

Year in Review

2002 was a remarkable year for Milwaukee County government.

A year ago, people all over Milwaukee County were surprised when they opened their newspapers to read details about pension system backdrops and lump sum payments – as well as sick leave payouts. Like many of you, I was surprised and then outraged as I learned more and more about the plans that were approved in November of 2000.

A year ago on this date, recall organizers announced that they had collected 80,000 signatures. A week later, the number had grown to 157,714.

A year ago, I was driving to Madison with a group of other state lawmakers when the suggestion came up that I should run for county executive. I laughed and said, “What elected official would want to get in the middle of a bunch of angry voters?”

I remember one of my now former colleagues coming by my office in the Capitol and telling me that it was probably good that I did not want to run. He said that I had a bright political future and that if I ran, people might think that I could win and that would be a problem. At the time, I agreed.

It was not until a few weeks later that I started to realize that I was looking at things all wrong. You see, if it was just about anger and outrage, the next step would lead to cynicism. People would have checked out of the political process. Or worse yet, they might have moved out of the county – feeling that the pension scandal was the last straw.

Instead, tens of thousands of ordinary people did an extraordinary thing: they stood up and demanded a say in their county government.

Even if you don't care for recalls, you can't deny the positive impact of tens of thousands of people actually caring again about county government. In a year filled with scandals, recall petitions, resignations, pension waivers, criminal investigations and lawsuits, the good news is that people didn't walk away.

To me that suggests that the real emotion on display in Milwaukee County during 2002, was not about anger or outrage. The real emotion on display in our county – from people of all ages, races and parts of town – was HOPE.

People actually believed that there was an opportunity to make things better. The credit for the positive changes we made during the remainder of 2002 should be given directly to the people of this great county.

Progress in the Past Year

So, what kind of progress did we make during the past year? During the first month in office, I put in place the deduction of \$2,307.69 from my paycheck every two weeks to fulfill my pledge to return \$60,000 to the taxpayers. Next, I met with every department head to see who would stay and who would go. We put six new directors in place and I've got three more on the way. Then I introduced a series of reforms to change the scope of the county board. The board passed some of those items and some still require action by the board.

In addition to the pension mess and the sick leave problems, we inherited a \$51 million shortfall from the previous administration. The majority of the shortfall was connected to the pension mess, but increases in wages and health care benefits granted by the previous administration also played a major role.

Thankfully, the many dedicated county employees got right to work to help us sort out this mess. Even before taking the Oath of Office on May 9, I asked all of our department heads to prepare budgets that reexamined our spending and started establishing clear priorities.

Facing such a sizable shortfall, it was obvious that county government could no longer be all things to all people. Instead, we needed to focus on the vital services like help for our seniors, support for those with disabilities, protection from those who would break the law, care for the needs of the poor and maintenance of our valuable resources in the parks system.

Many of our valuable employees and volunteers did some amazing things this past year. For example, our Department of Aging put an end to waiting lists with Family Care so that older people and their families can get the help they need without going through a hundred different programs. They also opened four fitness centers for seniors and did so without using new tax dollars.

Most importantly, I said that we **would not and could not** balance the \$51 million shortfall on the backs of property tax payers in Milwaukee County. With this in mind, I introduced a budget for 2003 with a 0% increase in the property tax levy.

To get to that point, we spent endless hours working on budget reductions. I even asked my staff and managers to take a reduction in pay – just as I had done earlier in the year.

Once the board started reviewing our budget, I was happy to work with Sup. Rich Nyklewicz and the members of the Finance and Audit Committee to keep a responsible budget in place. While many feared that they board would put millions back into the budget, Rich, you really helped us keep things in perspective. Thank you.

Later, I sent 27 vetoes to the board to get back to a 0% tax levy increase. The board voted to override seven of those vetoes. In the end, however, the difference between my budget and the action taken by the board was less than one-half of one percent.

And I am pleased to announce that our conservative capital budget helped us maintain our bond ratings for 2003. In fact, this budget had the lowest bond financing amount in 16 years. This will also help us prepare for the 2004 budget with a lower debt service payment.

What a difference a year makes. Last budget, the debate was between a five or six percent increase in property taxes.

When the Wisconsin Taxpayers Alliance came out in December with the information on property taxes across the state, Milwaukee County made the Top Ten list. Only this year, we made the list for being one of the LOWEST tax levy increases in the State of Wisconsin.

The best example of this came from a card I got this Christmas. Bob Bitters – who lives on South 81st Street in Milwaukee and is retired – sent me a copy of his property tax bill with this simple note written on it, “Scott, Thank you- I still believe in Santa!”

While every other level of government listed an increase on his property tax bill, the amount of county tax payment actually dropped by \$26.66 or 4.6%.

We didn’t just hold the line on spending in county government, we actually changed the debate to focus on being more responsible stewards of the taxpayers’ resources.

Credit for this change again goes back to the people of Milwaukee County. When the pundits said that you would lose interest, you – once again – proved them wrong. We had overflow crowds at our 8 Interactive Budget Briefings and the members of the County Board heard from plenty of you during the budget debate. Together, we did bring about real progress in county government.

