

Even though some on the Milwaukee County Board of Supervisors have questioned the serious nature of the financial future of this county, I am glad that state government is finally taking notice of our challenges. I will appoint our budget director Steve Agostini to serve on your task force.

Within the next week or so, I would love to have an opportunity to meet with you and the co-chairs of the task force to give you a detailed overview of the finances of the county. As you may know, I embarked on a tour around the county to talk about the county budget crisis earlier this year and I now attend several civic, business and community meetings each week with our budget presentation. It would be helpful for you and your co-chairs to go through this presentation.

It is also good to see that state government recognizes our challenges since many of them involve state government:

Mediation/Arbitration: the biggest single factor causing our budget crisis is our fringe benefit rate. Currently, we exceed 70% and will rise in future years. The pension enhancements from 2000 are the driving force – along with not funding the system in 2001 budget – of our \$59 million contribution to the pension system in 2007.

In addition, county retirees who were hired before 1994 continue to receive free health care for life. This means the county will pay \$2,000 per month for their health care for every one of our retirees under the age of 65. Without a change in the contract, this will force county health care costs to double in the next five years.

Current law regarding collective bargaining makes it all but impossible to change these provisions. A change in the mediation/arbitration law would benefit Milwaukee County as well as local governments all across the state.

Social Services: the state government continues to play significant mandates on county government without sufficient funding. One specific example is in the area of Income Maintenance (IM). Over the past couple budgets, IM funding was cut. Still, state law mandates that county employees must determine the eligibility of individuals to receive Foodshare, childcare and Medicaid assistance.

If the state would allow the county to return the IM funds and have state employees determine eligibility in these areas, the state could reduce costs by 24%. Our requests to the Department of Health and Family Services (DHFS) to make that change have been dismissed because of state efforts to reduce employees.

Criminal Justice: the cost to commit juveniles into the state criminal justice system has gone up by double digits the past few budgets. At the same time, state funding of Community Aids (which are used to cover the costs of commitments) is largely frozen over the same time period.

Court System: like other counties in the state, Milwaukee County covers 55% of the costs of running the state court system. Even worse, these costs continue to rise by a significant margin each year while other departments see spending frozen or often reduced in the next budget.

As you know from when I met with you on this subject several years ago, I would be willing to give the state back an equivalent amount of state aid in return for the state taking on all of the costs of the court system. In 2006, the courts cost the county \$28 million in tax levy. The county would gladly give that amount up in state aid if the costs were permanently off of the county tax levy.

Parks System: in 1980, 45% of the county tax levy went to the parks. By 2000, that amount dropped below 10%. The increasing costs of state mandates in the area of courts and human services are the reason. Combined with the recent burden of high pension and retirement health care costs and it is draining the level of support for the parks system.

Today I announced a plan to form a Park District – similar to districts in Chicago, the twin cities, Oakland and many other places across the country. Sen. Alberta Darling will be the primary author and we hope to have strong, bi-partisan support. The legislation would create a Park District by 2008 if a referendum passes next April.

Transportation: in the past, Rep. Jeff Stone introduced budget motions to collect the current sales tax on automobile related purchases and phase it in to the Transportation Fund. As part of that, we recommend that a fixed percentage be permanently placed into funding for the transit systems across Wisconsin.

These are just a few of the issues where the county can use help from the state government. I hope that you and the co-chairs of your task force will carefully consider these needed reforms. I am glad that the state is finally taking notice of our serious challenges here and I look forward to working with you and your task force.