

Thanks: Finance & Audit Committee; particularly Nyklewicz (and Holloway)

Problems: pensions, health care, wages and state mandates.

Pensions: Since 2002, the county has paid \$134,426,998 into the pension system. This budget includes \$49 million more for the pension contribution. I am happy that you are open to the use of Pension Obligation Bonds, as it will reduce the long-term costs of covering our unfunded pension liability.

One warning for your colleagues; some people at the public hearing pushed under funding the pension contribution by nearly \$20 million for 2007. Considering the potential reaction of the bond rating agencies and the impact it would have on future budgets, I strongly urge you not to take the contribution down to \$40 million.

Health Care Costs: Originally, we projected that health care costs would double over the next five years. The \$XXXX figure in our 2007 budget comes from the combined work of DAS and County Board staff. Clearly, we need to get more control over skyrocketing costs to save services and jobs in the future.

For example, the county could save some \$6 million if District Council 48 merely approved the health care plan approved by each of the other unions.

Wages: Accounting for the increases in 2005 and 2006 while approving an increase for 2007 – just for AFCSME District Council 48 - would cost the county an additional \$6 million. Putting back all of the jobs that were eliminated or outsourced in the budget costs \$6 million. In other words, the county must reduce the wage increase or increase the health care savings to be able to afford to fund positions in the 2007 budget.

Many of the positions we eliminated were put back into the budget – but without funding. To restore these positions, the county must be able to balance the budget. So far, we have not seen any proposal that would cover the real costs.

This is not for lack of trying. The county presented a united front as Board Chairman Holloway, Finance and Audit Chairman Nykewicz, Personnel Chairman Schmidt and I approached our largest union with hopes of finding a way to preserve jobs in a way that would balance the budget.

It can be done. In June, the DHHS presented a budget request that including outsourcing all of the TCM and CSP. Later, employees in those areas approached the division head with a plan to reduce costs. With this in mind, we restored those positions in the budget I presented to the board on September 28th. In other words, I am willing to save jobs if we can balance the budget with real savings in our wage and benefit costs.

State Mandates: While the operation of the courts system is important, it is still frustrating that a system that is run by the state government requires an investment of \$XX in 2007 (that is XX% more than in 2006). Overall, the county funds XX% of the state-run court system.

Furthermore, cuts in state aid for Income Maintenance, increases in rate to hold juvenile commitments by the state – as well as a decrease in assistance for Child Support Enforcement because of fewer federal funds, are all part of the challenges of dealing with unfunded or under funded mandates by the state.

During the past few weeks, members of my office and I have worked with you and other members of the county board. There are areas of agreement in this budget.

At the same time, you know that I continue to be fully committed to holding the line on the property tax levy. In 2002 and again in 2004, I made a firm pledge to the people of Milwaukee County that I would not pay for the costs of the pension through higher property taxes. I will continue to keep that promise when I review the final version of the 2007 budget.

It would be much easier to do, if our largest union was willing to work with the county on controlling costs. Just as we did with TCM and CSP, we can restore jobs if there is a way to balance the budget. Asking worn out taxpayers to cover that gap will only force more people and more jobs out of the county.

If we remain united, we can find a way to protect core services at the same time we protect the taxpayers of Milwaukee County.