

Summary of Governor Doyle's 2007-09 Executive Budget Impact on City of Milwaukee

- Preliminary Analysis -

LOCAL AID AND PROPERTY TAX RELIEF

- **Shared Revenue** – Increase the Municipal Aid Appropriation by \$15 million in 08-09. Assuming the increase is distributed proportionately, this would result in approximately \$4 million more in shared revenue to Milwaukee for the 2008 Budget.
- **School Choice Funding Flaw** - Pay 100% of the cost of school choice vouchers for all students over 15,000. This will result in property tax relief of approximately \$9 million in 07-08 school year and \$12 million in 08-09 school year.
- **School Levy Tax Credit** – Create a new program called “First Dollar” that will exempt the first \$5,545 of improved property or an amount that would equal a total expenditure of \$100 million on the program from school property taxes. Had this program been in effect for the 2007(8) school levy, it would have reduced property taxes by \$6.8 million in Milwaukee and the typical improved property owner would have been liable for \$45 less in MPS taxes. (Using non-vacant properties and assuming all are \$5,545 or greater.)
- **Levy Limit** – Modify the levy limit to allow property tax growth to the greater of 4% or the percentage increase in net new construction. Current law restricts the “floor” to 2%. Last year Milwaukee was restricted to a 3.35% increase. Another modification is to carry forward any unused levy capacity.
- **Levy Restraint Program** – Change the expenditure restraint program to limit property tax levy growth instead of total spending. To qualify, Milwaukee must have a mill rate of at least five and restrict tax levy growth to 85% of inflation plus a factor based on regional net new construction. There is also \$5 million in funding for a bonus payment that will be distributed to municipalities and counties who are under their maximum allowed levy increase.

If applied last year, our limit would have been 4.8%. Early estimates for 2008 suggest a percent growth of approximately 3%. It is not clear if the program will continue to exempt debt service and capital improvements or if the distribution methodology changed. These changes would begin to apply for our 2008 Budget (2009 payment).

- **Premier Resort Area Tax** – Allows Milwaukee to enact an ordinance or adopt a resolution declaring a contiguous region not greater than four square miles within the city boundaries to be a premier resort area. It would allow the city to establish a sales tax of 0.5% on tourism related retailers. Revenues would be required to be used on infrastructure related expenses. Depending on the area designated, this could produce between \$1 and \$3 million in sales tax revenue.

EDUCATION AND LIBRARIES

- **Library System Aid** - Maintain state share of library funding at 8.1%, which provides the Milwaukee County Library System an increase of \$110,000 in 2008 and \$225,000 in 2009.
- **Library Service Contracts** - Increase support by \$342,2000 over the biennium for Milwaukee Public Library's Interlibrary Loan Service and Library for the Blind and Physically Handicapped contracts, including funding for the new federally mandated Digital Talking Books technology.
- **Milwaukee Public Schools** - Maintain 2/3 funding through an increase in general equalization aids and categorical aids. Provide \$6.5 million for special education, \$6.4 million for SAGE, and additional money for drivers education, school breakfasts and multilingual, multicultural aid.
- **Milwaukee Boarding School** – Provide double the state reimbursement per pupil for a residential charter school chartered by the City of Milwaukee.

PUBLIC SAFETY AND JUSTICE

- **Community Policing Grants** - Provide an additional \$750,000 in each year of the biennium for Milwaukee to employ additional uniformed police officers.
- **School Safety Initiative** - Authorize school districts to exceed revenue limits by \$25,000 per 500 students to purchase school security equipment or to enter into cooperative agreements with local law enforcement agencies that provide an equal dollar match to hire school security officers. It appears that MPS can exempt \$1.3 million annually of such expenditures from the limits. This provides an opportunity for the City to collaborate with MPS on school safety initiatives.
- **Project New Hope** – Provide \$1 million over the biennium to this jobs program to improve opportunities for offenders returning to the Milwaukee community.
- **Milwaukee County** – Increased funding to support youth aids (\$27 million statewide), circuit courts (\$3.5 million to Milwaukee), the treatment alternatives and diversion program (\$750,000), AIM program (\$750,000), DA best practice project (\$50,000).
- **State Crime Lab** – Provide \$3.7 million for 15 new DNA analyst positions in the state crime lab. There is a state crime lab in Milwaukee, but it is unclear whether these positions will reside there.
- **Other** - Truth & Sentencing Commission to establish sentencing guidelines. Provide \$11.5 million for 122 positions in DOC to track sex offenders via global positioning technology \$350,000 for Internet Crimes Against Children Task Force. Combine and redistribute funds from surcharge revenues and handgun hotline, includes increasing

