

DEPARTMENT OF ADMINISTRATION 2005 PROPOSED BUDGET Executive Summary

1. The 2005 Proposed Budget for the Department of Administration is \$7,171,555, a decrease of \$169,033 or 2.3% from the 2004 Budget. (page 1)
2. The 2005 Proposed Budget includes 105 authorized positions in the Department of Administration, a decrease of 3 positions from 2004. Three DOA divisions – Budget and Management Analysis, Business Operations and ITMD – would each lose one position. (pages 1, 3, 5 and 6)
3. The department's operating expenditures decrease by 26.2% (\$227,800) under the Proposed Budget. The most significant reductions are proposed for ITMD, where operating expenditures would decrease by over \$213,000, in large part due to less use of outside consultants and reduced software support costs (e.g. licensing fees). (pages 1 and 6)
4. The 2005 Proposed Budget funds the Budget and Management Director and Legislative Liaison Director positions for the full year and reclassifies two "Budget and Management Analyst-Lead" (SG 6) positions to "Budget and Management Special Assistant" (SG8). (page 3)
5. The 2005 Budget calls for increased use of Community Development Block Grant funding for personnel costs, specifically to partially fund two positions in the Emerging Business Enterprise Program that work on business development programs. (page 5)
6. Proposed funding for ITMD's "Enterprise Resource Management" special fund is \$60,000 higher than the 2004 allocation because of maintenance costs for new FMIS modules purchased in 2004. (page 7)
7. The 2005 Proposed Budget contains no capital project requests for the Department of Administration. (page 7)
8. The 2005 Proposed Budget includes \$50,000 in the E-Government Interactive Web Applications Special Purpose Account, the same amount budgeted for 2004. In 2005 this account will be used to support the development of additional electronic payment capabilities and interactive features on the City's web site. (page 7)

9. The department's 2005 Proposed Budget includes several initiatives that have no specific funding allocations associated with them, including:
 - a. Developing a strategic and fiscal plan to provide a "three-year stability approach to the City's budget and programs" for the 2006-2008 period.
 - b. Implementing a comprehensive performance initiative to identify and monitor goals and outcomes for major City programs supporting strategic and fiscal goals.
 - c. Developing a proactive and coordinated approach to securing grant funding for the City from various federal, state, foundation and other funding sources.
(page 8)
10. Department of Administration revenues are projected to be \$3,894,638 in 2005, a 3.7% increase over the revenues projected in the 2004 Budget. (page 9)

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2005 PROPOSED BUDGET – DEPT. OF ADMINISTRATION
Summary by Legislative Reference Bureau – Fiscal Review Section

Expense Category	2003 Actual	2004 Budget	% Change	2005 Proposed	% Change
Personnel Costs	\$6,175,866	\$5,488,297	-11.1%	\$5,487,064	-0.02%
Operating Expend.	\$860,608	\$868,291	0.9%	\$640,491	-26.2%
Equipment Purch.	\$130,923	\$13,000	-90.1%	\$13,000	0
Special Funds	\$887,624	\$971,000	9.4%	\$1,031,000	6.2%
TOTAL	\$8,055,021	\$7,340,588	-8.9%	\$7,171,555	-2.3%
Capital	\$292,997	\$630,000	115.0%	0	-100.0%
Positions	119	108	-9.2%	105	-3

Department Function

The Department of Administration performs a wide variety of functions, many of which can be described as the “behind-the-scenes” activities of City government. The department’s responsibilities include:

1. Working with other City departments to purchase the goods and services those departments need to perform their duties.
2. Developing the Mayor’s budget.
3. Providing analysis and recommendations on fiscal and management issues that affect the City.
4. Representing the City’s interests to the state and federal governments.
5. Overseeing the equitable distribution of grant funds, particularly federal CDBG and HOME funds, to community-based organizations and City departments.
6. Assisting disadvantaged business enterprises in obtaining City and other government contracts.
7. Managing and coordinating the City’s information and technology systems.
8. Providing printing and records management services for other City departments.

Departmental Mission

The mission of the Department of Administration is to make Milwaukee one of the nation’s most attractive cities in which to live, work and do business through carrying out the functions described above.

