

Chairman Holloway, members of the County Board, Constitutional Officers, fellow citizens of Milwaukee County, it is my honor to present our 2010 county budget.

Seven years ago, Milwaukee County was on the precipice of financial and organizational meltdown. Since then, despite constant challenges and formidable opposition, we have had our share of successes in county government.

Since taking office, we lowered the county debt by 10% and reduced the taxpayer-funded workforce by more than 20%. While Milwaukee County's bond rating had a negative outlook in 2002, Standard & Poor's recently ranked the county financial practices as "strong," and Moody's attributed the improvement to "strong management and prudent budgetary controls."

How did we control government spending?

We told department heads how much money they would have and asked them to prioritize spending based on available revenue. Together, we crafted seven straight budgets with no increase in the property tax levy from the previous year. In 2008, when other state and local governments faced massive budget shortfalls, Milwaukee County finished the year with slight budget surplus.

And we did it without sacrificing quality.

The Milwaukee County Parks Department is a top finalist for the prestigious 2009 National Gold Medal for Excellence as the best park system in the country.

A recent state audit concluded that when compared to its peers, the Milwaukee County Transit System consistently delivers more rides for less cost, has the lowest per passenger cost and the highest ridership per capita.

There are those who say we must either significantly raise taxes to fund our priorities or impose massive cuts in government service. But our choices aren't limited to raising taxes or cutting services. Greater innovation will allow us to maintain essential government services without sacrificing community assets that enhance our quality of life.

General Mitchell International Airport is another award-winning county asset. In 2008, Mitchell International served a record 7.95 million passengers and received the Transportation Safety Administration's Partnership Award. Since 2002, we have invested \$199 million dollars in airport renovations and improvements without increasing the property tax levy.

Now, looking forward, our budget has five major objectives:

1. To make it more affordable for families to live and work in Milwaukee County.
2. To create a better environment to retain and attract new jobs.
3. To maintain a high quality of life for Milwaukee County residents
4. To provide a balance between public and private sector benefits
5. To enact major budget reforms to protect taxpayers and ensure the long-term viability of county assets and services.

1. Afford to Live and Work in Milwaukee County

There has never been a more important time to commit to the principles of limited government and fiscal responsibility.

Our economy has been the subject of numerous commentaries and reports. Without exception, the authors agree that we need fundamental change to put our economy back on track---

And the first order of business is to change the way government does business.

We must be certain that what we do helps employers maintain and grow jobs, rather than making it more expensive for employers and families to make ends meet.

That is what we've done for seven years, and it is what we will do again next year.

We know that it won't be easy. Since the beginning, we've been engaged in perpetual battle with those who are determined to maintain a status quo that Milwaukee County families and employers can no longer afford.

And more families are struggling today than at any point in recent history.

Today, I am joined by John and Sue Smith. Like so many families in our community, the Smiths work hard to pay the

bills, take care of their kids and prepare for the future. They are concerned about the economy and about rising costs.

And their concern is not without reason. This spring, the state unemployment rate reached a 27-year high of more than 9%, and that kept foreclosure rates above 20%.

So today, for the eighth year in a row, I am presenting a county budget that does not raise the property tax levy from the previous year.

In addition to holding property taxpayers harmless, we will not raise the sales tax or implement a wheel tax to fund county government, as these taxes place an added burden on struggling families and employers just as surely as increases in the property tax and income tax do.

2. Attract and retain jobs

Milwaukee County is blessed by the beauty of our great lake and our pristine parks and trails. Our natural resources combined with the ingenuity and strong work ethic of our people, have made Milwaukee County --- and the state of Wisconsin --- a great place to live, work, raise a family and to retire in.

Our companies are recognized as world leaders in everything from manufacturing motorcycles, to brewing beer. Our people are famous for their midwestern work ethic.

But too often we hear businesses say that government is

getting in the way, making it harder for employers of all sizes to maintain and grow jobs right here.

Our 2010 budget includes an aggressive plan to retain and attract jobs in Milwaukee County.

Milwaukee County Works, in the Executive Office of Business Development, will partner with existing employers and new businesses to foster economic development and job growth.

