COUNTY OF MILWAUKEE
INTER-OFFICE COMMUNICATION

DATE : October 7, 2010

TO : Milwaukee County Board of Supervisors

FROM : County Board Research Division

SUBJECT: **Overview of County Executive's 2011 Recommended Budget**

Attached is the County Board Research Division's overview of the County Executive's 2011 Recommended Budget. This overview consists of the following five sections:

1) **Section 1** is a **General Overview** of the Recommended Budget.
2) **Section 2** consists of a spreadsheet that shows **Tax Levy Changes** for each Organizational Unit, comparing the 2011 Recommended Budget with the 2010 Adopted Budget.
3) **Section 3** provides a summary of **Major Changes**, including policy changes, proposed by the County Executive in the 2011 Recommended Budget.
4) **Section 4** is a listing and brief description of **Additional Issues/Concerns/Questions** noted by County Board staff regarding the proposed budget.
5) **Section 5** is the **Capital Improvements** section, which summarizes the capital improvement projects proposed by the County Executive.

This overview should not be construed as a complete and thorough analysis of the Recommended Budget. Although changes in departmental appropriations and revenues are generally clear, the corresponding impact on programs and services is not always as apparent. This overview has been prepared as an initial analysis that highlights the major policy and budget changes proposed by the County Executive and it is intended solely to assist County Board members and other interested parties in their understanding of the budget. The Finance and Audit Committee will begin its formal review of all budgets as a full committee beginning October 8th at 9:00 a.m.

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SECTION 1 –GENERAL OVERVIEW
2011 RECOMMENDED BUDGET

Fiscal Synopsis

The County Executive's 2011 Recommended Milwaukee County Budget calls for total expenditures of $1,313,136,237, a decrease of $147,155,285, or 10.1 percent, compared to the 2010 Adopted County Budget. (This is mostly due to the "doubling" of capital improvement expenditures in 2010 to take advantage of Federal stimulus funding.) The recommended property tax levy is $262,264,740, exactly $1 million less than the 2010 levy. The recommended tax levy is comprised of two components: debt service levy of $53,259,873 and operating levy of $209,004,867. The recommended tax levy is $78.9 million under the most restrictive tax levy cap *(See Tax Levy/Rate Caps below).*

The Recommended Budget reallocates $15.2 million in General Obligation bond proceeds for projects that were approved in 2010 to new projects in 2011. The County approved two bond issuances in 2009 and two in 2010 to take advantage of stimulus funding (lower cost bonds) provided through the American Recovery and Reinvestment Act (ARRA). As part of that proposal, no new general obligation debt was to be issued in 2011 and 2012 *(See Capital Improvements later in Section 1 of the Overview).*

Overall Analysis

Touted as a budget that preserves most programs and services and lowers the tax levy, the County Executive's 2011 Recommended Budget defers the difficult decisions on what cuts will be necessary to balance the budget next year. Massive wage and benefit concessions sought from employees and retirees, totaling $24.5 million, are counted on to make the budget whole. Realistically, these concessions will not be fully achieved by the first day of 2011 as the budget envisions. More concerning is that some of these concessions may not be achieved at all in 2011.

A recent Public Policy Forum (PPF) report previewing the 2011 Milwaukee County Budget looks at the County's structural deficit (i.e. expenditure growth outpacing revenue growth) projections and examines a few options, in isolation, to close the gap. These options include 1) reducing the size of the workforce, or 2) reducing programs and services without laying off personnel, or 3) increasing revenues to avoid service cuts. In their final analysis, PPF staff writes, "As we have suggested in previous reports, it is highly unlikely that any one of these developments would resolve the County's structural budget issues, but a balanced approach encompassing all of these options could be the best mechanism for addressing the County's long-term financial woes."

The County Executive's approach to the 2011 Budget is exactly the opposite of the Public Policy Forum's recommendation to take a balanced approach, as most of the savings are in wage and benefit concessions. Policymakers will need to decide on whether a balanced approach – or a concentration in any one area, such as labor concessions, program cuts or revenue enhancements is the best course of action.

The Adopted Budget serves as the County's master policy plan and prioritizes the expenditure of increasingly limited resources for the coming year. For 2011, the Recommended Budget not so subtly reminds us that these expenditure priorities can be highly political as well. It is the role of County Board staff to address policy matters, not political issues, in providing analysis to the County Board, be it for the budget or other matters. Nonetheless, the political nature of the County Executive's Recommended 2011 Budget, especially during a gubernatorial election, is inevitable. In its broadest sense, the Budget slightly reduces the tax levy while appearing to retain most County programs and services. It does so primarily through projected savings from wage and benefit reductions for County employees and retirees. Because the vast majority of employees (and retirees) are represented by labor unions (85%), these concessions must be negotiated at the bargaining table or won through arbitration or rulings, which can be a lengthy and unpredictable process.

In one respect, the 2011 Recommended Budget is a continuation of the 2010 Recommended Budget that counted on pension and health care concessions, which have only been achieved for a small portion of the workforce, to balance the budget. The concessions anticipated in 2010 are carried forward and "super-sized" in the 2011 Budget to levels that are unlikely to be achieved. Indeed, the alternatives are grim: over five weeks of furlough days and the potential layoff of hundreds of unspecified positions could materialize and undoubtedly reduce services to the public. The critiques of how the 2010 Budget was formulated and the "savings" reflected on paper, but not achieved in reality, are well documented. In another sense, however, the 2011 Budget is far more than just a continuation. Not only can it be argued that it builds off of "phantom savings" included in the prior year budget, but it also sets up a "political situation" whereby direct services appear to be saved, only at the cost of some wage and benefit "modifications" for County employees. The external part of County government services – what most people see – appear to be untouched. The savings are derived from the internal part of County government – compensation for County employees.

Perhaps the greatest challenge for the County Board will be to assess what wage and benefit concessions could realistically be achieved through labor negotiations and the risk to County programs and services for the portion that is not. The concept of total employee compensation, the value of salary and fringe benefits combined, has been the subject lately of more rhetoric than factual research. And with the County Executive's proposal to abolish the Human Resource Compensation Manager position, getting good information might be more difficult next year. A union contract arbitrator compares wage and benefit levels to other governmental employee groups. It is important for County policymakers to have this information in order to develop responsible, competitive wage and benefit compensation for employees.

To better understand the foundation of the 2011 Budget, a quick review of the key provisions in the 2010 Budget is necessary. The main "balancing" tool of the 2010 Budget was the Org. 1972 – Wage and Benefit Modification Account. A total of $20.1 million of savings, allocated to each department, was anticipated due to the imposition of twelve[1] furlough days, pension reductions, wage and health care plan changes (See Org. 1972 below). These changes were imposed on the non-represented employees and agreed to during 2010 by three small bargaining units, including TEAMCO, Machinists and the Association of Milwaukee County Attorneys. This represents approximately 16% of the workforce. To help offset the loss of expected savings, on February 25, 2010, the County Executive ordered an additional ten "floating" furlough days on members of the five collective bargaining units that had not agreed to the wage and benefit concessions. He exempted staff "whose

[1] Constitutional Officer departments, in many cases, developed alternatives to the 12 furlough days to achieve the budgeted savings.

positions directly support the preservation of public health and safety." The County Executive ordered an additional four furlough days for these staff on August 31, 2010, bringing the cumulative total to 26 days off without pay. It is estimated that the 12 furlough days apply to about 3,500 of the County's 5,400 workers, and the additional furlough days apply to approximately 1,450 staff. Of the $20.1 million in anticipated savings, the DAS Controller projects that, at this time, approximately $8.5 million may not be achieved even when accounting for the imposition of extra furlough days.

The 2011 Recommended Budget carries forward the Org. 1972 wage and benefits savings that were anticipated in 2010, and authorizes up to 26 furlough days next year for employees in bargaining units that have not agreed to the changes by December 31, 2010. The furloughs would apply in all departments including constitutional offices for non-public health and non-safety related positions in order to avoid a deficit. In addition, all employees "eligible for pension benefits (regardless of vesting status) will contribute 5 percent of their annual salary to the County's pension system." The Recommended Budget states, "Should the County be unable to fully implement this provision by January 1, 2011, the County Executive is authorized to lay-off up to 165 employees throughout all departments including staff in constitutional offices in order to achieve a similar level of savings and prevent a budget deficit." It is unclear as to whether the County Executive has the authority to lay off staff in Constitutional offices.

In addition to the Org. 1972 provisions and a five percent contribution of salary to the pension system, the 2011 recommended Budget imposes a new health care plan in Org. Unit 1950 – Employee Fringe Benefits. The current HMO plan would no longer be available to the non-represented employees and retirees. A new PPO plan that dramatically increases employee contributions (e.g. premiums, co-pays, and out-of-pocket limits) would be provided (see Org. 1950 below).

Depending on the outcome in the November 2nd election for Governor, there is a possibility that Milwaukee County could have at least three different County Executive's next year – the County Board Chairman, an interim approved by the County Board and one selected by the voters in the spring. In its current form, much of the responsibility to balance the budget is transferred to the County Executive if the savings do not materialize. The potential uncertainty in County Executive leadership, coupled with the hesitancy an interim County Executive may have authorizing widespread layoffs, could delay the implementation of corrective actions.

Wage and Benefit Reductions – Org. 1972 and Org. 1950

Last year, the County Executive proposed unprecedented reductions in wages and employee fringe benefits for all employees – both non-represented and those subject to collective bargaining agreements. As a result of County Board actions, the 2010 Adopted Budget reduced the amount of wage and benefit concessions sought. Even into the fourth quarter of 2010, much of these reductions have yet to be achieved with most bargaining units. The reductions anticipated in the 2010 Budget, as well as those proposed for 2011, have been included in each departmental budget and are shown for presentation purposes in Org. Unit 1972 – Wage and Benefit Modification Account (See the wage and benefit reductions by department in a chart included at the end of Section 1). The expenditure savings from these reductions total $18.7 million, offset by $4.5 million in less revenue, for a net tax levy savings of $14.2 million. The Org. 1972 modifications include the following:

Salary

- Step increases for eligible employees are suspended.

Pension Benefit

- Employees eligible for pension benefits (regardless of vesting status) will contribute 5 percent of their annual salary to the County's pension system.

- The annual pension multiplier is reduced from 2 percent to 1.6 percent for future years of service for elected officials and members of the Nurses and Trade Unions. In addition, all new hires after 12/31/10 for these groups shall have a normal retirement age of 64 instead of 60. *(Note: these provisions were imposed on non-represented employees effective 1/1/10 and were approved for elected officials by the County Board in September 2010. The Nurses and Trades unions already have labor agreements through 2011 that do not adopt these pension reductions.)*

2010 Adopted and 2011 Proposed Org. 1972 Changes

The 2010 Adopted Budget included modifications to healthcare, pension and overtime benefits. These changes were implemented for non-represented staff and agreed to by the Machinists, Attorneys and TEAMCO. If these changes are not adopted by the remaining five bargaining units, the County Executive's Budget authorizes up to 26 furlough days for employees in these bargaining units in all departments including constitutional offices for non-public health and non-safety related positions in order to realize an equivalent amount of savings and prevent a budget deficit.

Org. 1972 - Wage and Benefit Modification Account
2010 Projected & 2011 Budget

2010 Budget

Topic	Description	Budgeted Net savings	Non-Rep/Union Negotiated	Savings Achieved	Savings Not Achieved
Step Increases	Eliminate step increases	$ 2,178,700	$ 544,800	$ 544,800	$ 1,633,900
Overtime	Pay changes related to OT	$ 1,961,800	$ 382,000	$ 382,000	$ 1,579,800
Furlough Days	Date specific, floater and extras	$ 7,335,600		$ 8,948,200	$ (1,612,600)
Total Wage Related Savings		**$ 11,476,100**	**$ 926,800**	**$ 9,875,000**	**$ 1,601,100**
Pension changes	Reduce multiplier, change normal retirement age	$ 4,957,500	$ 745,200	$ 745,200	$ 4,212,300
Health care	Employee contribution change	$ 1,032,100	$ 434,300	$ 434,300	$ 597,800
Health care	Active health care plan changes	$ 683,900	$ 216,700	$ 216,700	$ 467,200
Health care	Retiree health care plan changes	$ 1,952,600	$ 504,900	$ 504,900	$ 1,447,700
Total Benefit Related Savings		**$ 8,626,100**	**$ 1,901,100**	**$ 1,901,100**	**$ 6,725,000**
Total Estimated Savings		**$ 20,102,200**	**$ 2,827,900**	**$ 11,776,100**	**$ 8,326,100**

2011 Budget

2010 unachieved*	Org. 1972 Changes*	$ 4,247,198
Pension	5 percent employee contribution	$ 9,053,094
Step Increases	Eliminate step increases	$ 817,051
Pension	Reduce multiplier (Nurses, Trades and elected officials)	$ 359,213
Total Org. 1972 Budgeted Net Savings for 2011		**$ 14,476,556**

*The Org. 1972 changes unachieved in 2010 is reduced to reflect that the reduced multiplier and new normal age are not being pursued for deputy sheriff positions, step increases already granted, and retiree health savings which are captured in a new initiative in Org. 1950 - Employee Fringe Benefits.

<u>Five Percent Pension Contribution</u>

The 2010 Adopted Budget included a directive to the Employee Benefits Workgroup to "consult with the Pension Board actuary to consider the advantages and disadvantages of capping the ERS defined benefit plan and replacing it with a defined contribution alternative." The Employee Benefits Workgroup met frequently with the Pension Board actuary in 2010 and has crafted contributory models that weigh the needs of the pension fund and taxpayers while also considering industry recommendations for retiree replacement income.

The Workgroup has a strong fundamental understanding of the County's structural pension issues and design alternatives. However, rather than draw upon the insight garnered by the Workgroup to construct a viable, sustainable, and ultimately achievable redesign of the pension structure, the Recommended Budget assigns a pension contribution of five percent to all County employees, including those for whom a pension contribution would need to be negotiated. Layoffs of up to 165 employees could be triggered in the event unions do not agree to this contribution by January 1, 2011. The budget narrative offers no insight into the administrative complexities, legal ramifications, or employee compensation policies associated with this move.

The County's pension obligations to its employees are obviously a large portion of the structural deficit facing policymakers. A direct pension contribution is but one solution to a very complex issue. As budget deliberations transpire, a closer examination of this policy initiative, and the development of viable alternatives, may be desirable.

Org. 1950 – Employee Fringe Benefits – Health Care Plan Design Change

2010 Health Changes

As discussed elsewhere in this section, the 2010 Adopted Budget included modifications to the health care plan design that were implemented or agreed to through collective bargaining by a small subset of the employee base. Those changes included premium, deductible and co-insurance increases, and increases in the limits on out-of-pocket maximums. Those changes were implemented for non-represented employees and agreed to in voluntary settlements by the Machinists, TEAMCO, and the Attorneys' Association. The Nurses and Building and Trades unions agreed to premium increases and co-insurance increases, but not deductible and out-of-pocket maximum increases. AFSCME District Council 48, the Deputy Sheriffs Association and the Fire Fighters have not yet agreed to those changes.

In addition to active employees, the 2010 health plan changes could only be implemented for retirees who retired from the ranks of Machinists, TEAMCO, Attorneys or non-represented employees. A grievance decision from 2006 led to an interpretation by an arbitrator that retirees from represented positions were covered by the collective bargaining agreements of unions that represented them at the time of their retirement. As such, retirees from the Nurses, Building and Trades, DC 48, Deputy Sheriffs and Fire Fighters have not yet been assigned the 2010 health changes.

2011 Recommended Health Changes

The 2011 Recommended Budget introduces marked increases in co-payments, deductibles and co-insurance that are intended to be applied to all non-represented employees and all retirees, including an out-of-pocket maximum for some groups up to $18,000. Further, the new plan design eliminates the HMO and directs all affected groups into the new PPO plan, although the HMO is retained for those covered under applicable collective bargaining agreements. Unlike the continuing 2010 Org. Unit 1972 conditions and the new pension contribution requirements, there are no adverse effects for bargaining units that do not accept the new health plan design.

The increase in the employee and retiree share is a direct cost shifting initiative that may also lead to a decrease in utilization. The elimination of the HMO is a reversal of earlier efforts to drive employees to the HMO because costs were, in theory, controlled; in fact, under the United Health Care network design, the opposite is true. Efforts in recent years to steer employees and retirees to the HMO have actually increased costs to the health plan. The County's health care actuary has estimated that these plan design changes will reduce health expenditures by $12.8 million in 2011, producing a tax levy savings of $10 million.

The following table presents the health plan currently offered to non-represented employees and Machinist, TEAMCO, Attorney and non-rep retirees, and the revised plan offered in the 2011 Recommended Budget:

Health Plan Design Comparison

	Current HMO	Current PPO	New Plan Design PPO Only
Monthly Premium Contribution	$50 Single/ $100 Family	$90 Single/ $180 Family	$90 Single/ $180 Family
In Network Deductible	$0	$250 Single/ $750 Family	$500 Single/ $1,500 Family
Out of Network Deductible	NA	$500 Single/ $1,500 Family	$1,000 Single/ $3,000 Family
Emergency Room Co-Pay	$100	$100	$150
In-Network Office Visit Co-Pay	$10	$20	$25 - primary care $40 - specialist
Out-of-Network Office Visit Co-Pay	NA	$40	$50 - primary care $80 - specialist
In-Network Coinsurance	100%	90%	80%
Out-of-Network Coinsurance	NA	70%	60%
In-Network Out-of-Pocket Maiximum	NA	$2,000 Single/ $3,500 Family	$4,500 Single/ $9,000 Family
Out-of-Network Out-of-Pocket Maximum	NA	$3,500 Single/ $6,000 Family	$9,000 Single/ $18,000 Family
Prescription Co-Pays			
Generic	$5	$5	$5
Preferred Brand	$20	$20	$30
Non-Preferred	$40	$40	$50
Preventative Care	100%	100%	100%

As mentioned above, despite the language in the Recommended Budget, these changes cannot unilaterally be applied to retirees who retired from the represented ranks of Nurses, Building and Trades, DC 48, Deputy Sheriffs and Fire Fighters. Based on a review of retirees and active non-represented employees, the recommended health plan increases can be applied to fewer than 40% of the population targeted in the budget narrative. Of the 6,667 non-rep actives and all retirees who hold health insurance through the County, the new plan design cannot be applied to 4,037 retirees.

