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## Summary of Governor Walker's 2013-15 Executive Budget Impact on the City of Milwaukee

### - Analysis of the Governor's Recommendations-

- Indicates action by the Joint Committee on Finance

#### LOCAL AID AND PROPERTY TAX RELIEF

- **Shared Revenue** - The budget makes no changes to the formula for allocating shared revenue. The appropriated amount over the biennium contains a small increase, while the ERP appropriation remains the same as the current biennium. Milwaukee is scheduled to receive \$218,694,000 in shared revenue, a municipal services payment of \$1,800,000, and \$8,475,000 in expenditure restraint aid in 2013 and will receive the same amounts in 2014 and 2015.
  - No action taken by the JCF on this item.
- **Levy Limits** - Keeps in place the current levy limit of 0% or the increase in net new construction. The exceptions for debt service and service consolidations remain as well. A supermajority vote will still be required to use any unused carryover levy. In addition, technical college district tax levies can only be increased by the greater of 0% or the increase in net new construction. The 2011-12 percent change in net new construction for Milwaukee was 0.72%.
  - Retained the Governor's proposed levy limits.
  - Removed the negative debt levy adjustment provision that was in the Governor's budget. That provision had the potential to lower the City's levy by \$4 million.

#### EDUCATION AND LIBRARIES

- **Milwaukee Public Schools** - Increases funding for equalization aid by 1% in each year of the biennium. The bill does not however increase the revenue cap. This will have the effect of not providing any additional in classroom funding to MPS, though it will lower the amount that can be raised through property taxes essentially providing property tax relief. The budget also provides \$64 million in funding in 2015 for performance based categorical aid to schools based upon school report cards.
  - The committee increased funding for public schools by \$150 in each year of the biennium with half to be funded by the state and the remainder to be funded by local property taxes.
- **Milwaukee Parental Choice Program** - Expands the number of school districts eligible for participation in the choice program to districts with at least two schools with failing grades and enrollment of 4,000 pupils. There are expected to be 9 school districts that meet these criteria for the 2013-14 school year. The budget also caps the program at 500 in the first year and 1,000 in year two.
  - Expanded the program throughout the state but caps the program at 500 students in 2014 and 1,000 in 2015 with no more than 1% of students from any district.

- **School Choice Funding** – Provides no further relief from the funding flaw which is estimated to be \$50.5 million in 2012-13. The budget also increases the per pupil payments from \$6,442 to \$7,050 for K-8 and to \$7,856 for grades 9-12 which is expected to increase the MPS levy for choice schools from \$59.4 million in 2012-13 to \$74.6 million in 2013-14.
  - Phased out the 38.4% aid reduction and local share of the voucher program over a 12 year period at 3.2% annually. For the 2012-13 school year, the aid reduction and local share was \$59.3 million.
  - Approved the Governor’s proposal on per pupil payments.
  
- **Charter Schools** - Repeals the ability of the City of Milwaukee, UWM, MATC, and UW-Parkside to create new charter schools. Milwaukee currently operates 9 charter schools and would lose its current ability to authorize those schools (without state approval) in the budget. Creates a charter school oversight board that would approve new independent charter school authorizers. If the previous organizations want to create new charter schools, they must submit an application to the Charter School Oversight Board. Allows students in districts with two or more schools with failing grades to attend any independent charter school. Increases per pupil payments for charter schools from \$7,775 to \$7,852 and then to \$7,931 over the biennium. Increases flexibility for instrumentality charter schools by requiring their contracts to have the same per pupil payment as the school district’s average per pupil costs, and by granting the school operator sole discretion over budget and curriculum.
  - Increased the per pupil payment for charter schools by 2% in each year of the biennium.
  - Allowed UWM to sponsor schools throughout Milwaukee County and adjacent counties.
  - Deleted the provisions concerning charter school oversight.
  
- **Special Needs Students** - Creates a special needs scholarship program that would allow any disabled child to receive a scholarship to attend the school of his or her choice.
  - Removed this provision from the budget.

## **PUBLIC SAFETY AND JUSTICE**

- **Community Policing Grant** - The budget deletes the \$222,700 COPS grant that was allocated to Milwaukee in 2012.
  - No change to the Governor’s proposal.
  
