

Milwaukee County 5-Year Financial Forecast



Milwaukee County Committee on Finance & Audit
April 14, 2011

5-Year Financial Forecast Contents

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Bill

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5-Year Financial Forecast Overview

- Model developed by Muncicast and recommended by GFOA
- Assumes Current Service Levels & Commitments
- Transparent Process/Assumptions
- Achieve Consensus on Baseline Scenario
- Reviewed by Workgroup
- “What if?” Analysis Capabilities
- 2011-13 State Budget & Repair Bill

5-Year Financial Forecast Workgroup

- Antioinette Thomas-Bailey, DAS-Fiscal
- Steve Cady, County Board Staff
- Josh Fudge, DAS-Fiscal
- Jerry Heer, Audit
- Rob Henken, Public Policy Forum
- Sarah Jankowski, DAS-Fiscal
- Alex Kotze, BHD/DHHS
- Scott Manske, DAS
- John Priebe, Office of the Sheriff
- John Ruggini, DAS-Fiscal/City of Wauwatosa

5-Year Financial Forecast Structure

- 1998-2009 CAFR Data
- 2010-11 Adopted Budgets
- Created 70+ Account Types
- Analyze Historical Trends
- Identify Predictive Variable When Available
- Apply Assumption to each Account Type
- Assumptions for Top Ten Revenues/Expenditures Included in Handout

5-Year Financial Forecast

Structural Deficit

- Milwaukee County has a Structural Deficit
- Expenditures are Projected to Grow Faster than Revenues through 2016
 - Expenditures: 5.2%
 - Revenues: 4.2%
- Structural Deficit will Continue to Grow as a Percentage of Total Revenues
 - 1% in 2012
 - 5% in 2016

5-Year Financial Forecast

Structural Deficit - Drivers

Projected Annual Growth through 2016:

- Personnel Costs: 5.4%
 - Fringe Benefits: 7.7%
- State & Federal Revenue: 1.2%
 - 2011-13 State Budget & Repair Bill Not Yet Included
- Discretionary Program Revenues: 1.5%
- Property Taxes: 3.1%

