

**COUNTY OF MILWAUKEE**  
INTEROFFICE COMMUNICATION

DATE : February 20, 2009

TO : Scott Walker, County Executive

FROM : John Ruggini, Assistant Fiscal and Budget Administrator

SUBJECT : Analysis of State Budget

DAS-Fiscal continues to work with departments to analyze the state budget but many numbers remain fluid as additional information is released. As of now, the major impacts include:

1. **State Shared Revenue** is reduced 1% in 2010. This \$8.5 million reduction state-wide will be allocated based on EAV but capped at 15%. Initial estimates indicate a \$1.1 million loss in 2010.
2. **Property Tax Cap** is extended 2 years. The cap is increased from 2 to 3% and local governments are permitted to roll forward unused levy capacity from a prior year.
3. **General Purpose Revenue** is decreased by 1%. Many County programs in DHHS and BHD are based on contracts funded with general purpose revenue so they will likely experience cuts. It is important to note:
  - a. It is still uncertain how state departments will allocate these cuts and whether they will be implemented in 2009 or 2010
  - b. Most of these programs are on a reimbursement basis so the County will have to decrease service levels to avoid budget deficits
4. **Youth Aids** is cut by \$4.9 million statewide. The impact to the County is still being calculated but is likely to be significant in 2009 and 2010.
5. The **JCI Rate** is increased from \$268 to \$270 in FY10 and \$275 in FY11. This will not have a budgetary impact in 2009 because the County assumed a higher rate increase. However, under the proposed rate increase, the cost to incarcerate a juvenile in a state institution increases from \$97,820 to \$100,375 per year by 2011 while Youth Aid funding to Counties is being reduced.
6. The **Family Care Resource Center** located in DHHS Disabilities Services Division is delayed. Operations will begin on August 1, 2009 instead of January 1, 2009. There is no increase in funding for the Resource Center. The budgetary impact of this is being calculated.
7. The **Family Care CMO** will begin serving individuals with disabilities between the ages of 18 and 59 beginning in November 2009 instead of April 2009, as planned. Individuals on the wait list may not be served until January 1, 2011 and must be phased in over a 24-month period beginning at that time. While this will not have a net budgetary impact on the CMO, it negatively affects individuals who have been waiting for services to be provided. In addition:

- a. The \$415,203 Income Maintenance allocation for Family Care is eliminated.
  - b. All CMO's solvency money is placed in a state pool controlled by state
  - c. The budget requires CMO oversight by Commissioner of Insurance. Likely means more assessments and regulations
8. The supplemental **Income Maintenance** funds are eliminated. Assuming no change in the current funding structure due to the state take-over, this is a \$1 million cut to the program. In addition, the state has added 16 FTE's specifically to supervise Milwaukee County's income maintenance program.
9. **General Transportation Aids** are cut 1% in 2010 and 2011. This is estimated to reduce the counties share by \$96,000 between Parks and Highways. There is no change to the state reimbursement formula for maintenance of the state and interstate highway system.
10. There are several **Transit** related recommendations:
- a. Creation of the new "Tier 1-A Transit Operating Aids" with \$65 million in funding for 2010 and 2011
  - b. Increase in funding for transit for institutionalized individuals
  - c. Guidelines for the establishment of an RTA for Southeast Wisconsin including the ability to levy a .5% sales tax and requirement to advance the Kenosha-Racine-Milwaukee Commuter link project to the preliminary engineering stage of the Federal Transit Administrations New Starts grant program
  - d. SE Wisconsin RTA would have access to grant program called the Wisconsin Transit Capital Assistance Program. State would have ability to issue \$100M in GO bonds to provide grants.
  - e. SE Wisconsin transit capital assistance program established

DAS-Fiscal will continue to work with departments and provide more specific and updated information as it becomes available.

cc: Executive Cabinet