

Thank you so much for allowing me to join you at St. Marcus Lutheran School. I am so glad to see so many wonderful students, parents, staff and supporters of the school.

One of the reasons I choose St. Marcus for this address is because of the success rate of the students at this school. In Math, 86% of the students here are advanced or proficient by 8th grade per the Terra Nova testing. In reading and language, 69% are advanced or proficient. Overall, nearly 90% of the students improve against their peers nationally.

Similarly, other choice, charter and public schools in Milwaukee and throughout Milwaukee County are doing well.

Sadly, many of the students who attend a school like St. Marcus may not be able to attend this school next year. Because of the cap on students enrolled in the Milwaukee Parental Choice Program, the state is beginning a plan to ration students for the 2006/2007 school year. As many as 4,000 young people will be prevented from attending successful schools like the one we are in today.

Currently, St. Marcus is filled to capacity with 265 students. They have 100 more on a waiting list. About 85% attend through the voucher program.

If the caps are not lifted, this school will be forced to deny a seat to as many as 50 current students. That is wrong and we need to lift the cap...for the good of all of the people in Milwaukee County.

The State of our County in many areas is good. Later in my comments, I will talk about the things that are working well in

Milwaukee County. But first, I need to address the serious challenges we face this year.

As much as I would like to report that the financial situation of the county is great, I cannot do that today. Many of the challenges we inherited four years ago are still with us. Some were corrected by our actions this past year. But others have, in fact, grown larger.

Take for example, the cost of the Ament pension deal. Even though we made numerous changes, the fiscal impact from the people who already retired will be \$50 million in our next budget.

On top of that, new accounting requirements (GASB) will force the county to cover some \$29 million worth of new costs in 2007 and every year into the future.

Soon, the contract with our largest union will be decided in arbitration. If we lose, it will put a \$8.2 million hole in the current 2006 budget and similar amounts for future budgets.

And even if we win, pension, health care and other benefit costs will leave the county with an \$82.3 million hole to fill for the 2007 budget. Without changes, that grows to \$122.7 million in 2008.

Today, I issue a warning that we must tackle our benefits problem or we will be left with nothing but pensions, benefits and state mandates in our future budgets. Milwaukee County cannot survive without major changes this year.

Some may suggest that we are inflating the numbers, but I challenge them to review the facts and tell us where we're wrong.

Others will suggest that we just need to raise the property tax levy. Yet state law would only allow the county to raise the levy by \$6 million in 2007 and less than \$4 million in 2008. That leaves more than \$76 million and \$118 million to cut in each of the next two budgets.

We need to get serious about taking on the costs of our retirement system and the costs of our other employee benefits. We also need to look seriously at sending mandated programs back to the state in our next budget.

I warned our County Board about these problems back in September of 2004 and my administration continued those warnings several times since. We all need to face up to the reality of our financial situation.

Pension and benefit costs are eating up our budget like a virus. Fighting this virus will take even more dramatic action. In a few moments, I will talk about my plan of action.

But first, I want to talk about the positive things happening in Milwaukee County. As mentioned, we certainly cannot tax our way out of a fiscal challenge. Trying to raise taxes to solve this problem will only force more people and jobs out of the county.

To keep more money in the hands of the hard working people of Milwaukee County, I introduced my 4th straight budget with no increase in the property tax levy. Prior to coming into office, the executive and board used to argue between a 5.5% or 6% levy increase. Now, I push for zero and the average increase approved by the county board over the past four budgets is about 2%. In other words, we changed the debate on property taxes.

Lower taxes help keep families and retirees in their homes and they help to create more jobs. Another way we are working to help create an environment for more job growth is through our work on the Park East corridor. The land owned by the county is just south of this school.

In 2005, we sold two of the parcels and hope to act on the remainder in 2006. Half of the funds from the land sales will go to the county and half of that will go into a Community and Economic Development (or CED) fund to support projects that create more jobs in areas with great needs.

The other half must – by federal rules – go to the state. In turn, that money must come back to the county for use on a federal highway project. Thanks to the hard work of Secretary Frank Busalacchi and his staff, we worked out an agreement to use \$5.2 million of those funds to take down the Annex parking structure that stands over the top of the freeway. Work on the demolition begins today.

Our quality of life programs are also very important for people living and working in our county. The number of skaters at Red Arrow Park last month was up 80% from last year. Through a partnership with Harley-Davidson, we renovated the band shell at Washington Park. We also put in a ramp at Pere Marquette Park for people with disabilities and had six new playground installations throughout the system.

