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Summary of Governor Walker's 2015-17 Executive Budget Impact on the City of Milwaukee

-Preliminary Analysis of the Governor's Recommendations-

LOCAL AID AND PROPERTY TAX RELIEF

- **Shared Revenue** – The proposed budget Milwaukee is projected to receive negligible increases from our 2015 payment of \$217,490,997. The budget makes no changes to the formula for allocating shared revenue.
- **Expenditure Restraint Program** - The appropriation for this program has remained the same since 2003 and that is proposed to continue. The projected annual payment for ERP remains at \$8,552,944, which could fluctuate slightly according to how many municipalities qualify for the payments.
- **Levy Limits** –Proposes to maintain the current structure of the property tax levy limits. A supermajority vote will still be required to use any unused carryover levy. The City's annual allowable increase for net new construction has been hovering around 1.1% in recent years.
- **Other Municipal Payments** – Milwaukee is projected to continue to receive a Municipal Services Payment of \$2,513,997 for services provided to state-owned property. This amount is about 42% of the statutorily-defined entitlement for the program. The projected Public Utility Aid payments for FY16 and FY17 are projected to increase from \$1,432,948 to \$1,441,072 and \$1,471,336 respectively.
- **Property Tax Credits** – The Lottery and Gaming credit is proposed to increase by 1.2% in FY16 and by an additional 1% in FY17. The School Levy Credit and First Dollar Credit is proposed to remain at the same funding level in FY16 and increase by 23% in FY17, equating to an additional \$211 million.
- **Property Tax Assessment** – Proposes to change the property tax assessment process from a municipality-based system to a county-based system. Counties and municipalities over 30,000 in population can opt out of county-based assessment, however, they would be required to annually assess each property at 100% of fair market value.

EDUCATION AND LIBRARIES

- **UW System** – Restructures UW System as a public authority and extends the tuition freeze enacted in 2013 Wisconsin Act 20 for an additional two years. Reduces system funding by \$300 million over the biennium which results in an annual reduction to UW-Milwaukee of \$20 million each year. Also repeals statutory language related to the Schools of Public Health and Freshwater Sciences, Downer Woods and other items that can be recreated under the new system authority.
- **Pupil Transportation** – Provides an additional \$13.4 million over the biennium for districts transporting students more than 12 miles.
- **Educational Approval Board** – Eliminates the Educational Approval Board which inspects and approves and oversees certain private postsecondary institutions and transfers current functions to the Department of Financial Institutions and Professional Standard also created in the proposed budget.
- **School Choice Program** – Removes the cap on participation in the statewide school choice program. Makes no further changes that impact Milwaukee. Funds the 3rd and 4th years of the 12-year phase-out of the local share of the voucher payment. The local share will drop to 25.6% by the end of the biennium.
- **Charter School Oversight Board** – Create board which will oversee the approval of new independent charter school authorizers. Eleven members: 2 appointed by Governor, 6 appointed by legislature, 2 appointed by State Superintendent, and State Superintendent. Proposes to eliminate our authority to charter new schools.
- **TEACH Program** – Expansion to the Technology for Educational Achievement program to provide opportunities for schools and public libraries to expand data line and video links.
- **Common Core Standards** - Eliminates the requirement that school districts use the Common Core standards.
- **Chapter 220** – Ends Chapter 220 intra- and inter-district transfer program, current students are grandfathered in. Note this program provides transportation to students while open enrollment does not.
- **Broadband Expansion** – Proposes an additional \$6 million for program expansion which supports public-private broadband infrastructure projects in underserved areas of the state.
- **School Equalization Aids** – Provides an additional \$104 million in general school equalization aids in fiscal year 2015-16, or a 1.4% increase. Uses the increase to drive down school district tax levies by freezing revenue limits.
- **Library Funding** – Maintains funding for library programs at current levels, including the Public Library System Aid funded from the Universal Service Fund, the Newsline for the Blind, and BadgerLink.

