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Summary of Governor Walker's 2017-19 Executive Budget Impact on the City of Milwaukee

- Preliminary Analysis of the Governor's Recommendations -

LOCAL AID AND PROPERTY TAX RELIEF

- **Shared Revenue** - Includes no changes to the appropriation for or the formulas for allocating Shared Revenue, Utility Aid or Expenditure Restraint Aid. The City's 2016 payments were \$217.5 million for Shared Revenue, \$1.6 million for Utility Aid and \$8.7 million for ERP and will remain the same.
- **Levy Limits** - Requires county and municipal governments to reduce property tax levies by the amount by which pre-July 2005 debt service decreases from the previous year. Would require an approximate \$280,000 reduction in the City's tax levy limit.
- **Elimination of Forestry Mill Tax**- Eliminates the State forestry tax levied on property tax bills. For City taxpayers, this will result in approximately a \$4.5 million citywide reduction in property taxes or 0.6%.
- **Individual Income Tax Reductions** – Reduces the bottom two income tax brackets of 4.0% and 5.84% to 3.9% and 5.74%, respectively.
- **School Levy Credit** – Increases the credit by 10.2% or \$87 million statewide for property tax bills payable in 2018. In the past, the City has averaged 6.6% of the statewide appropriation, meaning that the citywide benefit will increase from \$56.3 million to \$62 million, or \$5.7 million.
- **First Dollar Credit** - In past years, the City averaged 8% of the \$150 million in statewide credits, or \$12 million. With no increase in the appropriation, that will continue for property tax bills payable in 2017 and 2018.
- **Earned Income Tax Credit** – Proposes to increase the earned income tax credit for those with one dependent child from 4% of the federal credit to 11% of the federal credit beginning in tax year 2018. Also reduces the marriage penalty and provides EITC to noncustodial parents who meet their child support obligations.
- **Homestead Tax Credit** – Limits the Homestead Credit to those 62 and older and those with disabilities or those with earned income. It also indexes the credit for seniors and those with disabilities starting in 2018.

EDUCATION AND LIBRARIES

- **Newsline for the Blind** - Cost to continue increases of \$16,900 in FY18 and \$35,300 in FY19 are provided to MPL to maintain current levels of service, for a total of \$2,919,100 in FY18 and \$2,937,500 in FY19.
- **Library Service Contracts** - Two of the four providers with whom DPI has service contracts are in the City of Milwaukee, including the Milwaukee Public Library and the Wisconsin Talking Book and Braille Library (WTBBL). MPL is projected to receive \$61,343 in FY18 and \$62,877 in FY19. The WTBBL is projected to receive \$916,300 each FY.
- **General Equalization Aid** - Increases FY19 aids by \$72,750,000. If all other inputs to the formula remain constant, MPS will receive about \$8 million of this amount.
- **Per Pupil Aid** – Increases from \$250 per pupil to \$450 per pupil FY18 and \$654 in FY19, but a district must certify compliance with Act 10 to qualify. This is an increase of \$200 in FY18 and an additional \$204 in FY19. MPS projects their enrollment to be 74,038 in 2017-18 and 72,779 in 2018-19. Provided all these conditions are met, per pupil increase would result in an additional \$14,807,600 in FY18 and \$29,402,716 in FY19.
- **Student Mental Health** - Provides \$6.5 million over the biennium to address student mental health issues through three new programs requested by DPI: \$3 million in FY19 for social work expenditures, \$2.5 million in FY19 to support school and community health collaborations, and \$491,300 FY18 and \$514,100 in FY19 with 1 FTE position to support training school employees in trauma-informed care.
- **Summer School Grant Program** – A new grant program is proposed to enhance MPS summer school at \$1.4 million each FY.
- **Early Absenteeism Pilot Program** – Creates a 2-year pilot program to address early absenteeism. There will be a \$50,000 per school, competitive process, year-over-year reduction. Also requires a study of population overlap of public benefit programs and chronic absenteeism among students.
- **Performance Grant Fund** – Creates a FY19 grant program for public schools, independent charter and choice schools within the MPS geographic district. Rewards schools placed in performance category of “significantly exceeds expectations” or “exceeds expectations” on most recent accountability report and to schools that improved their scores at least 3 points over previous accountability report. Of \$5,645,000 in available FY19 funding, \$1,954,600 will fund a \$100/pupil for performance and 24 out of 152 MPS schools currently fall in that category. The remaining \$3,690,600 will go to schools with 3-point increases.
- **Milwaukee Parental Choice Program** –
 - Increases funding for program to reflect an increase in per pupil payments of \$217/year and reflect enrollment.
 - Eliminates requirement that participating schools annually satisfy at least one of these standards: a) at least 7-% of pupils advance one grade level ea. year, b) average attendance rate for pupils in program is at least 90%, c) at least 80% of pupils in program demonstrate significant academic progress, or d) at least 70% of participating families meet parent involvement criteria established by private school.

