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Summary of Governor Walker's 2011-13 Executive Budget Impact on the City of Milwaukee

- Final Analysis of the Budget Bill-

The chart below details the direct decreases in funding to the major revenue categories the city receives.

Program Name	Amount of Cut
General Transportation Aids	\$2.5 million
Recycling Grants	\$1.2 million
Shared Revenue	\$10.3 million
Total	\$ 14 million

LOCAL AID AND PROPERTY TAX RELIEF

- **Shared Revenue** –Milwaukee received a cut of \$10.3 million, or -4.5%.
- **Levy Limit** – For the next 2 years, levy limits will be set at 0% or net new construction, whichever is greater. Our net new construction for 2010 was 0.74%. Unused levy up to 0.5% could be carried forward with a super majority vote. Created an exclusion equal to the amount of refunded or rescinded taxes, provided that DOR determines that the equalized value of the municipality or county is changed as a result of consideration of the valuation represented by the refunded or rescinded taxes. Also created an adjustment for municipalities that have experienced a revenue loss to their general fund due to the loss of revenue from the sale of water or another commodity to a manufacturing facility due to its closure. Adjustment can be taken in more than one year
- **Expenditure Restraint Program** - Current law sets our expenditure restraint at CPI or 3%, whichever is greater. The bill changes the restraint to CPI or 0%, whichever is greater.
- **First Dollar Credit** – Increases the average amount that a parcel in the City of Milwaukee will be credited in 2012 compared to 2011 from \$74.18 to \$76.11, a 2.6% increase. In 2013, the average amount a parcel in the City of Milwaukee will be credited is \$75.56, a 1.8% increase compared to 2011.

- **Homestead Tax Credit** – Eliminates the income, maximum income threshold, and property tax indexing provisions and freezes them at 2010 levels. This limits it to those who fall under current guidelines. This will save the state \$8.3 million over the biennium. Since 25% of filers reside in Milwaukee County, it is estimated that county residents could miss out on over \$2 million in tax credits.
- **Computer Exemption Aid** - The budget bill increases funding for computer aid payments from \$77.4 million to \$81.1 million for 2011 and to \$84.6 million for 2012. The state uses this money to reimburse municipalities for tax exempt personal property within in the community, such as computers. Milwaukee received \$3.4 million from this account in 2010. It is unclear whether the city will benefit from this increase.
- **User Charges/Special Assessments** – No changes were made to municipal ability to assess user charges or special assessments.
- **Payments for Municipal Services** – This program reimburses municipalities for services provided to tax-exempt state property. The budget reduces the appropriation by 10%, which would reduce Milwaukee’s \$1.9 million payment by about \$190,000.

EDUCATION AND LIBRARIES

- **Milwaukee Public Schools Aid** – Reduces Equalization Aid by \$750 million over the biennium (8.4% in 11-12/7.7% in 12-13). Districts are guaranteed 90% of their prior-year payment. Categorical aids and other school financing appropriations were also cut.
- **Milwaukee Parental Choice Program**– Eliminates the program’s enrollment cap, removed the provision that choice schools must reside in the City of Milwaukee, and opens the program to any eligible private school regardless of location. The family income limit was increased to 300% of federal poverty level and family income for a married couple would be reduced by \$7,000 before applying the income limits. It also allows choice schools to charge tuition if the pupil is in grades 9-12 and has a family income greater than 220% of the federal poverty level and set the maximum choice payment at \$6,442 (Governor’s proposal) but resumes indexing of the payment to the change in the general school aids appropriation beginning in 2013-14 the fiscal affect to MPS of these changes is an estimated reduction in aid of \$2.5 million in 2011-12 and \$5 million in 2012-13. MPS can increase property taxes to recover these amounts, if they remain under the 5.5% revenue limit reduction. The budget will also created a Racine School Choice Program and language that was added may lead to additional districts being eligible for a school choice program.
- **School Choice Funding Flaw** – Provides no further relief from the funding flaw. This year, the taxpayer impact is estimated to be \$36.5 million or \$166 for the average homeowner. The expansion of the program will increase the funding flaw impact on Milwaukee taxpayers.
- **High Poverty Aid** – Fully funds the High Poverty Aid appropriation. The payment made to MPS to help offset the School Choice Funding Flaw was about \$9.4 million this year.

