

Chairman Holloway, Members of the County Board of Supervisors, County Clerk Ryan, fellow residents of Milwaukee County. Good morning.

First, I want to thank you for giving me the opportunity to address this body to discuss our proposal for the 2003 Milwaukee County budget. I look forward to working with you during the next month as you deliberate on the budget. It is my hope that working together, we pass a budget that balances the need for county services with the pressure to pay for county programs.

Soon after taking the oath of office on May 9th, I started to work on balancing those needs. Taking on a budget in the middle of the year is difficult, but this time is even more of a challenge because of a \$51 million shortfall inherited from the past administration.

I am happy to report that the budget that I present to you today is balanced and that it includes no increase in the property tax levy.

Achieving a balanced budget with no property tax levy was no small task. We spent the last four months working extensively on multiple options. Special thanks to our budget staff and to the many other county employees who worked so hard to create a successful product.

The goals of this budget are simple: balance the \$51 million shortfall; reestablish county programs and services to address our core mission; improve budget and fiscal measures to prepare for future budgets; restructure departments and divisions to reduce costs and improve service; establish partnerships with other governments and the private sector to strengthen the county and prepare a vision for the future of the county. All of this must be done without increasing the property tax levy to pay for it.

Some might ask, "Why such a preoccupation on holding the line on property taxes?" The answer is simple: no increase in the property tax levy is more than just a political pledge that I made during my campaign, it is an economic reality that we need to stabilize our tax base to insure the future of this great county.

In the 2000 census, Milwaukee County was the ONLY county in the state to lose population. Again, when the adjusted census statistics were released last year, we were the only county to lose population. Worse yet, we lose the most in two categories: 65 and older and 35 and younger. These are the ages of people most likely to be living on fixed incomes.

Now is the time to send a message to the people of this county that we don't want them to leave and to those individuals and businesses who left because of high taxes the message is clear: we want you back.

Some might suggest that the changes that took place earlier this year were just a reaction to a pension deal. Scratch below the service and you'll see that the pension deal was just the item that pushed people over the top after years of increase in their property taxes.

Just ask XXXXXX who showed up at one of our Interactive Budget Briefings. Like some many other property taxpayers in our area, XXX is XXXXX

To our balance our budget without turning to the taxpayers of the county, we turned to those who head each department and division and asked them to help us set priorities. Our instructions for budget requests told them to sort programs into one of three categories: Must, Might or Maybe. Instead of across-the-board cuts, I want us to fund the areas that are key to meeting our core mission first.

In the past, county government tried to be all things to all people. Now, with such a sizeable shortfall, we must go back the basic functions of county government.

When department heads reapplied for their jobs, I told them to examine the positions in their areas and determine which were essential and which were none essential. This budget is filled with reductions in non-essential positions.

We also looked to focus our reductions away from areas that will dramatically cut back on service delivery to the public. With this in mind, I am proposing that ECP level managers – including my own staff and my recent cabinet hires – forgo the 3% wage increase and take an additional 3% cut in pay. In addition, those non-represented employees making more than \$50,000 will forgo the 3% wage increase.

The alternative to this reduction in wages is to layoff works on the front lines of proving services in our county. I believe it makes more sense to protect those positions – and ultimately the services provided by those employees.

This budget proposal also includes some significant changes to improve the long-term financial stability of Milwaukee County:

We establish a fixed amount for contributions to the pension fund for the next five years. During the past two years, the contribution was less than 32% of the amount identified by an actuary. In addition, we look to have Corporation Counsel pursue the case brought by District Attorney E. Michael McCann to challenge the legality of the lump sum payouts. Success in this legal matter will save (at least) \$3.5 million according to the actuary for the Pension Board.

The budget changes the model for the delivery of healthcare to county employees and retirees to reduce costs in 2003 and in future years. I want to acknowledge the work of Matt Janes who took my request to try and find some creative and innovative alternatives to heart and helped to shave \$10 million over the \$13 million increase in healthcare costs. I also want to thank Rich Abelson and others from organized labor for being willing to work together to tackle our healthcare cost problems.

The 2003 capital budget places a heavy emphasis on the maintenance of current county infrastructure and facilities. Gone are the days of new, major projects for the Parks Department. Instead, we aim to maintain our valued resources.

The 2003 capital budget is also \$XXXX less than previous years with \$xxxx in bonding. This reduces the amount of unspent bond proceeds and reduces debt service for 2004.