Historical Information

1. Between 2000 and 2004, the number of department employees decreased by 30 positions, from 138 to 108, largely through departmental restructuring and downsizing, rather than transferring functions to other City departments.
2. From 2001 through 2004, the department's budget funded 11 capital projects totaling \$3,373,595. The largest of these was the 2-year (2002 and 2003) Technology Fund initiative, which appropriated \$1.5 million to fund new technology projects in City departments that applied for the funds and met specific criteria.

The other large capital project was \$630,000 in the 2004 Budget for upgrading the City's financial system module to PeopleSoft Version 8. This gave the system the greater ease of use associated with web-based application and ensured that the City will remain eligible for full PeopleSoft support.

3. In 2001, the City of Milwaukee, through the Department of Administration, started its own certification program, the Disadvantaged Business Enterprise Program, to replace the Joint Certification Program, which ended in December, 2000.
4. The 2001 Budget provided \$150,000 to support an E-government initiative that provided improved access to information and services for Milwaukee residents and businesses via the City's web site.
5. The 2002 and 2003 Budgets included a special capital fund, the Technology Fund, referenced in Item #2, which was managed by the Department of Administration. The Technology Fund was discontinued with the 2004 Budget, although borrowing authority has carried over to 2004 and 2005. After applying for use of the Fund and fulfilling specific criteria, City departments may be granted funding for new technology projects.
6. The 2003 Budget changed the name and scope of the Central Board of Purchases. It was renamed the Purchasing Appeals Board. This body provides due process to parties who wish to appeal the decisions of the Procurement Services Section of DOA-Business Operations Division. The Board convenes only when the Procurement Services Section receives such an appeal.
7. In 2004, the former Milwaukee Printing and Records (now Document Services) phased out several of its services (e.g., high-speed copying and color copying), began contracting out for more of the City's printing needs and eliminated two full-time and two auxiliary positions. These changes were the result of more reasonable printing costs in the marketplace, more convenient copiers located in City departments and decreased reliance on "hard" copies of documents.

8. The 2004 Budget provided for the reorganization of the Department of Administration from five divisions to four – Budget and Policy (now Budget and Management), Community Block Grant Administration, Business Operations and Information and Technology Management. Several positions were eliminated or reclassified, resulting in a total savings of approximately \$235,000.
9. Common Council File Number 040518, passed September 21, 2004, reestablished the Intergovernmental Relations Division. This Division is staffed by employees previously located in the Budget and Policy Division.

2005 BUDGET HIGHLIGHTS AND ISSUES

DOA – BUDGET AND MANAGEMENT ANALYSIS DIVISION

Expense Category	2005 Proposed Budget
Personnel Costs	\$1,642,430
Operating Expend.	\$92,460
Equipment Purchases	\$3,000
Special Funds	\$0
TOTAL	\$1,737,890
Capital	\$0
Positions	19

Personnel

1. The 2005 Proposed Budget reduces the number of authorized positions in the Budget and Policy Division from 20 to 19. However, FTEs increase slightly, from 17.35 to 18.00, as a result of more positions being filled for the entire year.
2. Total personnel costs in the 2005 Proposed Budget (\$1,642,430) are \$168,584 (11.4%) higher than the comparable 2004 figure. This increase is primarily attributable to the department's proposal to fund the Budget and Management Director and Legislative Liaison Director positions for the entire calendar year (they were funded for only one-third of 2004).
3. Two "Budget and Management Analyst-Lead" (SG 6) positions are being reclassified to "Budget and Management Special Assistant" (SG 8). However, the department has indicated that this reclassification will have no budgetary impact, as the incumbents in these positions will underfill the new titles, at least temporarily.

Operating Budget

1. The 2005 Proposed Budget provides \$92,460 for Operating Expenditures of the Budget and Policy Division, a decrease of \$3,872 (-4.0%) from the 2004 Budget.

2. Expenditures are decreasing from \$10,775 to \$3,300 (-69.4%) in the Information Technology Services category to reflect actual anticipated expenses based on past experience, while funding for Other Operating Expenses is decreasing from \$41,500 to \$31,200 (-24.8%), in anticipation of lower training, advertising and printing costs. On the other hand, expenditures will rise from \$5,799 to \$10,250 (76.8%) in the General Office Expense category and from \$5,852 to \$12,600 (115.3%) in the Reimburse Other Departments category.

Equipment Purchases

The Proposed 2005 Budget includes \$3,000 for replacement of two desktop computers, the same amount budgeted for 2004.