- Prohibits DPI from requiring participating school (if not new and in good standing) to submit an annual operating budget to DPI as evidence of school's fiscal and internal control practices or of its financial viability.
- **Charter Schools** - Increases funding for special needs scholarship program by \$4,276,000 in FY18 and \$6,217,000 in FY19. Eliminates the requirement that DPI reduce the amount of state aid a charter school operator receives from transporting a pupil if the pupil is transported for less than a full school year because they are not enrolled in the school district or charter for entire year.
- **Special Needs Students** – Provides \$7,600,000 increase over the biennium for a two pronged approach: A Special Education Transitions Incentive Grant to provide payments based on postsecondary education and employment outcomes for pupils with disabilities and a Special Education Transitions Readiness Investment Grant to support school districts identifying and creating competitive work opportunities for pupils with disabilities and successfully placing those pupils in work opportunities.
- **UW System** – Proposes a tuition freeze in FY 17-18 and reduces tuition by 5% in FY18-19. Increases need-based Wisconsin Grants by \$10,193,900 over the biennium.

PUBLIC SAFETY AND JUSTICE

- **Community Policing Grant** – Provides \$1 million GPR each fiscal year for total of \$2 million over biennium to help fund beat patrol officer overtime. Funding is limited to the 10 cities with the highest violent crime rates. DOJ determines grant amount; capped at \$400,000 for a city for a calendar year.
- **Office of Justice Assistance** – Maintains funding of \$175,000 for MPD's Shot Spotter Program.
- **Military Affairs** – Provides \$500,000 in FY18 for Mobile Field Force Grants that may be awarded to law enforcement agencies to fund crowd-control training and equipment used for crowd control.
- **District Attorneys** – Small overall decrease in FTEs (may not impact Milw. Co.), and provided additional funding for pay progression for assistant district attorneys and deputy district attorneys to increase retention.
- **Emergency Preparedness** - Improves statewide large scale incident emergency preparedness by providing \$325,000 PR from the Public Service Commission in fiscal year 2017-18 to support the Dark Sky multistate emergency response exercise involving federal, state, local government, and private business participants.

TRANSPORTATION

- **General Transportation Aid** – General transportation aids to counties and municipalities will increase by \$40.1 million to a total of \$460 million annually beginning in 2018. Milwaukee is estimated to receive \$25.8 million in GTA and Connecting Highway aids in 2017. The City should receive an approximate \$1.15 million increase under this proposal in 2018.

- **Local Road Improvement Program** - Proposes a statewide increase of \$14 million over the biennium and increases the maximum state share for local projects funded with discretionary grants from 50 percent to 60 percent. Increasing this cost share will allow more local governments to participate in the program by lessening the local funding burden. Over the years, the City typically receives \$1 million per year from the entitlement program which requires a 50% city match. We do not usually apply for funding under the discretionary grant program but with the increased funding, DPW will need to review projects for eligibility.
- **Prevailing Wage**- Repeals the prevailing wage requirements for state construction projects including those let by the Department of Transportation and prohibit any unit of government in Wisconsin from either requiring or considering the use or lack of use of a project labor agreement by a contractor as a condition of bidding on a public works project.
- **Lift Bridge Aid** – Provides an additional \$6,031,500 over the biennium. The City is reimbursed for expenses related to maintenance of KK, Broadway, Wells and State Street lift bridges. The City is expected to receive \$2.2M in 2017.
- **Transit Aids** – No change. Two percent (2%) increase for Seniors and Individuals with Disabilities Specialized Transportation County Aids.
- **Major Highway Projects** – Proposes to keep the Zoo Interchange project on track and to complete I-94 North/South. No enumeration or funding for the I94 East/West corridor is included.
- **Rail Investments** –Provides a \$200,000 increase in FY18 for operation of new state owned locomotives on Hiawatha line.
- **Harbor Improvements and Freight Rail** –Increases Transportation Fund-supported General Obligation Bonding authority by \$14M and \$12M, respectively. The Port has received competitive grant funding from these programs in the past.
- **MCTS Bus Purchase** - State will provide up to \$26 million of the VW settlement funds to the county to purchase new buses during the 2017-19 biennial budget. This will lower transit system emissions and target a majority of settlement funds toward a region deemed to be in need of air quality improvement. In return, the County will repay the State \$1,950,000 per year as a reduction in its Shared Revenue payment, for a ten-year period.