- **GPS Tracking of Domestic Abusers** - Authorizes local governments or law enforcement agencies to establish a program for GPS tracking of persons issued a domestic abuse or harassment restraining order or injunction. Grant money will be provided (\$3 million over the biennium) to fund these initiatives.
  - Reduced the appropriation and created a pilot program for GPS tracking.
  
- **Expanded DNA Collection** - The budget establishes a program to collect DNA from individuals upon an arrest for crimes ranging from misdemeanors to felonies and upon conviction for all misdemeanor offenses. \$3.9 million in funding over the biennium will go to fund the collection activities.
  - Amended the Governor’s proposal by setting restrictions on when law enforcement agencies can forward DNA samples to DOJ.
  
- **Office of Justice Assistance** - Eliminates the Office of Justice Assistance and transfers all duties, including grant administration, to the Department of Justice.

- No change to the Governor's proposal
- **Domestic Violence** – Provides \$10.6 million in bonds for the construction of a Family Justice Center in Milwaukee.
  - No change to the Governor's proposal
- **Crime Labs** - Removes the requirement that the crime labs be located in Milwaukee, Madison, and Wausau.
  - No change to the Governor's proposal

## TRANSPORTATION

- **General Transportation Aid** –Provides \$23 million in general fund support to the transportation fund to make up for past transfers out of the fund. The transfer will not result in any additional funding for transportation aids. Milwaukee is estimated to receive \$24.8 million in local street aids in 2013.
  - Provided an additional 4% increase in GTA funding for calendar year 2015. For the City, this increase is estimated at \$995,200
- **Lift Bridge Aid** – No change in funding from the previous biennium.
  - No change to the Governor's proposal
- **Federal Transportation Grants** – Consolidates three federal local aids related to transportation enhancements into a new federal transportation alternatives program. Milwaukee has traditionally received funding from these competitive programs in the past.
  - No change to the Governor's proposal
- **Transit Aids** - Moves transit aids from the transportation fund to the general fund beginning in FY14, where they must compete with shared revenue and other programs for funding.
  - Increased mass transit aids by 4% in 2015.
  - Deleted the Governor's recommendation to convert transit aids to the general fund by providing for a one time transfer of funding from the general fund to the transportation fund.
- **Major Highway Projects** – Provides \$550 million for the Zoo interchange construction and \$236 million for Hoan bridge reconstruction. Also makes statutory changes to environmental and design work for I-94 from 25<sup>th</sup> to 70<sup>th</sup>, specifically allowing for the construction of additional highway lanes on this particular stretch.
  - Minor changes were made to adjust funding for the Zoo and Hoan Bridge projects that do not affect their timetables.
  - Retained the \$16 million in funding for the Lake Interchange ramp replacement that will facilitate the lakefront redevelopment plan.
  - No change to the Governor's proposal on the design work from I-94.
- **Rail Investments** –Increases bonding authority by \$60 million for freight rail.
  - No change to the Governor's proposal
- **Harbor Assistance Program** –Increases bonding authority in the program by \$10.7 million. The Port is expecting to apply for up to \$5 million from this program in 2014.

- Additional funding was added to the Harbor Assistance Program but was earmarked for a specific project. No change to the treatment of cranes and other harbor equipment.

## ECONOMIC AND WORKFORCE DEVELOPMENT

- **Transform Milwaukee (WHEDA)** - Provides \$2.5 million in funding for the Wisconsin development reserve fund to leverage \$11.25 million in loan guarantees to support WHEDA's Transform Milwaukee initiative.
  - No change to the Governor's proposal.
- **Transform Milwaukee Jobs Program** - The budget also creates the Transform Milwaukee Jobs program. Under the program, the Department of Children and Families would provide subsidies for wages and other costs of employers and participants with the intent of increasing employment in Milwaukee by matching employers with workers. The program will provide workers with at least 20 hours per week making at least minimum wage. It is funded at \$8.75 million over the biennium.
  - No change to the Governor's proposal.
- **Summer Youth Jobs** – Provides \$422,400 in each year of the biennium for summer youth jobs programs. The entirety of this funding has traditionally gone to Milwaukee for the Earn and Learn program.
  - No change to the Governor's proposal.

