

Six years ago, the cost of health care for Milwaukee County employees and retirees was about 29% of the total tax levy. Today, it is over 50%. Without changes, that amount is likely to double by 2011. These benefits – along with increasing pension costs – are the basis for pending fiscal crisis in county government.

For the 2007 budget, the county will have to pay \$50 million into the pension fund and another \$29 million for other post employment benefits that are required by new, federal accounting standards. Together, they add to a total budget gap in 2007 of \$85 million.

And a tax increase will not help. Under state law, the most the county tax levy can go up next year is \$7 million. Raising taxes is not the answer.

So, what is? Here are some ideas for how to tackle our budget challenge:

**Consolidate Services:** The county must work with other governments and the private sector to reduce costs by consolidating services. Some work has begun, but we need to move into many other areas.

**Reduce Employees:** Since 2002, we reduced the workforce by 15%. With one of the highest fringe benefit rates in the country, we have to reduce the total number of employees.

**Target Programs:** In a budget crunch, government cannot be all things to all people. Instead, the county must target the programs that must be provided to the public and reduce support for other areas.

**Change Process:** In addition to targeting programs, the county must find better ways to provide core programs. This will require the county to change the process used to provide those services.

**Seek Help:** Since so much of our growing costs are because of employee and retiree benefits, the county needs help from state government to change the bargaining process. Contracts must be changed and benefits must be adjusted to relate to the actual ability to pay. Relief is also needed from state mandated programs.

The county is not asking for a financial buyout (the state does not have any money anyway), but for a way to help get out of this challenge. Inherited contracts and benefit packages will continue to eat up more and more of the county budget like a virus. We need to get it under control.

**Hold Accountable:** Key advisors to the county in 2000 advised that the benefit plan would be a fiscal benefit to the county. Clearly, that advice was wrong. Recently, we filed a lawsuit to recover damages from those involved to compensate the taxpayers of Milwaukee County.

We started this warning long ago and repeated it again at the start of the year. I will continue to make this budget process transparent with more budget briefings and other meetings for the public. For more information on our budget process, visit [www.milwaukee.gov/XXXXX](http://www.milwaukee.gov/XXXXX).