
2009 PROPOSED EXECUTIVE BUDGET

Finance and Personnel Committee

October 6, 2008

Prepared by Budget and Management Division

PRESENTATION OUTLINE

- Provide a 3-year fiscal context
- Summarize 2009 Budget “Bottom Line”
- Establish recommended service level impacts of proposed Solid Waste Charge increase
- Relate Mayor’s budget proposals to a strategic framework
- Comment on post-2004 sustainability improvements

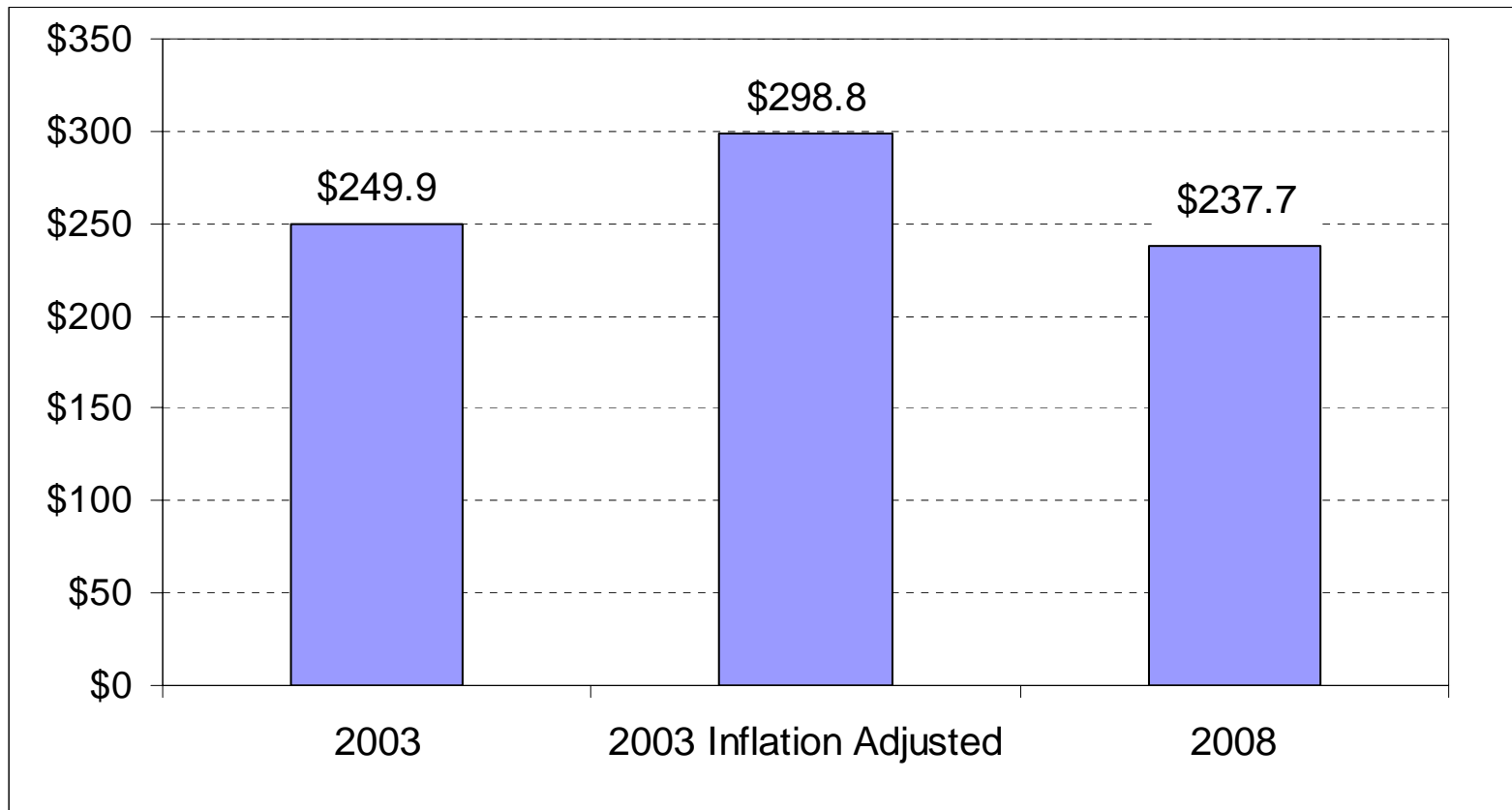
THREE-YEAR FISCAL CONTEXT

- Compounding impact of State Shared Revenue policy
- Ongoing sustainability challenges
- 2009 factors
- 2009-2011 and 2009 projections
 - 2009-11 imbalance: ~ \$160 million
 - 2009 “gap”: ~ \$38 million

SUSTAINABILITY CHALLENGES-- REVENUES

- Change in State Shared Revenue policy
- Dependence on property taxes as primary local revenue source
- Housing-driven revenues are slowing down
- Economy-driven decrease in interest earnings
- End of MPS service sharing agreement

