

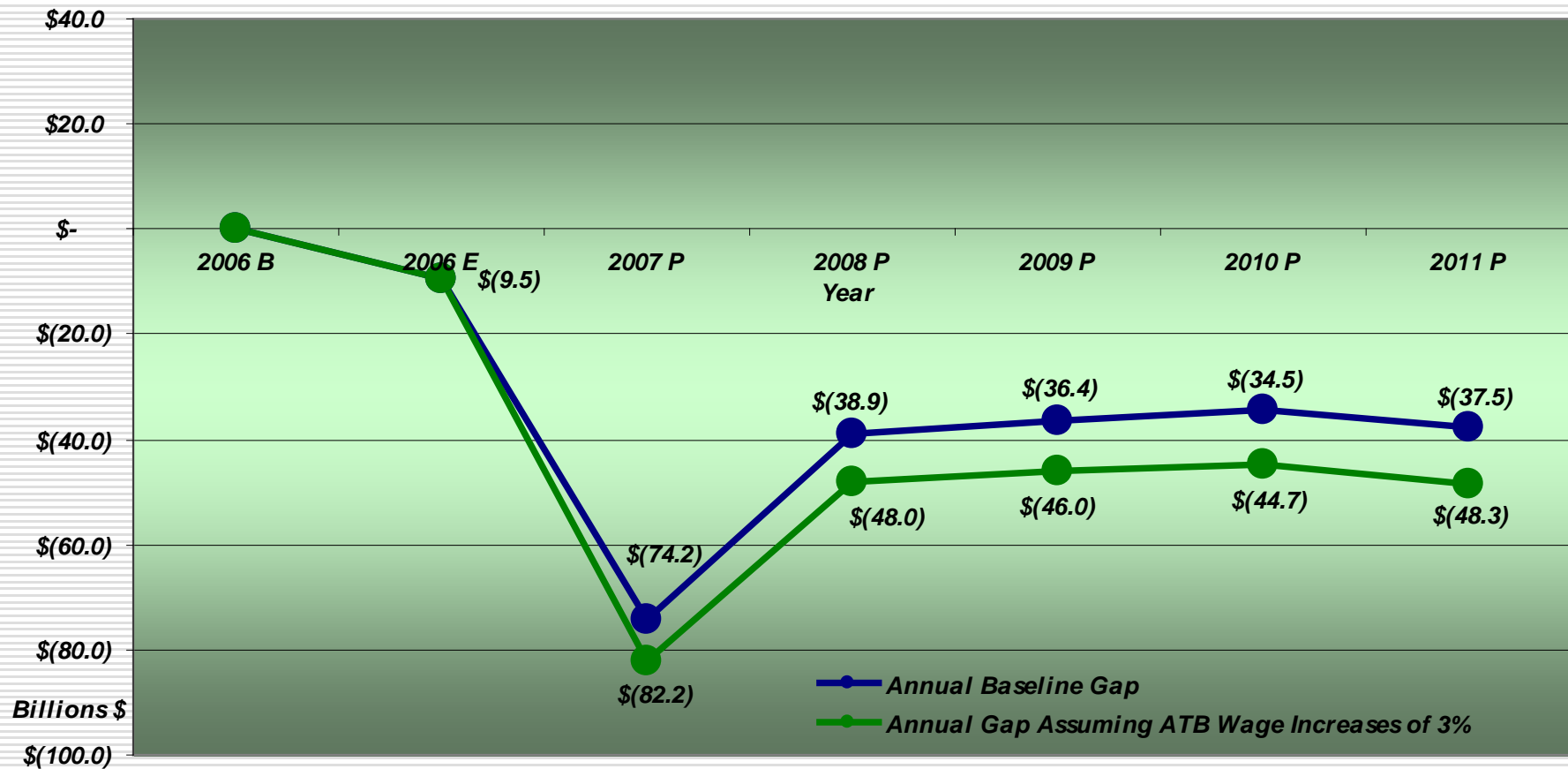
**Presentation to Milwaukee Journal Sentinel
Milwaukee County
April 6, 2006**