Challenges Ahead

Reviewing the anger turned to hope and the progress we made during the past year, we should now examine the challenges ahead in the new year and examine our vision for taking on those challenges.

While I - and all of the members of my cabinet - signed waivers of any enhanced pension benefits and while the ordinances were changed so that no new employee is eligible for the enhanced pension benefits, the legal reality is that retirement benefits can not be rescinded by the county. Believe me, we’ve looked at every legal maneuver possible.

Earlier last year, a lawsuit was brought forward to challenge the legality of the ordinance that was enacted at the time the enhanced pension and sick leave benefits took effect. The problem with the law suit is that while it may be possible to throw out the ordinance, the legal requirement to pay for the benefits remains. In that case, the solution would

be worse than the original problem as the benefits would be paid from the property tax levy and not from the pension fund.

A closer look at the sick leave benefits put into effect two years ago shows an even bigger problem than the pension system. Essentially, the county now has a system where employees can roll over all of their sick leave days each year and then cash them out at retirement. This is a benefit that is not only more generous than most in the private sector, it is more generous than any other government benefits.

Worse than the benefit itself, is the fact that the county never banked any money to pay for the sick leave benefits. Each department was expected to cover the amount in operating budgets.

If everyone who is eligible to retire in 2004 actually leaves, the county government will need an extra \$XX million just to cover sick leave payments. To put this in real terms, the chief judge came into see me this past summer about a family court commissioner who was going to retire. This person had the equivalent of 13 months of sick leave time.

The courts can not go for over a year without a family court commissioner, yet there was no money in the budget to cover the sick leave payments. Failing to fund sick leave payments when the benefit was passed in 2000 will force the county to face more financial difficulties in the new year. In my opinion, the failure to bank for these benefits was the equivalent of financial malpractice.

Next, the very real risk of losing state aid is another major challenge in 2003. Besides the chance that state shared revenue will be reduced, it is likely that state aid to our courts, mental health, public safety, indigent healthcare and social services systems will be dramatically cut by Governor Doyle in his 2003/2004 state budget.

A mere 10% reduction in shared revenue will cost \$6.2 million for the county. This combined with other potential adjustments in the budget will force some grave budget decisions by the middle of this year.

In addition, recent decisions by the Milwaukee Police Chief regarding arrests and by the Sheriff regarding staffing are likely to drive up costs to the county. Even though the Sheriff's Department received \$3.5 million more than last year at a time when most departments saw cuts, it is likely (based on previous years) that the Sheriff will require more funding from county taxpayers.

Accessing these and other challenges may seem a bit overwhelming when presented at one time. While the tasks at hand for the new year are certainly serious, I am confident that we have the will and the capacity to take on these challenges in 2003.

The basis for this optimism comes from a track record of us taking on a \$51 million shortfall – along with the controversy over the pension and sick leave benefits – and

putting together a county budget without an increase in taxes. So, what is our plan and vision for taking on these challenges in 2003?

Vision for the Future

Our plan fits into three different parts:

- Continue to Restore Trust in County Government
- Become Better Stewards of the Taxpayers' Resources
- Retain and Create Jobs in Milwaukee County

Continue to Restore Trust in County Government

It is clear that we must continue to regain the trust of people in the integrity of our government. With this in mind, we are putting in place a system to insure merit hiring practices all across county government.

I also asked our department and division heads to put in place ways to actually measure the success of each area in county government. All of our department and division directors are meeting with me this month to formalize this process. I envision systems similar to the Compstat process used by Rudy Giuliani when he started as mayor of New York City.

Later this month, I will formally announce my new appointees to the Pension Board. The selection of these individuals is based on the criteria I stated in our budget document. This will insure that each member has adequate financial experience to serve as a watchdog over our retirement system and our contributions from the tax levy.

In the budget, I called for a Blue Ribbon Commission (as recommended by the non-partisan Legislative Audit Bureau) to review the retirement system. Despite the fact that the language was removed from the budget, I will appoint our own task force. Chuck Grapentine will chair this commission because of his incredible background in personnel and retirement issues and because of his dedication to our area. This gives the Washington High grad a way to give back to his hometown.

We will continue to make county government open and accessible to everyone in this county. Just as we did with our Interactive Budget Briefings, we are holding three more sessions after tonight at different times and in different parts of the county to talk about the state of our government.

We want a county government that is open and accessible to everyone.

Better Stewards of Taxpayers' Resources

Next, we must put our financial house back in order. To this end, I asked all of our department heads to immediately notify me of concerns in their current budgets so we can prepare and implement corrective action plans.

Next, we are already planning for the 2004 budget. With X,XXX employees eligible for retirement in 2004, we face a significant burden in sick leave payments. This can, however, be an opportunity for the county if we properly plan for succession and consolidate the duties of positions as employees retire.

