second, the 2011 budget does not issue additional general obligation debt. In fact, outstanding debt in 2012 will be down by nearly 30% from where it was in 2002. Achieving this decrease in outstanding debt is critical to the County's long-term fiscal health. **Let me be abundantly clear, I will veto any budget amendment that authorizes additional general obligation debt in 2011.**

Third, the budget abides by the bonding caps that help maintain our strong bond rating.

Fourth, in last year's budget, I included funding for a \$2 million contribution to the County's Pension Stabilization Fund. That funding was removed during County Board budget deliberations and allocated to fund other things. This year I am proposing a change to County ordinances that will provide an on-going funding source. Removing the decision to fund the pension reserve from the budget process, and creating an automatic mechanism in the county code, will ensure this reserve is properly funded for years to come.

Adoption of the plan I am presenting today will reduce our OPEB liability by almost 20% and our structural budget gap by more than \$26 million.

Each of these items, along with the proposed reforms in wage and benefit packages, will help the county to be financially sustainable into the future. Despite the magnitude of the challenges we have faced, we are making progress.

In conclusion, let me remind you that the objectives of our budget are simple:

- Make it affordable to live and work in our county.
- Create an environment to retain and attract jobs.
- Maintain a high quality of life for our citizens.
- Provide a balance between public and private sector benefits.
- Reform the budget process to insure that the county is financially viable into the future.

Our budget balances the importance of maintaining vital human services and investing in our future, with the need to control the growth of government spending to reflect the taxpayers' ability to pay.

I look forward to working with each of you to make our county stronger and more vibrant.