The budget uses a portion of the land sales to fund the growing cost of sick leave benefits in 2003. The Legislative Audit Bureau report on Milwaukee County that we released last week raised serious concerns about the lack of accounting for the funding of the sick leave benefits granted in the past. This budget starts to correct that error.

Additional improvements are included to improve the budget situation in future years.

This budget proposal also dramatically restructures the operations of county government. Three former departments are combined to create a new Department of Administrative Services which reduces 20 positions and saves \$1.4 million.

The stature of programs for Disadvantaged Business Development and Economic Development is increased in this budget. Thanks, in particular, to Supervisor Joe Davis for working with us on the DBD improvements.

This budget includes significant reductions in management positions within the Department of Human Services. We also call for a plan – due by June of next year – to create a new County Department that will combine the current DHS with Behavior Health and with County Health Programs.

This budget assigns many of the recommendations on hiring practices from the Legislative Audit Bureau to our new head of Human Resources Chuck McDowell. The budget also calls for the creation of a Blue Ribbon Commission to examine the role of the civil service process in the county.

The audit also provided some options regarding the Wisconsin Retirement System. This budget proposal includes the creation of a Blue Ribbon Commission to review the implications of such an idea for Milwaukee County.

Beyond that specific issue, this budget proposes major changes to the membership of the Pension Board. These changes will insure the independence and financial competence of each member. We also include changes to insure the full disclosure of all information about any future changes to the pension system.

As for the board, I acknowledge that it is not fair to ask someone to enter a term of office expecting compensation in one range and have it dramatically changed in the middle of that term, I am only asking for a salary reduction of 3% which is the same as the ECP managers.

Having said that, this budget still fulfills my pledge to the people as it calls for a part-time board salary of \$15,XXX for the term beginning in the spring of 2004.

A number of the other areas in which I propose change require the assistance of state government. For the following items, this budget calls for the requests from the State Legislature:

- The creation of a new parks district that will include elected commissioners and will be funded by a transfer of funds and authority from the county tax levy.
- Full funding of all of the costs of operating the courts in Milwaukee County in exchange for a reduction in state shared revenue equal to the court costs.
- A constitutional amendment to allow Milwaukee County to consolidate the positions of Clerk, Treasurer and Register of Deeds into a single appointed position.
- Increase in state aid to cover the full costs of expressway patrols provided by the Sheriff's Department.

Beyond all of these changes, the 2003 budget proposal still provides key services for the public. Listening to the concerns of people like XXXX who joined me for one of our 8 Interactive Budget Briefings, I funded programs like Birth to 3, recreational activities for those with developmental disabilities and homeless shelters.

I listened to people like XXXX at the King Center who raised concerns about the high costs of sending kids to detention as opposed to the alternatives provided in in-house monitoring and day center programs provided by the county.

People like XXXX expressed concern about the lack of a route to work. We worked with the transit system and found ways to restore all of the routes except for one at the courthouse and one that duplicates a route to Northridge. This budget also increases funding for Para transit by 5.4%.

We heard the concerns about getting out of mental healthcare without a plan or a place for people in the community. In 2003, the county will still run the Community Support Programs and the Inpatient Program, but we must find new and more effective ways to provide these services by 2004.

I am happy to note that this budget provides funding for Child Day Care Certification and Enforcement – as well as other programs for improved childcare options.

Five units are closed at the House of Corrections to account for the offenders transferred to the state Secure Detention Facility. Programs like the Welfare-to-Work grant and the Day Treatment Center remain in the 2003 budget.

While all other departments were asked to reduce budget requests to balance this budget, the requests from the courts and from the Sheriff's Department came in much higher than their current level. The courts asked for \$2.5 million more, but this budget provides a million and uses \$1.5 million to fund alternatives for juvenile offenders.

The Sheriff's Department still receives a healthy \$3.5 million increase in this budget. In addition, we provide relief from the levy for the Sheriff by funding his budget request for bulletproof vests through a XXXXX grant from the federal government.

Since both the Sheriff and the members of the court are independently elected, this budget only provides their departments with a fixed amount of funding and allows them to make the final decision on the use of those funds.

The 2003 proposed budget also includes partnerships with other levels of government. Milwaukee County and Waukesha County have reached an agreement for the transit system to administer \$X million in transit funding for Waukesha County. Thanks to Dan Finley for approaching me with the idea.

Milwaukee Mayor John Norquist has an idea for combining nursery operations with the county and we are looking forward to that and some other options for combined purchasing.