Health plan designs require probing review and analysis of all associated cost and behavior variables to properly address the needs of the employer (and its stakeholders) and the employee. While the plan presented in the 2011 Recommended Budget attempts to reign in costs and increase the employee's share of plan expenses, further review and analysis during budget deliberations is needed.

Concessions Imposed or Bargained

The net tax levy savings of $10 million anticipated with a new health care plan design for non-represented employees and all retirees is in addition to the $14.5 million in employee wage and benefit concessions outlined above. The following chart illustrates how much of the $24.5 million in anticipated savings for 2011 can be imposed unilaterally and how much requires collective bargaining.

Proposed Wage and Benefit Modifications
Amounts Subject to Collective Bargaining

Item	Non-Rep Actives/Retirees	Union Negotiated	Needs Union Negotiations	Total
Org. 1972				
Org. 1972 Changes from 2010	$ 0	$ 0	$ 4,247,198	$ 4,247,198
5% active employee pension contribution	$ 2,123,866	$ 0	$ 6,929,228	$ 9,053,094
Eliminate Step Increases	$ 155,239	$ 0	$ 661,812	$ 817,051
Reduce pension multiplier for Nurses, Trades and Electeds	$ 30,000	$ 0	$ 329,213	359,213
Org. 1972 sub-total	$ 2,309,105	$ 0	$ 12,167,451	$ 14,476,556
Org. 1950				
New Health Care Plan for non-reps and all retirees*	$ 4,409,767	$ 802,609	$ 4,787,624	$ 10,000,000
Total Wage and Benefit Modifications	**$ 6,718,872**	**$ 802,609**	**$ 16,955,075**	**$ 24,476,556**

(Note: These amounts are net tax levy amounts and reflect revenue offsets)
**Five bargaining units still represent its retirees.*

Each wage and benefit reduction item proposed by the County Executive's 2011 Recommended Budget is considered bargainable for represented employees under Wisconsin collective bargaining laws. As County leaders are well aware, the collective bargaining process is often a months-long process to reach a voluntary settlement, and often longer when the negotiation moves into interest arbitration. Additionally, although the County Executive advances some priorities for negotiation in this budget, under Milwaukee County Ordinances, the County Board's Committee on Personnel is charged with establishing the County's collective bargaining direction.

Approximately 85 percent of the County's workforce is represented by one of the County's eight collective bargaining units. In addition, approximately 67% of the retirees are currently "represented" as part of the bargaining unit they were attached to when they retired. The Machinists, Attorneys and TEAMCO, as part of their adoption of the 2010 Org. 1972 changes mentioned above, no longer represent their retiree members.

Approximately 15 percent of Milwaukee County's workforce consists of non-represented employees (non-reps). Historically, a wage and benefit package that is similar to that negotiated with District Council 48 has been applied to non-represented employees. However, because non-reps are not covered by collective bargaining laws, the proposed wage and benefit reductions could be applied effective on January 1, 2011 through adoption of the budget and passage of conforming ordinances.

The wage and benefit changes in the 2011 Recommended Budget are not itemized in terms of represented and non-represented employees, but have been broken out in tables earlier in this Overview. In addition to any direct savings realized from implementing these changes, there may be indirect impacts, such as increased retirements, increased sick payouts at retirement and the potential for litigation. Furthermore, while there has traditionally been general consistency on benefits between represented and non-represented employees, varying wage increases and compensation policies in recent years, coupled with the proposed reductions, serve to highlight the need for a comprehensive compensation plan review. Policymakers may also want to consider the potential problems with compensation compression where non-rep employees either make significantly less than similar classifications in a bargaining unit or represented employees are compensated more than their non-represented supervisory staff.

The 2011 Recommended Budget, as well as the 2010 Budget, clearly were developed to force employee unions into concession bargaining on wages and benefits. The County Board should request that the administration provide details on the cuts to programs and services that would be necessary if these concessions are not achieved.

Legal Issues

Policymakers should be aware that there are many legal questions and issues related to the 2011 Recommended Budget (and possibly the 2010 Adopted Budget) that require further analysis. Failure to address these issues could result in litigation by employees/retirees and or bargaining units that could delay the implementation of these budgeted savings. At worst, the initiatives could be ruled illegal and the budgeted (and prior year) savings forfeited. These legal questions include:

- Can the County impose a reduced annual pension multiplier on current, rather than just new employees? Are bargaining units allowed to negotiate labor agreements that impose a lower annual pension multiplier on current members (especially vested employees) rather than just future hires?

- Did the County's past legal position in litigation including *Champine*, *Bilda* and the *Mercer* case, which argued that many of these benefits were legally conferred and could not be revoked? Could this be used against the County's new position that they can?

- In addition to the concerns noted above, can a pension contribution be imposed or negotiated for a non-contributory pension plan, especially on current employees?

- Is the County required to return employee contributions to the pension plan if they leave prior to vesting? Must interest be paid on these funds?

- If the County is not ready to administer the collection of employee contributions to the pension plan due to necessary programming changes required with the Vitech system, can the contributions still be collected and held in a separate account?

- What changes would the ERS have to make to the Pension Plan document to allow for employee contributions and comply with IRS regulations and approvals? If a private letter ruling is necessary from the IRS, what is the timeline for IRS approval of any changes to the pension plan?

- The proposed change in Medicare Part B reimbursement is effective for all employees that retire after December 31, 2010. The Adopted Budget is effective January 1, 2011. Does this provide adequate notice, even if the communications were made in mid-November after the budget was finalized? Is it legal to establish an effective data that is prior to the date the budget goes into effect?

- Can the County limit retirees to only one health care plan option (a PPO) if the County is still maintaining an HMO option for its represented employees?

- Does the County Executive currently have the authority to lay off staff in Constitutional offices? Can the Adopted Budget convey this authority if it's not already granted in state law?

State Budget

The State of Wisconsin will be adopting a new biennial budget that is scheduled to begin July 1, 2011. On July 9, 2010, the Legislative Reference Bureau (LFB) estimated the general fund would need to generate $2.5 billion over the 2011-13 biennium in order to meet its commitments, maintain the required statutory balance, and balance the budget for that year. In addition, based on a subsequent court ruling, an additional $200 million to reimburse the patients compensation fund brings the total to $2.7 billion. It is likely that these fiscal constraints will impact Milwaukee County in some way, whether it is cuts in shared revenue, court support, youth aids, or other state funded revenues. Despite these fiscal challenges, the 2011 Recommended Budget anticipates that the State will remove the annual requirement that BHD contribute $6.8 million to the BadgerCare Core program which evolved from the General Assistance Medical Program (GAMP). Milwaukee County is the only county that is required to make a contribution to this program. If this contribution requirement is not rescinded, BHD will have a significant budget problem that will likely have countywide implications.

The County Executive's shared revenue budget is based on an estimate provided by the State. Juvenile Correction Institution (JCI) rates are budgeted to increase by 3 percent, which is less than what has been the recent trend. Court support revenues are budgeted to stay the same. The Behavioral Health Division's 2011 Recommended Budget corrects the $3.6 million projected shortfall expected this year in Medicaid state reimbursement, but it does not factor additional cuts that may be made as part of the 2011-13 State Budget.

2011 Risk Summary

Staff has identified several areas of risk that include:

- Approximately $17 million in wage and benefit concessions that need to be collective bargained with bargaining units and in place by January 1, 2011
- Potential litigation regarding the diminishment of benefits or employee pension contribution requirements by active/retired employees
- The anticipation that the 2011-13 State Budget will remove the annual $6.8 million payment for GAMP by Milwaukee County and the expectation that basically no other state aids will be cut to help the State balance its $2.7 billion structural deficit
- Land sale revenues, especially related to the Crystal Ridge facility, will be realized and available to offset planned capital improvement expenditures
- Ability of MCTS to collect $2 million in new video advertising revenue
- Political risk of changeover in the County Executive's Office that could impede the implementation of necessary corrective actions

Reduction in Positions

The 2011 Recommended Budget continues the trend of reducing the number of funded positions in order to reduce costs. The 2011 Recommended Budget includes 5,335 funded FTE's, a reduction of 122, or 2.2 percent from the 5,457 FTE's in the 2010 Budget. The Department of Administrative Services indicates that approximately 15 employees (12.75 FTE's) are at-risk of layoff at the time this overview was published. (The FTE reduction is net of position creates, abolishments and unfunding.) The actual number of layoffs that may occur is determined by further attrition and retirements, and may be subject to rules governing represented employees contained in various labor agreements.

Other Major Initiatives

- **DHHS - Behavioral Health Division**

The Milwaukee County Behavioral Health Division (BHD) has faced challenges over the last several years. High profile incidents, which received heavy press coverage, including the recent "Patients in Peril" series, have resulted in numerous stakeholders raising questions associated with the safety, security, and level of care provided at BHD. Also, the County has considered moving operations from the building the division has occupied since the 1970s to other sites. A proposal to move operations to the former St. Michael's campus was debated extensively over the course of 2006-2009. In reviewing this initiative, the County also considered remodeling the current facility and building a new facility. Ultimately, the County decided not to pursue the St. Michael's lease agreement. The 2010 Adopted Budget contained a $12.6 million appropriation to remodel the current facility or build a new facility.

While discussions took place regarding where to locate BHD functions, maintenance and repair was deferred at the current facility. On June 3, 2010, in the wake of press coverage and public debate on the state of care at BHD, the State of Wisconsin issued a Statement of Deficiency (SOD), as a result of a survey performed by the State on behalf of the Centers for Medicaid and Medicare Services (CMS). The SOD largely identified unacceptable facility conditions and gave the County until April, 2011 to make the necessary fixes. The Milwaukee County Board passed a resolution creating a Mental Health Community Advisory Board to look into the care being provided at BHD and offer suggestions and appropriated $1,825,890 in funding to address issues at the current related to the SOD.

This is the backdrop to which the County Executive's 2011 Recommended Budget was presented. In prior years, the County Executive regularly produced budget recommendations containing tax levy savings in BHD associated with cost-saving initiatives to outsource/privatize programs, reduce county staff, cut client slots, and decrease contracts for preventive services. However, this year's Recommended Budget is vastly different. It not only includes maintenance of effort funding, but also contains added patient care and management staff, increased expenditures in educational and quality assurance services, security and surveillance, major maintenance, trauma informed care training, as well as increased funding for outpatient and community care services, crisis services, and respite beds. It seems in the wake of legal issues made public through a series of newspaper articles, the County Executive is making funding for the Behavioral Health Division a budget priority.

On Wednesday, October 06, 2010, a comprehensive report on the redesign of the mental health care system in Milwaukee County titled, *Transforming the Adult Mental Health Care Delivery System in Milwaukee County* was publicly released. The Public Policy Forum helped coordinate this study, which was completed by the national consultant, Human Services Research Institute. The report contains ten large-scale recommendations for Milwaukee County to implement in order to make systematic changes to the way in which mental health services are delivered in the county. The changes suggested to Milwaukee County behavioral health operations include the following:

- Downsize and redistribute inpatient capacity;
- Involve private health systems in a more active role;
- Reorganize crisis services and expand alternatives;
- Reduce emergency detentions;
- Reorganize and expand community-based services;
- Promote a recovery-oriented system through person-centered approaches and peer supports;
- Enhance and emphasize housing supports;
- Ensure cultural competency;
- Ensure trauma-informed care (TIC);
- Enhance quality assessment and improvement programs.

Due to the timing of the report's release, and the massive long-term changes suggested, the recommendations are not included in the 2011 Recommended Budget or analyzed in the Overview. However, policymakers should take into consideration the potential ramifications this effort could have on the operations of the Behavioral Health Division into the future.

- **Department of Public Works – Transit/Paratransit**

Due to decreasing ridership and a tax levy subsidy of approximately $4.33 per ride, hours of service have been reduced. Beginning routes up to 1 ½ hours after current start times and ending routes two hours before current end times will reduce MCTS's gross operating expenditures by $2,223,400, passenger revenue by $385,820, and net tax levy by $1,837,580. This will result in approximately 424,000 fewer rides annually. In addition, service frequency for 13 routes is considerably reduced on Saturdays.

In an effort to meet recent past budget challenges, MCTS has done the following:

- Eliminated retiree healthcare for all employees hired after April 1, 2007
- Initiated employee premium contributions for healthcare coverage
- Required previously retired employees to contribute to healthcare costs
- Implemented a smaller network HMO plan with higher deductibles
- Required employees to contribute 15% of actuarial determined costs to the pension plan
- Implemented wage freezes and non-operating staff reductions

The budgeted annual bus miles, one of the best indicators for the amount of overall service provided, decreases by 936,638 miles in the 2011 Recommended Budget. This reflects a 5.25 % decrease in the amount of bus services that is expected to be provided next year.

On Monday October 4, 2010, the Federal government awarded the Milwaukee County Transit System approximately $8.3 million for the purchase of new buses and to renovate bus garages, with approximately $7 million of the proceeds dedicated to replace the aging fleet.

It should be further noted that Milwaukee County also has $36.6 million set aside in Federal funding for design and implementation of a Bus Rapid Transit (BRT) line that would link the north side with downtown and the near south and west sides of town. If the County so chooses to reject the BRT proposal, these funds could potentially be utilized for the purchase of new buses.

In light of this recent development, in order for the Kenosha-Milwaukee-Racine (KRM) Commuter Rail line to be realized, the Federal Transit Administration has indicated that the Milwaukee County Transit System must first eliminate any funding gaps and be made whole in order to receive final project approval. On May 17, 2010, the Southeastern Wisconsin Regional Transit Authority (SERTA) voted to submit a "New Starts" application to enter into preliminary engineering for KRM on a 7-2 vote. Milwaukee County Board Chairman Lee Holloway and First Vice-Chairman Michael Mayo were the dissenting votes, stating that they could not support moving forward with an application for a new multimillion dollar alternative transportation system in Southeast Wisconsin while the existing bus system in Milwaukee County faces service reductions and needs a dedicated funding source.

The May 2008 Public Policy Forum report entitled, *"Milwaukee County Transit Crisis: How did we get here and what do we do now?"* provided a comprehensive review of the Milwaukee County Transit System's funding history and portended an eminent crisis resulting from heavy reliance on property tax revenues and a finite pot of Federal formula funds, originally intended for capitalized maintenance. Milwaukee County has sought dedicated sales tax funding to remove the cost of operating the Transit/Paratransit systems from the local property tax. The Governor and State legislature have thus far failed to authorize a dedicated funding alternative.

Tax Levy/Rate Caps

The County is limited by two State-imposed levy caps. The first cap is a levy rate cap which was imposed in 1993 and limits the County tax rate to a combined rate of $5.508 per $1,000 of equalized value, which includes an operating rate of $4.084 and a debt levy rate of $1.424. The second cap is a more restrictive tax levy cap which was imposed by the 2009-11 State Budget.

The new, more restrictive, tax levy cap limits the levy increase to the greater of 1) the year over year change in the County's equalized value attributed to "net new construction" (new construction less improvements removed); or 2) three percent. The limit is further increased by the value of any tax incremental district terminating during the year and the payments related to all general obligation debt issued after July 1, 2005. Since the net new construction for this year is 0.618 percent, the limit in effect is three percent plus 0.054 percent to reflect the value of the terminating tax incremental financing districts plus eligible debt payments.

DAS-Fiscal Affairs staff, with review by the County's bond counsel and financial advisor, has calculated the estimated maximum tax levy permitted under current law to be $342 million, or $78.9 million above the 2011 Recommended Budget amount. This reflects an allowable maximum tax levy increase of 29.9 percent.[2]

Capital Improvements Program

The Recommended Budget reallocates $15.2 million in General Obligation bond proceeds for projects that were approved in 2010 to new projects in 2011. The County approved two bond issuances in 2009 and two in 2010 to take advantage of stimulus funding (lower cost bonds) provided through the American Recovery and Reinvestment Act (ARRA). As part of that proposal, no new general obligation debt was to be issued in 2011 and 2012.

The 2011 Recommended Capital Improvements Budget reflects total expenditures of $81.5 million, or $126.9 million less than the 2010 Adopted amount. (This accounts for a large portion of the County's overall expenditure decrease of $147.2 million) The 2011 Recommended Capital Improvements Budget does not authorize new general obligation bonding but does include $11.8 million in airport revenue bond financing. The following table summarizes the 2011 Recommended Capital Improvements Budget:

[2] Southeastern Wisconsin Regional Planning Commission (SEWRPC) charges of $837,070 and Other State Charges of $47,737, totaling $884,807, are included in the 2011 County levy limit.

	Non-Airport	Airport	Combined
Total Number of Projects	17	10	27
Total Expenditures	$ 62,100,650	$ 19,428,500	$ 81,529,150
Total Reimbursement Revenues	$ 36,601,000	$ 764,063	$ 37,365,063
Net County Financing	**$ 25,499,650**	**$ 18,664,437**	**$ 44,164,087**
Financed as follows:			
General Obligation/Airport Revenue Bonds	$ 15,220,849	$ 11,749,500	$ 26,970,349
Land Sale Revenue	$ 8,025,001	$ -	$ 8,025,001
Passenger Facility Charges (PFC)	$ 1,433,800	$ 6,407,562	$ 7,841,362
Sales Tax Revenue (cash financing)	$ 380,000	$ -	$ 380,000
Airport Capital Improvements Reserve	$ -	$ 507,375	$ 507,375
Insurance Proceeds	$ 240,000	$ -	$ 240,000
Private Donations	$ 200,000	$ -	$ 200,000
Total Financing	$ 25,499,650	$ 18,664,437	$ 44,164,087

Note: $15.2 million of G.O. Bonds are reallocated from 2010 and is not new bonding.

O'Donnell Park/Façade Improvements/Inventory and Assessment Program

The 2011 Capital Improvements Budget provides $6.6 million to repair the O'Donnell Park parking structure by removing the precast panels and replacing them with an exterior insulation finishing system, repairing the concrete parapet and repairing railings. The project also includes major maintenance that needed to be performed, including resealing of the parking deck, replacing various piping and other maintenance needs. The financing for this project is provided from reallocating $6,019,849 in general obligation bonds from the 2010 Budget (most notably the Noyes/Pulaski indoor water parks) and $540,382 in land sale proceeds from UW-Milwaukee.