## ENVIRONMENTAL AND NATURAL RESOURCES

- **Recycling Grants** – Maintains the recycling grant program with the same amount of funding from the previous biennium (\$19 million). In 2013, Milwaukee is estimated to receive \$2.3 million in recycling grants.
  - No change to the Governor's proposal.
- **Program Modifications** – Provides additional general obligation bonding authority for the Safe Drinking Water Loan Program. Also, increases the present value subsidy level for the Clean Water Fund Program to \$76,700,000, which represents an increase over the current biennium.
  - No change to the Governor's proposal.

## HEALTH AND HUMAN SERVICES

- **Medicaid Administration and BadgerCare Plus** – Reforms the scope of services and reimbursement policies following the implementation of the Affordable Care Act. The changes would have the effect of removing the BadgerCare Plus Core cap, giving Medicaid to 82,000 childless adults under 100 percent of the poverty level, and putting those above that level in private exchanges. It would also reduce the eligibility rate for the BadgerCare Plus program to 100 percent, moving 87,000 of the less poor parents to private insurance exchanges and keeping the poorest in Medicaid. Under current law, eligibility is currently set at the 200 percent mark.
  - Upheld the Governor's proposal not to expand Medicaid.

## MISCELLANEOUS

- **Residency** – Repeals Milwaukee's employee residency requirement by finding that residency is a matter of statewide concern and prohibiting any local government unit from having residency

requirements as a condition of employment. Repeals all current residency requirements on the effective date of the bill and makes residency a prohibited condition of collective bargaining.

- The Governor's proposal remained intact with the exception that municipalities may regulate a distance of 15 miles outside of municipal boundaries for residency of public safety employees.
- **Individual Income Tax Reductions** - Decreases the individual income tax rates for the first three income tax brackets. The reductions are from 4.6% to 4.5%, from 6.15% to 5.94%, and from 6.5% to 6.36%. Expected to produce a \$343 million decrease in tax revenue over the biennium. The average tax cut for an individual will be \$83 while the reduction for a married couple will be \$122.
  - Made several changes to the Governor's proposal by further decreasing the tax rates for filers over the biennium which will further reduce revenues by an additional \$300 million.
- **Regional Intergovernmental Affairs** - Creates regional intergovernmental affairs offices to conduct public outreach and promote interagency coordination in Milwaukee and other regions in the state.
  - No change to the Governor's proposal
- **Billboard property tax changes** – Prohibited municipalities from assessing billboards as real property based upon the value of their permit or license. This would reduce the overall billboard assessment in the City of Milwaukee from \$76 million to \$6.6 million, which would shift \$2.1 million to other property taxpayers in Milwaukee's taxing jurisdictions.
- **Streetcar** – Prohibited utilities from recovering the costs of infrastructure relocations related to the streetcar project. The motion may have also expanded PSC authority to regulate other public works projects.
- **Foreclosure Demolition Funding** – Allocated \$3.5 million for the demolition of abandoned properties.
- **Cellphone Tower Siting** – Prohibited municipalities from regulating the siting of cellphone towers by local ordinance.
- **Municipal Fees** – Required municipalities to reduce their allowable property tax levy by the amount of any new fee revenue collected to fund certain services previously funded by the tax levy. Covered fees include stormwater management, garbage collection, fire protection, snow plowing, and street sweeping. This begins with items on the 2013 tax levy. A provision was also added that the state Tax Appeals Commission is to hear challenges to the reasonableness of municipal fees, and that the burden of proof rests with the municipality as to the reasonableness of the fee.
- **Open Book Requirements** – Required all municipalities with a population larger than 5,000 to participate in the Department of Administration's expenditure reporting system.
- **Stormwater Management Standards** – Prohibited municipalities from enacting requirements on stormwater management or construction site erosion that are stricter than state uniform standards.

- **Regulation of Nonconforming Outdoor Signs** – Specified that the owner of a nonconforming billboard affected by a highway project can elect to relocate a sign within the municipality without affecting the sign’s nonconforming status.
- **Healthcare Design and Selection** – Clarified language passed in the current biennial budget making the design and selection of healthcare a prohibited subject of collective bargaining. Will resolve a lawsuit brought against the City by the MPA.