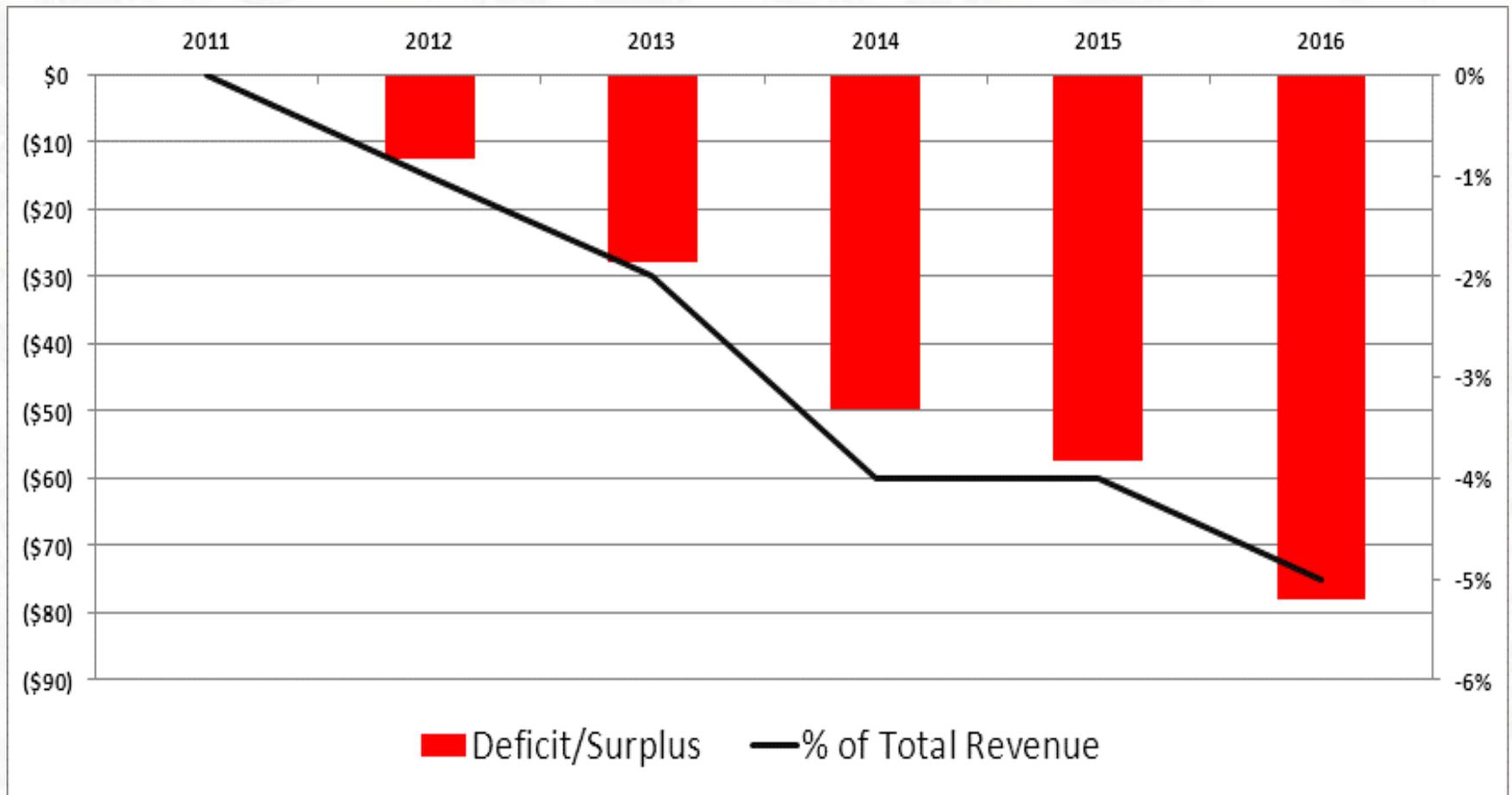
5-Year Financial Forecast

Structural Deficit - Drivers

- County has Few Revenue Diversification Options
- Debt Service will fall from 4.5% to 3% of Total Expenditures
- County has Made Significant Progress in Last 2 Years