In response to the accident at O'Donnell Park in 2010, the County embarked on a façade inspection program that included 106 of the County's 912 total structures. The criteria for inspection included factors such as no inspection in the last five years, height of the building and whether it was constructed with masonry materials. An outside evaluation team led by GRAEF released its final report on September 22, 2010 that identified "Priority 1" issues that need to be addressed in the coming year that have an estimated cost of $3.4 million. In addition, "Priority 2" concerns that should be addressed in the next two to three years have an estimated cost of $5.1 million. The 2011 Recommended Budget includes the funding for the "Priority 1" issues through bonding, land sale revenues, airport revenues or insurance proceeds.

The O'Donnell Park accident also brought renewed attention to the County Inventory and Assessment Program. The County Executive had vetoed funding the County Board restored in the 2008 Budget for the inspection program. The 2011 Recommended Budget includes an appropriation of $1.6 million to complete the countywide Inventory and Assessment program. This assessment will provide data that is necessary for the development of a five-year capital improvement plan along with a life cycle analysis for the facilities. Funding is provided through $1.2 million of UW-Milwaukee land sale revenue and $422,400 of airport revenues.

Cash financing in the 2011 Recommended Capital Improvement Budget for non-airport projects is $10.3 million, or 40 percent of net County financing. The County goal for cash financing of capital improvement projects is 20 percent. Cash in the non-airport capital improvements budget includes $8,025,001 in land sale proceeds from UW-Milwaukee ($5 million) and the sale of Crystal Ridge in Franklin for $3,025,001 in net proceeds. It should be noted that the Crystal Ridge site has approximately $4 million in outstanding debt that needs to defeased if sold to a private entity. No formal appraisal on the property has been done, and it is unclear if there are outstanding environmental issues as well. Department of Administrative Services – Fiscal Affairs staff reports that the property's assumed value was given verbally by staff from the Department of Parks, Recreation and Culture.

In 2003, the County Board adopted a change in the County's debt management goal in conjunction with the major debt restructuring to restrict future borrowing. In effect, this policy limited 2005-2007 borrowing to an increase of no more than $1 million over the previous year's corporate purpose bond amount. In addition, the corporate purpose bond amount for 2008 would be set at a not-to-exceed amount of $30 million, and future not-to-exceed amounts would increase by 3 percent over the previous year's bond amount. Due to the accelerated capital program in 2009 and 2010 to take advantage of lower interest rates through the Federal Stimulus' Build America Bond program, no additional bonding authority is available until 2013 under the County's self-imposed limits.

(See Section 5 of the Overview for a complete listing of the Capital Improvement projects.)

Remaining sections of this Overview present a more detailed explanation of major budget changes, issues and concerns and capital improvement projects.

Org. 1972 - Wage & Benefit Modification Account

		2011 County Executive's Recommended Budget					
		Personnel Services	Expenditures	Revenue	Levy	2010 Adopted Levy	Variance
	County-wide Total	$ (18,370,221)	$ (18,679,468)	$ (4,506,747)	$ (14,172,721)	$ (20,102,254)	$ 5,929,533
1000A	County Board	$ (188,946)	$ (194,822)	$ -	$ (194,822)	$ (227,108)	$ 32,286
1001A	County Board-Dept of Audit	$ (57,639)	$ (59,767)	$ -	$ (59,767)	$ (114,863)	$ 55,096
1040	County Board-Comm Business Development Partners	$ (23,799)	$ (24,309)	$ -	$ (24,309)	$ (35,980)	$ 11,671
1011A	County Executive-General Office	$ (32,165)	$ (33,947)	$ -	$ (33,947)	$ (63,334)	$ 29,387
1021A	County Executive-Veteran Service	$ (8,876)	$ (9,265)	$ -	$ (9,265)	$ (12,669)	$ 3,404
1031A	County Executive-Office of Economic Development	$ (9,325)	$ (9,325)	$ -	$ (9,325)	$ 120	$ (9,445)
1110A	Civil Service Commission	$ (2)	$ (2)	$ -	$ (2)	$ (388)	$ 386
1120A	Personnel Review Board	$ (3,886)	$ (4,115)	$ -	$ (4,115)	$ (8,853)	$ 4,738
1130	Corporation Counsel	$ (95,046)	$ (97,016)	$ -	$ (97,016)	$ (166,470)	$ 69,454
1135A	Labor Relations	$ (12,389)	$ (12,678)	$ -	$ (12,678)	$ (25,350)	$ 12,672
1019	DAS-Office for Persons with Disabilities	$ (12,103)	$ (12,307)	$ -	$ (12,307)	$ (25,388)	$ 13,081
1140	DAS-Human Resources	$ (45,699)	$ (51,022)	$ -	$ (51,022)	$ (91,027)	$ 40,005
1188B	DAS-Employee Benefits	$ (71,228)	$ (72,797)	$ (51,562)	$ (21,235)	$ (40,655)	$ 19,420
1150	DAS-Risk Management	$ (20,183)	$ (20,547)	$ (20,183)	$ (364)	$ (922)	$ 558
1151	DAS-Administration and Fiscal Affairs	$ (156,309)	$ (161,171)	$ -	$ (161,171)	$ (280,783)	$ 119,612
1152	DAS-Procurement	$ (22,914)	$ (23,515)	$ -	$ (23,515)	$ (36,448)	$ 12,933
1160	DAS-Information Management Services Division	$ (296,778)	$ (296,993)	$ (296,995)	$ 2	$ (38,516)	$ 38,518
1905A	Ethics Board	$ (1,301)	$ (1,302)	$ -	$ (1,302)	$ (2,506)	$ 1,204
2000	Combined Court Related Operations	$ (1,025,495)	$ (990,126)	$ (26,574)	$ (963,552)	$ (1,967,013)	$ 1,003,461
2900	Courts-Pre-Trial Services	$ -	$ (1,506)	$ -	$ (1,506)	$ -	$ (1,506)
2430	Department of Child Support Services	$ (496,257)	$ (556,781)	$ (357,192)	$ (199,589)	$ (250,170)	$ 50,581
3010A	Election Commission	$ (8,641)	$ (9,087)	$ -	$ (9,087)	$ (22,719)	$ 13,632
3090A	County Treasurer	$ (33,325)	$ (34,354)	$ -	$ (34,354)	$ (47,784)	$ 13,430
3270A	County Clerk	$ (21,763)	$ (22,473)	$ -	$ (22,473)	$ (34,346)	$ 11,873
3400	Register of Deeds	$ (116,114)	$ (120,181)	$ -	$ (120,181)	$ (172,846)	$ 52,665
4000	Office of the Sheriff	$ (5,334,405)	$ (5,133,723)	$ -	$ (5,133,723)	$ (5,972,154)	$ 838,431
4500	District Attorney	$ (503,049)	$ (511,698)	$ (53,271)	$ (458,427)	$ (587,490)	$ 129,063
4900A	Medical Examiner	$ (164,635)	$ (166,500)	$ -	$ (166,500)	$ (210,681)	$ 44,181
5040	TPWT-Airport	$ (1,065,188)	$ (1,379,066)	$ (1,379,066)	$ 0	$ -	$ 0
5070	TPWT-Transportation Services	$ (53,029)	$ (59,986)	$ (41,990)	$ (17,996)	$ (34,588)	$ 16,592
5080	TPWT-Architectural, Engineering and Environment	$ (141,949)	$ (141,608)	$ (84,025)	$ (57,583)	$ (104,723)	$ 47,140
5100	TPWT-Highway Maintenance	$ (441,059)	$ (449,399)	$ (358,622)	$ (90,777)	$ (137,826)	$ 47,049
5300A	TPWT-Fleet Management	$ (134,734)	$ (141,892)	$ (141,892)	$ 0	$ (13,518)	$ 13,518
5600	Transit/Paratransit Services	$ -	$ (14,335)	$ -	$ (14,335)	$ (26,859)	$ 12,524
5700	TPWT-Facilities Management	$ (376,438)	$ (385,353)	$ -	$ (385,353)	$ (762,267)	$ 376,914
5800	TPWT-Director's Office	$ (43,889)	$ (7,015)	$ -	$ (7,015)	$ (33,255)	$ 26,240
6300	DHHS-Behavioral Health	$ (3,337,504)	$ (3,403,237)	$ (158,996)	$ (3,244,241)	$ (4,151,445)	$ 907,204
7900	Department on Aging	$ (287,317)	$ (295,755)	$ (72,768)	$ (222,987)	$ (327,500)	$ 104,513
7990	Department of Family Care	$ (304,931)	$ (311,264)	$ (311,265)	$ 1	$ -	$ 1
8000	Health and Human Services	$ (2,284,219)	$ (2,293,907)	$ (1,152,346)	$ (1,141,561)	$ (1,678,474)	$ 536,913
9000	Parks, Recreation and Culture	$ (718,553)	$ (737,565)	$ -	$ (737,565)	$ (1,587,049)	$ 849,484
9500	Zoological Department	$ (417,783)	$ (426,195)	$ -	$ (426,195)	$ (805,534)	$ 379,339
9910A	UW Extension	$ (1,355)	$ (1,561)	$ -	$ (1,561)	$ (2,873)	$ 1,312

SECTION 2 - TAX LEVY CHANGES IN 2011 COUNTY EXECUTIVE RECOMMENDED BUDGET

Org. Unit	Org. Name	2010 Adopted	2011 County Exec.	Levy Change	% Change
Non-Departmental					
REVENUES					
1901	Unclaimed Money	$ -	$ (1,100,000)	$ (1,100,000)	100.00%
1933	Land Sales	$ (3,611,300)	$ -	$ 3,611,300	-100.00%
1937	Potawatomi Revenue Allocation**	$ (4,058,477)	$ (4,058,477)	$ -	0.00%
1969	Medicare Part D Revenue	$ (2,932,000)	$ (3,023,647)	$ (91,647)	3.13%
1992	Earnings on Investments	$ (2,709,111)	$ (1,779,839)	$ 929,272	-34.30%
1993	State Shared Taxes	$ (37,872,201)	$ (39,207,108)	$ (1,334,907)	3.52%
1994	State Exempt Computer Aid	$ (2,808,543)	$ (2,808,543)	$ -	0.00%
1996	County Sales Tax Revenue	$ (65,362,190)	$ (62,926,365)	$ 2,435,825	-3.73%
1997	Power Plant Revenue	$ (356,880)	$ (356,880)	$ -	0.00%
1998	Surplus/Deficit from Prior Year	$ (4,144,018)	$ (4,144,018)	$ -	0.00%
1999	Other Misc. Revenue	$ (370,000)	$ (180,000)	$ 190,000	-51.35%
Non Departmental Revenues Subtotal		$ (124,224,720)	$ (119,584,877)	$ 4,639,843	-3.74%
EXPENDITURES					
1905	Ethics Board	$ 46,757	$ 75,157	$ 28,400	60.74%
1908	Milwaukee Cty. Historical Society	$ 242,550	$ 242,550	$ -	0.00%
1912	Visit Milwaukee***	$ 25,000	$ -	$ (25,000)	-100.00%
1913	Civil Air Patrol	$ 10,500	$ 10,000	$ (500)	-4.76%
1914	War Memorial Center	$ 1,504,594	$ 1,504,594	$ -	0.00%
1915	Villa Terrace/Charles Allis	$ 243,656	$ 243,656	$ -	0.00%
1916	Marcus Center for the Performing Arts	$ 1,280,000	$ 1,280,000	$ -	0.00%
1921	Human Resource and Payroll System	$ -	$ -	$ -	0.00%
1930	Internal Service Abatement	$ 6,411	$ -	$ (6,411)	-100.00%
1935	Charges to Other County Org Units	$ (11,376,730)	$ (10,587,574)	$ 789,156	-6.94%
1945	Appropriation - Contingencies	$ 5,800,000	$ 7,300,000	$ 1,500,000	25.86%
1950	Employee Fringe Benefits	$ -	$ -	$ -	0.00%
1961	Litigation Reserve Account	$ 275,000	$ 275,000	$ -	0.00%
1966	Federated Library System	$ 66,650	$ 66,650	$ -	0.00%
1972	Wage and Benefit Modification Account	$ -	$ -	$ -	0.00%
1974	Fund for the Arts	$ 377,688	$ 377,688	$ -	0.00%
1985	Capital Outlay/Depreciation Contra	$ (3,852,467)	$ (3,473,698)	$ 378,769	-9.83%
1987	Debt Issue Expense	$ 11,500	$ 11,500	$ -	0.00%
1989	Investment Advisory Services	$ 245,000	$ 245,000	$ -	0.00%
Non Departmental Expenditures Subtotal		$ (5,093,891)	$ (2,429,477)	$ 2,664,414	-52.31%
Departmental					
Legislative & Executive					
1000	County Board	$ 6,696,719	$ 6,595,242	$ (101,477)	-1.52%
1001	Audit Department	$ 2,681,432	$ 2,577,563	$ (103,869)	-3.87%
1040	Community Business Development Partners	$ 732,082	$ 838,263	$ 106,181	14.50%
1011	County Exec. - General Office	$ 1,316,682	$ 1,202,343	$ (114,339)	-8.68%
1021	County Exec. - Veterans Service	$ 294,533	$ 327,157	$ 32,624	11.08%
1031*	County Exec. - Office of Economic Develop	$ -	$ 389,304	$ 389,304	0.00%
Legislative & Executive Subtotal		$ 11,721,448	$ 11,929,872	$ 208,424	1.78%

***An additional $1,488,523 is budgeted in DHHS and BHD for a total of $5,547,000 in Potawatomi revenue for 2011.*

****The annual cost will be paid for by the Department of Transportation and Public Works – Airport.*

SECTION 2 - TAX LEVY CHANGES IN 2011 COUNTY EXECUTIVE RECOMMENDED BUDGET

Org. Unit	Org. Name	2010 Adopted	2011 County Exec.	Levy Change	% Change
Staff Agencies					
1110	Civil Service Commission	$ 53,281	$ 53,989	$ 708	1.33%
1120	Personnel Review Board	$ 210,189	$ 215,475	$ 5,286	2.51%
1130	Corporation Counsel	$ 1,534,931	$ 1,508,263	$ (26,668)	-1.74%
1135	Labor Relations	$ 515,026	$ 492,562	$ (22,464)	-4.36%
1019	DAS - Ofc. For Persons w/Disabilities	$ 722,182	$ 699,452	$ (22,730)	-3.15%
1140	DAS - Human Resources	$ 2,292,728	$ 2,182,554	$ (110,174)	-4.81%
1188	DAS - Employee Benefits	$ 817,948	$ 792,191	$ (25,757)	-3.15%
1150	DAS - Risk Management	$ -	$ -	$ -	0.00%
1151	DAS - Administration and Fiscal Affairs	$ 4,024,906	$ 4,073,488	$ 48,582	1.21%
1152	DAS - Procurement Division	$ 816,381	$ 690,122	$ (126,259)	-15.47%
1160	DAS - Information Mgt Services Division	$ 1,181,756	$ -	$ (1,181,756)	-100.00%
Staff Agencies Subtotal		$ 12,169,328	$ 10,708,096	$ (1,461,232)	-12.01%
Courts & Judiciary					
2000	Combined Court Related Operations	$ 41,771,896	$ 28,932,722	$ (12,839,174)	-30.74%
2900	Alternatives to Incarcerations	$ -	$ 2,265,196	$ 2,265,196	100.00%
2430	Dept. of Child Support	$ 964,729	$ 1,177,538	$ 212,809	22.06%
Courts & Judiciary Subtotal		$ 42,736,625	$ 32,375,456	$ (10,361,169)	-24.24%
General Government					
3010	Election Commission	$ 1,033,659	$ 599,711	$ (433,948)	-41.98%
3090	County Treasurer	$ (1,186,785)	$ (1,278,955)	$ (92,170)	-7.77%
3270	County Clerk	$ 284,824	$ 277,878	$ (6,946)	-2.44%
3400	Register of Deeds	$ 209,019	$ (256,359)	$ (465,378)	-222.65%
General Government Subtotal		$ 340,717	$ (657,725)	$ (998,442)	-293.04%
Public Safety					
4000	Office of the Sheriff	$ 121,359,819	$ 129,657,686	$ 8,297,867	6.84%
4500	District Attorney	$ 11,746,024	$ 11,626,857	$ (119,167)	-1.01%
4900	Medical Examiner	$ 3,242,694	$ 2,918,388	$ (324,306)	-10.00%
Public Safety Subtotal		$ 136,348,537	$ 144,202,931	$ 7,854,394	5.76%
Public Works and Transportation					
5040	DTPW - Airport	$ (1,232,032)	$ -	$ 1,232,032	100.00%
5070	DTPW - Transportation Services	$ 181,609	$ 189,405	$ 7,796	4.29%
5080	DTPW - Arch/Eng/Env Services	$ 525,953	$ 564,889	$ 38,936	7.40%
5100	DTPW - Highway Maintenance	$ 893,341	$ 911,325	$ 17,984	2.01%
5300	DTPW - Fleet Management	$ (2,062,784)	$ (1,755,330)	$ 307,454	-14.90%
5500	DTPW - Water Utility	$ -	$ -	$ -	0.00%
5600	Milwaukee County Transit/Paratransit	$ 19,132,926	$ 17,505,955	$ (1,626,971)	-8.50%
5700	DTPW - Facilities Management	$ (4,856,877)	$ (2,322,266)	$ 2,534,611	52.19%
5800	DTPW - Director's Office	$ (561,012)	$ (727,981)	$ (166,969)	-29.76%
Public Works and Transportation Subtotal		$ 12,021,124	$ 14,365,997	$ 2,344,873	19.51%

SECTION 2 - TAX LEVY CHANGES IN 2011 COUNTY EXECUTIVE RECOMMENDED BUDGET

Org. Unit	Org. Name	2010 Adopted	2011 County Exec.	Levy Change	% Change
Health and Human Services					
6300	DHHS - Behavioral Health Division	$ 56,092,309	$ 55,678,514	$ (413,795)	-0.74%
7900	Dept. on Aging	$ 1,594,446	$ 1,647,601	$ 53,155	3.33%
7990	Dept. of Family Care	$ -	$ -	$ -	0.00%
8000	Dept. of Health and Human Services	$ 28,050,027	$ 27,828,488	$ (221,539)	-0.79%
Health & Human Services Subtotal		$ 85,736,782	$ 85,154,603	$ (582,179)	-0.68%
Parks Recreation & Culture					
9000	Parks, Recreation and Culture	$ 23,480,891	$ 24,629,524	$ 1,148,633	4.89%
9500	Zoological Dept.	$ 3,786,224	$ 4,472,835	$ 686,611	18.13%
9700	Milwaukee Public Museum	$ 3,502,376	$ 3,502,376	$ -	0.00%
9910	University Extension Service	$ 341,738	$ 335,253	$ (6,485)	-1.90%
Parks, Recreation & Culture Subtotal		$ 31,111,229	$ 32,939,988	$ 1,828,759	5.88%
Debt Service					
9960	General County Debt Service	$ 60,281,181	$ 53,259,873	$ (7,021,308)	-11.65%
Debt Service Subtotal		$ 60,281,181	$ 53,259,873	$ (7,021,308)	-11.65%
Capital Improvements					
1200-1876	Capital Improvements - Exp	$ 116,381	$ -	$ (116,381)	-100.00%
Capital Improvements Subtotal		$ 116,381	$ -	$ (116,381)	-100.00%
GRAND TOTAL DEBT SERVICE		$ 60,281,181	$ 53,259,873	$ (7,021,308)	-11.65%
GRAND TOTAL OPERATING PURPOSE		$ 327,208,280	$ 328,589,741	$ 1,381,461	0.42%
GRAND TOTAL REVENUES		$ (124,224,720)	$ (119,584,877)	$ 4,639,843	3.74%
GRAND TOTAL		$ 263,264,740	$ 262,264,740	$ (1,000,000)	-0.38%

* Indicates new budget

SECTION 3 – OVERVIEW/MAJOR CHANGES
2011 RECOMMENDED BUDGET

Non-Departmental – Revenues:

1901 **Unclaimed Money**

Unclaimed Money is budgeted at $1,100,000, which was budgeted at $0 in 2010. Every other year unclaimed funds are forfeited and recognized by the County. The amount is based on the 2009 actual collections.