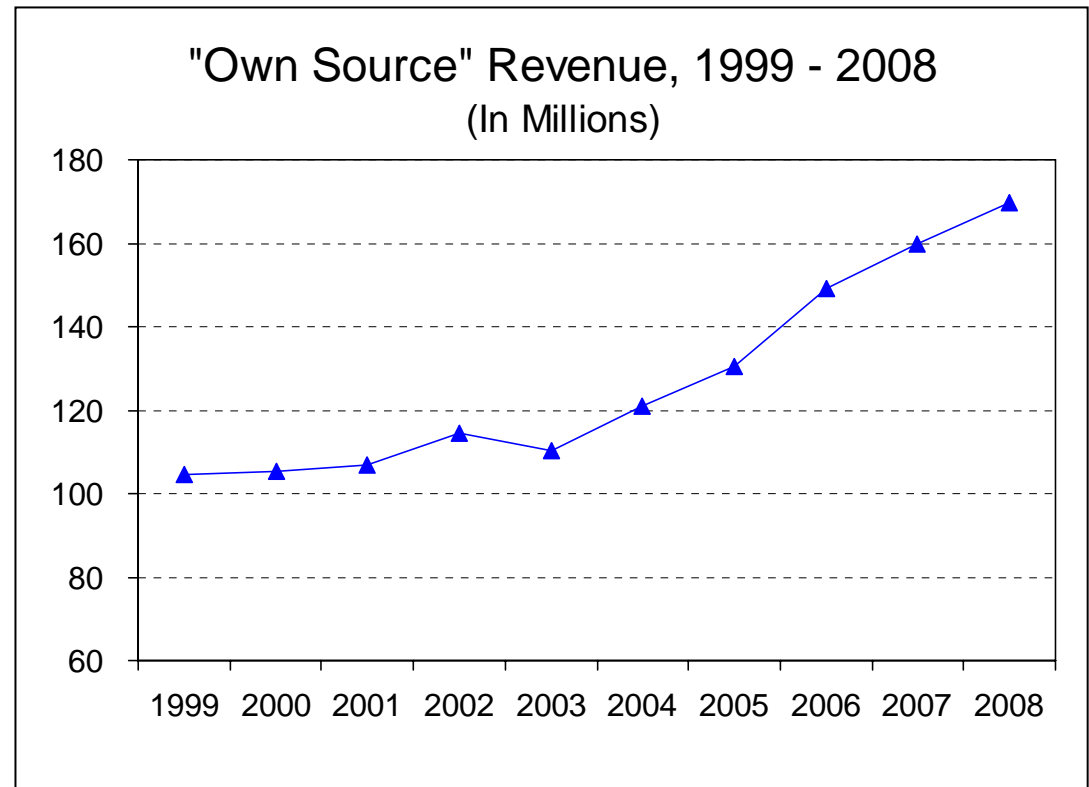
DECLINE IN STATE SHARED REVENUE & ERP PAYMENTS (In Millions)



The “real” decline in Shared Revenue and ERP since 2003 is \$ - 61.1m

“OWN SOURCE” NON-PROPERTY TAX REVENUE

Year *	"Own Source" Revenue
1999	\$104,536,238
2000	\$105,232,512
2001	\$107,011,389
2002	\$114,432,852
2003	\$110,176,664
2004	\$121,057,813
2005	\$130,387,881
2006	\$149,079,452
2007	\$159,734,862
2008	\$169,820,095



*Amounts = Budgeted Levels

SUSTAINABILITY CHALLENGES- EXPENDITURES

- Compensation costs (wages & fringe benefits) grow at more than 2 times the trend in levy growth
- Debt levy as a percent of Shared Revenue + property taxes: **10.7%** in 1996; **16.3%** in 2008
 - \$13 million of 2009 debt levy is for school purposes
- Fuel costs continue upward trend (2009 projection is + \$7.8 million since 2004)
- Workers Compensation costs have grown \$6.6 million (+ 85%) since 2004

EXPENDITURE CONTROL

- 1999-2008 Department Expenses: 1.7% annual average change
- This 9-year cumulative total is ~ \$99 million less than “baseline” trend
- Since 1995 Cabinet administrative department FTE have declined 40%

HEALTH BENEFIT TREND IS IMPROVING

- 1996-2008: \$60 million increase (136.6%) to Budgets for Employee Health Care Benefits
- DER strategies reduced 2007 and 2008 (budgeted) costs \$19 million versus baseline
- DER strategies include:
 - Basic Plan provider rates and discounts
 - Drug benefit carve out
 - Proactive review of provider charges
- Structural changes needed for additional trend improvement—Wellness initiative has promise