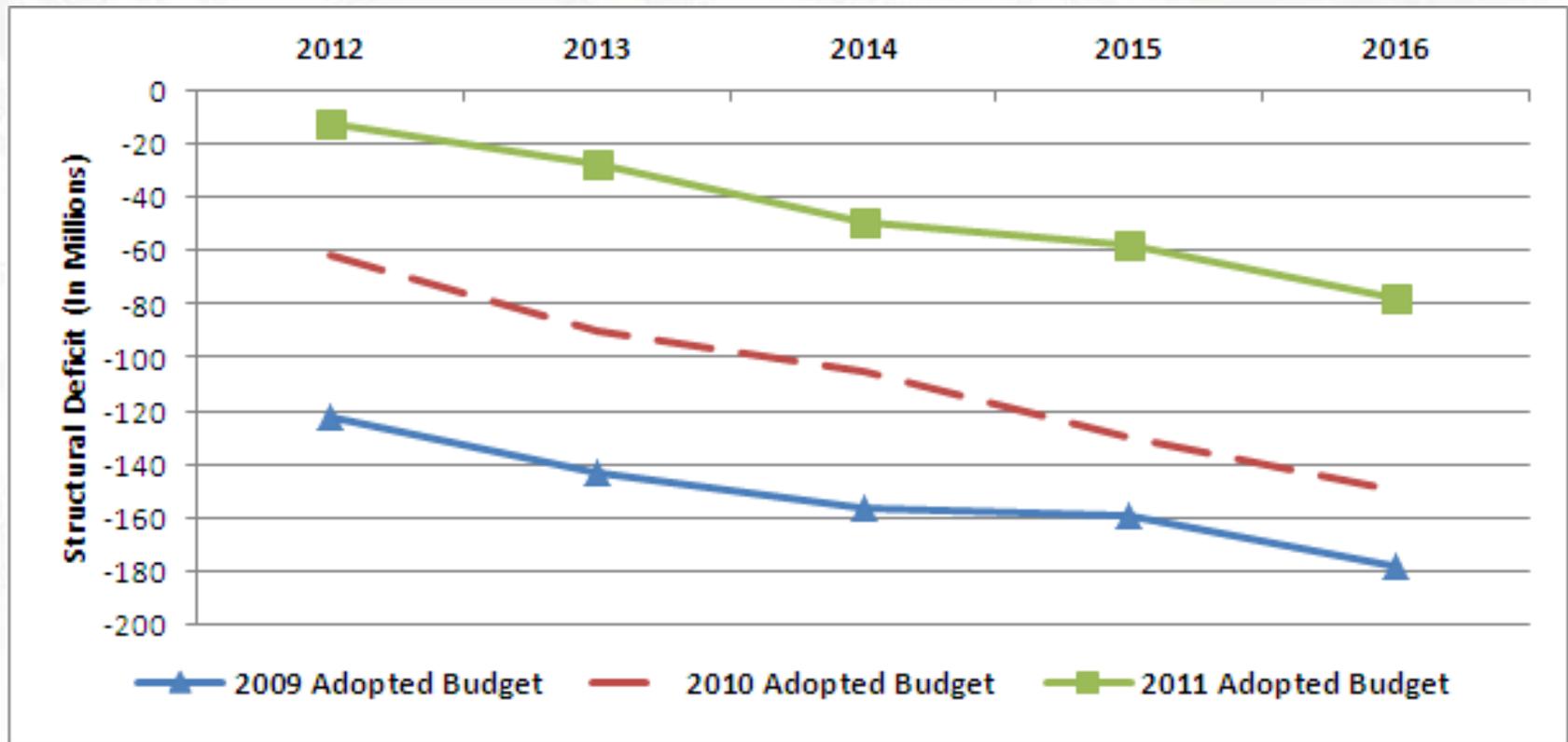
5-Year Financial Forecast

Structural Deficit – 2011 Adopted Budget



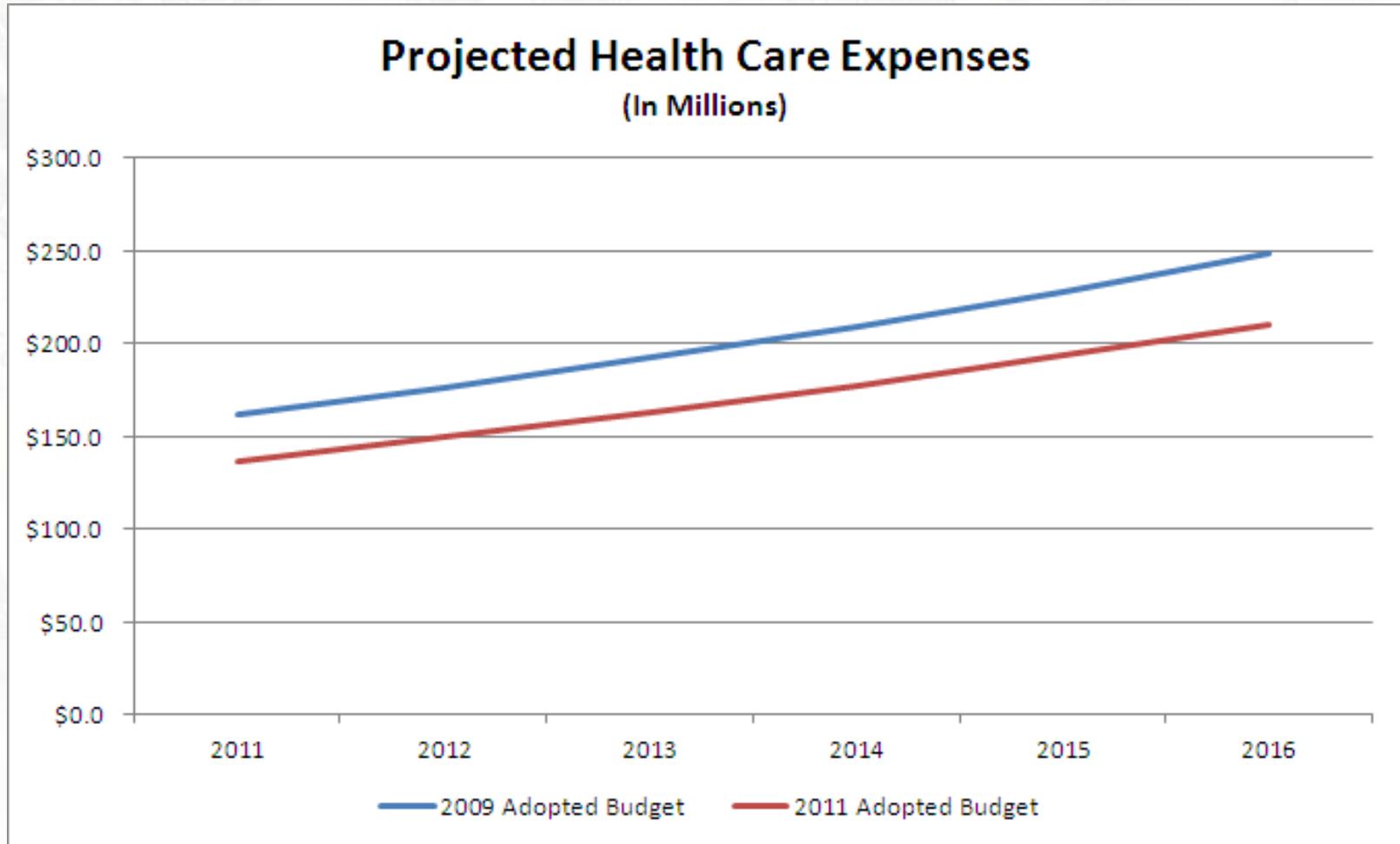
5-Year Financial Forecast

Structural Deficit – History



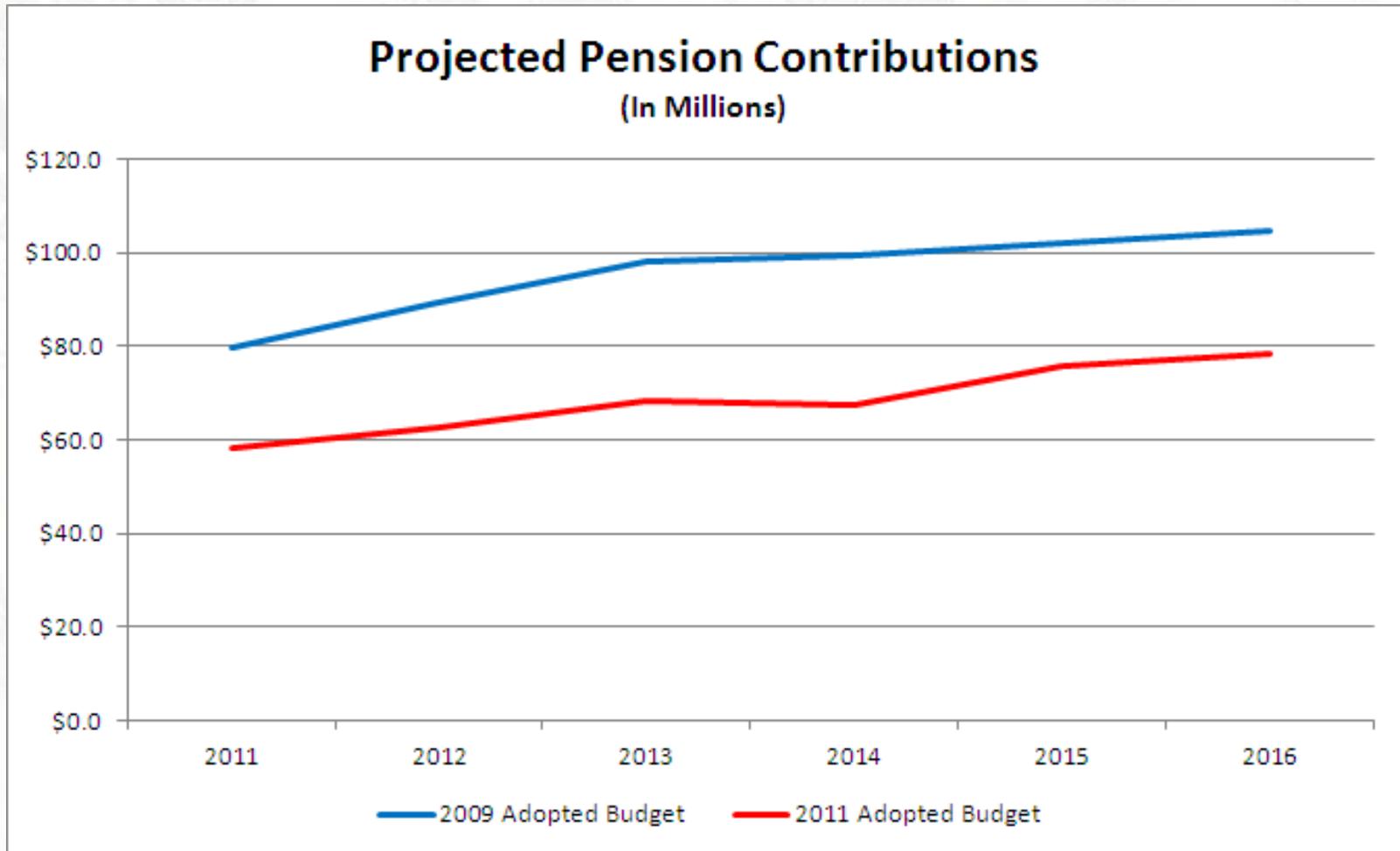
5-Year Financial Forecast

Structural Deficit – History



5-Year Financial Forecast

Structural Deficit – History



5-Year Financial Forecast

State Budget & Repair Bill

Known Items	2012 Impact(a)
State Shared Revenue	(\$8,316,885)
Transit Operating Aids	(\$6,858,300)
Child Support Base Funding	(\$3,664,779)
Youth Aids	(\$3,580,092)
Courts Programs/Victim Witness	(\$1,348,872)
Mental Health/AODA	(\$1,301,099)
General Transportation Aids	(\$641,851)
TOTAL	(\$25,711,878)