PUBLIC SAFETY AND JUSTICE

- **Juvenile Justice Reform** - Establishes several reforms in the juvenile justice system. Including transferring \$91 million in funds from DOC to DCF for the management of community-based juvenile delinquency-related services. Criteria for performance standards will be based on successfully diverting juveniles from juvenile correctional facilities to less restrictive community programs and are successfully rehabilitating juveniles who are adjudged delinquent.
- **Conflict Defender's Office** – Bill creates a two-year pilot program for a conflict defender's office under the state public defender's office which will manage cases in Milwaukee, Waukesha, and Racine counties when a conflict of interest exists.
- **Re-entry Program Earmarks** - Eliminates the annual allocation of \$50,000 to Urban Ministry and \$50,000 to Project Return; nonprofits who specialize in community reintegration in Madison and Milwaukee.
- **ShotSpotter Technology** – Maintains \$175,000 annually to support the ShotSpotter Technology in MPD.
- **Justice Assistance Grant Program** – Eliminates the \$1.2 million law enforcement officer supplement grants program, where Milwaukee received a grant of approximately \$140,000 and creates a \$1.75 million competitive crime prevention grant program administered by the DOJ available to state agencies, local governments, and private organizations.
- **Crime Prevention Funding Board** – Creates a county-level board to manage a crime prevention grant program funded by a new \$20 surcharge for all felonies and misdemeanors. At least ½ of the funding must be awarded to private or non-profit organizations. The board is comprised of county and local officials.
- **Prosecutors** – Moves state prosecutors from the DOA to the DOJ, and does not fund pay progression for this biennium.
- **Milwaukee County's Emergency Detention Program** – Eliminates Milwaukee County's emergency detention procedure, and aligns the County with the rest of the state.

TRANSPORTATION AND INFRASTRUCTURE

- **Transportation Aids** – Funds a promised increase of 4% in general transportation aid. Our 2014 payment of \$23,623,717 is projected to grow by \$950,000 in 2015. Our Connecting Highway Aid payment of \$1,800,769 and our Lift Bridge Aid payment of \$816,483 are projected to remain stable.
- **Elderly and Disabled Aids** – Provides \$438,000 for elderly and disabled aids to local governments and nonprofit organizations for transportation services for senior citizens and people with disabilities.

- **Bicycle and Pedestrian facilities** – Repeals the statutory requirement that the department must construct bike and pedestrian facilities on new highway construction.
- **Design on State Highway projects** – Prohibits DOT from funding community sensitive design on highway project. These funds are often used to offset adverse impacts of major construction projects such as the enhancement of S. 27th St. and the Hoan Bridge lighting. This prohibition would not prevent local governments from funding the cost if they choose to do so.
- **SE Wisconsin Highway Projects**- Enumerates of the I-94 East/West project allowing DOT to initiate substantive work on the project. Provides continues funding for the Zoo Interchange and Hoan Bridge projects.
- **Timely investments** – to rebuild the Zoo Interchange, Hoan and Stillwater bridges.
- **I94 North/South** – Recommends delay between Milwaukee and Illinois border by one year.

ECONOMIC AND WORKFORCE DEVELOPMENT

- **WEDC/WHEDA** – Creates the Forward Wisconsin Development Authority by merging WEDC and WHEDA. The budget also proposes \$55 million to fund the new regional revolving loan fund to reform economic development lending programs by directing the authority to create a regional revolving loan fund.
- **Fast Forward Grants** – Expands the eligibility of this \$12.8 million annual program for the training of unemployed and underemployed workers and of incumbent employees of businesses to enable organizations to use the grant for the hiring and training of apprentices.
- **Business Development Tax Credit** – Combines the existing Jobs Tax Credit and Economic Development Tax Credit.
- **Historic Rehabilitation Tax Credit** – Limits annual awards to \$10 million and must be awarded on a competitive basis with job creation criteria with a mandatory repayment if goals are not met. Repeals the related credit for non-historic buildings built prior to 1936. The program was placed on a temporary moratorium after June 2014 due to the popularity of the program and no statutory tax credit allocation cap. In 2014 Milwaukee benefited from the program by receiving approximately \$20 million in allocations.
- **Enterprise Zone Jobs Tax Credit** – Increases the lifetime cap from 20 zones to 30 zones.
- **Sports and Entertainment District** – Provides \$200 million in bonding toward funding a new Milwaukee Bucks arena and pays off \$20 million of Bradley Center debt. Creates a new authority appointed by the Governor to oversee the district.