ECONOMIC AND WORKFORCE DEVELOPMENT

- **Historic Rehabilitation Tax Credit** – Proposes to limit the credit to annual awards of \$10 million to be competitively awarded on the basis of job creation potential while creating a claw back provision to ensure credits are repaid if pledged job creation totals are not met. Milwaukee developers have been the largest user of the program in the past. The imposition of a \$10 million annual cap will significantly reduce available credits.
- **Angel and Early Stage Seed Credit Program** - Increases the cap of investments eligible from \$8 million to \$12 million for each qualifying business to expand opportunities for those businesses to obtain more capital. In addition, allows the WEDC to carry forward unutilized

credits under these programs to the next calendar year for purposes of requesting reallocations to the Business Development Credit program.

- **WHEDA** – Gives authority to pilot a prioritization of Housing Choice (Section 8) Vouchers to chronically homeless individuals on the Housing Choice waitlist.
- **Summer Youth Job Program** – The proposed budget eliminates the \$422,000 in annual funding received by Employ Milwaukee for summer youth job programming and reallocates it into other youth programs.
- **Transform Milwaukee Transitional Jobs Program** – Maintains funding at current levels.
- **Boys and Girls Clubs of Greater Milwaukee** - Provides an additional \$100,000 TANF funding in each fiscal year for a grant to the Boys and Girls Club for Milwaukee Public Schools to implement a program similar to Green Bay's BE GREAT: Graduate program. Total funding for grants to the Boys and Girls Club is \$1,275,000 in each fiscal year, totaling \$2,550,000 over the biennium.
- **Fast Forward Program** –
 - Increases Training Grants funding by \$5 million in FY18 above overall base funding of \$27 million over the biennium, and add additional eligible projects or programs: registered apprenticeship; teacher training, internships, worker training partnerships.
 - Provides \$5 million in FY18 to DWD for Technical College Competitive Grants to provide high school students with industry-recognized certifications in high-demand fields.
 - Provides additional \$1million in FY18 and \$1million in FY19 to expand the Windows-to-Work and vocational training program so that offenders have skills necessary for employment upon reentry into society.
 - Expands opportunities for inmates within six months of release to be housed at county jails in order to participate in work-release and related employment programs.
 - Provides \$1,050,000 in FY18 and \$50,000 in FY19 to expand the mobile classroom program and provides job skill training for inmates at correctional facilities who are preparing for reentry into the workforce.
 - Creates an apprenticeship coordinator within the Department of Workforce Development to expand apprenticeship opportunities for inmates in correctional facilities.
 - Creates a five-year offender reentry demonstration project using a trauma-informed approach and targeted to formerly incarcerated males who are noncustodial parents over age 18 and returning to certain Milwaukee neighborhoods. Temporary Assistance for Needy Families (TANF) funding would total \$188,000 in FY18 and \$250,000 in FY19, for a biennial total of \$438,000.
- **Veterans Entrepreneur Development Grant** – Provides \$500,000 in each fiscal year for employment and entrepreneurship grants for veterans.

- **Homelessness Employment** - Provides \$75,000 each fiscal year to pilot a homelessness employment program to provide homeless individuals with work experience and work routine through jobs cleaning up municipal parks and public spaces with a goal of transitioning them into permanent employment.
- **Job Training Service for FoodShare Recipients** – Provides \$3.3 million in FY18 and \$35.2 million in FY19 to increase the amount of job training and employment assistance services provided to individuals receiving FoodShare benefits by requiring able-bodied adults with school-age children to participate in the FoodShare Employment Training Program (FSET). As many as 80,000 Wisconsinites are projected to be provided an opportunity to participate in employment and training.