1933 **Land Sales**

Land sales revenue is not budgeted as non-departmental revenue in 2011. The first $400,000 of lands sales revenue is budgeted in the Real Estate Services budget in Organizational Unit 5800 – Department of Transportation and Public Works – Director's Office. This is the same allocation of this revenue as budgeted in the 2010 budget. This revenue is realigned from tax deed properties and miscellaneous revenue.

The $5,000,000 in revenue anticipated to be received in 2011 from the UWM purchase of land on the County Grounds is allocated as cash financing in various capital projects. All of the contingencies for this sale have been completed but the closing has not occurred. (The County Board granted an extension to UWM at its September 20, 2010 meeting.)

$3,700,000 in revenue from the sale of Crystal Ridge is allocated as cash financing for various capital projects. This revenue is asterisked as these projects may not proceed until a contract for the sale of Crystal Ridge is executed and the County Controller confirms that proceeds will be received in 2011. These projects include WP174 - Parks Major Maintenance ($1,225,000)*, WP184 - Parks Retaining Wall Repair and Replacement ($1,000,000) and WP185 - Parks Tuckpointing Walls and buildings ($800,000). The sale of Crystal Ridge has not been approved by the Committees on Parks, Recreation and Culture and Economic and Community Development and the County Board, which are required for the sale of park land that is deemed surplus.

* The remaining $100,000 is from the UWM land sale revenue

1937 **Potawatomi Revenue**

This non-departmental revenue was created to reflect the receipt of revenue from the Potawatomi Tribe. The 2011 budget maintains the revenue at 2010 levels, which includes a total of $5,547,000 in Potawatomi Revenue. A total of $1,488,523 of this revenue is budgeted within DHHS to offset various programs, the same as the previous two years. This non-departmental account reflects the remaining revenue amount, $4,058,477, for general County purposes and overall reduction of tax levy.

1969 **Medicare Part D Revenue**

This non-departmental account was created in 2006 to reflect a new Federal revenue stream related to employee health care coverage. Under the Medicare Prescription Drug Improvement and Modernization Act of 2003 and implementing regulations of

42 C.F.R. subpart R, plan sponsors (employers, unions) who offer prescription drug coverage to their qualified covered retirees are eligible to receive a 28% tax-free subsidy for allowable drug costs. For 2011, that reimbursement is estimated at $3,023,647, an increase of $91,647 (3.1%) due to inflationary trends of prescription drug costs. Reimbursement rates are limited, potentially preventing a larger increase in reimbursements.

1991 **Property Taxes**
Property Tax revenue is budgeted at $262,264,740, $1 million less than the 2010 Adopted Budget amount. It is $4,627,456 more than the amount recommended in the County Executive's 2010 Budget.

1992 **Earnings on Investments**
Earnings on Investments decrease $929,272 from $2,709,111 to $1,779,839. This decrease is due to low interest rates in the current investment market. Investment management services funding is budgeted at $245,000 and is included in non-departmental account 1989 – Investment Advisory Services. This amount is the same as 2010.

1993 **State Shared Taxes**
State Shared Taxes (Shared Revenue) increases $1,334,907, from $37,872,201 to $39,207,108. The State previously modified the shared revenue formula so that the previous year's base, plus the utility payment, determines the budgeted amount. The components previously used to calculate the County's shared revenue payment (i.e. aidable revenues, county mandate relief and maximum-minimum adjustment) have been discontinued. Only the utility aid component is used to calculate adjustments to the shared revenue payment. The amount is based on a communication from the State estimating the 2011 payment, which reflects a higher utility aid share.

Gross shared revenue payments are approximately $58 million, with $20.1 million intercepted by the State for the Child Welfare reallocation, for the thirteenth consecutive year. (County Community Aids are also again reduced by $38.8 million, for a total reallocation of $58.9 million to the State Bureau of Milwaukee Child Welfare).

1994 **State Exempt Computer Aid**
State Exempt Computer Aid is budgeted at $2,808,543, the same as 2010. This State aid payment originated in the 2000 Budget as an offset to a State-enacted property tax exemption on business computers that went into effect that year. The annual payment is based on the equalized value of exempt computers, the Milwaukee County equalized value (excluding TID) and the property tax levy.

1996 **County Sales Tax Revenue**
Total County sales tax receipts are projected to decrease by $2,435,825, from $65.4 million in 2010 to $63 million in 2011. A total of $53.3 million in net sales tax revenue is earmarked for debt service costs and $380,000 is dedicated to cash finance capital improvement projects. Net County sales tax revenue is projected to exceed debt service costs by $9,666,492. The Sales and Use Tax Ordinance, Section 22.04, indicates that 'surplus' sales tax revenue may be used to fund pension, employee

health care or the appropriation for contingencies through 2007. The 2011 Recommended Budget proposes to eliminate the 2007 sunset of the provision so that sales tax revenues may be used to fund these operating budget costs.

1997 **Power Plant Revenue**
The Recommended Budget contains $356,880 in Power Plant revenue, the same as 2010. The Power Plant Revenue account was created in the 2001 Budget to account for excess proceeds from the County's annual power plant payment that is not needed to offset debt service costs. Previously, all revenue from the County's 1995 power plant sale had been placed in Org. Unit 9960, General County Debt Service. ***The 2011 budget reflects the last year of payments from WE Energies for the sale of the power plant.***

1998 **Surplus (or Deficit) From Prior Year**
The 2009 adjusted surplus applied to the 2011 budget is $4,144,018, the same as last year. This account is required by State law to ensure that year-end surplus and deficit amounts are reconciled from two-years prior.

1999 **Miscellaneous Revenue**
Other miscellaneous revenue is budgeted at $180,000, a decrease of $190,000 over 2010. This revenue is primarily from the anticipated closing of three City of Milwaukee tax incremental districts in 2011.

<u>Non-Departmental – Expenditures:</u>

1905 **Ethics Board**
The Ethics Board continues to pursue implementation of 2008 changes to the Ethics Code. In 2010, the Executive Director opted out of a consultant contract for ethics education and training development and will pursue this function internally.

Legal services are budgeted at $3,500, reflecting the five-year average of actual expenditures for these services.

1908 **Milwaukee County Historical Society**
No Change.

1912 **VISIT Milwaukee**
There is no change to the tax levy funding from 2010. In 2011, the Department of Transportation and Public Works will serve as the pass-through for VISIT Milwaukee's funding.

1913 **Civil Air Patrol**
No Major Change.

1914 **War Memorial Center**
No Change.

1915 **Villa Terrace/Charles Allis Art Museums**
No Change.

1916 **Marcus Center for the Performing Arts**
No Change.

1921 **Human Resource and Payroll System**
The non-departmental account established in 2006 for the implementation of the contracted Ceridian system continues. Operational costs of $1,682,922 are included for 2011, representing an increase in contract costs of 3%, effective August 1, 2011.

1930 **Offset to Internal Service Charges**
This budget includes offsets to charges by internal service fund departments and crosscharging departments so those budgets are not overstated. In 2011, expenditure offsets are equal to revenue offsets for a zero property tax levy impact.

1935 **Charges to Other County Organization Units**
This budget reflects the offset to Central Service costs allocated to departments to show the full cost of operating a department. The Central Service Allocation amounts for 2011 are based upon the 2011 Cost Allocation Plan, which uses 2009 actual costs as its basis. The Employee Benefits Division's allocated cost of $641,956 is included for the first time.

1945 **Appropriation for Contingencies**
The Recommended Budget includes $7.3 million, an increase of $1.5 million from the $5.8 million provided in 2010. The policy that any unanticipated revenue received during the year be first placed in the Appropriation for Contingencies is continued for 2011. The extra funding is provided as a hedge against three identified fiscal threats: 1) health care expenses that are budgeted to increase 9%, rather than the 12% estimate provided by the County's outside healthcare consultant (a difference of $2.9 million), 2) a new state budget beginning July 1, 2011 that could include reductions in County revenues or increased mandates, and or 3) continued pressures from the economic downturn that could adversely impact a multitude of County revenue sources.

1950 **Employee Fringe Benefits**

Please see Section 1 of this Overview for a more complete discussion of this non-departmental account.

Employee fringe benefit expenditures, including health, pension and other employment benefits, decrease $4,758,847 (2.3%) to $205,340,906. Expenditures for basic health decrease $4.9 million (3.8%) to $122,720,422 and direct revenue increases $1,142,892 (18.5%) due to significant modifications in the anticipated employee and retiree contributions for health care premiums and services.

New Plan Design
A new health benefit plan design is implemented for unrepresented staff and retirees. For this group the HMO is discontinued and all participants are placed in a PPO plan. Premiums increase (over HMO premium rates) and co-payments and co-insurance are increased. Out of pocket maximums for non-reps and retirees are increased to $4,500

for a single and $9,000 for a family. The health care actuary has estimated annual savings of $12.8 million for these changes to non-represented and retiree health care.

Pharmaceuticals Management Initiative
The 2011 Recommended Budget assumes savings in prescription and medical costs of $1.9 million from this initiative to manage the necessity and/or desirability of the usage of prescription medications.

Wellness and Disease Management
The wellness program is discontinued and referred to the Employee Benefits Workgroup to design a suitable replacement. Disease management efforts are to be focused on chronic conditions that have proven to be drivers of health expenses.

Health Dental and Other Related Expenditures
Basic health benefit expenditures are reduced 3.9% to $122,720,422, but the 2011 Recommended Budget assumes increases of 9% in basic health benefits costs and 10% in pharmaceuticals. An additional $2.9 million is set aside in the Appropriation for Contingencies as a hedge against actual increases above amounts budgeted in Org. Unit 1950.

Medicare Part B Reimbursement
The County will discontinue the practice of reimbursing retirees for Medicare Part B premiums for those who retire after December 31, 2010, resulting in a 2011 savings of $100,000. Just under $6 million is budgeted in 2011 for Medicare Part B reimbursement.

Other Employee Benefits Expenditures
Milwaukee County offers group life insurance for eligible employees on a shared-premium basis. For 2010, group life insurance costs are flat at $2,666,400. Additionally, $350,000 is included for outside consultants, actuaries and other professional services for health care advisory services. Expenditures for the corporate transit pass program decrease 7.8% based on current year projections.

Annuity-County Mandatory Contribution is reduced $7,900 to $23,600. This budget is for the mandatory annuity contribution relating to eligible employees who have been members of the pension system prior to January 1, 1971.

Retirement System Contribution-OBRA account is used to separately budget for OBRA benefit contributions. This amount is decreased by $14,000 to $772,000.

Retirement System Contribution account includes an increase of $271,512 from $64,466,876 to $64,738,388. The pension contribution includes a normal cost contribution of $21,348,990, an unfunded actuarial accrued liability payment of $10,139,000, and debt service costs on the pension obligation notes issued in 2009 of $33,250,398. The County Executive is not recommending a $2 million stabilization fund contribution for 2011, but rather suggests a new ordinance that would require a contribution to the stabilization fund at the end of the year based on the difference between the budgeted and actual pension contribution payment, as determined by the actuary. The ordinance would also limit the contribution to avoid a countywide year-end deficit.

The stabilization fund and debt service payments are related to the $400 million pension obligation notes that were issued in 2009 to help reduce the unfunded liability of the pension fund and hopefully reduce the County's future pension contributions. The stabilization fund contribution is managed separately from the pension fund and will ultimately be used to fund pension costs. In the meantime, it serves to protect the County from any unexpected losses related to the pension obligation note issuance. As of January 1, 2010, the pension fund is 93.3% funded. However, pension contributions are expected to rise as the 2008 market losses ($486.1 million) are amortized over a five-year period, partially offset by market gains in 2009 ($190.4 million). This five-year smoothing of market gains and losses helps to prevent large increases or decreases in the required pension contribution.

(Note: The 2011 Recommended Budget includes a requirement that all members of the Employees' Retirement System (ERS), regardless of vesting status, will contribute five percent of their annual salary to the County's pension system. This is discussed as part of Org. Unit 1972 – Wage and Benefit Modification Account and in Section 1 of this Overview.)

1961 **Litigation Reserve Account**
The Litigation Reserve Account is maintained at $275,000.

1966 **Federated Library System**
No Change.

1972 **Wage and Benefit Modification Account**
The 2011 Recommended Budget includes $18.7 million in expenditure reductions, $4.5 million in revenue reductions and property tax savings of $14.2 million through a wage and benefit reduction initiative to be applied to all employees and, where applicable, retirees. This represents a $7.2 million increase in expenditures, $1.2 million increase in revenues, and $5.9 million increase in tax levy over 2010 Adopted Budget figures in Org. Unit 1972.

Please see Section 1 of this Overview for a more complete discussion of this non-departmental account.

1974 **Milwaukee County Fund for the Arts**
No Change.

1985 **Capital Outlay/Depreciation Contra**
This account is a budgetary device used to provide for proper accounting of capital outlays in Proprietary Fund departments (i.e. Enterprise and Internal Service Fund departments). There is no county-wide tax levy impact from this account.

1987 **Debt Issue Expense**
This non-departmental account is to pay bond counsel, financial advisor fees and other costs associated with issuing debt. An appropriation of $11,500 is provided, the

same as 2010. DAS-Fiscal Affairs will charge this account for staff associated with the preparation and issuance of the general obligation and airport revenue bond issues that is not eligible to be financed with bond proceeds.

1989 **Investment Advisory Services**
This non-departmental account is established to provide funds for investment advisory contracts related to Earnings on Investments (Org. 1992). For 2011, an appropriation of $245,000 is included, the same as 2010.

Departmental:

1000 **County Board**
Tax levy decreases $101,477 over 2010 due mainly to wage and benefit modifications. One vacant position each of Grants Writer/Coordinator and Legislative Assistant are unfunded half the year and one Committee Clerk position is unfunded the full year. A total of $42,500 is included for redistricting consulting and other services and for software services from the DTPW Engineering section. An appropriation of $18,000 is continued for the Legistar legislative workflow project and $5,000 is included for IMSD services in broadcasting County Board meetings.

1001 **County Board - Department of Audit**
Tax levy decreases $103,868 over 2010 due in part to wage and benefit modifications. County-wide audit costs increase $16,000, to $416,000. Audit consulting services increase $42,090, offset by savings of almost $50,000 from unfunding a Performance Auditor 2 position. In addition, an Office Support Assistant 2 position is unfunded, saving $33,000. The department will reassess staffing needs and its organizational structure to address pending and potential retirements.

1040 **Office of Community Business Development Partners (CBDP)**
Tax levy increases $106,181 over 2010 – the result of a $225,000 reduction in crosscharge revenue (due to a lack of new capital projects), partly offset by an expenditure reduction of $125,000 for Men of Color Task Force consulting services. Crosscharge revenue of $25,000 to the Transit System is continued. The crosscharge to the Airport is reduced $5,000, to $20,000. CBDP will begin implementing a contract compliance auto solution database in 2011.

The budget narrative states that "in 2011, the Director of the CBDP will develop a charging plan, which shall identify staff hours, hourly rates, and overhead rates as provided by the Department of Administrative Services. The Director of CBDP will report on this plan to the Board by July 1, 2011. Further, the direct service crosscharges to the Airport and MCTS will not be processed absent written documentation of the basis for the charges, including time studies of the CBDP employees that are providing the services."

1011 **County Executive – General Office**
One vacant position of Administrative Secretary – Associate Executive Assistant is unfunded for a salary and active fringe benefit savings of $73,840.

1021 **County Executive – Veterans Service Office**

Expenditures increase $32,625 to $340,158 and revenue remains steady at $13,000. An employee previously on military leave since 2009 is returning in 2011 for an increase of 1.0 FTE, and a net tax levy increase of $32,625.

1031 **County Executive – Office of Economic Development**

The 2011 budget creates the Office of Economic Development in the office of the County Executive. This office is proposed to consist of two newly created positions of Economic Development Specialist and the transfer of two positions from the Director's Office of the Department of Transportation and Public Works – Org. Unit 5800.

This proposed office will provide a comprehensive economic development strategy for Milwaukee County and is similar to the proposal deleted from the 2010 Budget.

1110 **Civil Service Commission**

No major changes.

1120 **Personnel Review Board**

Budgeted hours for the Administrative Intern are doubled to assist in an anticipated workload increase.

1130 **Corporation Counsel**

Tax levy support is reduced $26,668 to $1,508,263. Crosscharges for legal services to other departments are flat overall, with a decrease in the crosscharge to Employee Benefits due to the settlement of the Mercer lawsuit offset by a 13% increase in charges to the Behavioral Health Division.

1135 **Labor Relations**

Tax levy support is reduced $22,464 (4.4%) to $492,562. One filled position Senior Executive Assistant – Labor Relations is abolished, offset by an increase in temporary staffing.