Funding Changes

The Proposed 2005 Budget provides for Budget and Policy Division work done in support of enterprise fund management to be charged to the appropriate enterprise fund (e.g., Parking Fund or Water Works). A total of \$20,192 in salaries will be charged to various enterprise funds, resulting in 0.33 FTEs being transferred from operating to non-operating funding.

DOA – COMMUNITY BLOCK GRANT ADMINISTRATION DIVISION

Personnel and other operating expenses of the Community Block Grant Administration Division are wholly funded by the City's annual CDBG allocation. The 2005 Proposed Budget for the Division is \$996,000, an increase of \$15,000 (1.5%) from the \$981,000 budgeted in 2004. Of the \$996,000 budgeted for 2005, 90.0% (\$896,883) will be spent on salaries, wage and fringe benefits. The balance is for Operating Expenditures, particularly General Services and Office Supplies.

There are no significant changes in the Division's 2005 Proposed Budget. The Division will have 15 positions in 2005, the same as 2004.

DOA – BUSINESS OPERATIONS DIVISION

Expense Category	2005 Proposed Budget
Personnel Costs	\$857,133
Operating Expend.	\$77,829
Equipment Purchases	\$0
Special Funds	\$41,000
TOTAL	\$975,962
Capital	\$0
Positions	20

Personnel

1. In the 2005 Proposed Budget, the number of authorized positions in the Business Operations Division is reduced by one from the 2004 Budget (29 to 28). Full-time-equivalent positions decrease by a corresponding amount, from 25.25 to 24.25.
2. Total personnel costs in the 2005 Proposed Budget (\$857,133) are \$87,803 (9.3%) lower than the comparable 2004 figure. This decrease is primarily attributable to two actions: 1) the Division's proposal to eliminate one of the "Document Technician" positions from the Document Services staff; 2) increased use of Block Grant dollars to partially fund two positions in the Division.

Operating Budget

2. The 2005 Proposed Budget provides \$77,829 for Operating Expenditures of the Business Operations Division, a decrease of \$10,870 (12.3%) from the 2004 Budget.
2. The proposed reduction in Operating Expenditures can be largely attributed to decreases in the Professional Services category (\$5,000, or -29.4%) and the Other Operating Services category (\$3,500, or -18.4%).

Special Fund

The Division's Proposed 2005 Budget includes \$41,000 in a special fund to support the activities of the Emerging Business Enterprise Program. Specifically, this fund pays for the City's use of a private contractor for certification and re-certification of emerging business enterprises. This is the same level of funding that was provided in 2004.

Funding Changes

The Proposed 2005 Budget calls for 60% of the salary of the Emerging Business Enterprise Program Manager and 63% of the salary of one Business Analyst-Senior position to be shifted from tax levy funding to Community Development Block Grant funding in recognition of the nature of the work performed by these positions (i.e., they provide support to CDBG business development programs). Since these positions work directly on CDBG programs, this funding shift will not affect the City's

ability to stay below the federal limit on use of CDBG dollars for administrative purposes (20% of total allocation).

DOA – INFORMATION AND TECHNOLOGY MANAGEMENT DIVISION

Expense Category	2005 Proposed Budget
Personnel Costs	\$2,987,501
Operating Expend.	\$470,202
Equipment Purchases	\$10,000
Special Funds	\$990,000
TOTAL	\$4,433,975
Capital	\$2,244,000
Positions	43

Personnel

1. The 2005 Proposed Budget authorizes 43 positions in ITMD, a reduction of one position from the 2004 Budget. Full-time-equivalent positions decrease a similar amount, from 43.6 to 42.5.
2. Total personnel costs in the 2005 Proposed Budget (\$2,987,501) are \$82,014 (2.7%) lower than the comparable 2004 figure. This decrease is primarily attributable to the department’s proposal to eliminate the vacant “Project Assistant II” position (due to retirement and allocation of duties to existing positions), half-year funding of the “Network Systems Integrator” position (incumbent moving to another ITMD position that will be vacated through retirement) and 50% MCAMLIS grant funding of a “Systems Analyst/Project Leader” position.
3. The Division believes that the proposed reduction of staff will not result in a reduction in services to other City departments or the general public, because the loss will be offset by increased operating efficiencies, as has been the case over the past several years.