Prepared by Milwaukee County Executive Scott Walker

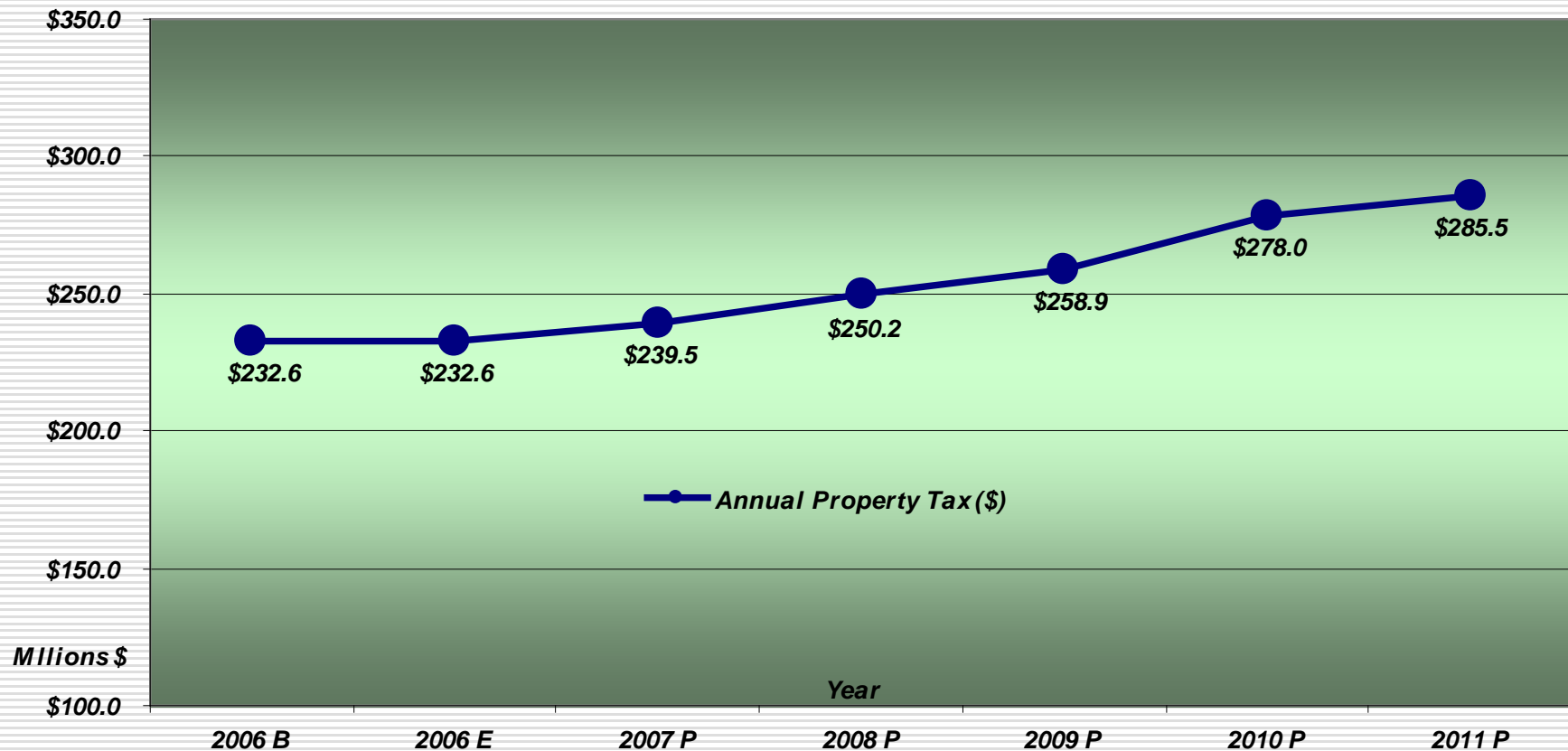
Milwaukee County Financial Management: Milwaukee County is Facing Significant Financial Challenges Between 2007 and 2011

- The County will face an ongoing “structural” imbalance between 2007-2011:
 - The Department of Administrative Services (DAS) has prepared a preliminary 5-year forecast of the County’s operating results for 2007 through 2011
 - Projected annual earned and received revenue will be insufficient to fund projected annual expenditure commitments between 2007 and 2011 based on current program levels
 - This structural imbalance could total \$278 million by the end of 2011
 - This structural problem is being driven primarily by the growth in personnel related costs

Milwaukee County Structural Imbalance: Expenditure Commitments Will Exceed Revenues 5 Year Projection, 2007 through 2011