Funding for arbitration expenses is reduced $10,000 to $20,000. The Litigation Reserve Account (Org. Unit 1961) holds an additional $150,000 for legal services related to labor relations.

1019 **Department of Administrative Services - Office for Persons with Disabilities**

Expenditures decrease by $20,729 to $871,953 and revenues increase by $2,000 to $172,500 for a net tax levy decrease of $22,729. The department assumes no change in the $115,000 budgeted Wil-O-Way rental revenue, despite the loss of long-term lessee, Goodwill Industries, and the lengthening of peak rate season from June 1 through August 31, to May 1 through September 30. Instead, the department plans to aggressively market the facility to other day program providing organizations.

The Department continues to work on the New Freedom grant program (a total of 1,400 New Freedom passes have been distributed to County residents) and anticipates an increase in revenues associated with the reimbursement for the New Freedom Grant as well as camp fee registrations. Finally, OPD is partnering with the

Department of Family Care to pilot a car share program (cars would be handicapped accessible), operated by a contractor, which would charge users by the hour, and would have no tax levy expense for the County. This initiative would widen the transportation options available to individuals with disabilities.

1140 **DAS – Division of Human Resources**

After a major reorganization and decentralization of the Division in 2010, for 2011 the Division is staffed with 14.1 funded FTEs. Expenditures and tax levy support are reduced $110,174 (4.8%).

The position of Compensation Manager is abolished and recreated as a Compensation Analyst for a salary and fringe savings of $25,954.

1188 **DAS – Division of Employee Benefits**

This division was created in the 2007 Adopted Budget to manage healthcare and retirement benefits oversight. For 2011, expenditures increase 3.6% and revenue from the Employee Retirement System increases 6.8% for a net property tax levy reduction of 3.1%.

One position of Assistant Manager ERS is created and charged to the ERS, while .25 FTE of the Senior Executive Assistant position that is shared by DHR and Employee Benefits is also charged to the ERS. The amount of division expenditures charged to the ERS increases to 69.7%. The Business Manager position is funded and the Benefits Operations Manager position is unfunded for a net salary and fringe reduction of $28,108.

1150 **DAS – Risk Management**

DAS-Risk Management is an internal service fund that charges its expenses to other County departments. Expenditures for Workers' Compensation self-insurance increase $70,000, from $3,532,247 to $3,602,247 based on the severity of the claims and higher medical costs. An additional $500,000 from the Risk Management Reserve is included for additional appropriations for worker's compensation claims. Later in 2011, the Controller will reconcile the expenditures and return all or a portion of the contribution back to the Reserve.

1151 **DAS – Administration and Fiscal Affairs**

Unfunding of two vacant positions and the transfer of a 0.50 FTE Clerical position to DAS-Procurement results in salary and fringe benefit savings of $158,674. Professional Services expenditures are reduced $25,533, from $112,228 to $86,695 in 2011, primarily due to the discontinuation of short-term professional service contracts. Accessing the State of Wisconsin's contract with our current vendor, it is expected an additional $30,000 of revenue will be realized in rebates on the purchasing card program. In 2010, revenues related to the Tax Refund Intercept Program (TRIP) were budgeted within individual departments. Total revenues related to this program are reduced $740,000, from $1,140,000 to $400,000 based on actual experience.

1152 **DAS - Procurement Division**

The DAS-Procurement Division was relocated this summer to space within DAS-Fiscal Affairs. A vacant clerical support position is abolished resulting in a savings of $78,688 for salary and active fringe benefits, partially offset with a $32,760 cost to share clerical support with DAS-Fiscal Affairs.

1160 **DAS – Information Management Services Division**

Direct property tax levy support and costs are realigned in 2011 to comply with government accounting standards for internal service funds and to better reflect actual usage by departments. Direct levy support is eliminated and spread among departments charged for services. Direct levy in IMSD is reduced $1,181,757 while revenue increases $1,438,635.

The State of Wisconsin Department of Health and Human Services has indicated it will no longer use IMSD for information technology services for Economic Support functions. This revenue loss produces a tax levy increase of $328,318.

One position of IT Coordinator – Zoo is created and crosscharged to the Zoo. The position will be housed at the Zoo to provide technical support and training for the Zoo's point-of-sale systems.

The 800MHz rebanding project, funded primarily through revenue from Sprint/Nextel, will conclude in 2011, resulting in a decrease in offsetting revenue from Sprint/Nextel of $93,100. Additionally, $159,199 in revenue is recognized from a class action settlement related to Microsoft's alleged antitrust activities and overcharges.

Expenditures for maintenance and software licensing increase $322,076 to $5,396,909, and debt and depreciation costs increase $526,664.

2000 **Combined Court Related Operations**

Expenditures decrease and revenues decrease slightly, resulting in a total property tax levy decrease for the Courts of $10,728,685 (27.1%) to $28,932,722 due primarily to an agreement with the Sheriff's Office to eliminate the crosscharge for bailiff services ($10,065,311) and the transfer of Pre-Trial Service to a new Organizational Unit (See below for the budget summary for Org. Unit 2900). Two vacant positions are abolished for a salary and fringe savings of $125,598, offset by a decrease in vacancy and turnover of $244,226.

Pre-Trial Services are transferred to a new organizational unit (see below) for a net expenditure reduction of $2,229,434 in the Courts budget. Programming, professional services and revenues for Pre-Trial Services are transferred to new Org. Unit 2900.

The Recommended Budget acknowledges a savings of $175,000 because the State Public Defender's Office will be assigned expenses for court-appointed attorneys in criminal cases.

Fees for Adversary Counsel increase $207,000 to $1,752,000 due to increasing appointments for the indigent in need of attorney services.

Contracts for Guardian ad Litem services with the Legal Aid Society and for copy services are continued in 2011 at the same amount as 2010.

The Legal Resource Center is relocated within the Courthouse and efforts are made at modernization in anticipation of the creation of the Milwaukee Justice Center.

2900 **Pre-Trial Services**

Pre-Trial Services are transferred from Org. Unit 2000 – Combined Courts Related Operations to this new organizational unit.

Authorization for Universal Screening is included, as in the 2010 Adopted Budget. However, for 2011, the program is contingent upon grant funding and/or tax levy funding as authorized and approved by the County Board.

Expenditures for professional service contracts for the provision of pre-trial services increase $187,221 to $3,197,750, fully offset by an increase in State OWI program funding and the OJA – Drug Court grant. The contracts for this service are included for approval during the budget adoption process.

2430 **Department of Child Support Enforcement**

Total property tax levy is increased $212,809 (22.1%) to $1,177,538. Revenue is increased $934,571 (5.3%) to $18,479,516 and expenditures increase $1,147,380 to $19,657,054.

The Department offers two new initiatives and continues another aimed at improving performance and paternity establishment. A number of previously unfunded positions are funded in these initiatives with the expectation that costs will be offset through enhanced performance revenue.

- The Veteran's Initiative for Paternity and Support (VIPS) seeks to strengthen the families of veterans returning from service through customized child support services. This model can similarly be applied to SSI/SSDI cases, resulting in improved collections and increased performance funding.
- The Administrative Paternity Establishment Project uses the administrative hearing model to establish paternity rather than judicial intervention. The cost of this project is again offset with increased performance revenue.
- A Federal Special Improvement Grant continues in 2011, supporting early intervention by Child Support in foster care cases.

Fees are increased or established for Non-Federally Funded (NIVD) cases, producing revenue of $125,000. The Department expects a significant increase in costs associated with these cases, and the fees are designed to encourage NIVD clients to apply for reimbursable child support services.

Crosscharges from the District Attorney, Sheriff and IMSD total $4.5 million. These charges are reimbursed at the Federal 66% rate with the balance charged back to those departments.

The Department includes full implementation of a paperless office initiative made possible through American Recovery and Reimbursement Act funds at a cost of $80,000, offset with two-thirds matching Federal revenues for a net levy increase of $27,000.

3010 **Election Commission**
Expenditures and property tax levy are decreased $433,948 as only two elections are scheduled for 2011 rather than four. Expenditures for ballot supplies decrease $325,000 and 1.0 FTE are unfunded because of the reduction in elections.

3090 **County Treasurer**
The Treasurer will continue an aggressive effort to collect delinquent taxes on behalf of all municipalities. The City of Milwaukee performs this service on behalf of its own municipality. The initiatives that were begun in 2009 to intensify tax enforcement include increased collection efforts, piloting a tax-intercept program, fine-tuning foreclosure processes, and streamlining the management of escalating numbers of bankruptcy filings will continue in 2011. Delinquent tax revenues are expected to increase $200,299, from $2.8 million to $3 million.

The number of parcels submitted to the Treasurer with unpaid property taxes is expected to remain at 6,000. Advertising appropriations increase $40,000 to publish unclaimed funds, which occurs in odd numbered years.

3270 **County Clerk**
The County Clerk continues initiatives to bring modernizations and other improvements to the office for improving public access and service.

Revenues are unchanged overall. Domestic partnership registration revenues have increased while other fee revenue has decreased.

3400 **Register of Deeds**
Register of Deeds revenues increase $1,050,357 (26%) to $5,077,857 while expenditures increase by only $584,979, resulting in a net tax levy savings of $256,359, an improvement of $465,378 over 2010. Four unfunded vacant positions are abolished.

Social security numbers will be redacted from documents as required by law. Expenditures for this initiative are offset by a $5 surcharge on recording fee revenue.

General recording fee revenue increases due to a change in State law on recording fee methodology rather than improvement in the real estate market.

4000 **Office of the Sheriff**
Total property tax levy increases $8,297,867 (6.8%) to $129,657,686 due to an expenditure increase of $7,799,112 (5.5%) to $149,750,627, making the Sheriff's Office the third largest operational department by budget expenditures. Sixty positions are scheduled to be created and 51 positions are to be abolished upon vacancy. Overall, position actions produce a salary savings of $1,898,232.

The position actions reflect the conversion of an additional 50 Deputy Sheriffs to Correctional Officers. The Sheriff's Office anticipates full conversion to Correctional Officers at the Community Correctional Facility Central (CCFC) by 2012 or 2013. The 2011 Recommended Budget includes salary and fringe savings from this initiative totaling $1,579,500.

Seven Lieutenant positions are created – three CO's and four Deputy Sheriffs – to provide increased management resources.

Three positions are created in the Medical and Psychiatric Services Divisions offset by one position to be abolished upon vacancy.

Operational modifications in 2010 reduce overtime in 2011 by $1,429,164. Vacancy and turnover in the Sheriff's Office also increases, reducing tax levy support by $691,176. Unemployment compensation increases to $400,000 based on experience.

The capital project to replace the Sheriff's Electronic Medical Records system, included in the 2010 Adopted Capital Budget, will be modified to include the Behavioral Health Division. (Please see Capital Project WO444 in Section 5 of this overview).

Inmate Programming

The Criminal Justice Resource Center is again eliminated in the County Executive's Recommended Budget for a tax levy savings in the Sheriff's Office budget of $679,910.

A savings of $100,099 is booked as a result of transferring the Farm and Fish Hatchery operation to the Parks Department and counting revenue of $50,000 from the Hunger Task Force, which is included for the first time to cover inmate expenses.

Other inmate programming at the CCFC and Community Correctional Facility – South (CCFS), including AODA treatment, job seeking skills and development, and the print shop, remain funded.

Electronic Monitoring Unit

The daily population under electronic monitoring, including GPS, SCRAM, and Voice Print, is expected to be 450. The number of inmates who are employed and capable of paying the daily monitoring fee of $24 is reduced from 200 in 2010 to 80, reflecting actual experience. Revenues are adjusted accordingly, offset by a corresponding decrease in costs for electronic devices.

Revenue from employed inmates in the Huber facility more than doubles to $1,366,650 due to a projected increase of 66 additional employed inmates.

Police Services

Airport Patrol staffing is reduced by one Clerical Assistant. Charges to the Airport for this function increase slightly to $7,382,403. There is no tax levy associated with the Airport Patrol.

Staffing for Expressway Patrol is unchanged. Tax levy support for this function increases slightly due to continuing costs and flat revenues.

The Tactical Enforcement/Parks Patrol Unit and the High Intensity Drug Trafficking Area grant program are largely unchanged, although levy support for the TEU/Parks Patrol decreases due to a change in budgeting practices, offset slightly by a decrease in citation and event revenues. The Drug Enforcement Unit, with two staff positions, continues with expenditures and levy at $351,846.

Bailiff Services

The Sheriff's Office and Courts reached an agreement in 2010 to eliminate the crosscharges for bailiff services. Expenditures for 79 bailiff posts are now included in the Sheriff's Office budget, increasing tax levy in Org. Unit 4000 by $9,898,131. Because those costs are transferred out of the Courts budget, there is no net tax levy effect.

Medical Services Expenditures

One vacant Staff Psychiatrist position will be filled, reducing the need for outside psychiatric service that results in a levy savings of $110,000. Other outside medical services increase $200,337 based on experience, offset by a $350,000 reduction in pharmaceutical expenditures, again based on experience.

Revenues

State and Federal reimbursement revenues decrease $621,362 and $172,000, respectively, due mainly to a reduction in the number of inmates housed for the State and the US Marshal. State Criminal Alien Assistance Program revenue drops from $225,000 to $150,000 while revenue from Sheriff's sales of property increases $80,000. Reimbursement revenue for officer training decreases $57,290. Commissary revenues increase $228,850 due to a favorable vendor contract. Inmate telephone revenues are unchanged.

Emergency Management

No major changes.

4500 **District Attorney**

Expenditures are reduced $1,048,362 (5.3%) to $18,750,526, revenues decrease $929,195 (11.5%), and total property tax levy support decreases $119,167 (1%) to $11,626,857. Five vacant positions are abolished (2.88 FTE) based on need and two positions are created.

The District Attorney's budget narrative notes approximately 30% of County personnel costs are funded through State and Federal Grants, which are generally unchanged in 2011. A 2009 Congressional Earmark for prosecution ends, reducing Federal revenues and offsetting charges from the State by $471,000, while a new Justice Assistance Grant increases Federal revenue and expenditures to the State for $145,400.

One position of Accountant III is created for forensic accounting investigations and one Network Tech Specialist position is created to assist in converting the office to electronic filing.

Two capital projects are funded to reconstruct the domestic violence program area and implement a security card system. *Please see Section 5 for information on these capital projects.*

4900 **Medical Examiner**

Revenues increase and tax levy support decreases for the fourth consecutive year. Revenues are up 17.7% and tax levy support decreases ten percent. Expenditures decrease slightly to $4,577,888.

One Assistant Medical Examiner position is unfunded and one Forensic Investigator position is created to address an increase in cremation permits.

Fees for cremation permits increase to $300 from $225. (Cremation fees increased $40 in 2010 and $20 in 2009.) Fees for death certificate-signings increase from $75 to $125. Revenue from fee increases is offset by revenue losses in consulting, private autopsies and autopsies under contract with other counties.

An expansion in the Forensic Pathology Fellowship program with the Medical College of Wisconsin increases direct costs, but allows the Medical Examiner to unfund an Assistant ME position, resulting in a net savings of $221,726.

5040 **Department of Transportation and Public Works – Airport Division**

Expenditures increase $2,445,938 from $78,463,074 to $80,909,012 and revenues increase $1,213,906 from $79,695,106 to $80,909,012.

In 2011, charges to signatory airlines increase $2,122,436 from $20,362,532 to $22,484,968 due to an increase in passengers and terms of the renewed 5-year master lease. Expiration of the previous 25-year master lease also results in a budget reflecting zero tax levy rather than a credit.

In 2011, parking revenues increase $1,919,682 from $26,945,000 to $28,864,682 due to an increase in passengers.

In 2011, restaurant concessions revenue increases by $1,382,400 from $1,950,000 to $3,332,400 due to an increase in passengers and expanded food and beverage operations.

Service expenditures increase $1,320,191 from $17,603,600 to $18,923,721.

Expenditures budgeted for the 440th Air Force Base increase $332,000, from $440,000 to $772,000, which includes $195,000 for private security and $105,000 for grounds keeping and maintenance. Revenues decrease $190,740 to more accurately reflect the costs to operate the base.

In 2011, 1.0 FTE Deputy Airport Director for Business and Commercial Management is created at a cost of $117,362, to expand the Airport's ability to engage in property management and economic development activities. $105,422 for 1.0 FTE Network Technical Specialist is also created to support the airport's unique systems and applications.

5070 **Department of Transportation and Public Works – Transportation Services**
Expenditures increase $39,786 from $2,318,601 to $2,358,387, and revenues increase $31,990 from $2,136,992 to $2,168,982.

5080 **Department of Transportation and Public Works – Architectural, Engineering & Environmental Services**
Expenditures decrease $96,514, from $6,703,375 to $6,606,861, and revenues decrease $135,451, from $6,177,422 to $6,041,971.

In 2011, 1 FTE Electrical Engineer Airport position is created at a cost of $123,072 to provide electrical and engineering resources to the GMIA.

5100 **Department of Transportation and Public Works – Highway Maintenance**
Expenditures decrease $149,086, from $18,476,084 to $18,326,998, and revenues decrease $167,070, from $17,582,743 to $17,415,673.

In 2011, 15 Highway Maintenance Worker 1 positions are abolished and 15 Parks/Highway Maintenance Worker positions are created. This action is in line with the program that was implemented in the 2010 Adopted Budget that transferred staff from the Parks Department to the Highway Maintenance Division for winter snow and ice control operations. These positions will work 19 weeks in Highway Maintenance and 33 weeks in the Parks.

5300 **Department of Transportation and Public Works – Fleet Management**
Expenditures increase $432,551, from $7,880,907 to $8,313,457, and revenues increase $125,096, from $9,943,691 to $10,068,787.

In 2011, debt service on all vehicles increases $1,131,519 from $1,326,980 to $2,458,499 to reflect active debt repayment for new vehicles and equipment purchases.

