

TO: XX
FR: County Executive Scott Walker
DT: June 20, 2002
RE: Budget Request Instructions

As mentioned at our budget summit, Milwaukee County faces a **\$XX.X million** budget shortfall for 2003. Of that amount, \$20.5 million is needed to cover the cost of the pension system, \$XX.X million for benefits and \$XX.X million for wages.

In addition, I will propose a budget that does not raise the property tax levy. Milwaukee County was the only county to lose population in the 2000 census and the 2001 adjusted census. The largest areas of population loss came in the over 65 and the under 35 age groups. These groups are the hardest hit by increases in the property tax levy. We must reverse the population shift to protect our tax base.

Producing a balanced budget will require some hard work, but I am certain that we are up to the task in Milwaukee County. I ask that you look at your budget requests in a new way. Please take time to look at each of the programs or services provided in your area and fit them into one of three criteria:

Must: programs or services that are fundamental to meeting the core mission of the department or division (also includes programs or services specifically mandated by state or federal law)

Might: programs or services that are important, but not fundamental to meeting the core mission of the department or division

Maybe: programs or services that are nice, but maybe it is time to consider using other partners to provide them in the community or to (at least) re-examine the role of the county government in the program or service

In a sense, I am giving you a lump sum of funding and asking you to spend on the most important areas first.

As part of this process, please remember that various items are on the table for discussion:

- Innovations - new ways of running programs or services
- Structure - new ways of organizing departments and divisions
- Partnerships - new ways of working with other levels of government or with the private sector
- Funding - new ways of seeking funding from the private sector, foundations or the state or federal government
- Cost Recovery - new ways of collecting funds from those who directly use county services (i.e. improvements in reimbursement)
- Salaries - reductions in certain salary ranges
- Staffing - reductions in the number of administrators or number of employees (i.e. determine essential vs. nonessential positions)

Budget decisions may include, but are not limited to these areas.

As for specific instructions on your 2003 budget request, the following figure is your adjusted tax levy plus the additional cost of the net wage increase assigned to your department or division:

\$XXXXXXX

By July 8, 2002, the Department of Administration should receive your 2003 budget request at or below this funding level. Specific meetings will be set up for departments considering mergers or major changes in structure.

Budget Request Instructions
June 20, 2002
Page Two

Your work does not end there, however, as this funding level does not fully account for the budget shortfall. In addition to the cost of the net wage increase, the remainder of the budget shortfall comes from the increase in pension costs, benefits costs and a handful of other costs. If we were to allocate a portion of that total shortfall to each department or division, you would see a reduction in tax levy support for your funding area by the following amount:

\$ XXXXXXX

I ask that you start preparing possible reductions to help us cover the shortfall. This will require additional time for review - so these plans will not be due by July 8th.

In addition to the specifics of your own budget, I am hopeful that you might provide us with thoughts on cost savings in other areas of county government and that you might offer suggestions on how to deal with the major increases in healthcare coverage. This is an area of major growth in our budget and some new ideas might help us to get it under control.

Thank you, in advance, for your hard work on this important document.