- **Library System Aid** - Reduces library system aid by 10%, which will likely reduce state funding for the Milwaukee County Federated Library System (MCFLS) by \$297,400 in FY 2012. The Milwaukee Public Library serves as the MCFLS resource library and has a cataloging contract with MCFLS. Agreements with MCFLS dedicate 24.5% of state aid received by MCFLS to these contracts with MPL. A reduction in state aid to MCFLS will result in a loss of funding to MPL.
- **Milwaukee Public Library Service Contracts** - Reduces state funding for public library service contracts which could reduce support for the Milwaukee Public Library. Funding for the Regional Library for the Blind was kept at current levels.
- **Library MOE** - Repeals the maintenance of effort requirement for municipal, county or joint public libraries as a condition of participating in a public library system. The City of Milwaukee will not have to maintain annual local expenditures for the Milwaukee Public Library at the average of the prior three years as a condition for being a member of the Milwaukee County Federated Library System.

PUBLIC SAFETY AND JUSTICE

- **Fire and Police MOE** – Repealed the Maintenance of Effort provision for Police and Fire Departments.
- **Community Policing Grants** – Reduces this grant for targeted community policing by 10% from \$247,500 to \$222,700. The Milwaukee Police Department was originally funded with an earmark of \$750,000.
- **Milwaukee County Courts** – Increases reimbursements to Milwaukee County for clerks staffing the Felony Drug Crime Courts, Violent Crime Courts and Operation Ceasefire prosecutions.
- **DNA Testing** – Increases funding and position authority to address increasing caseloads for DNA analysis in the state crime laboratories to prevent backlogs.
- **Internet Crimes Against Children** - Provides additional resources focused on investigating Internet crimes against children and protecting children from on-line predators.
- **Early Release Provisions** – Repeals most of the early release provisions that were included in the 2009-11 State Budget. These provisions allowed offenders to earn time off for good behavior, allowed judges to reduce sentences, and allowed the Department of Corrections to discharge non-violent offenders from extended supervision after two years or discharge an offender from probation after serving half their sentence.
- **Vehicle Registration Stickers** – Maintained funding for vehicle registration stickers during the first year of the biennium. Directed the DOT to submit a request for funding

in the second year of the biennium which is to include a proposal to implement an alternative sticker system issued by a central third-party vendor that will carry an identification marker specific to the license plate or vehicle for which the sticker was issued.

- **Protective Service Collective Bargaining** - Prohibited employer paid pension contributions for new police/fire employees. Required that arbitrators give greatest weight to local economic conditions - and they did extend this to Milwaukee police. Prohibited bargaining on the "design" and "choice" of health insurance coverage plans for police/fire. Included non-represented current fire/police employees in the health/pension exemptions found in Act 10.

TRANSPORTATION

- **General Transportation Aid** - Reduces the GTA appropriation by 10% with a distribution that favors less populous communities. The maximum reduction is capped at 10%. Milwaukee's 2011 payment is \$25.5 million, the cut to the City's payment will be \$2.5 million.
- **Bicycle and Pedestrian Facility Funding** – Eliminates \$2.5 million per year in state funding for bicycle/pedestrian facility projects. These projects will continue to be funded at a reduced level with available federal dollars for Transportation Enhancements and Congestion Mitigation.
- **Transit Aids** - Reduces transit aids by 10% from \$68,583,200 in calendar year 2011 (authorized in 2009-11 budget) to \$61,724,900 in calendar year 2012 and 2013. A loss of \$6,858,300 beginning in 2012. Maintained transit aids in the transportation fund .
- **Other Local Aids** – No changes were noted in ongoing general or miscellaneous state transportation aids.
- **RTA** - Eliminates \$100 million in general obligation bonding authority for which SERTA was the only eligible applicant. Repealed authority for all RTA's. Specified that the current assets of SERTA are to be split between Kenosha (25%), Milwaukee (50%), and Racine (25%) counties.
- **Major Highway Projects** – Accelerates the Zoo Interchange reconstruction with \$225 million in funding over the biennium. Increases total Highway Program funding by 14.7% from the last biennium.
- **Rail Investments** – Fully funds Wisconsin's share of the increased operating costs for the Amtrak Hiawatha line at \$4.3 million.
- **Harbor Assistance Program** – Includes \$10.7 million of increased general bonding authority for harbor projects. The State did not offer assistance in 2010 or in 2011. The

Port of Milwaukee has several major projects, totaling \$7 million, in need of Harbor Assistance funds.