Our 2003 budget includes \$2 million within the contingency fund for sick leave payments. Prior to this year, departments were expected to go into their operating budgets to fund sick leave. Our next budget will set even money aside for sick leave.

Since the large wave of retirements took place in 2002 and will again in 2004, we are exploring ways to cover our high pension contribution levels during the next few years by stretching our payments out over time. In our 2003 budget, I recommended a steady contribution level of \$15 million per year over the next five years – regardless of the state of the economy.

Once the state budget is released on February 18, we will propose a series of reductions to cover the cuts proposed by Governor Doyle. The board was wise to act last spring on a series of reductions in preparation for proposed cuts in state aid. We must be prepared to do the same this spring.

In addition, we will continue to look to ways that we can share costs with surrounding governments and with the private sector. We will also look to consolidate services within county government. As an example, I asked our parks and public works departments to look at sharing plowing and mowing services.

Retain and Create Jobs in Milwaukee County

Finally, the best way to get things moving forward is to work to retain and create more jobs in Milwaukee County. With this in mind, I propose a Jobs for Metro Milwaukee program.

We plan to become a leader in keeping and creating jobs throughout this area. The Jobs for Metro Milwaukee program is detailed, so I will highlight some key parts tonight.

First, we have some major developments to look forward to in the new year. Although many do not know it, we own the largest amount of land under the Park East Freeway. This is an exciting project that will build off of the successes of downtown and the riverfront. My hope is to expand that promise north to the Historic King Drive area and beyond.

Last Wednesday, I asked Governor Doyle to help us move forward with the clean up and development of the Menomonee River Valley – and ultimately the creation of

hundreds of new jobs – by changing the state’s relationship with the Potawatomi. Longer compacts will allow them to invest in job creation beyond Indian gaming. This is the push we need to really move the project forward in the valley.

Working with Greendale Village President Scott Leonard and Greenfield Mayor Tim Seider, we are able to get things going with the rehab of the 76th Street corridor near Southridge. Not only is this an important job site, the businesses in this area generate an enormous amount of sales tax revenue for the county. We need to keep shoppers coming to this area.

On the northside, we propose to help with the start of Historic Granville Association. This group will build off of several anchor institutions to create jobs and opportunity in the area of 76th and Brown Deer.

We are also moving up the reconstruction of our county building at 12th and Vliet to help with efforts to improve business development along Vliet Street. In addition, we are looking to work with the Milwaukee Housing Authority on development around King Park.

This year, we gave help to the United Community Center through our CDBG funds. Now, we need to find a way to help the Hispanic Chamber of Commerce of Wisconsin prepare a permanent home in Milwaukee County. They are a vital partner in our quest for more jobs.

One of the first images of the county for job creators is our airport. We saw the opening this past year of a first class parking garage and a new home for the car rental companies at Mitchell Field. Now, we want to continue our improvements at the airport – which includes no tax levy funds – to so that we may attract more business to our area.

We also want to insure that major carriers like Midwest Airlines are able to continue to provide high paying jobs for people in our county. They are an anchor for the airport and we need them to improve during these tough economic times.

Medical research is an area ripe for growth in our county. In addition to working to expand the number of companies in the Milwaukee County Research Park, we want to work with Tech Star and the state funded technology zones to attract more jobs to our county.

On other parts of the county grounds, I propose that we move forward with the state DNR to establish a state forest in the northeast quadrant. We are now prepared to move with the City of Wauwatosa on a limited development of the area surrounding the Eshweiler Buildings. Thanks to Mayor Terry Estness for her help in our two meetings with the public on this plan.

Regarding the southeast quadrant, I am sending down a resolution to allow the county to negotiate with Children's Hospital of Wisconsin to purchase their land. Our role on the county grounds has changed and we should no longer be in the landlord business.

Finally, I am excited to announce that we are putting together a Hot Summer Jobs for Teens program. Credit for the idea comes from my friend Tyrone Dumas. While we were both on the campaign trail last year, I came to fully realize how much he loves Milwaukee and I am happy to help put in place an idea he brought to my attention.

Starting this month, my office will begin to recruit businesses from all over the county who will help with our Hot Summer Jobs for Teens program. Our idea is to put together a clearinghouse of jobs for teenagers that will be available between the end of school in June and the start of school at the end of August.

To jump-start the program, we will ask our partners and vendors to help create jobs for teens this summer. Our goal, however, is to go far beyond jobs generated by the public sector to creating job opportunities all over the county and the region.

Last year, the county and the Private Industry Council worked together to create 100 jobs for teens within the parks system. We want to build off this concept and help connect teens to jobs all over the county this summer.

Combined, these elements are all part of our Jobs for Metro Milwaukee program. This is part of our vision for the new year that includes:

- Continuing to Restore Trust in County Government
- Becoming Better Stewards of the Taxpayers' Resources
- Retaining and Creating Jobs in Milwaukee County

There will be plenty of challenges ahead this year. If we remember that the people of this county could have opted to just become cynical or move away last year, but instead, opted to stand up for their county, then I know that we can successfully take on all of the challenges together.

Thank you and God bless you.