PROGRESS ON DEBT SERVICE

- Debt levy as a percent of Shared Revenue + property taxes declines to 14.8%
 - 2004 new levy-supported GO: \$73 million (\$84.7 million in CPI-U-adjusted terms)
 - Recent budgets & near-term new levy-supported GO should average \$65-\$68 million annually
- Projections indicate a stabilizing debt levy

2009-2011 PROJECTIONS

- Proposed Budget reduces the imbalance but does not eliminate sustainability challenge
- 2010 and 2011 “gaps” will be significant without a structural change
- 3-year sustainability w/out increase to Solid Waste Charge would require ~ \$28 additional expense reductions and/or revenue increases in 2009

2009 BUDGET: “BOTTOM LINE”

City-wide Impact

	<u>Submitted Budget</u>	<u>Mayor's Proposal</u>
Total Budget:	+8.6%	+9.2%
Operating Budget:	+2.7%	+3.9%
Tax Levy:	+4.8%	+4.8%
Tax Rate:	+1.3%	+1.3%
CPI-U Change:	5.4%	

2009 PROPOSED BUDGET: “BOTTOM LINE”

Typical Household Impact *

- Tax Levy: + \$33.96 (+ 3.2%)
- Municipal Services Bill: + \$37.68 (+ 8.7%)
- Total Increase: + \$71.63 (+ 4.8%)

* Impact is based on 2007 and 2008 median home value of \$131,464 & \$133,903, respectively.

PROPOSED SERVICE IMPACTS: SOLID WASTE CHARGE INCREASE

- Fund Police strength at highest level since 2000: \$3.415 million
- Fire Department response capacity and utility staffing: \$1.455 million
- Operate 12 Neighborhood Libraries and provide for materials: \$520,000
- Curbside brush collection and sanitation services: \$300,000

PROPOSED SERVICE IMPACTS: SOLID WASTE CHARGE INCREASE (cont'd)

- 6-year tree pruning cycle: \$200,000
- Street lighting at dusk: \$64,000
- Administrative department staffing: \$297,500
- Graffiti abatement: \$95,000
- BID operating support: \$53,500
- Fringe benefits: \$600,000

STRATEGY-BASED BUDGETING: SAFE & HEALTHY NEIGHBORHOODS

- Data-driven Police Deployment & Neighborhood Safety Initiative
- Life-saving paramedic unit response and full response for fire suppression
- Lead abatement
- Risk-based food inspections

STRATEGY-BASED BUDGETING: INVESTMENT AND ECONOMIC VITALITY

- \$5.4 million funding increase for local streets, street lighting, and traffic controls
 - New electrical service crews to improve response to outages
- 30th Street Industrial Corridor projects
- Funding for neighborhood streetscaping and Brownfields reclamation

STRATEGY-BASED BUDGETING: WORKFORCE DEVELOPMENT AND CONNECTING RESIDENTS TO FAMILY-SUPPORTING JOBS

- Funding for customized job training
- Summer Youth Employment Program
- Water Industry Internships
- Drivers License Restoration Program
 - 57% of case management enrollees regained driving privileges
 - 81% of 2009 funding from non-City sources
- Library technology resources and training

STRATEGY-BASED BUDGETING: HELP CHILDREN SUCCEED

- Double Library Books-2-Go outreach sites and develop reading and writing circles
- Continue immunization gains through School Readiness Initiative
- Improve birth and early childhood outcomes through intensive home visit programs
- I Have a Dream initiative

STRATEGY-BASED BUDGETING: SOCIAL AND ECONOMIC EQUITY

- EBE Program Improvements
- Medical Assistance Outreach
 - Leverage enrollment in Badger Care Plus
- Improved Fire & Police Commission complaint resolution

STRATEGY-BASED BUDGETING: SUSTAIN ENVIRONMENTAL ASSETS

- \$1.5 million in additional funding for sewer projects
- \$450,000 to rehab bypass pumps and reduce basement backup risk
- \$800,000 Emerald Ash protection initiative
- ~ 5,000 new tree plantings

SUSTAINABLE IMPROVEMENTS SINCE 2004

- Fire Department staffing model
- DPW bulky waste collection
- LED street lighting
- Police Department differential response
- Police/DOA crime mapping project
- Sustainable Boulevards Initiative
- Fire & Police Commission complaint process improvements
- School Readiness Immunization
- Intensive Home Visits program

SUSTAINABLE IMPROVEMENTS SINCE 2004 (cont'd)

- Election Commission Task Force Improvements
- Police Officer Hiring practices
- Drug benefit “carve out”
- Online construction permits in DCD
- Surplus property auction in DOA
- Storm water charge for SMF
- Police A&B benefit improvements and funding change
- Revised nuisance abatement approach
- Library media holds policy change

NEW APPROACHES FOR 2009

- Library RFID investments
- Medicaid reimbursements for STD Clinic Services
- Tiered approach to restaurant inspections
- Workers Compensation Risk Management
- Villard Library private-public partnership

QUESTIONS AND DISCUSSION

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