- **Transform Milwaukee Jobs program** – Maintains funding of \$5 million annually for Milwaukee. Provides an extra \$1 million FY 16 and \$2 million FY 17 for DCF to establish job programs similar to Transform Milwaukee Jobs, in Racine, Beloit and high-need rural areas.
- **Summer youth jobs program-** Retains \$422,800 grant program to MAWIB for Earn and Learn.

ENVIRONMENTAL AND NATURAL RESOURCES

- **Natural Resources Board** – Proposes to change the board to an advisory council. DPW's Director of Operations is the current board chair.
- **Petroleum Environmental Cleanup Fund Award (PECFA)** – Sunsets the program which provides reimbursement for cleanup of petroleum contamination from gasoline, kerosene, fuel oil, diesel fuel and motor oil.
- **Petroleum Inspection Fund (PIF)** – Transfers \$42 million from the PIF to the Transportation Fund over the biennium.
- **Urban Forestry Grants** – Allows grants to be used for removing, saving and replacing trees that have been damaged by emergency events or insect infestations including Emerald Ash Borer.
- **Forestry** – Reduces grant earmarks by \$481,200 in each year to general forest operations. Moves the physical location of the Division of Forestry to northern Wisconsin.
- **Recycling**– Reduces local recycling aid grants by \$4 million in FY 16, which would reduce the City's payment by approximately \$450,000. The budget proposes restoring the funding level to \$19 million in 2017.

HEALTH AND HUMAN SERVICES

- **Public Benefits Drug Testing** – Implements drug screening, testing, and treatment mechanisms to individuals receiving unemployment insurance or public assistance benefits in certain work-based programs at DCF, Workforce Development, and Health Services.
- **Domestic Violence** – Provide \$5 million to DCF for additional grants to shelters that help victims of domestic abuse and their families. And, provides \$421,300 in each year for additional GPS Offender Tracking for individuals convicted of serious child offenses and those who violate domestic abuse or harassment temporary restraining orders.
- **Milwaukee Child Welfare** – Creates a new Division of Milwaukee Child Welfare within DCF for increased oversight.
- **Office of Children's Mental Health** – Moves this function to Department of Health Services.
- **Community Aids** - Consolidates mental health funding into community aids.

- **Heroin Policy** – Creates a voluntary opioid addiction pilot program for those convicted of an opiate related offense.
- **Crisis Service programs** – Funds counties to create crisis service programs that pair law enforcement with mental health professionals.
- **SeniorCare** – Requires SeniorCare applicants to apply for Medicare Part D and reduces SeniorCare funding by \$15 million (40% reduction).
- **Medicaid** – Changes to Medicaid eligibility including imposing a 48 month MA enrollment limit on childless adults, requires DHS to seek a federal waiver to impose monthly premiums for risky behaviors for childless adults enrolled in Medicaid, and requires a health risk assessment and drug screening in order to receive benefits.

MISCELLANEOUS

- **Department of Financial Institutions and Professional Standards** – Proposes to merge the Department of Financial Institutions and the Department of Safety and Professional Services to create one agency responsible for state regulatory functions.
- **Department of Agriculture, Trade and Consumer Protection** – The budget proposes consolidating all food safety, recreational facility, and lodging and food protection activities.
- **Local Government Property Insurance Fund**– Proposes to phase out the program. The City’s LGPIF coverage will expire next January and we would be required to acquire alternative insurance coverage. The City’s LGPIF cost for 2015 was \$256,026, if the City went into the open market now for the same coverage currently through LGPIF, the estimated City cost would be 2.4 times the present LGPIF premium.
- **Property Tax Bill revisions** – Requires property tax bills to disclose debt service and fees from each taxing jurisdiction and their respective property tax bill impacts. The tax bill must inform taxpayers of the impacts of additional amounts levied.