2011 VEHICLE & EQUIPMENT ALLOTMENT PER DEPARTMENT	
Department	Total
Parks Department ****	841
Sheriff	180
Highways Division	165
Facilities Management Division	40
Zoo	37
Fleet Management Division***	20
Department of Health and Human Services	18
Behavioral Health Division	14
District Attorney**	10

2011 VEHICLE & EQUIPMENT ALLOTMENT PER DEPARTMENT	
Architectural, Engineering & Environmental Services	5
Information Management Services Division	3
Medical Examiner	3
Transportation Services	3
County Executive	1
Office for Persons with Disabilities	1
House of Correction*	1
TOTAL	**1342**

* The HOC was not included in the purchasing program but may at some time in the future. At this time, the equipment remains under the HOC.
** The District Attorney has an additional ten vehicles that are listed in the system but are not technically County-owned vehicles.
*** Fleet Management also maintains motor pool vehicles.
**** These numbers include all mowing equipment

5500 **Department of Transportation and Public Works – Water Utility**

Expenditures increase $401,363, from $2,536,231 to $2,937,594, and revenues increase $401,363, from $2,536,231 to $2,937,594.

No operational changes will be made in 2011. The DTPW Director is directed to enter into negotiations with the City of Wauwatosa for purchase of the Water Utility.

5600 **Department of Transportation and Public Works-Transit/Paratransit System**

Expenditures decrease $1,853,517, from $173,236,975 to $171,383,458, and revenues decrease $226,546, from $154,104,049 to $153,877,503.

Due to an increase in fuel costs, an expenditure increase of $688,211 is budgeted for 2011.

<u>Transit Operations</u>

Operating expenditures for Transit are budgeted at $133,902,002, a decrease of $3,859,831. Passenger revenue is budgeted at $41,004,878, a decrease of $4,170,412.

In 2011, $2,000,000 is budgeted for video advertising revenue on buses.

In 2011, hours of operating service are reduced as follows:

Day	Current Start	Current End	Recommended Start	Recommended End
Weekdays	4:00 AM	2:00 AM	4:30 AM	12:00 AM
Saturdays	4:30 AM	2:00 AM	6:00 AM	12:00 AM
Sundays	4:30 AM	2:00 AM	6:00 AM	12:00 AM

This reduction in service hours reduces operating expenditures by $2,223,400; passenger revenue decreases $385,820 and net tax levy support increases by $1,837,580. These service reductions will result in approximately 424,000 fewer rides annually.

In 2011, Saturday route service frequency for routes 10, 11, 12, 14, 31, 33, 35, 51, 53, 54, 57, 67, and 80 on Saturdays are changed to match Sunday fixed route service for a net tax levy reduction of $688,600.

In 2011, a reduction of $3,200,000 in federal capitalized maintenance is anticipated.

Fuel expenses increase $688,211 over the 2010 Budget with an increased price per gallon from $2.10 to $2.40.

Paratransit Operations

Paratransit operating expenditures increase $2,387,531 to $30,514,571 and operating revenues increase $5,172,060 to $16,364,259 in 2011.

Due to an increase in the rate that Paratransit charges to managed care organizations, $3,778,000 is budgeted in revenues from Family Care providers.

5700 **Department of Transportation and Public Works-Facilities Management**

Expenditures decrease $252,292, from $21,487,303 to $21,235,011, and revenues decrease $2,786,903, from $26,344,180 to $23,557,277.

In 2011, $470,000 is budgeted in cost savings due to the continued County-wide space utilization consolidation effort, moving Aging and Family Care to County facilities.

5800 **Department of Transportation and Public Works-Director's Office**

Expenditures decrease $4,969, from $1,715,488 to $1,710,519, and revenues increase $162,000, from $2,276,500 to $2,438,500.

The Real Estate Services Section administers the leasing, acquisition and disposition of a wide variety of property for Milwaukee County. They are responsible for marketing and negotiating sales and lease of County property including surplus and tax delinquent property and the Milwaukee Regional Medical Center lands.

The Economic Development Specialist position that provides administrative support to the Real Estate Section, is being transferred to the County Executive's newly created Office of Economic Development along with the newly filled position of Director of Economic Development. Two new Economic Development positions are being created. A total of three positions had been deleted from the County Executive's Recommended 2010 budget.

6300 **Department of Health and Human Services – Behavioral Health Division**

Expenditures decrease by $88,194, from $186,388,758 to $186,300,564, and revenues increase by $325,601, from $130,296,449 to $130,622,050. The tax levy decreases by $413,795, from $56,092,309 to $55,678,514.

The 2011 Recommended BHD Budget contains a plethora of Division-wide changes. The most noteworthy major change throughout the division is the lack of outsourcing/privatizations seen in previous recommended budgets and the dedication of funding for new personnel, increased training, major maintenance, security enhancements, and Joint Commission certification efforts.

Personnel Changes:
There are also several personnel changes throughout the division, including the following:

Changes to Management Positions:
- FTEs Created: 5

Changes to Education and Quality Assurance Positions:
- FTEs Created: 6

Changes to Clinical Positions:
- FTEs (existing) Funded: 5
- FTEs Created: 52.1
- Positions Created as Unfunded: 11
- FTEs Abolished: 10.5
- FTEs Unfunded: 2.0

Changes to EMS Postitions:
- FTEs Created: .6 (hourly)

Overtime and Contractual Services:
- Levy increase of $675,075 for overtime
- Levy increase of $150,000 is included for attorney fees

Of the new clinical positions, 30 FTEs are located in the Acute Adult/Child Inpatient Services (7.0 FTE are created as unfunded), 14.5 FTEs are located in the Inpatient Nursing Home Facilities (4.0 FTEs are created without funding), and 9.0 FTEs are located in the Adult Crisis Services. The Management positions are said to be created to enhance capacity to manage finances and operations at BHD. Abolished positions are listed as abolish upon vacancy or are said to be already vacant and not needed by the department.

Revenue Adjustments:
The budget includes several revenue adjustments. A revenue maximization initiative—where the division retains Cambridge Advisory Group for $200,000 to provide assistance in maximizing revenues received by BHD and streamlining the billing process is expected to result in a $1.3 million tax levy reduction. That said, a separate entry calls for a $3,649,349 levy increase to offset the reduction in Medicaid revenue, which has been reported to the Committees on Health and Human Needs and Finance and Audit extensively in late 2009 and throughout 2010. In both 2009 and 2010, the division experienced a deficit, in part due to a reduction in anticipated Medicaid revenues.

Access to Recovery (ATR) grant revenue is also down. Milwaukee County is set to move into Recovery 3, the third multi-year continuing federal grant. As anticipated, due to changes in the grant's distribution of funds, preliminary notifications show Milwaukee County's allocation to be down. Milwaukee County received $14.4 million or $4.8 million a year for three years under ATR 2, and will receive $13.1 million over four fiscal years, amounting to approximately $3.3 million a year, through ATR 3. The reduced revenue results in the unfunding of one position and a reduction in other associated expenditures.

The Day Treatment lease agreements are budgeted to lower the tax levy by $33,519 in 2011 compared to 2010. The initiative to lease out Day Treatment hospital space to private nonprofit vendors was passed by the Board in March (File No. 16-65(a)) after savings associated with "mothballing" the Day Hospital in the 2009 Adopted Budget failed to materialize.

Finally, 1915i Medicaid State Plan revenue is currently budgeted at the same level as 2010 ($1.5 million). However, due to the passage of the Federal health care legislation by Congress, allowable provisions included in the State's original application must be changed in order to receive 1915i revenue, leaving Milwaukee County's ability to draw down revenue by the start of the budget year up in the air. Additionally, there are still outstanding questions surrounding what the county's local match would be, which could greatly increase BHD's tax levy commitment (see Section 4 for more information on this initiative).

<u>Major Expenditures Changes:</u>

The budget includes a tax levy reduction of $6.8 million associated with Milwaukee County's GAMP payment to the State of Wisconsin for operation of the BadgerCare Plus Core program. The department is said to be current on payments required in the 2009-2011 State Biennial Budget, and it is requested that Milwaukee County Intergovernmental Relations staff work to ensure that this payment requirement for Milwaukee County is not included in the next State budget. Currently Milwaukee County is the only county that makes an annual contribution to the State for this program.

<u>Major New Funding Enhancements:</u>

- <u>Joint Commission Funding</u>:
  $48,830 in levy is included to obtain IT resources and consultation services from the Joint Commission (TJC) to assist the division with TJC compliance and application development.
- <u>Educational Services and Quality Assurances</u>:
  $562,076 is provided for the purchase of a new online employee training system and six new positions in the Education and Quality Assurance sections. This is expected to aid BHD's TJC application efforts.
- <u>Security and Surveillance</u>:
  BHD's security vendor contract is increased by $300,000. $75,000 is budgeted to hire a consultant to review efforts that address safety issues at BHD, $80,000 is budgeted for a one-time investment in security cameras, and $30,000 is included for electronic card readers for a total levy increase of $485,000.

- Major Maintenance:
  $500,000 is added to the major maintenance budget to ensure funding for any additional facility needs that may arise in 2011.
- Trauma Informed Care Training:
  $150,000 is included to expand clinical training on Trauma Informed Care principles. It is anticipated that BHD will contract with a community service provider to coordinate trainings.
- Additional Outpatient and Community Care Services:
  $360,000 is included to contract in the community for psychotherapy service and trauma counseling sessions by a licensed therapist for an additional 250 patients (each would receive prior authorization for up to 12 therapy sessions and annual related medication costs).
- Crisis Services Increases:
  The division provides $200,000 annually to support the Crisis Resource Center (CRC), and has committed to provide an additional $50,000 of tax levy to CRC.
- Crisis Respite Beds:
  Though grant funding no longer exists for the 16 community crisis respite beds BHD has contracted for since 2005/2006, the division adds $500,000 in tax levy in the 2011 budget to continue the contract.

Small Changes/Cost to Continue Programs

- Child and Adolescent Services
  Child and Adolescent services provided by Wraparound Milwaukee are maintained. Wraparound has increased revenues by $2,147,218. Highlights include a new Youth in Transition grant-funded program, which will include 100 slots for children 18 or older, and plans to request 100 additional slots for the REACH program in 2011.
- Community AODA Services
  Due to grant funding, purchase of service contracts within the Adult Community Services AODA network are increased by $500,000 in 2011.
- Emergency Medical Services (EMS)
  EMS services are largely maintained at existing levels. A levy increase of $22,568 is associated with the creation of a part-time hourly paramedic trainer position. All fees remain the same as 2010.

Funding Cut (Detox Services):

Similar to the 2009 Recommended Budget, detoxification (detox) services are proposed to save $500,000 due to contract realignment. The contractor who provides Detox services is reimbursed depending on the type of bed provided to a patient—medical detox beds are more expensive than social detox beds, but social detox beds can only be used for patients experiencing alcohol-only and/or sedative intoxication. The division feels it can account for the savings by adjusting its contract to insure that a medical detox bed is not used if a patient's condition fits within the use of a social detox bed.

7900 **Department on Aging**

Expenditures increase $1,019,941, from $17,382,885 to $18,402,826, and revenues increase $966,786 from $15,788,439 to $16,755,225. Tax levy increases $53,155 from $1,594,446 to $1,647,601.

Major initiatives in the Milwaukee County Department on Aging (MCDA) include efforts to streamline service provision and maximize revenues, some position changes, and the relocation of the department to the Coggs building. It should also be noted that this is the first budget after the separation of the Milwaukee County Care Management Organization (now under the Department of Family Care) from the Department on Aging (File No. 10-203). The budgetary impact of this move is relatively minor since the CMO has been budgeted in its own organizational unit (7990) since the 2008 budget.

MCDA anticipates a $150,000 reduction in levy through efforts by the Aging Resource Center to reduce errors and coordinate benefits surrounding court-ordered corporate guardianships. Specific efforts include reducing errors of non-county petitioners ordering corporate guardianships and engaging volunteers to be guardians. MCDA includes a levy savings of $69,896 associated with accurate and timely reporting of Resource Center staff time spent on Medicaid and Medicare services, which enables the department to obtain more Federal reimbursement revenue. This initiative was also implemented in the 2010 budget.

Position changes include the abolishment of 1.0 FTE Program Coordinator, which is currently vacant and not needed by the department and the transfer of positions from MCDA to the newly created Department of Family Care. Together these changes will account for a $270,885 reduction in levy for the department.

An agreement reached with the Disability Resource Center (operated in the Department of Health and Human Services) allocates 60 percent of the State Adult Protective Service funding for the Aging Resource Center (the remaining 40 percent goes to the Disability Resource Center), which allows the unit to fund 2.0 FTE Human Service worker positions and nets a $460,474 reduction of levy from last year. MCDA is also expected to receive an increase in revenue associated with the State's Income Maintenance infrastructure costs in the Resource Center and anticipates new State funding associated with providing access to Healthy Living Programs, which will allow the department to increase the population who utilizes these services from 281 to 331 over the next two years. The total levy reduction associated with these two efforts is $460,474. MCDA expects to provide Alzheimer's Family and Caregiver Support Program funding at the same level as 2010.

In the senior meal program, MCDA is reducing levy in 2011 by carrying over donations from 2010. The department plans to concentrate efforts on increasing donations by $29,755 in 2011. MCDA also reports that although the number of meal sites has not changed, there has been a decrease in the number of meals served at sites due to an increased utilization of home-delivered meals.

Finally, MCDA is scheduled to relocate from the Reuss building to the county-owned Coggs Center at the end of December 2010. This move is said to not impact the MCDA budget as the rent payment will remain the same, but overall the county will benefit from the relocation of the department to a county facility, eliminating rent payments being paid to an outside organization.

7990 **Department of Family Care**

Expenditures and revenues increase by $6,277,894 from $257,068,240 to $263,346,134. There is no tax levy budgeted in this department.

As mentioned in the previous section, the largest change surrounding the Department of Family Care (DFC), which runs the county's Care Management Organization (CMO) is its separation from the Department on Aging to the newly formed DFC (File No. 10-203). Again the fiscal impact of this move is relatively minor—mainly surrounding the shifting of some positions—since the CMO budget had long been budgeted for in a separate Org. Unit 7990. Like MCDA, the DFC are also scheduled to move from the Reuss building to the 3rd floor of the Courthouse by the start of 2011.

As with last year, the CMO continues to face challenges associated with the expansion of the Family Care program to adults with physical and developmental disabilities, ages 18-59. The CMO has responded to the need to service this new client group by contracting with three new care management agencies—Advocates for Retarded Citizens, Easter Seals, and Creative Community Living Services—and by bringing on an additional 165 providers in the network, which now exceeds 900 service providers.

Another challenge, which DFC has faced over the last year, is the State's decision to contract with a private organization, Community Care Incorporated, to run a competing managed care organization (prior to 2010, the Milwaukee County CMO was the only Family Care CMO in Milwaukee County). As a result, DFC anticipates serving fewer members and, therefore, requires less staff. The 2011 budget includes the abolishment of 18.75 FTEs due to decreased enrollments. DFC has also included an increase in advertising expenses to work on attracting members to the DFC-CMO.

Additionally, the paratransit co-pay for the DFC increases for both paratransit van and taxi transportation services, resulting in an approximate annual expenditure increase of $2.8 million. The department plans to continue to study and implement improved paratransit utilization and service delivery coupled with marketing of the New Freedom Passes, which allow unlimited transportation on fixed routes for eligible paratransit users at no charge. Furthermore, the State is expected to implement a standardized residential rate in 2011. DFC has budgeted for a 2 percent increase; however, because the State has yet to release details surrounding the rate increase, the increase could be greater.

The aforementioned issues result in DFC's need to transfer $923,935 from the reserves to cover the associated revenue shortfall. The reserve accounts remain over $10 million.

8000 **Department of Health and Human Services**

Expenditures decrease by $20,371,100 from $151,130,876 to $130,759,766, and revenue decreases by $20,149,562, from $123,080,849 to $102,931,287. Tax levy is $27,828,498, a $221,538 decrease.

<u>Economic Support Division (ESD)</u>

Expenditures increase $7,133,794, from $28,999,714 to $36,133,508, and revenues increase $6,923,977, from $25,216,545 to $32,140,522. Tax levy increases $209,817.

Major changes in this division surround the continued State management of the Income Maintenance (IM) program. Milwaukee County is statutorily required to contribute tax levy toward the operation of IM in Milwaukee County. This payment is estimated to increase $298,973 to $3,282,474 in 2011 to keep with projected increases in salary and fringe. The State Department of Children and Families (DCF) has designated revenue to fund an additional 16 FTEs for the Child Care program in 2011, bringing the total FTE count under State management to 344.5 from 328.5. Finally, 3.5 FTEs of county ESD management staff are abolished in the 2011 budget. These positions were maintained for the first six months of 2010 to assist in the full transition of IM to State control.

The remainder of the county-run ESD programs, including General Assistance Burials, funding for the Impact 211 helpline, the Interim Disability Assistance Program (IDAP), and Energy Assistance are maintained a their 2010 levels. There is a slight levy reduction (of $5,958) in the General Assistance Burial Program, which is attributed to a reduction in crosscharges.

<u>Delinquency and Court Services Division (DCSD)</u>

Expenditures decrease $872,890, from $42,666,702 to $41,793,812 and revenues increase $724,898, from $24,486,244 to $25,211,142. Tax levy decreases $1,597,788.

As of July 1, 2010, a full year of placement in one of the State secure facilities exceeded $100,000. In addition, over the course of 2010, a panel was convened to study the closure of one of the State Juvenile Correctional Institutions (JCI), which could help reduce how rapidly placement costs charged to counties are increasing. The panel was not able to reach consensus, but the closure of one of the two male facilities is possible in 2011 under the next State administration, which could impact DCSD's budget.

The division intends to maintain programming at existing service levels and continue efforts to pursue alternatives to JCI placement through programs such as the Corrections through Education program (ACE) piloted in last year's budget. An $86,209 decrease in spending for fee-for-service is budgeted based on experience.

The division anticipates a revenue increase attributed to an increase in Youth Aids revenue—mostly due to trends showing a reduction in JCI payments due to fewer youth being sent to corrections for a shorter duration of time.

Disabilities Services Division (DSD)
Expenditures decrease $27,942,665, from $55,507,714 to $27,565,049, and revenues decrease $29,610,785, from $52,486,919 to $22,876,134. Tax levy increases by $1,668,120 to $4,688,915.

The large reductions in expenditures and revenues as well as the tax levy increase are attributed to the loss of funding for the Medicaid waiver programs as the 2,500 individuals enrolled in the Long-Term Support Waiver programs fully transitioned to Family Care by October 2010. DSD also began the process of enrolling the 3,000 individuals on the waitlist for long-term care services to Family Care and will continue to do so in the next two budget years with approximately 115 per month enrolling in 2011. DSD continues to recommend reductions in staff, including the abolishment of 4.0 FTEs, as functions are transferred to the new Family Care agencies.