In an effort to jumpstart our local economy, we will accelerate the county building program, beginning \$120 million in new projects by the end of 2010.

The plan includes; \$50 million to rebuild highways bridges and roads. Close to \$20 million for new trucks, highway maintenance vehicles and county fleet cars and vans, and over \$38 million for park improvements.

Richard Bub, the CEO of Graef is here today. His firm did the engineering work on the David F. Schultz Aquatic Center we opened this summer.

Some XX jobs were connected to that one job. Accelerating three years worth of construction work into the next 16 months will help folks like John put more people to work within Milwaukee County.

In fact, over 1,000 jobs will be created in order to complete the more than 100 projects funded for 2010 in our accelerated plan. In addition, we will save up to \$3 million in interest expenses by utilizing the Build America and

Recovery zone bonding programs.

Recovery Zone Facility bonds are another tool to spur new developments within Milwaukee County and to that end, we set aside \$18 million in these low interest rate bonds. And we designate the entire county as a recovery development zone.

Our investment in transit includes maintaining existing routes and adding 125 new green and clean buses to the fleet. To get people to and from work, the plan includes a new Bus Rapid Transit line from the county grounds through downtown Milwaukee to the UWM campus.

Last but not least, the plan includes major investment to improve and expand capacity at General Mitchell International Airport.

These are all important steps on the ladder of economic recovery, but they are not enough. Our state leaders must be part of the solution.

Today I am calling on the Governor and state lawmakers to help us get Wisconsin's economic engine humming again, by adopting bold and immediate steps to improve the state's economic climate, and to reverse the damage caused by years of deficit spending, and excessive borrowing and taxation.

Governor Doyle and the members of the Legislature should move to immediately repeal the job killing Combined Reporting tax which was signed into law earlier this year.

In February proponents of the Combined Reporting tax on Wisconsin businesses told us it would not have a negative impact on our employers.

If only their predictions were true. Unfortunately, Combined Reporting cost Milwaukee County's own Harley Davidson Motor Company \$22.5 million in higher taxes and contributed to a major decline in profits. This loss forced Harley Davidson to lay off more than 400 workers.

Now is not the time to experiment with new taxes or to take no action hoping the current trend will simply reverse itself. Manufacturing jobs have been the mainstay of our state and local economy for decades and we must do everything in our power to keep and grow good paying manufacturing jobs here.

3. Maintain Quality of Life

Our budget helps maintain the quality of life for Milwaukee County residents.

It starts with our budget priorities to keep public safety funding intact while fully funding - and in some cases expanding funding - for safety net programs for low-income families, children, veterans, and people with disabilities.

Significant capital improvements for the Sheriff's office are included in our budget and I am honored to be joined by Sheriff David Clarke, Jr. here today. And our county-wide Emergency Medical System is maintained with more revenue available to local units of government.

In addition to maintaining safety net services for people with disabilities, older adults and veterans, our plan provides \$4.8 million for the expansion of Family Care to include people with developmental and physical disabilities.

People like John Smith are already signing up for the new Family Care program. John and his family are here today.

And we are investing in our parks and recreation facilities too.

Our budget includes three times as much for park maintenance as in 2009 and more than \$38 million for capital projects including new bathroom facilities, playground equipment and parkway improvements.

The budget also leverages a private donation to begin work on a major aquatic center at Hoyt Park. For years, Denise Lindberg and a wonderful group of volunteers have raised funds through the Friends of Hoyt Park and Pool.

Their hard work caught the attention of XXX and XXX XXXX who made an incredible donation. Others like Don and Mary Jo Layden helped lead the cause to raise the rest of the funds. And I know that Supervisors Schmitt and DeBruin know just how much work went into this project. This budget invests the funds needed to break ground.

Plans for a fourth aquatic center in the southeast region of the county are also underway. Once completed, we will have a major aquatic center in every region of the county. National research shows us that aquatic centers and splash

pads are what kids and families want and we are ready to make a big splash.

Several deep well pools with declining clientele will be replaced with more popular splash pads. We expect these transitions to be as successful and as cost effective as the other splash pads in the system - like Gordon Park.