handgun hotline fee from \$8.00 to \$30.00 per record check. Will support, in part, several criminal Justice programs. Create Bureau of Criminal Justice Research in Office of Justice Assistance.

TRANSPORTATION

- **Local Aids** - Increase the General Transportation Aid appropriation by 2% in each year of the biennium. For Milwaukee, it is unclear whether this increase will overcome the anticipated decline in our payment due to a formula that rewards jurisdictions with increasing mileage. Also provide 2% increases in the Local Roads Improvement Program and Transit Aids.
- **KRM Commuter Rail** – Provide \$1 million for preliminary engineering.
- **Major Highway Projects** – Provide funding to complete the Marquette Interchange project. Provide \$91.4 million to design and reconstruction of the 1-94 North/South Corridor. Provide \$24 million for preliminary engineering of the Zoo Interchange project.
- **Amtrak Hiawatha** – Provide full funding of Wisconsin's share of the Hiawatha line. Also, provide \$ 1 million to add a rail car to increase capacity.
- **Harbor Assistance Program** – Provide \$12.7 million of new bonding authority for harbor projects and create a new appropriation through which local match dollars may be appropriated.

ECONOMIC AND WORKFORCE DEVELOPMENT

- **Mayor's Summer Youth Jobs Program** – Continue to fund this program at \$500,000 annually, with the proceeds coming from increased fees for vital records.
- **RACM Inspection Rights** – Provide RACM with the ability to enter a spot-blighted parcel, regardless of whether the property is in a blighted area, to make inspections, surveys, appraisals, soundings or test borings and obtain a court order for these purposes if entry is denied or resisted. This is from our legislative package.
- **Milwaukee 7** – Provide \$500,000 toward the Milwaukee 7 economic development efforts.
- **Boys and Girls Clubs** – Provide \$500,000 to fund programs at school-based sites that improve the social, academic, and employment skills of youths residing in the city of Milwaukee.
- **Biomedical Technology Alliance** – Provide \$2.5 million to the alliance.

- **Translational Research Facility** – Provide \$2.5 million to the Medical College of Wisconsin to develop a translational research facility to translate discoveries from the lab to the marketplace creating high-paying jobs.
- **Minority Entrepreneurs Network** – Fund a business development specialist to provide technical assistance to minority entrepreneurs in Milwaukee.
- **Youth Apprenticeship Program** – Double the funding for this program to \$2.2 million, and specifically provide additional staff for activities in MPS.
- **Workforce Advancement Training Grants** - Propose a \$6 million increase over the biennium for the Workforce Advancement Training Grants program. The funding increase is targeted to manufacturing and business support service occupations. This could provide an opportunity for the City to leverage workforce development funding in conjunction with its redevelopment and financial assistance programs. It also provides opportunities for improved Milwaukee 7 coordination on workforce development priorities.
- **Venture Capital** – Propose \$1 million to create a Wisconsin venture Center to link entrepreneurs with willing capital investors. The proposed Budget also increases funding for emerging biotechnology firms through \$5 million annual additional angel and early stage investment credits. This may create an opportunity for Milwaukee to foster growth of emerging industries.
- **Economic Growth Agenda** – Earmark \$8 million for UW-Milwaukee to link research with business development in order to strengthen the Region's knowledge-based economy and employment. This should create an opportunity for Milwaukee to foster growth of emerging industries.