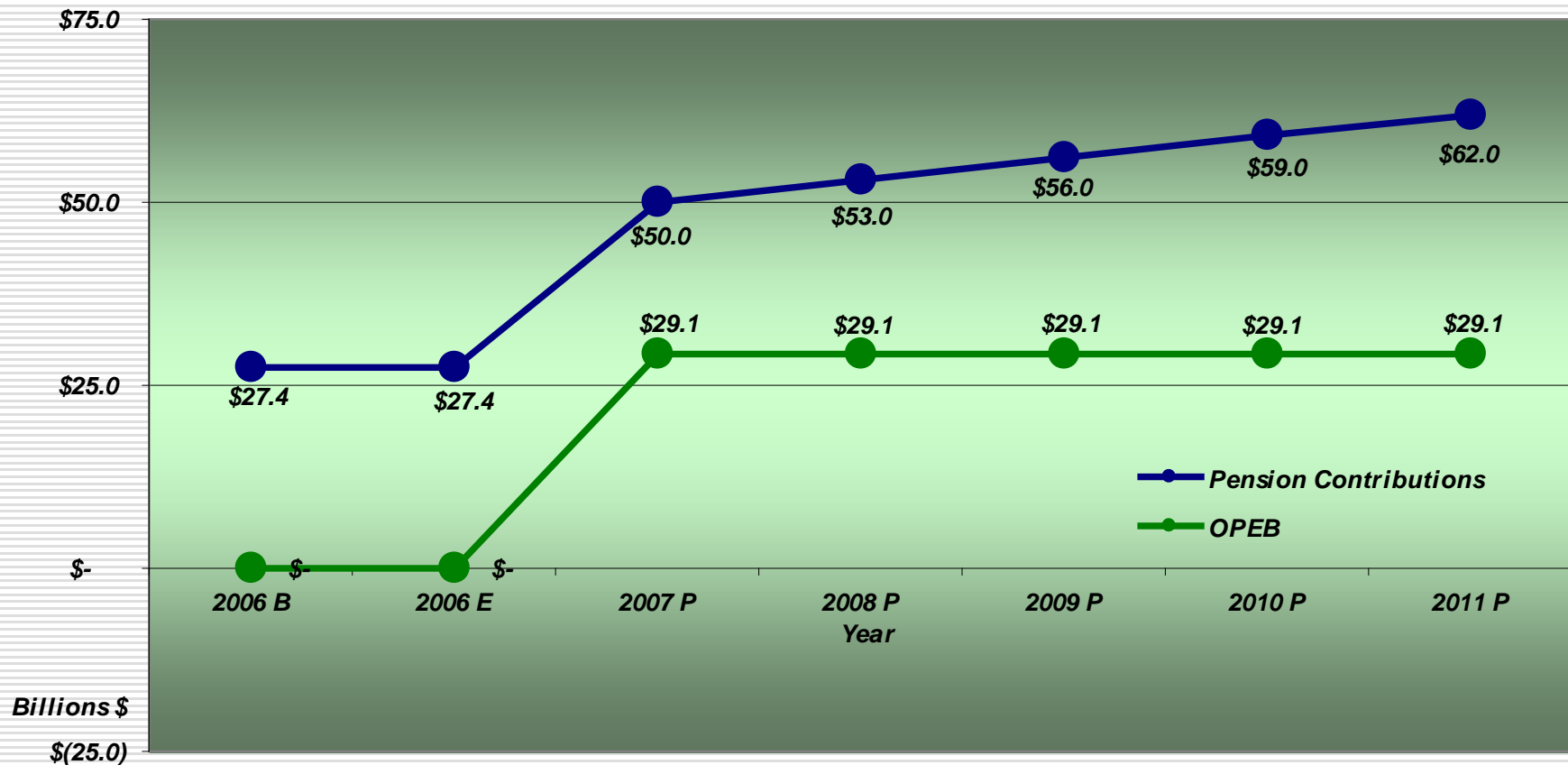
Milwaukee County Structural Imbalance: “Capped” Property Tax Growth Will Not Bridge Gap



