



City Treasurer

Budget Reduction Scenarios

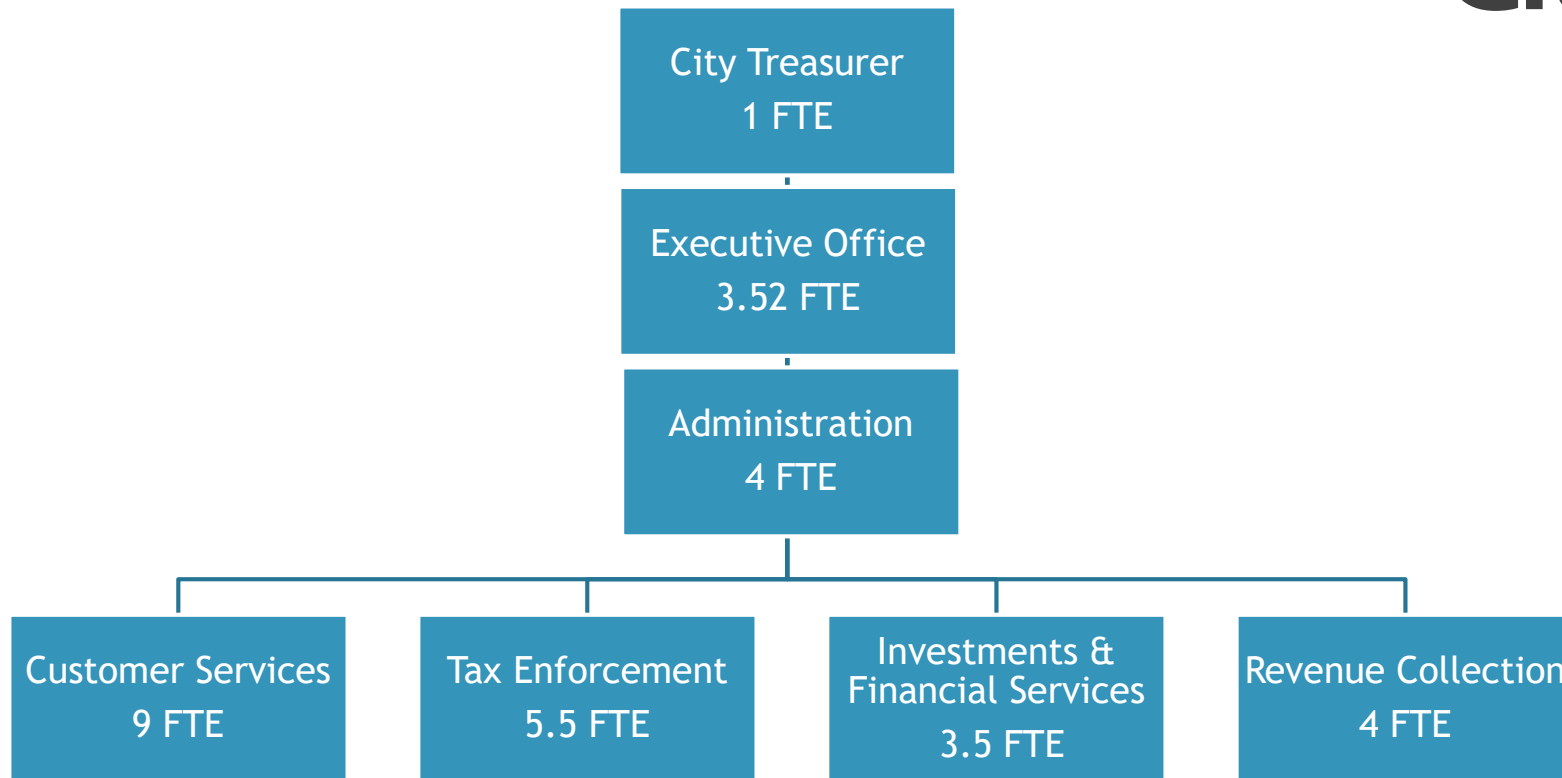
Steering & Rules Committee
Common Council File No. 221521
March 31, 2023