Out at the Zoo, we saw the opening of Big Cat Country and the remodeled Family Farm. Overall, the zoo had 1.3 million visitors in 2005 (up from 2004) and the Sting Ray exhibit alone had more than 365,000 visitors. Soon, the Zoo will

have a new Giraffe Experience and a new entrance – thanks to our partnership with the Zoological Society.

We also had nearly 20,000 military personnel; their families and veterans show up for Operation Freedom on July 3rd. Thanks to all of the wonderful sponsors who helped us provide a free day at the zoo for our heroes and their families.

Transportation improvements are also part of our success this year. In December, the airport celebrated the 7 millionth passenger – setting an all-time record. Just two years ago, we broke the record with 6 million. We also opened a new Amtrak station; a cell phone lot for passenger pick up and finished the remodeling of the center court.

Our transit system experienced an increase of more than 872,000 riders. Wheelchair riders were up 19% and more than 1 million riders used Paratransit.

In the area of fleet, we consolidated our vehicle leasing program and reduced 77 vehicles and 72 attachments from our inventory. Thankfully, we only had XX recorded snowfalls for this season and the freeways were cleared each time.

One of our biggest successes this year came in the area of human services. From 1994 to 2002, Milwaukee County had an error rate on how food stamps were administered that was never lower than 13%. That caused problems for people needing to get help – as well as causing penalties for the county and state.

In 2003, the error rate was 11.8%. In 2004, it was 9.1%. Last year, the Economic Support Division put in place a new

program called Operation Excellence and the error rate dropped to 5.95%. In fact, during the last six months of 2005, the error rate was LOWER than the statewide average. Congratulations to Corey Hoze and his staff for a job well done!

And programs that work with kids who get in trouble are having success too. In 1995, we were sending 536 young people into the state detention system. When I arrived in 2002, that number was down to 320. Through the end of December, we cut that number down to just 147.

I would like to acknowledge the good work of Kathy Malone from the county and Victor Barnett who is the head of the Running Rebels one of our partners in programming. Their program has a success rate of 77% over the past two years. Thank you for your good work.

Rob Henken's department had a number of other success stories. One came in the are of those came through a partnership with Rogers Memorial Hospital to handle the backlogs in the Behavioral Health Division. Their good work earned them a "Health Care Heroes" award from the Small Business Times. Thanks to Jim Hill and his team.

Plus, a special thanks to all of the staff who worked with the individuals and families who were sent to Milwaukee County from the Gulf Coast. We had a clinic at the state fair grounds for more than four weeks and treated more than 100 people.

The Department on Aging moved into wonderful new offices in the bright blue federal building during the past year. The new space saves the county money and is working out well.

The people who work there helped turn around a problem with the FamilyCare program. Two years ago, they had real troubles with state government. But on Sunday, January 15, the Governor announced that those problems were under control.

Just a few weeks ago, it was interesting to hear members of the County Board debate over how to spend the surplus in this program. The real answer is to pay it back to the taxpayers for the amount they covered two years ago.

Early last month, I took decisive action to prevent a potential deficit in this area because of the wage increases passed by in the 2006 budget. These wage increases counted on a rate increase from the state, but the state backed away from their promise. So, I practiced good management and stopped the spending.

Linda Seemeyer, Steve Agostini and the Administrative Services staff helped us get FamilyCare out of financial trouble two years ago and they've been on top of things since then. They will help us get Parks of our their financial problems too.

And news coming from the Milwaukee Public Museum is much more positive these days. Many people still think that the county runs the museum, but it was turned over more than a decade ago. Still, we are the biggest donor and we want it to stay open.

So, when the museum ran into problems early last year, we stepped in – along with the banks – and took control. We pushed for new leadership and appointed a five-person panel to review the release of funds to the museum.

I want to thank those five individuals – Mike Falbo, Valerie Daniels-Carter, Mike Grebe, Jennifer Noyes and Carol Skornicka– for their ongoing service to the museum, to the county and to the public. Their hard work insured that the museum is on the right path again. Just last month, the museum announced that they are moving to repay the loans sooner than expected. That is good news.

Speaking of good news, overtime costs in the Sheriff's Office decreased \$767,000 last year.

And on regional cooperation, we had some true successes this year. On January 9, our Child Support Enforcement Department started taking calls from customers in Racine County. For the next five months, we are running a pilot program to see how this will work. So far, it is going well with 1,600 calls coming into our customer service unit. A big thanks to John Hayes and his team for putting this partnership together and for making this program so efficient.