(a) = Assumes Existing Operations Continue

5-Year Financial Forecast

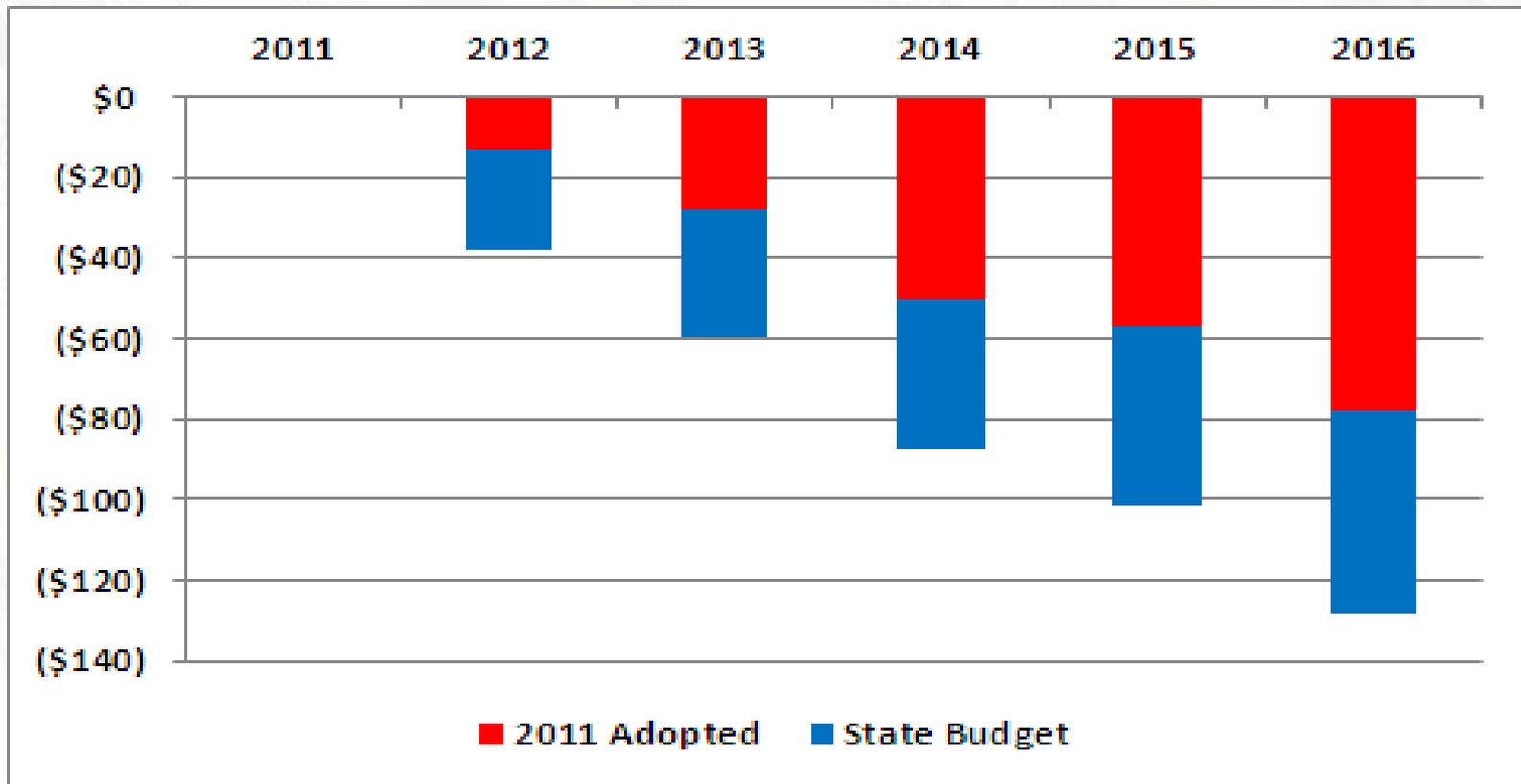
State Budget & Repair Bill

	2012
Total Reductions in State Aid	\$ (25,711,878)
Non-base Wage and Benefit Reductions Achievable through Repair Bill (budgeted and unbudgeted)	\$ 23,644,747
<i>Surplus/(Deficit)</i>	\$ (2,067,130)
Non-base Wage and Benefit Reductions Achievable through Repair Bill (budgeted)	\$ 16,286,497
<i>TOTAL 2012 Impact</i>	\$ (18,353,627)