HOUSING

- **Milwaukee Housing Trust Fund** – First class cities would be able to extend tax incremental financing by one year after all costs are paid on the condition that 75% is used for affordable housing and 25% for improvement to existing housing. The first category could be used to support the Housing Trust Fund and the second category could be used to accelerate the City's lead abatement program. It is important that these increments would continue to be exempt from levy limits until the TID is dissolved.
- **Affordable Housing Trust Fund** - Using increased real estate transfer fee proceeds, create an affordable housing trust fund of \$4 million for agencies in Milwaukee who provide homeless and transitional housing services.
- **Homeless Veterans** - Provide \$25,000 in each year to the Center for Veterans Issues to offer outreach services to homeless veterans in Milwaukee.

- **Homeless Assistance** – Provide \$2 million additional over the biennium for organizations that operate homeless shelters.

CHILDREN, FAMILIES AND PUBLIC HEALTH

- **Department of Children and Families** – Create a new state department that merges select staff from DWD and DHFS. There will be five divisions, with one dedicated to Milwaukee – Milwaukee Child Welfare Division.
- **School of Public Health** - Provide \$200,000 to the study the creation of a School of Public Health at UW-Milwaukee.
- **AIDS Resource Center of Wisconsin** - Provide \$1 million to provide better healthcare access to people living with AIDS in the city of Milwaukee.
- **Educare Program** - Provide \$1.5 million over the biennium to expand on the Next Door Foundation's experience with Head Start and Early Head Start programs to increase cognitive skills and provide tools for success in school.
- **MetaHouse, Inc** – Provide \$500,000 over the biennium to support alcohol and drug abuse treatment services for Milwaukee women.
- **Home Visit Program** – Expand this program in Milwaukee for first-time parents to increase health and school readiness of infants and children – budget establishes a universal home visiting program for first-time parents and expands the targeted home visiting program for first-time parents.
- **Youth Aging out of Foster Care** – Extend Medicaid coverage to these youth.
- **Vital Records Fees** – Increase these fees across the board to support the cost of REAL ID Act, increased funding for the Children's Trust Fund as well as social services for vulnerable children and families.
- **Other** – Expand coverage for BadgerCare Plus and Family Planning Waiver to persons with incomes at or below 200% of federal poverty level. Increase group insurance minimum coverage levels for mental health and substance abuse issues (parity issue). Provide \$7.8 million to extend the length of time parents may stay at home with newborns to 26 weeks; \$1.4 million in cash assistance to unmarried, pregnant women with no other custodial children who are participating in the W-2 program, are in the third trimester of a medically-verified, at-risk pregnancy and unable to work. Provide \$2.8 million to develop and implement a child care quality rating system; \$2.4 million to assist child care workers in obtaining early childhood education degrees and increase salaries.

LABOR AND EMPLOYMENT

- **Police, Fire Arbitration** – Provide police officers and fire fighters the option of arbitration instead of circuit court appeals procedure. This does not apply to first class cities, but it could be extended in the future.
- **Factoring in Levy Limits** - Arbitrators must consider levy limits and fiscal condition of local government in their decision.

ENVIRONMENT AND NATURAL RESOURCES

- **Recycling Fee** – Increase the fee to \$6 per ton. There is no proposal to increase aid to local recycling programs, therefore the increase will significantly increase costs for property tax payers.
- **Lake Michigan Contaminated Sediment Removal** - Provide \$17 million in bonding revenues to leverage \$31 million in federal funds to revitalize the Kinnickinnic River and Estabrook Park to clean up contaminated sediments.
- **Clean Water Fund Program** – Reduce the subsidized loan rate from 55% of market to 70% of market, due to reduced federal government support. Overall program funding is about the same as for the current biennium. If the market rate had been reduced for 2007 as is proposed, the reduced subsidy would have generated an additional \$2.3 million in debt service cost over the next 10 years.
- **MMSD Design/Build Authority** – The Governor recommends authorizing that MMSD be allowed to use the design/build construction project process for the purpose of constructing a deep tunnel pump station.