Operating Budget

3. The 2005 Proposed Budget provides \$470,202 for ITMD’s Operating Expenditures, a decrease of \$213,058 (31.2%) from the 2004 Budget.
2. The proposed reduction in Operating Expenditures can be attributed primarily to substantial decreases in Other Operating Services (-72.4%), Reimburse Other Departments (-55.7%) and Information Technology Services (-23.3%). The reduction in Information Technology Services alone translates into a savings of \$118,700 (primarily from less reliance on outside consultants and reduced software support costs).

Equipment Purchases

The 2005 Proposed Budget provides \$10,000 for new ITMD computer equipment. This is the same amount that was budgeted for this purpose in 2004.

Special Fund

The 2005 Proposed Budget includes \$990,000 in a special fund titled "Enterprise Resource Management." This fund pays for support of the City's human resources and financial management systems, particularly license fees and hosting fees.

The 2005 allocation represents a \$60,000 (6.5%) increase over the 2004 figure. This increase is attributable to the Division's request for \$60,000 in funding to cover maintenance costs for new FMIS modules purchased in 2004, including Asset Management, Budget Planning and Enterprise Portal modules. No money is budgeted in the Enterprise Resource Management special fund for FMIS upgrades (i.e., additional modules) in 2005.

CAPITAL PROJECTS

The 2005 Proposed Budget contains no capital projects for the Department of Administration.

SPECIAL PURPOSE ACCOUNTS

The 2005 Proposed Budget includes three special purpose accounts to be administered by the Department of Administration:

E-Government Interactive Web Applications SPA

This special purpose account provides funding for enhancements to the City's web site that will make it easier for City residents and businesses to conduct business with the City via the internet. Recent examples of projects funded by this special purpose account are the development of a "Content Management System" for the City's web site and creation of a mechanism to allow online payments to certain City departments by credit card.

The proposed funding level for 2005 is \$50,000, the same as the amount budgeted for 2004. In 2005, this special purpose account will be used to support the following projects:

1. Creating a mechanism for payment by electronic checks ("E-payments").
2. Creating more interactive forms, so that users will be able to submit applications online.
3. Further enhancement of the "Content Management System."
4. Adding some Americans With Disabilities Act-related enhancements to the web site (e.g, improving legibility, offering some information in languages other than English).

Wages Supplement Fund SPA

This fund acts as a "savings account" for City salary and fringe benefit costs while labor contracts are pending. It provides the funding needed for increases in salaries and fringe benefits resulting from contract settlements. The 2005 Proposed Budget includes \$19,450,000 in the Wages Supplement Fund, an increase of \$120,772 (0.6%) from the amount budgeted for 2004.

Sewer Maintenance Fee SPA

Funds in this account allow City departments to pay for their use of City sewers, just as City residents and businesses are required to do. The 2005 Proposed Budget provides \$120,000 for this special purpose account, an increase of \$4,500 (3.9%) from the amount budgeted for 2004.

OTHER INITIATIVES

The 2005 Proposed Budget for the Department of Administration contains several other initiatives that have no direct budgetary impact. These initiatives, which will be carried out by existing department staff, include:

1. Multi-Year Strategic and Fiscal Plan – The Budget and Management Analysis Division will develop a strategic and fiscal plan to provide a "three-year stability approach for the City's budget and programs" during the 2006-2008 budget years.
2. Performance Monitoring – The Budget and Management Analysis Division will identify key goals and outcomes for major City programs supporting the above-described strategic and fiscal plan, establish procedures for measuring progress in achieving those goals and outcomes, and identify opportunities for improving program results.
3. Grant Cultivation Process – The department will strive to develop a more proactive and coordinated process for identifying and securing federal, state, foundation and other funding sources, so that new revenue sources can support the provision of City programs and services and lead to more sustainable City budgets.
4. Improved Information Technology Governance – In cooperation with the recently-created Information Management Committee, ITMD will work to coordinate and formalize intradepartmental and interdepartmental efforts to consolidate and standardize technology and information used by the City.



DEPARTMENT REVENUES

The 2005 Proposed Budget projects that the Department of Administration will receive \$3,894,638 in revenues, an increase of \$138,988 (3.7%) from the \$3,755,650 projected in the 2004 Budget. Major revenue sources for 2005 are:

Contract to provide intergovernmental services to MPS	\$3,639,438
Auctioning of vehicles	\$105,000
Services to Water Works	\$75,000

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