DSD is implementing the Children's Long-Term Support Medicaid Waiver (CLTS) program expansion and redesign as part of the State-wide initiative outlined in the State's biennial budget. As a result, significant funding increases will be available to children with disabilities and their families, and will significantly reduce the waiting list of over 500 children and families. The revenues associated with this program will fund additional staff, leading to the recommended creation of 4.0 FTE Human Service Workers and an additional 1.0 FTE Children's Program Manager, which will be created and unfunded and only filled based on need and available revenue. Due to a State requirement to implement a new payment system for children's programs, which requires the use of a third-party administrator agency, DSD will no longer be able to support the staff who previously performed this function, and therefore, recommends the abolishment of 4.0 FTEs.

Division savings are anticipated with an effort to draw down more revenue in the Resource Center through accurate Medicaid-eligible match reporting, and a realignment of staff in the Birth to Three program, Resource Center and Children's Long-Term Support Program. The net savings in salary and active fringe benefits is $21,490, with the creation of 5.0 FTE positions (1.0 FTE unfunded), and the abolishment of 5.5 FTEs.

Housing Division
Expenditures increase $1,638,281, from $21,664,834 to $23,303,115, and revenues increase $1,575,909, from $18,682,841 to $20,258,750. The tax levy increases $62,372 to $3,044,365.

Major initiatives include an increase of $230,000 in levy to support purchase of service contracts for housing-related services in three new supportive housing developments. Our Space will provide on-site supportive services for two Empowerment Village developments. In addition, the contract for Mercy Housing that began in 2010 is expanded in 2011.

The division is also requesting an increase in revenues mostly due to an anticipated $1,148,270 increase in Housing and Urban Development (HUD) funds for the Housing Choice Voucher Program. The other increases are requested for the Safe

Haven and Shelter Care Plus Programs, and anticipated prior year funds from HUD. HUD determines how much revenue a receiving entity is able to carry over based on how much funding they have spent on HUD related programs. The Division is confident that their 97% utilization rate will allow for use of prior year revenue in 2011.

The budget maintains funding for Purchase of Service contracts and includes the specific allocations in the 2011 budget. In prior years, these contracts were approved outside of the budget process in the December Board cycle.

<u>Management Services Division</u>
Expenditures decrease $304,218, from $2,270,101 to $1,965,883, and revenues increase $257,494, from $2,187,245 to $2,444,739. The tax levy decreases by $561,712.

This division is handling the lease of the Coggs building to the State for administration of the IM program. Lease negotiations have been ongoing, but the State and County have not reached a final, long-term deal. The budget anticipates a revenue increase of $201,859 based on a request for additional space from the State; however, square footage and related costs are subject to change. Additionally, the State has asked for a number of capital improvements to improve customer traffic flow and accessibility. Payment for these modifications would be incorporated into the State's lease payments.

Capital Outlay expenditures increase $188,380 due to an increase in Performance Contracting Operating lease costs.

9000 **Department of Parks, Recreation and Culture**
Total property tax levy increases $1,148,634, from $23,480,891 in 2010 to $24,629,525 in 2011. Personal Services expenditures without fringe benefits increase $166,562, from $17,924,312 in 2010 to $18,090,874 in 2011.

Personal Services/Personnel Actions
New permanent Park Maintenance positions are created that will be shared between Parks and the Highway Division of the Department of Transportation and Public Works for winter snow and ice control operations. As a result, 9.88 FTE Park Maintenance Worker 2 positions are abolished and 9.6 FTE Parks/Highway Maintenance positions are created.

25.0 FTE Park Maintenance Worker 1 positions are abolished in 2011. However, total productive hours in the 2011 budget is greater than the previous four years. The calculation for productive hours includes the positions of Forestry Worker In Charge, Forestry Worker, Park Maintenance Worker 1-3, Park Maintenance Worker In Charge, Park Worker Seasonal and Park Maintenance Worker Seasonal positions. The estimated tax levy savings from this Parks Maintenance initiative is $1,464,354.

In addition to changes in Park Maintenance personal services, two vacant positions (Office Assistant 3 and Clerical Specialist Parks) will be abolished for a tax levy savings of $120,172.

Revenue/Fees

The revenue budget for Parks is reduced by $585,598 from the closure of the O'Donnell Park parking structure and by $406,076 to reflect historical actuals. The Parks Director will maintain flexibility in adjusting park fees to respond to changing market competition, weather conditions, seasonal needs and special events.

The Parks Director will issue a Request for Proposals for the development and operation of a new golf driving range. It is anticipated that the Department would receive a percentage of the gross revenue, resulting in a tax levy decrease of $12,500.

Capital Maintenance

Major maintenance increases by $297,492 to a total of $622,492 in 2011. The capital budget includes $1,325,000 for major maintenance, $1,050,000 for retaining wall repairs, $800,000 for tuck pointing repairs and $61,000 for parks naturalization initiatives. The Department of Transportation and Public Works budget includes capital funding for countywide infrastructure improvements, which includes parks projects.

Farm and Fish Hatchery

The fish hatchery will close for a net tax levy decrease of $6,500. The lease between Milwaukee County and the Hunger Task Force requires that the fish hatchery be maintained. Therefore, an amendment to the lease will need to be negotiated. The Sheriff's budget reflects an increase in reimbursement from the Hunger Task Force of $50,000 to offset the full cost of providing inmate labor. Tax levy would need to increase by $139,400 in order to operate the fish hatchery in 2011.

9500 **Zoological Department**

Tax levy funding for the Zoo increases $686,611 from 2010 to $4,472,836 in 2011. Personal Services without benefits increases $529,775 in 2011.

Zoo admission fees do not change in this budget.

Zoological Society support of $2,255,757 includes the following:

- $316,115 in direct support
- $200,000 in direct animal support
- $274,500 in corporate sponsorship revenue
- $1,465,142 in parking revenue received from Zoological Society members for the Zoo Pass Plus membership
- $129,872 in HVAC systems for various Zoo buildings
- $150,000 to update and upgrade Zoo exhibits.

A butterfly exhibit will replace the "Adventure Dinosaurs" exhibit at no tax levy impact. The Zoo budget also includes a $100,000 revenue increase for the operation of a ropes course/zip line/climbing wall. The County Board approved a contract for this service at its September 30, 2010 meeting.

One position of IT Coordinator-Zoo is created in the budget to provide technical support and training for the Zoo's Point of Sale system. This position will be located at the Zoo and will be solely dedicated to IT coordination at the Zoo. The cost of the position is budgeted with IMSD but will be crosscharged to the Zoo.

9700 **Milwaukee Public Museum**

No change per the amended Lease and Management Agreement between Milwaukee County and the Milwaukee Public Museum.

9910 **Milwaukee County University Extension Service**

Tax levy funding for the University Extension Service decreases from $341,738 in 2010 to $335,253 in 2011.

9960 **General County Debt Service**

The tax levy (or sales tax revenue) needed for the General County Debt Service decreases in 2011 by $7,021,308, from $60,281,181 to $53,259,873. Total debt service principal and interest increases by $455,563, from $67,462,033 to $67,917,596. Contributions from the Debt Service Reserve (DSR) total $5,894,221, an increase of $5,122,492 from the $771,729 provided in 2010.

Debt Service revenues increase $2,354,379, from $6,409,123 to $8,763,502 for 2011. This is primarily due to an increase in the payment from Froedtert Memorial Lutheran Hospital based on the sale agreement of Doyne Hospital from $3.9 million to $6.3 million. The hospital payment is based on 5.25% of net operating cash flow and will not be determined until sometime in 2011.

The Milwaukee Kickers Soccer Club is expected in 2011 to pay its final two semi-annual payments totaling $376,743 on outstanding debt for the development of the indoor/outdoor sports complex on West Good Hope Road. A 2010 request to restructure the loan (lease) repayments over a longer period of time was not included in the Recommended Budget.

The 2011 debt service costs for the pension obligation notes issued in 2009 is $33,250,398. Payments are budgeted in Org. 1950 – Employee Fringe Benefits, but reflected in Org. 9960 – General County Debt Service. This payment is abated out of the County Debt Service so as to avoid duplication of costs.

SECTION 4 – ISSUES / CONCERNS / QUESTIONS
2011 RECOMMENDED BUDGET

Non-Departmental – Revenues:

1996 **County Sales Tax Revenue**

The projected sales tax revenue of $60.9 million for 2010 did not factor the most recent monthly payment, which was higher than expected. The $63 million budgeted for 2011 should be reexamined after the next payment to determine if this is a realistic amount.

Non-Departmental – Expenditures:

1950 **Employee Fringe Benefits**

The Affordable Care Act passed by Congress in 2010 presents new guidelines for the health plans provided by employers. Under the new law, Milwaukee County as an employer will be exempt from a number of the new requirements of the Affordable Care Act under the 'grandfathering' provision of the law. The plan offered by Milwaukee County must substantially retain the plan design in place as of March 23, 2010, including no increase in deductibles and co-insurance and only limited increases in office visit and prescription co-payments. Given the changes in health plan design contained within the County Executive's 2011 Recommended Budget, it appears likely that Milwaukee County would forfeit its 'grandfathered' status under the law. What will the loss of grandfathered status mean in terms of coverage and expense for 2011 and following years?

See Section 1 for a more complete discussion of issues and concerns related to this non-departmental account.

1972 **Wage and Benefit Modification Account**

See Section 1 for issues and concerns related to this non-departmental account.

Departmental:

1040 **Office of Community Business Development Partners (CBDP)**

The budget directs that "in 2011, the Director of the CBDP will develop a charging plan, which shall identify staff hours, hourly rates, and overhead rates as provided by the Department of Administrative Services. The Director of CBDP will report on this plan to the Board by July 1, 2011. Further, the direct service crosscharges to the Airport and MCTS will not be processed absent written documentation of the basis for the charges, including time studies of the CBDP employees that are providing the services." This is not something that the CBDP Director has been specifically consulted on or to which she has agreed.

1140 **DAS – Division of Human Resources**

The Compensation Manager position has been vacant since January 2008, and the Recommended Budget abolishes the position in favor of an analyst-level position. The 2011 Recommended Budget, as with the 2010 budget, includes strategies aimed at controlling or reducing several aspects of overall employee compensation, including a freeze on step increases, increased out-of-pocket expenses for health care and a requirement for pension contributions (in addition to remaining Org. Unit 1972 concessions from the 2010 Adopted Budget).

Staff will attempt to quantify the effect of these changes on employees (*see Section 1 of this Overview*), but there doesn't appear to have been any rigorous professional review of whether these changes are consistent with accepted compensation practices of public employers, what these changes may mean for existing employees, and whether these efforts will depress recruiting for skilled and professional workers. Changes to employee compensation may be warranted, but a professional review and assessment is needed to find the balance between the needs of the employee, the County as an employer and the taxpayer.

1188 **DAS – Employee Benefits/ Employee Retirement System**

An Assistant Manager ERS position is created and charged to the Employee Retirement System. There are now 16.92 FTE employees who are charged administratively to the ERS for a total salary and fringe charge of $1,388,382. Per policy, administrative charges to ERS are amortized over 10 years, incurring additional costs through interest. Has this staffing pattern been reviewed by the Pension Board or an outside party, and has there been a review of the 10-year amortization policy compared to adopting a pay as you go policy?

1160 **DAS – Information Management Services Division**

It may be beneficial to reestablish the Information Technology Steering Committee to refocus the strategic direction for information technology in this government and to plot a path for the alignment of limited IT resources. The recommendation to restore the IT Steering Committee was also included in the 2008 audit of the Sheriff's Electronic Medical Records system.

The 2010 Adopted Budget included language on developing a three-year strategic operating plan, with review by the Information Technology Steering Committee, but no reference is made in the 2011 Recommended Budget. What is the status of the development of the strategic plan and the reestablishment of the IT Steering Committee?

2430/
2000 **Child Support Enforcement/Combined Court Related Operations**

The Administrative Paternity Establishment Project in Child Support Enforcement is a welcome initiative to reduce formal court paternity and support order hearings in favor of administrative hearings. What impact will this initiative have on the caseload in the Courts' Family Division and are any adjustments in the Courts budget needed?

2430 **Child Support Enforcement**

The Department has received notice from the State Department of Children and Families that the DCF biennial budget request included less GPR funding for child support agencies than originally indicated. This development could translate into as much as a 25% reduction in revenue from the State, compounded by the potential loss of Federal matching funds. The Milwaukee County CSE Department has informed Intergovernmental Relations and is working with the Wisconsin Child Support Enforcement Association to correct the funding situation as the State's 2011 – 2013 budget is developed. The loss of this revenue could produce significant funding shortfalls in the Child Support budget by year end, requiring the department to make corrective actions that could impact staff and/or services. This development was not included in the County Executive's 2011 Recommended Budget and warrants continued monitoring.

4000 **Office of the Sheriff**

One position of Administrative Specialist – Sheriff is created at a cost of $65,334 to assist the Medical Unit in obtaining accreditation. What is the accrediting agency and what is the value of obtaining the accreditation?

5600 **Milwaukee County Transit/Paratransit System**

What is the likelihood that video advertising on buses will generate $2,000,000 in revenue for MCTS based on past experience?

What plans are being developed in the event that the proposed Bus Rapid Transit (BRT) line doesn't significantly boost ridership figures as anticipated?

How will proposed transit service hour reductions affect the general public and transit system as a whole?

Once BRT is established in Milwaukee County, what sources will provide for on-going operating and maintenance costs of the system?

5040 **Department of Transportation and Public Works - Airport**

What plans are in place or being developed in the event of a catastrophic emergency at General Mitchell International Airport or Lawrence J. Timmerman Airport?

5700 **Department of Transportation and Public Works – Facilities Management**

What plans/procedures are being developed or communicated in the event of a catastrophic event/emergency within the Courthouse Complex?

6300 **Behavioral Health Division**

There are many revenue/expenditure adjustments included in the 2011 Recommended Budget. The first item of concern is the $6.8 million levy decrease associated with not continuing to make the annual continuing appropriation—known as the "GAMP payment" to the State for the operation of the Badger Care Core program. As part of a deal the current administration struck with the State, Milwaukee County agreed to make an annual payment to the State for County residents previously served by the County's General Assistance Medical Program (GAMP). GAMP clients were then rolled into the BadgerCare Core program, and the County's levy commitment for indigent health care was greatly reduced. The 2011 Recommended Budget acknowledges that Milwaukee County is current on payments required in the 2009-2011 State Biennial Budget and suggests that instead of including the ongoing payment in this year's budget, that the County should work to make sure the payment isn't included in the next State budget.

Milwaukee County is the only County contributing tax levy to the BadgerCare Core program, and as demand for the program far exceeded initial expectations and led to the creation of a waiting list, questions have been raised as to whether Milwaukee County property taxpayers were getting their fair share from the $6.8 million investment. Still, there are several questions surrounding the removal of this payment. The State Statutes (s. 20.435(4)(h)) mention a continuing appropriation from Milwaukee County for this program, though a numerical value is not specified. Additionally, the State utilizes Milwaukee County's contribution to draw down additional Federal Medicaid revenue so that the program would receive an overall funding loss of greater than $6.8 million if Milwaukee County discontinued its payment. What effect would this funding loss have on the program, especially those who utilize it in Milwaukee County? Finally, if the County is not successful in removing the payment from the next State budget, BHD would have a large budget hole to fill.

The budget also contains a number of revenue adjustments. Medicaid Reimbursement revenue is budgeted as a loss of $3,649,349, based on the division's experience over the past year and half with the State's effort to cut Medicaid expenditures as part of their biennial budget. Reports to the Committees on Health and Human Needs and Finance and Audit have pointed out that in addition to the direct Medicaid reductions, HMOs are also following suit and reimbursing the County at lower rates. The budget includes a sole source contract for $200,000 with Cambridge Advisory Group to help BHD streamline the billing process, which is expected to result in a $1.3 million tax levy reduction. Is it realistic to assume this great of an impact given the amount of revenue that comes in from Medicaid and the lower reimbursement rates coming from HMOs in the wake of the Medicaid reduction plan?

Finally, $1.5 million in 1915i Medicaid revenue is included in the budget despite identified issues with the State's Plan Amendment. This revenue would help fund community-based services, and would require a local match. Should Milwaukee County not be able to control eligibility standards as first proposed in order to ensure that Milwaukee County's service commitment matches its ability to fund the program, the BHD budget could have yet another massive hole.

Overall, are these revenue adjustments achievable?

The BHD budget also contains a number of personnel changes. Most notably, clinical staff are added to Inpatient, Acute, and Crisis Services Units. These positions are said to help the division with staffing patient units at the appropriate level and help staff effectively handle additional the surveillance efforts that were implemented in 2010. However, of the FTEs created, several are left unfunded while the overall overtime budget is increased $675,075. Will the funded positions be enough to ensure safe and effective operation of patient units? Could the funding of some of the created as unfunded positions lower the use of overtime?

7990 **Department of Family Care**

The newly created Department of Family Care's (DFC) budget includes many initiatives, which result in overall program cost increases. The addition of an additional Care Management Organization operating in Milwaukee County has led to the loss of clients who have opted out of the County-run Family Care program and into one of the other long-term care options. In addition, paratransit charges to the DFC CMO are set to increase in 2011 coupled with an anticipated residential rate increase. The 2011 Recommended budget requests an appropriation transfer from the reserves in order to balance the budget. How will the DFC-CMO monitor and react to the financial challenges associated with competition and increased costs? Is there anything that can be done to curtail the client losses?

8000 **Department of Health and Human Services**

What are the long-term plans for the operation of the Income Maintenance (IM) program in Milwaukee County? Since the State fully took over IM in January 2010, it has leased space in the County-owned Coggs Center through a serious of temporary leases. The budget anticipates that a long-term lease will be signed at some point in 2011. Is this realistic? Will the next State administration have completely different plans for IM administration? The State also has requested capital improvements to be made to the Coggs Center. The improvements are said to be built into the State's lease. Is it assured that the County will not face any up-front costs associated with the proposed changes?

9000 **Department of Parks, Recreation and Culture**

Given that the Parks Department will lose 25.0 FTE Park Maintenance Worker 1 positions (all are laid off in 2010) and no additional funding is provided for seasonal hires, how do the number of "productive" work hours increase? This is especially an issue if unions do not accept wage and benefit modifications. Without concessions, numerous Parks employees will be required to take twenty-six furlough days in 2011.