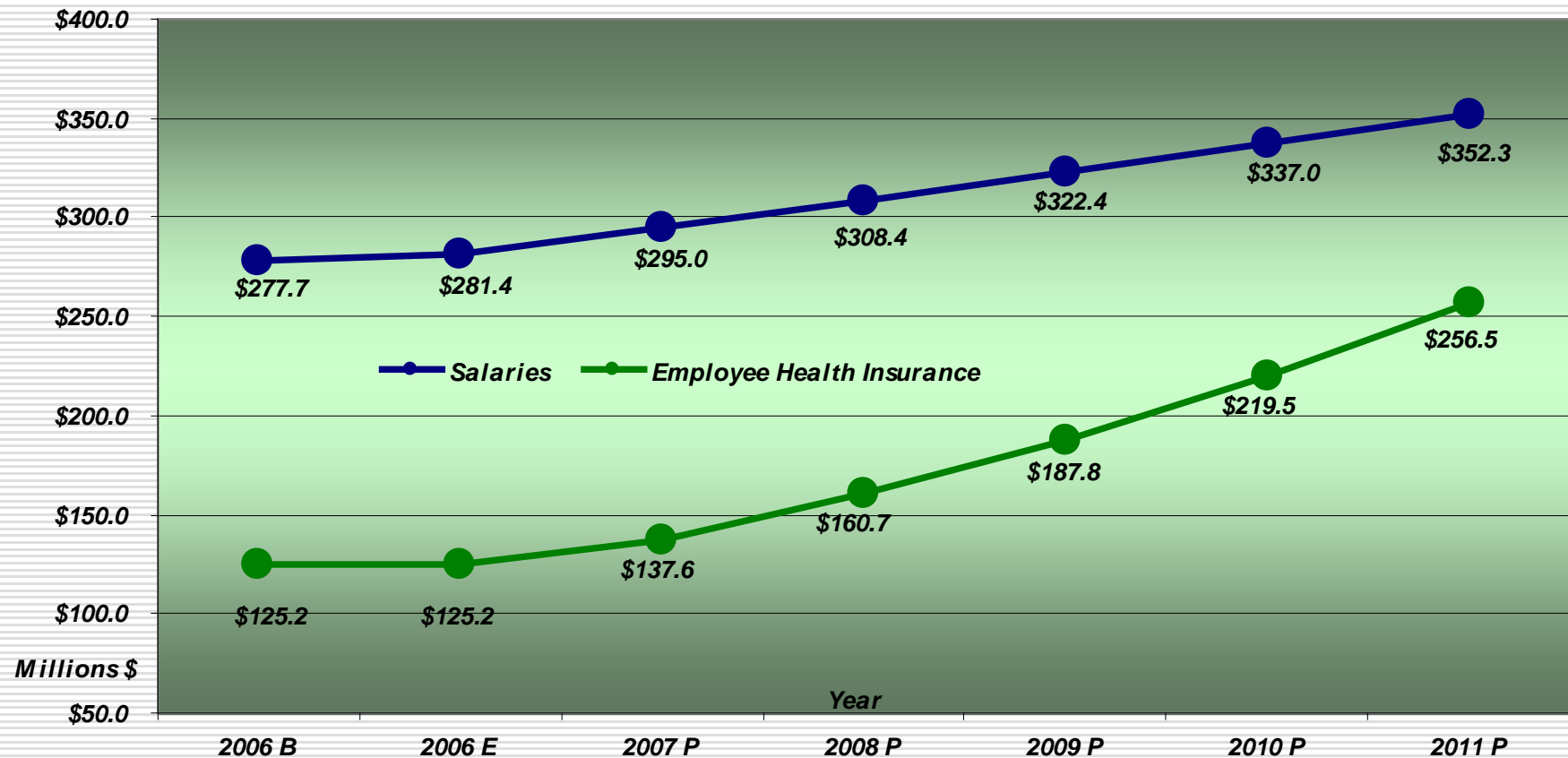
Milwaukee County Financial Management: Milwaukee County is Facing Significant Financial Challenges in the 2007 Budget

- Overall shortfall is projected to be more than \$80 million
 - Pension contribution of \$50 million
 - OPEB (other post employment benefits) of \$29 million

Milwaukee County Structural Imbalance: Pensions Contributions and Preliminary OPEB Liability Are Also Driving Personnel Costs



Milwaukee County Structural Imbalance: Health Insurance Is Driving Personnel Costs- Retiree Health Care is a Large Part of This Growth



Conclusion:

County Will Need Aggressive Management of Finances As It Faces Fiscal Challenges Over the Near and Long-Term

- Consolidate Services**
- Reduce Employees**
- Target Programs**
- Change Process**
- Seek Help**

Economy:

Overview of Metro Milwaukee area

- ❑ Since 1970, Milwaukee fell from 24 to 43 in population
- ❑ 100 college graduates leave WI, 76 arrive
- ❑ 8 Fortune 500 companies in region
- ❑ 102 performing arts/cultural groups in region

Economy:

Current Stats on Metro Milwaukee area

- ❑ 10 major industry sectors in MKE, 5 have gains & 5 have declines
- ❑ Employment down 0.9% in Feb
- ❑ Homes sold increased while mortgages recorded declined
- ❑ 77% surveyed see rising real sales levels for 2nd quarter 2006

Indianapolis, IN

- **12th largest city: 791,926 (596,974)**
- **Marion Co: 860,454 and MSA is 1.6 million**
- **Unemployment Rate: 4.8%**

BuySeasons

- Largest retailer of costumes on the Internet**
- Fastest growing co. in WI**
- #75 by Inc., Magazine's Top 500 fastest growing private co.**
- 150 FTE, up to 300**
- Over next 3 years, job growth of 30 – 50%**
- \$11.55 per hour; seasonal employees \$ 9 to \$16 per hour**

Economy: Metro Milwaukee

Factors that drive growth and prosperity

- Tax burden**
- Health care costs**
- Regulation relief**
- Legal reforms**
- Education of workforce**