And one of the most exciting initiatives in our plan is funding for the creation of a non-profit organization to run the Milwaukee County Zoo. Specifically the budget creates a planning group to prepare the legal framework for such a transition by October of 2011.

This new organization will combine the continued financial investment and skill of the county, with the Zoological Society's expertise in education and conservation.

Some may wonder why we need to improve the Zoo as it is one of the best in the world today. The answer is simple: we want it to remain a world-class zoo.

I want to thank Karen Peck Katz and the members of the Milwaukee Zoological Society who are so committed to the future success of the Zoo. They are very clear that they want to work with the County Board and with our administration to insure a great Zoo for generations to come.

4. Create Balance between Public and Private Sector Benefits

Probably the most critical part of this budget addresses the

need to create a balance between the benefits received by public and private sector employees.

Today, over 48% of the county budget goes to fund wages and benefits for county employees, --- and the cost of benefits is growing at an alarming rate. Neither the problem nor the proposed solutions are unique to Milwaukee County.

Earlier this year, employees in Racine County agreed to a wage freeze to avoid layoffs.

Last week, Manitowoc County Executive Bob Ziegelbauer said he envisioned the need to lay off workers in every area of county government after public employee representatives rejected proposed wage and benefit cuts.

With so many private sector workers in the county seeing their wages and benefits frozen or cut to preserve jobs, it is hard not to expect the same from those in government.

A survey just conducted by the Kaiser Family Foundation shows that the cost of providing health benefits for a family now averages \$13,375 per year, with employees paying \$3,515 and employers \$9,860.

In contrast, the lowest priced option for family coverage at the county costs \$17,481 with county employees paying \$840 and the county government paying \$16,641. In other words, the average citizen pays \$3,500 for his or her own family plan and then pays taxes to cover more than \$16,000 for each county employee.

There has to be a balance between the public and private sector benefits.

And while we have taken actions in the past to help control costs, we must negotiate additional concessions to help balance the escalating cost of public employee benefits for taxpayers, now and in the future.

Without further action, Milwaukee County will become insolvent.

And raising taxes on families and employers already struggling to make ends meet is simply not an option I am willing to consider.

5. Enact Major Budget Reforms

Developing the budget for Milwaukee County is never an easy task given the financial devastation caused by the county pension deal of 2001. And even though the county received a \$45 million settlement from the consulting firm that helped to design the disastrous pension plan, taxpayers are still on the hook for this plan for years to come.

Under no circumstances will we consider grabbing all of the funds from the pension lawsuit settlement to balance the upcoming budget or to otherwise fuel spending. These monies must be used to protect taxpayers by covering the long term unfunded liabilities associated with the 2001 pension deal.

And we have included several significant budget reforms

aimed at improving the county's fiscal stability in the future.

First, the proceeds from all county land sales will be used to fund a limited number of one-time projects to pay down the county debt.

Second, revenue projections from the use of county parks are adjusted to more realistic levels.

Third, the budget lowers county sales tax projections to reflect current economic trends.

Fourth, the budget expands the use of public-private partnerships to leverage private sector funds for capital improvements in the parks, the zoo and other cultural institutions. Using tax dollars to leverage private investments, these partnerships help improve the quality of life for Milwaukee County residents while maximizing taxpayer resources.

Each of these, along with the proposed reforms in wage and benefit packages, will help the county to be financial sustainable into the future.

These reforms address many of the major concerns raised by the Public Policy Forum review of county finances earlier this year. I want to thank Rob Henken for his hard work and that project and for all of the work he and his team do to support our community.

Conclusion

Finally, let me remind you that the objectives of our budget are simple:

1. Make it affordable to live and work in our county.
2. Create an environment to retain and attract jobs.
3. Maintain a high quality of life for our citizens.
4. Provide a balance between public and private sector benefits.
5. Reform the budget process to insure that the county is financially viable into the future.

Our budget balances the importance of maintaining vital human services and investing in our future, with the need to control the growth of government spending to reflect the taxpayers' ability to pay.

I look forward to working with each of you to make our county stronger and more vibrant --- and an even better place to live, work, raise a family and (ultimately) retire in.