5-Year Financial Forecast

State Budget & Repair Bill

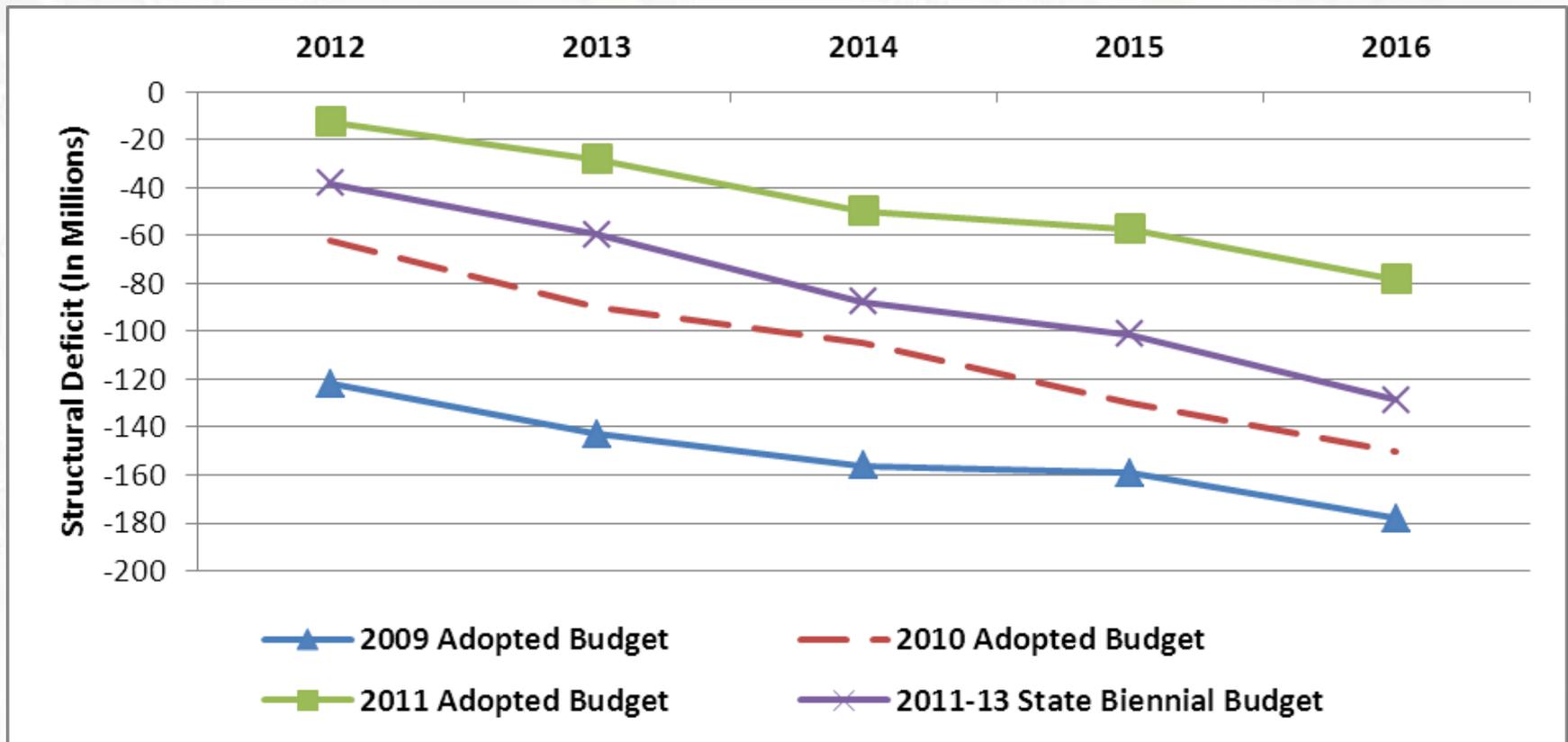
Effect on Structural Deficit – What If? Analysis



5-Year Financial Forecast

State Budget & Repair Bill

Effect on Structural Deficit



5-Year Financial Forecast

State Budget & Repair Bill

Additional Concerns:

- \$500MM in Medicaid Reductions TBD
- Income Maintenance Takeover
- Budget Repair Bill Legal Status
- Significant Employee Concessions Already Included in 2011 Adopted Budget
- New Construction Value Issued in August

5-Year Financial Forecast Summary

- Forecast is Always a Work in Progress
- Forecast is a Consensus-driven, Baseline Assumption
- Structural Deficit Persists
- County has made Significant Progress in Addressing
- 2011-13 Biennial Budget Impact still TBD
- Questions?