

Dear Mayor Norquist:

As you mentioned in your budget address, the county tax levy went up \$106.2 million and the city tax levy went up \$52.5 million since 1988. **This is exactly why I proposed a county budget for the past two years that does not increase the county tax levy and why I am so pleased that you did the same for the 2004 city budget.** In fact, the tax levy for the 2004 county budget will actually go down and the tax levy will fall to \$4.76 – which is the lowest since 1981.

Per the comments in the memo attached to your September 21, 2003 letter, I have the following responses:

At a time when you are looking to reduce positions in city government to save taxpayer money and yet provide vital services, it seems that a “city economist” making \$82,000 a year, plus benefits, who has so little city work to do that he can review another level of government’s entire budget and offer political commentary as well is a prime target for elimination when compared to closing a library or not filling police and fire positions. You and I both were once members of the State Legislature and neither of us would have expected the work of the Legislative Fiscal Bureau to add political commentary to an analysis of fiscal information. Apparently the same standard does not apply in the city Budget and Management Division.

### **Regarding debt restructuring**

First, the budget does not include debt restructuring – that was approved earlier in the year by the county board to take advantage of the bond market. The reason the county is able to do debt restructuring is because of very conservative and aggressive debt repayment schedule. After the restructuring, the county will repay 76% of our debt within 10 years for 15-year bond issues.

As a protection for the future, we have a policy that limits our bond issues - we can increase our bond issue by \$1 million per year until 2008, then we will be allowed to increase our issues by 3% per year thereafter. Furthermore, the funds needed for sick leave payments (approved by Ament and the County Board) diminish over the next several years when the repayment schedule grows.

We also established a focus on maintenance of our current structures and facilities - something that the previous administration and County Board ignored in their rush to spend money on new projects. In fact, the bond issue for our capital budget in 2003 was the lowest since 1986.

## **Pension funding**

The 2004 county budget reflects the amount passed by the County Board in a resolution this summer. The rationale for that amount is based on the county changing the amortization schedule for the contribution from 20 years to 30 years. The amount that is budgeted is the amount provided by an actuary assuming the change in the amortization schedule.

In 2002, Tom Ament put no tax levy funding in his budget proposal. In my 2004 budget, I recommend the full \$36 million requested by the County Board.

## **Revenue estimates**

County budget staff worked with the independently elected County Treasurer and with outside financial experts to determine the amount of investment earnings. The projection for land sales is \$8 to \$9 million for 2004. Our budget calls for \$5 million. Future land sales on the county owned portions of the Park East Freeway property (and other sales) goes into a new Community and Economic Development Fund that will be used for economic development projects and not for balancing future budgets.

## **Position/program cuts**

Neither the courts nor the Behavior Health Division receive a cut in the 2004 budget. The courts, for example, asked for a 10.3% increase in funding, but received exactly the same amount of tax levy funding as they do in 2003. Funding for mental health services actually goes up within the entire division, but some programs are reduced to reflect lower costs of providing services within the community. Target Case Management and Community Support Programs are not eliminated, but expanded to be run entirely by community-based providers who are funded by the county.

As for the Sheriff's Office, the original request was cut by \$4.9 million and specific programs are reduced, staffing is changed and other items are increased – like commissary costs for inmates. The possibility of the state fully funding the costs of expressway patrols is not reflected as revenue in the budget document.

The County does account for helping locate employment opportunities for those who are laid off this year. Instead of using tax levy funds, however; we are working with the Private Industry Council to provide assistance and training.

The 2004 budget document clearly shows that the county provides the same level of tax levy support for homeless shelters as it did in 2003. The difference is that other sources of support for the shelters in the current year were one-time funding opportunities.

Finally, many of the layoffs and reductions in county programs and services are a direct result of the Governor Doyle's 2003/2005 state budget. Ironically, the budget presented by the Governor was worse for Milwaukee County government than the version passed by the Joint Finance Committee and the Assembly and Senate.

*Somehow your "city economist" overlooked the negative impact of Governor Doyle's budget on Milwaukee County government in his subjective overview of the 2004 budget document.* In fact, the shortfall for the 2004 county budget would be well over \$100 million if not for the help from the members of the State Legislature.

Instead, I faced a \$97.3 million shortfall going into this budget process that reflects pension payments and sick leave benefits approved by Ament and the County Board in 2000, as well as wage increases and benefit increases negotiated by the Ament administration that do not come up until next year; and state aid cuts brought on by Governor Doyle's budget. No easy task.

I proposed a budget for 2004 that lowers the tax levy; funds vital programs; fully funds the pension system; repays the our debt at one of the fastest paces in the country; funds the courts and the transit system at the same level as 2003; increases funding for the Behavior Health Division and the Sheriff's Office; reduces revenue estimates in the parks to reflect experience and puts a priority on the maintenance and upkeep of the parks system through our capital budget. *I even cut items as small as bottled water – which actually costs less than a city economist.*

My 2004 county budget will be a benefit to property taxpayers in Milwaukee and in Milwaukee County come December and in the future.

Sincerely,

Scott Walker  
Milwaukee County Executive