ENVIRONMENTAL AND NATURAL RESOURCES

- **Recycling Grants** – Maintains the recycling grant program with the same amount of funding from the previous biennium. In 2016, Milwaukee received \$2.2 million.
- **Environmental Improvement Program** - Restructures the loan program for disadvantaged and extremely disadvantaged communities to provide clean water fund loan rates at 33 percent and 0 percent of the market interest rate. Decreases bonding authority by \$40.5 million.
- **Safe Drinking Water Loan Program** - Provides \$5.8 million in General Fund supported general obligation bonding for the 20% state match to the federal capitalization grant. Under federal law, each year up to 30% of the federal capitalization grant or \$4.3 million can be used for disadvantaged community programming, including lead service line removal.
- **Forestry Program** - No change in programming even though budget eliminates State Forestry Tax. The City qualifies for a maximum \$25,000 Urban Forestry grant.
- **Waukesha Water Supply Planning Area**- Aligns state law with the Great Lakes-St. Lawrence River Basin Water Resources Council decision to override the water supply public service area proposed by SEWRPC and DNR for the Waukesha Water Utility. This makes the statutes consistent with the decision of the Council to revise the proposed service area for the Waukesha water withdrawal.

HEALTH AND HUMAN SERVICES

- **Lead Poisoning** - Updates the definition of blood lead poisoning or lead exposure in the statute from 10 micrograms per deciliter to 5 micrograms per deciliter and increases the Medicaid reimbursement for blood lead investigations to \$800.
- **Mental Health Services**-
 - Peer-Run Respite Center for Veterans - Provides \$450,000 in FY18 to develop a Peer-Run Respite Center for Veterans in the Milwaukee area to improve outcomes of veterans in crisis and those having difficulty coping with mental illness.

- Provides \$518,000 each fiscal year in DSPS to help modernize the Prescription Drug Monitoring Program to combat prescription drug abuse.
- **Sex Trafficking Services** - Provides \$2 million in additional funding for services to child victims of sex trafficking. Total funding would be \$2 million in FY18 and \$4 million in FY19.
- **Foster Care** – Increases foster care and kinship care rates by 2.5% annually in each calendar year to strengthen foster and kinship care parent recruitment and retention efforts. The basic foster care and kinship care rate would increase from \$232 to \$238 in calendar year 2018 and from \$238 to \$244 in calendar year 2019.
- **Milwaukee Child Welfare Re-estimate** – Increases the Children and Family Aids allocation by \$1.2 million in FY18 and by \$5 million in FY19 to address increasing child welfare costs.
- **Medicaid Administration and BadgerCare Plus** – This bill requires DHS to submit to the federal government a request for an amendment to the Medicaid waiver for the childless adult demonstration project to provide employment and training services for childless adults eligible for the demonstration project. Currently, the Childless Adult Demonstration Project, also known as BadgerCare Plus Core, provides health services to adults without children who are under the age of 65 and who have family incomes that do not exceed 100 percent of the federal poverty line. BadgerCare Plus Core operates under a waiver of federal Medicaid laws.

MISCELLANEOUS

- **Statutory Printing, Publishing, or Mailing Requirements** - Allows an electronic option for all units of government for any statutory printing, publishing, or mailing requirements. The following documents are excluded from the waiver authority and the electronic option: any election documents, facsimile ballot, referenda, notice of public hearing before a governmental body, and notice of meetings of private and public bodies required by law; and a summons, order, citation, notice of sale, or other notice that is intended to inform a person that the person may or shall do an act or exercise a right within a designated period or by a designated date. In addition, the proposal exempts certified or registered mail.
- **Rental Weatherization Program** - Eliminates the program in the Department of Safety and Professional Services. Elimination of the program will reduce fees for property owners by \$121,000 in fiscal year 2017-18 and \$121,000 in fiscal year 2018-19.
- **Local Government Department Consolidation** - Recommends allowing two or more municipalities the authority to enter into contracts to establish joint agencies or commissions to carry out a certain function that will fulfill each of the participating local governments' obligation to establish such an agency or commission for that function.
- **Labor and Industry Review Commission** - LIRC is an independent Wisconsin administrative agency established to provide a fair and impartial review of the employment law decisions of administrative law judges in cases involving Unemployment Insurance (UI), Worker's Compensation (WC), and Equal Rights (ER). The commission's decisions provide consistency, stability, and integrity to the programs for the employers, employees, insurers, and citizens of the State of Wisconsin. Elimination is a major setback for the City Attorney's office, which relies heavily on LIRC reviews.