What is the likelihood that Crystal Ridge will be sold at all much less at the expected sale price assumed to be approximately $7-8 million? Without this revenue, numerous Parks capital improvement projects that would fix long standing major maintenance problems will not occur in 2011.

The recommended budget violates the lease agreement between Milwaukee County and the Hunger Task Force for the operation of the Farm and Fish Hatchery. Remedies include additional revenue (tax levy, donations, grants, etc.) or an amendment to the existing lease. The lease, however, cannot be amended without consent by the Hunger Task Force. The County Board may want to consider initiating a lease amendment, if so desired, since the budget does not provide tax levy funding for the operation of the Fish Hatchery.

9500 **Zoological Department**

This budget does not appear to provide the Zoo Director with an adequate amount of funding to meet "cost to continue" needs. This is coupled with the expected 26 furlough days for employees who unions fail to agree to wage and benefit modifications. How will Zoo operations be impacted by these ongoing funding issues?

SECTION 5
2011 RECOMMENDED CAPITAL IMPROVEMENTS BUDGET – OVERVIEW

Mass Transit (WT)

WT047 **Bus Rapid Transit-Fond du Lac/National Avenue**
Expenditure: $43,060,000
Revenue Reimbursement: $36,601,000 of Federal ICE revenue.
Net County Commitment: $6,459,000 to be financed by expenditure authority and bond proceeds reallocated from the 2010 Adopted Capital Project WT026 Bus Replacement Program.

Funding is budgeted to construct and operate a 12-mile long street-running BRT line along West Fond du Lac Avenue in a southeast direction into downtown, then southwest through National and Greenfield Avenues. Funds also finance designs and construction of Station/Bus Shelters and "bump-outs", Traffic Signal Priority and Technology Improvements and Fare Collection Equipment. Additionally, $25.3 M is utilized to purchase 20 buses.

Airports (WA)

WA042 **GMIA-Bag Claim Building Remodeling**
Expenditure: $5,436,000
Revenue Reimbursement: $0
Net County Commitment: $5,436,000 to be financed by Passenger Facility Charge revenue.

Funding is budgeted to complete the design phase of the GMIA Bag Claim Building Remodeling project.

WA044 **GMIA-In-Line Baggage Screening Phase II**
Expenditure: $11,589,000
Revenue Reimbursement: $0
Net County Commitment: $11,589,000 to be financed by Passenger Facility Charge-Backed General Airport Revenue bonds.

Funding is budgeted to complete construction phase of the GMIA In-Line Baggage Screening-Phase II project to provide a more secure airport environment.

WA127 **GMIA-Terminal Expansion Design Study**
Expenditure: $500,000
Revenue Reimbursement: $0
Net County Commitment: $500,000 to be financed by Passenger Facility Charge revenue.

Funds are budgeted to study the expansion of GMIA terminals including the extension of the ticketing and baggage claim structures. This project is consistent with terminal expansions proposed by the current GMIA Master Plan Update.

WA131 **GMIA-Part 150 Study-Ramp Electrification**
Expenditure: $188,500
Revenue Reimbursement: $141,375 of Federal revenue and $23,563 in State revenue.
Net County Commitment: $23,562 to be financed by Passenger Facility Charge revenue.

Funding is budgeted for the design of IAB (International Arrivals Building) Ramp Electrification at GMIA.

WA139 **GMIA-Redundant Main Electric Service Feed**
Expenditure: $321,000
Revenue Reimbursement: $0
Net County Commitment: $160,500 to be financed by Passenger Facility Charge revenue and $160,500 General Airport Revenue bonds.

Funding is budgeted for the design phase to improve the reliability and continuity of electrical service reliability at GMIA.

WA141 **GMIA-Training Facility**
Expenditure: $489,000
Revenue Reimbursement: $0
Net County Commitment: $489,000 to be financed by the Airport Capital Improvement Reserve Account.

Funding for this project is budgeted for the design phase of a facility to house training activities for airport safety-related functions.

WA142 **LJT Runway 15L-33R Extension**
Expenditure: $260,000
Revenue Reimbursement: $247,000 of Federal revenue and $6,500 in State revenue.
Net County Commitment: $6,500 to be financed by the LJT Special Capital Improvement Reserve Account.

Funds are budgeted for the design phase of the Runway 15L-33R Extension at Lawrence J. Timmerman Airport.

WA161 **GMIA-Terminal Roadway Signage**
Expenditure: $250,000
Revenue Reimbursement: $0
Net County Commitment: $250,000 to be financed by the Passenger Facility Charge revenue.

Funding is budgeted for the design of the Terminal Roadway Signage project at GMIA to provide signage replacement, standardization, uniform and efficient lighting to and from terminal roads.

WA162 **GMIA-Cessna Service Apron Reconstruction**

Expenditure: $95,000

Revenue Reimbursement: $71,250 of Federal revenue and $11,875 in State Revenue.

Net County Commitment: $11,875 to be financed by the Airport Capital Improvement Reserve Account.

Funding is budgeted for the design phase of the GMIA Apron Reconstruction project for the Cessna Citation Service Center.

WA163 **GMIA-Perimeter Road Bridge over Howell Ave.**

Expenditure: $300,000

Revenue Reimbursement: $225,000 of Federal revenue and $37,500 in State revenue.

Net County Commitment: $37,500 to be financed by the Passenger Facility Charge revenue.

Funding is budgeted for the design phase of the GMIA Perimeter Road Bridge over Howell Avenue project.

Parks, Recreation and Culture (WP)

WP174 **Parks Major Maintenance**

Expenditure: $1,325,000

Revenue Reimbursement: $0

Investment Earnings: $0

Net County Commitment: $1,325,000 to be financed with $100,000 in University of Wisconsin-Milwaukee land sale revenue and $1,225,000 from Crystal Ridge land sale revenue.

This appropriation will fund numerous major maintenance projects within the Parks Department including building painting, HVAC repairs and upgrades, tennis court improvements, and parking lot and crosswalk maintenance.

Project No.	Total Cost
*WP17402 Parks Building Painting (Various)	$500,000
WP17403 Domes HVAC Repairs and Upgrades	$100,000
*WP17404 Tennis Court Color Coating	$100,000
*WP17405 Parking Lot and Crosswalk Maintenance	$625,000
TOTAL	$1,325,000

NOTE: These projects may not proceed until a contract for the sale of Crystal Ridge is executed and it is confirmed that the proceeds will be received in 2011.

WP184 **Park Retaining Wall Repairs & Replacement**

Expenditure: $1,050,000
Revenue Reimbursement: $0
Investment Earnings: $0
Net County Commitment: $1,050,000 to be financed with $1,000,000 from Crystal Ridge land sale revenue and $50,000 general obligation bonds issued in 2010.

The projects included within this appropriation are:

Project No.	Park/Location	Total Cost
***WP18401**	Smith Park	$50,000
***WP18402**	Oak Creek Pkwy Stream Bank/River Walls	$250,000
***WP18403**	Honey Creek Pkwy Stream Bank/River Walls	$250,000
***WP18404**	Hanson Golf Course Stream Bank/River Walls	$150,000
***WP18405**	Lincoln Park Lagoon Walls	$100,000
***WP18406**	Lake Park Ravine Wall Repairs	$200,000
WP18407	*Estabrook Park Boardwalk & Retaining Wall Replacement	$50,000
	TOTAL	**$1,050,000**

**** The Estabrook Park project is funded with general obligation bonds that have been reallocated from 2010 capital projects.***

****NOTE: The projects listed in the tables above and below may not proceed until a contract for the sale of Crystal Ridge is executed and it is confirmed that the proceeds will be received in 2011.***

WP185 **Parks Tuck pointing – Walls & Buildings**

Expenditure: $800,000
Revenue Reimbursement: $0
Investment Earnings: $0
Net County Commitment: $800,000 to be financed by proceeds from Crystal Ridge land sale revenue.

The projects included within this appropriation are:

Project No.	Park/Location	Total Cost
***WP18501**	Hoyt Park – Stone Pedestrian Bridge	$250,000
***WP18502**	South Shore Pavilion	$100,000
***WP18503**	Root River Stone Masonry Bridge	$100,000
***WP18504**	Pulaski Indoor Pool Building	$100,000
***WP18505**	Noyes Indoor Pool Building	$100,000
***WP18506**	Mill Pond Pavilion	$50,000
***WP18507**	Brown Deer Clubhouse and Boathouse	$100,000
	TOTAL	**$800,000**

WP186 **Parks Naturalization**

Expenditure: $61,000
Revenue Reimbursement: $0
Investment Earnings: $0
Net County Commitment: $61,000 to be financed from University of Wisconsin-Milwaukee land sale revenue.

This appropriation will be used to convert 20 acres of parkland from mowed grass to native tree and shrubs in order to reduce the costs associated with maintaining this parkland. First year costs include the purchase of shrubs and trees, tree protectors, tree mats and the labor associated with installation. Future maintenance costs are estimated to be approximately $50/acre annually to control invasive species. The Parks Department expects a savings of approximately $1,624/acre annually or a total of $32,480/acre for the 20 acres. This should result in a payback period of less than two years.

Zoo (WZ)

WZ600 **Zoo Master Plan**

Expenditure: $400,000
Revenue Reimbursement: $0
Investment Earnings: $0
Net County Commitment: $400,000 to be financed with $200,000 in proceeds from University of Wisconsin-Milwaukee land sale revenue and $200,000 from the Zoological Society.

This appropriation will be used to produce a master plan for the Zoo that will serve as a baseline and guide for the development of Zoo capital improvements over the next ten years. The master plan will address the entire Zoo but emphasize Zoo facilities and areas that were not considered in previous plans. The plan will also address major changes to facilities, infrastructure and internal traffic patterns that may result from the reconstruction of the Zoo Interchange.

The scope of the plan will include:

- Establishing overall planning goals to improve Zoo visitor experiences, enhance visitor education and establish state-of-the-art animal husbandry and exhibit facilities;
- Summarizing the state of the existing facilities and grounds;
- Defining proposed renovations and new facilities;
- Providing conceptual designs for each major facility renovation or addition including development of the Bliffert property and Zoo Interchange project;
- Designing the facilities to a level that will allow an accurate assessment of the capital and annual operating costs;
- Prioritizing the major additions and renovations, and developing a proposed schedule to implement;

- Providing presentation materials, including drafts for review during the plan design and final products for information and suitable for fundraising.

Courthouse Complex (WC)

WC070 **Domestic Violence Area Reconstruction**
Expenditure: $459,000
Revenue Reimbursement: $0
Investment Earnings: $0
Net County Commitment: $459,000 to be financed with $459,000 in general obligation bonds issued in 2010.

An unoccupied portion of the Safety Building in and around Room 302 will be built out to provide one location for the Domestic Violence Unit currently housed in various parts of the Safety Building and Criminal Justice Facility. The consolidation of services and space will allow for greater communication between victims of domestic abuse, victim witness specialists, assistant district attorneys, law enforcement officials and confidential advocates working for Sojourner Family Peace Center. It will also reduce the incidents of victims crossing paths with their perpetrator's family and friends.

This is a two-phased project that includes environmental testing and remediation, demolition of existing cell bars, window barriers, existing walls and cell plumbing. The second phase includes construction of new walls and flooring and a ceiling system. It will result in ten offices for assistant district attorneys, three offices for six victim witness specialists, work stations for an intake specialist, administrative assistant and subpoena clerks, a victim witness waiting room with a secure entrance, offices for two Sojourner Family Peace Center advocates and three law enforcement officers, a conference room and men's and women's restrooms.

WC071 **District Attorney Office Security Card System**
Expenditure: $83,000
Revenue Reimbursement: $0
Investment Earnings: $0
Net County Commitment: $83,000 to be financed with general obligation bonds issued in 2010.

This appropriation will be used to upgrade the District Attorney's security system with electronic locks that will allow for control and track access to any given area and immediately remove access when a keycard is lost, stolen or unreturned by a departing employee.

Other County Agencies (WO)

WO112 **Fleet Airport Equipment Acquisition**
Expenditure: $375,000
Revenue Reimbursement: $0
Net County Commitment: $375,000 to be financed by the Passenger Facility Charge revenue.

Funding is budgeted for vehicle and equipment replacement in 2011 for the replacement of an airport-deicing vehicle.

WO114 **Countywide Infrastructure Improvements**
Expenditure: $11,894,631
Revenue Reimbursement: $0
Investment Earnings: $0
Net County Commitment: $11,894,631 to be financed with $8,169,849 in general obligation bonds issued in 2010, $2,848,381 in University of Wisconsin-Milwaukee land sale revenue, $636,849 of airport miscellaneous revenue and $240,000 of insurance proceeds.

The reprogrammed 2010 general obligation bonds will fund O'Donnell Park Improvements ($6,019,849), Museum façade repairs and replacement ($1,400,000) and Safety Building restoration ($750,000) for a total of $8,169,849.

The following projects will be cash financed:

Project No.	Improvement	Total Cost
WO11401	O'Donnell Park Improvements	$540,382
WO11403	City Campus Façade & Other Inspections	$260,000
WO11407	GMIA & LJT Airport Improvements	$596,400
WO11409	Research Park Infrastructure Improvements	$27,600
WO11410	Criminal Justice (County Ground Improvements	$120,000
WO11411	Criminal Justice Facility (Courthouse Improvements	$996,000
WO11412	HOC Infrastructure Improvements	$62,400
WO11413	DHHS Infrastructure Improvements	$6,000
WO11414	Senior Centers Infrastructure Improvement	$36,000
WO11415	Trimborn Farm Infrastructure Improvement:	$24,000
WO11416	Transit Infrastructure Improvements	$355,200
WO11417	Parks Infrastructure Improvements	$466,800
WO11418	Zoo Infrastructure Improvements	$234,000
	TOTAL	**$3,724,782**

WO205 **Fiscal Automation Program**

Expenditure: $175,000
Revenue Reimbursement: $0
Investment Earnings: $0
Net County Commitment: $175,000 to be financed with $110,000 in sales tax revenue and $65,000 in University of Wisconsin-Milwaukee land sale revenue.

Improvements to the fiscal monitoring and reporting system will be continued with this appropriation in order to complete projects from the prior year that were delayed to implement scanning and imaging projects for the Child Support Enforcement Division and County Clerk's Office.

These projects include upgrades to the financial intranet, automation of the unspent bonds/arbitrage penalties calculations, enhancements of the carryover system and an upgrade of the SQL server that supports the financial intranet and continued implementation of documents imaging systems.

WO444 **BHD/MCSO Electronic Records System**

Expenditure: $500,000
Revenue Reimbursement: $0
Investment Earnings: $0

Net County Commitment: $500,000 in 2011 to be financed with proceeds from University of Wisconsin-Milwaukee land sale revenue. The 2010 Adopted Capital Budget appropriated $2,827,549 as $2,611,849 in general obligation bonds and $27,000 in investment earnings for Phase 1 of this project.

This appropriation will be used to finance the implementation costs associated with replacement of the Electronic Medical Records (EMR) systems for both the Behavioral Health Division (BHD) and the Office of the Sheriff (MCSO). Last year's appropriation allowed IMSD to hire a consultant to identify the workflow processes and technical specifications for both departments and to make recommendations on project implementation.

Based on the consultant's input, it is anticipated that the County will be selecting an alternative that includes a hosted software package or a hybrid of a hosted solution that could make this project ineligible for bond financing. Therefore, the balance of last year's appropriation will be redirected to bond eligible projects.

It is anticipated that the $500,000 appropriation for 2011 will cover EMR implementation expenses.

WO514 **War Memorial Window Replacement & Reseal**
Expenditure: $42,000
Revenue Reimbursement: $0
Investment Earnings: $0
Net County Commitment: $42,000 to be financed with University of Wisconsin-Milwaukee land sale revenue.

The existing window curtain wall at the east elevation of the Kahler addition to the War Memorial will be replaced and resealed with this appropriation in order to resist moisture thereby preventing damage to artwork in the gallery below and the window interiors.

WO515 **War Memorial Window Ledge Leak Repairs**
Expenditure: $15,300
Revenue Reimbursement: $0
Investment Earnings: $0
Net County Commitment: $15,300 to be financed with University of Wisconsin-Milwaukee land sale revenue.

The copper window ledge panels on the east façade of the War Memorial Building will be sealed and repaired to prevent deterioration at the exterior and interior of the facility. Light fixture units on the ledges will also be sealed to prevent water leakage.

WO870 **County Special Assessments**
Expenditure: $250,000
Revenue Reimbursement: $0
Investment Earnings: $0
Net County Commitment: $250,000 to be financed from sales tax revenue.

The special assessments are for the installation of improvements such as street pavement, curbs, gutters, sidewalks, water mains and sewers in lands abutting County lands or facilities.

WO949 **Inventory and Assessment of County Buildings**
Expenditure: $1,590,719
Revenue Reimbursement: $0
Investment Earnings: $0
Net County Commitment: $1,590,719 to be financed with $1,168,319 in University of Wisconsin-Milwaukee land sale revenue and $422,400 of Passenger Facility Charge Revenue for Airport Facilities.

This appropriation will be used for continuation of the property condition assessment program that was established in 1997 but has not been funded since 2007. Assessments will occur at GMIA and Timmerman, Children's Court, House of Correction, Central Garage, North Shop, Mental Health Complex, Milwaukee Public Museum, Marcus Center for the Performing Arts and various park properties.

The project will include detailed facility condition audits using consultants. The audits will determine the condition of properties (roofs, exterior finishes, windows, air handling systems, electrical systems, etc.) that require repair or renovation. Also, they will determine the costs for correcting deficiencies and create maintenance schedules for the property. The data is then entered into a database for use by County departmental staff for routine maintenance scheduling and long-range capital planning.

A workgroup will be formed, as part of this project, consisting of the Department of Transportation and Public Works, the Department of Administrative Services, the Department of Parks, Recreation and Culture and the Department of Audit to develop:

- Best practices for use of the database
- Solutions to data entry issues
- Procedures to utilize the database for capital planning issues
- Solutions to other issues as identified

WO950 **Milwaukee County Public Art Program**
Expenditure: $20,000
Revenue Reimbursement: $0
Investment Earnings: $0
Net County Commitment: $20,000 to be financed from sales tax revenue.

This appropriation will be used to administer public art projects that are still in the planning stages and were financed in 2009 and 2010.