City Treasurer

| | |
|--|----------------------------|
| | 2023 Adopted Budget |
| 2023 Adopted Budget | \$3,968,746 |
| O&M FTEs | 30.08 |
| 2023 Adopted Budget (less Fringes) | \$3,199,185 |
| 2023 Net Salary Budget | \$1,710,135 |
| 2% Wage Increase | \$34,203 |
| Adjusted 2023 Net Salary Budget | \$1,744,338 |
| 2023 O&M FTE Average Salary | \$57,990 |
| 2023 Operating/Equip/Special Funds | \$1,483,730 |
| 2022 Total Pooled Cash Investment Revenue | \$6,017,269 |
| 2022 Total Amount of Property Taxes Collected | \$896,186,129 |

| | Total Reduction | Amount From Non Salary Accts | Amount From Salary Acct | Estimated FTE Reduction |
|-----|-----------------|------------------------------|-------------------------|-------------------------|
| 10% | \$319,919 | \$148,905 | \$171,014 | 2.95 |
| 20% | \$639,837 | \$297,810 | \$342,027 | 5.90 |
| 25% | \$799,796 | \$372,263 | \$427,534 | 7.37 |

City Treasurer



Personnel Cost Adjustment reduces funded FTE's by 0.44 FTE's to 30.08.

Mission: To fulfill the duties and responsibilities of the independently elected City Treasurer, who serves as the chief investment and revenue collection officer of the City of Milwaukee.

Core Services

- **Executive Office and Administration Division**
 - Budget Administration
 - Communications and Information Services
 - Contract Administration
 - Facilities Management
 - Information Systems Development and Support
 - Office Administration
 - Personnel Administration
 - Procurement Services
 - Records Management Coordination
- **Customer Services**
 - Administration of the State Lottery Credit Program
 - Administration of the EFT Installment Payment Plan
 - Process All Incoming Mail
 - Tax Account Billing and Collection
 - Special Improvement Bonds Billing and Collection
 - Maintain Tax Account Mailing Addresses

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Core Services - Continued

➤ Tax Enforcement

- Bankruptcy Administration
- Collection Agent Administration
- Tax Account Maintenance and Coding
- In Rem Tax Foreclosure Filings
- Vacated Judgment Administration

➤ Investments and Financial Services

- Daily Bank Deposits
- Cash Management
- Fund Accounting
- Investment Portfolio Management
- Payment Distribution
- Accounts Receivable Billing
- Tax Levy Settlements

➤ Revenue Collection

- Revenue Collection
- Cashiering Control

City Treasurer

| | Total Reduction | FTE Reduction |
|-----|-----------------|---------------|
| 10% | \$319,919 | 2.95 |
| 20% | \$639,837 | 5.90 |
| 25% | \$799,796 | 7.37 |

Budget Reduction Impacts

10% Reduction

- ▶ Target: \$319,919
- ▶ Unable to pursue in rem tax foreclosure
 - ▶ Three personnel laid off
 - ▶ Operating expenditures reduced (title reports, certified mail postage, guardian ad litem fees, publishing notices, office supplies)
- ▶ Forego equipment replacement
- ▶ Forego computer replacement

Foregoing the final phase of tax enforcement will adversely impact property tax collections.

Foregoing equipment and computer replacement risks unit failures resulting in personnel unable to perform required tasks.

City Treasurer

| | Total Reduction | FTE Reduction |
|-----|-----------------|---------------|
| 10% | \$319,919 | 2.95 |
| 20% | \$639,837 | 5.90 |
| 25% | \$799,796 | 7.37 |

Budget Reduction Impacts

20% Reduction

- ▶ Target: \$639,837
- ▶ Forego funding temporary personnel
- ▶ Reduce Customer Service Division staff
 - ▶ Four personnel laid off

The staff reductions would dramatically impede the department's ability to bill and collect property taxes, which are the largest source of revenue for the City.