Last year, we also saw a combined effort with the City of Milwaukee for a uniform web site: Milwaukee.gov. Now our customers can go to one web address, type in their questions and be directed to the right area in county or city government. Thanks to Bud Borja and his team for their leadership on this and several other technology partnerships in the region.

Finally, I am thankful for our pro-active work on ethics reform over the past few years. Right after I took office, we enacted a policy that prohibits my staff, my cabinet and their top staff from giving or fundraising for my campaign. Several years ago, I signed a resolution that prohibits those who are seeking county business from giving donations while a

contract is being bid or awarded. Last year, I asked our Corporation Counsel Bill Domina to help me broaden the scope of that measure and to get the word out throughout county government and to those seeking to do work with the county.

With these measures in place, we run a lean and clean operation.

I bring all these items up because there are many good things happening in this county. And I know that we can take on our huge financial challenges and prevail, but we have to be serious about our situation.

To do that, I propose some dramatic steps for 2006:

Run Government Better

- Since it is clear that paying for a traditional pension system is nearly impossible, I propose moving to a defined contribution system and I will appoint a panel of ten experts to advise us on how to start that transfer in the 2007 budget.
- To continue our efforts to pull back the benefits of the Ament pension deal, I will send down a resolution this month to repeal the 2.0% pension enhancement for non-represented employees.
- In addition, the County Board leadership and I will announce in few weeks details on legal action against those involved in providing incomplete information about the impact of the pension deal in 2000.
- To control employee benefit costs, we will fight in arbitration with the last remaining union that has not

- settled a contract. We will push our reasonable plan that helps control health care costs.
- To fix the problems with parks, we propose adding a new position for fiscal management and recommend dual reporting to the parks director and the budget director.
 - Since the mental health complex is the only county institution left on the southeast quadrant of the county grounds, I propose selling the land to the medical institutions. We should get out of the business of being a landlord.
 - I will also direct a countywide review of staffing levels to see where we can find additional savings.

Insure Public Safety

- In the area of public safety, we will take all legal action necessary to block the placement of a facility for Sexually Violent Persons on county property.
- In the area of child support enforcement, we will continue the pilot program with Racine and look to make it permanent. In addition, we will seek to include other counties in this program.
- In the area of serving people with disabilities, we will lobby the state to include people under the age of 60 with disabilities in the expansion of FamilyCare.
- In addition, we will explore ways to provide living arrangements for people with disabilities near the services they receive through the Wil-Lo-Way programs.

Quality of Life/Jobs and Prosperity

- In the area of parks, we will seek to expand the number of successful partnerships in the parks. The coffee shop in Red Arrow Park is one good example. This month, our administration will send an RFP down to the County Board for a coffee house in Juneau Park and will follow with others throughout the system. My view is simple: if it takes a coffee shop in every park to keep them open, then I'm all for it. If it works in Central Park, we should do it here.
- In addition, I am happy to announce that we received an anonymous gift of \$150,000 to keep the center open at Boerner for the rest of this year.
- To help with the parks budget, we will take proposals for the sale of the maintenance building at 68th and State and will consolidate staff into other locations.
- In the area of economic development, we took bids on the third piece of land in the Park East corridor last month and we hope to have shovels in the ground for the first two projects this spring.
- We will move forward on the development of the 60 acres on the northeastern quadrant of the County Grounds by the end of the summer.
- We will include the parks building in the RFP for that quadrant.
- We will organize another Operation Freedom at the Zoo for returning military personnel and their families.
- In addition, we will broaden the scope of our annual Executive's Ride on Harleys to include the promotion of attractions and business in the entire Milwaukee 7 region. This year, Waukesha County Executive Dan Vrakas will join us as a special guest for part of our 5-state tour.

- And since we must resist the temptation to return to the days of property tax levy increases that were double the rate of inflation, I will submit my 5th straight budget with no tax levy increase from the previous year in September. Failure to hold the line on taxes will only create an exodus of residents and jobs from our county. We need more residents and more jobs to survive.

These are just a few of the ideas that came out of a planning session last month with our top staff and cabinet. More will follow in the weeks and months ahead.

While we continue to have significant challenges, I like to say that great challenges bring great opportunities. Taking the right course of action, however, is not easy, but it is necessary to insure the long-term prosperity of the county we love. I know that I am up to the challenge and I hope you are too.