City Treasurer

| | Total Reduction | FTE Reduction |
|-----|-----------------|---------------|
| 10% | \$319,919 | 2.95 |
| 20% | \$639,837 | 5.90 |
| 25% | \$799,796 | 7.37 |

Budget Reduction Impacts

25% Reduction

- ▶ Target: \$799,796
- ▶ Previous reductions leave the department with a skeleton crew. Further reductions would completely cripple the department's ability to fulfill its duties.

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Ideas & Opportunities for Increased Revenue

- ▶ Coordinated cash flow planning would allow for longer term investment vehicles and increased interest revenue.



City Treasurer

Response to CCFN 221185

As the City of Milwaukee's independently-elected City Treasurer, I both understand and appreciate the severity of the financial crisis faced by the City. Without there being an increase in State Shared Revenue, which has been frozen for years, or the addition of other revenue sources, such as a local sales tax, our City is at a tremendous disadvantage.

The functions of the City Treasurer are governed by the Wisconsin State Constitution and Statutes, and City Ordinances and Resolutions, as well as Generally Accepted Accounting Principles (GAAP). This requires a separation of duties amongst staff and the appropriate cashiering controls. For example, under GAAP, one person processes payment transactions, another balances and prepares the bank deposit, and a third person reconciles the bank account.

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It is very important to note, **that property taxes are now the largest source of revenue for the City.** Consequently, any reductions to the City Treasurer's budget will result in an adverse effect on property tax collections, further exasperating the City's financial crisis.

The City Treasurer's Office continues to collect near 99 cents of every property tax dollar levied and does so efficiently at a cost of just 60 cents per one hundred dollars collected. That's efficiency!

The City Treasurer's 2023 adopted budget included just \$6,220 in discretionary spending for two subscriptions, staff travel and training, and membership dues, plus \$23,620 in hardware and equipment replacement. This represents just 0.75% of the department's 2023 adopted budget. The balance of the 2023 budget was based on a cost to continue treasury operations, 62.48%, or \$2,479,696, for personnel and 36.77%, or \$1,459,210 for forms, supplies, postage, and contract expenditures.

In 1975, the City Treasurer's Office employed 40 full time employees and utilized 57 temporary employees. Currently, in 2023, my office employs just 28 full time employees and 2 part time employees and has 20 temporary positions authorized.

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In 2000, the City Treasurer's Office budget was \$2,889,185. Adjusted for inflation, that is the equivalent of \$4,910,188 today, yet my 2023 budget request was for \$3,968,746, which is a reduction of 19.17%, or the equivalent of \$941,442 less.

The City Treasurer's Office has reduced staff dramatically over the years, which cannot be said of the State of Wisconsin. This office has implemented technologies and has improved operating efficiencies, which, in turn, has reduced costs.

Any further reduction in the City Treasurer's budget would require extensive, draconian staff layoffs, as nearly two thirds of the department's budget is for personnel costs, rendering the department unable to fulfill its job responsibilities, resulting in an adverse effect on property tax collections and tax enforcement, further putting the City in dire straits.

Prematurely identifying positions that may be in jeopardy of being defunded risks personnel engaging in "quiet quitting," or worse, actively looking for another position and actually quitting. This most certainly would reduce productivity resulting in an adverse effect on property tax collections and tax enforcement, and, once again, further accelerating the City's financial crisis.

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My office is fulfilling its job responsibilities efficiently and cost-effectively. As stated earlier, the City Treasurer's Office continues to collect near 99 cents of every property tax dollar levied, and does so at a cost of just 60 cents per one hundred dollars collected.

Let's not financially shoot ourselves in the foot and jeopardize property tax collections and tax enforcement, which is currently the largest source of revenue for the City.

Respectfully submitted,

A handwritten signature in black ink, reading "Spencer Coggs". The signature is written in a cursive, flowing style.

SPENCER COGGS
City Treasurer