- **Department of Motor Vehicles** – In response to the Voter ID law, provided \$10 million and 55 positions for the DMV and required that DOT provide at least 20 hours of driver's license-related services per week in each county in the state. Will allow DOT to figure out the most cost effective means to deliver services, including contracting with counties and local governments
- **Public Works Construction Requirements** - Prohibited local governments from using methods for bidding public contracts other than by accepting sealed bids. Also specified that the prohibition applies to any bidding methods that give preference based on the geographic location of the bidder. The provision seems to prohibit the city's use of Local Business Enterprise (LBE) and potentially RPP as criteria for evaluating BIDs.
- **Local Roads Improvement Program** –Decreased funding for the discretionary component of the local roads improvement program by \$5 million annually. The City has received money from this fund in the past through a competitive grant process

ECONOMIC AND WORKFORCE DEVELOPMENT

- **Summer Youth Jobs Program** –Appropriates \$422,250 annually to Milwaukee's Summer Youth Job program from Department of Workforce Development. This funding is a reduction of \$46,800 (10%). This funding originally was created at \$500,000.
- **Wisconsin Economic Development Corporation** - Eliminates all grant and loan programs in the Department of Commerce and gives the WEDC Board the authority to create new programs. Transfers Commerce's previous responsibilities for tax credit program certification to the WEDC. The Department of City Development will now have to work with the new department to facilitate state economic investment in the Milwaukee area.
- **Department of Safety and Professional Services (DSPS)** - Renames the Department of Regulation and Licensing as DSPS. Transfers funding and position authority from the Department of Commerce Division of Safety and Buildings, Division of Environmental and Regulatory Services, and funding and position authority related to the certification of woman, minority, and disabled veteran owned businesses to the new department. This transfer includes several funds for the removal and remediation of petroleum storage tanks. DCD and DNS will now have one central department in which to coordinate regulatory issues with the state.
- **Housing Programs** - Various housing assistance programs and \$40.7 million in funding will be transferred from the Department of Commerce to DOA.
- **Brownfield Grants** –The DNR Brownfield Site Assessment and Green Space Grants program was repealed in DNR and transferred to WEDC. It is to be funded with \$1 million annually from the environmental fund. Priority for the grants would go to

applicants on the 2010-11 waiting list. The Brownfield program from commerce was not transferred to WEDC but was eliminated. Current grant encumbrances will be transferred to WEDC.

- **Economic Development Programs** – Creates an economic development fund from the former recycling and renewal energy fund to be primarily funded through the conversion of the recycling surcharge into the economic development surcharge. Directs WEDC to grant up to \$100,000 to regional economic development agencies to fund marketing activities.

ENVIRONMENT AND NATURAL RESOURCES

- **Tipping Fees** – Tipping fees are unchanged in this budget. State imposed fees are currently set at \$13 per ton and were increased by \$7.10 per ton in the 2009-11 State Budget. Recycling tipping fees of \$7 per ton will now be deposited into the environmental fund. Total state imposed tipping fees cost the city approximately \$3.3 million in 2010.
- **Recycling Mandate/Grants** – Maintained the recycling mandate with modifications to current landfill disposal restrictions. Persons would be prohibited from placing certain materials in containers whose contents will be disposed of in a landfill, converted into fuel, or burned at an incinerator. Restored the recycling grant program at \$19 million annually (previously was \$32 million). Under this scenario, Milwaukee would receive about \$2.1 million annually (previously was \$3.3 million)
- **Water Quality** – Provides \$5 million in bonding authority for contaminated sediment removal in the Great Lakes or its tributaries.
- **NR 151**– The budget would prohibit DNR from enforcing the 40% total suspended solids reduction in NR151, or any reduction greater than 20%. If a municipality has achieved a reduction in total suspended solids exceeding 20% from no controls on the effective date of the bill, they are to, to the maximum extent practical, maintain all best management practices
- **Clean Water Fund** – Increases the revenue bonding authority for the Clean Water Fund Program by \$353,000,000. Also increases the subsidized loan interest rate from 60% to 75% of the market interest rate. This will increase the city's cost to use the program. The city used about \$32 million in Clean Water Fund financing in the each of the past 2 years. MMSD also relies heavily on this program. The change has the potential to cost the city \$225,000 annually in debt service for every \$30 million borrowed

HEALTH AND HUMAN SERVICES

- **Medicaid Reimbursements** – Eliminates family planning related Medicaid payments for men between the ages of 15 and 44. This will decrease the amount of reimbursements the City receives from clients seeking these services at city health centers. The Medicaid

changes could increase the number of people seeking treatment at city health centers due to lack of insurance and reduce related Medicaid reimbursements for those services.

- **Medicaid Eligibility** – Proposes to change the frequency of reviewing eligibility criteria. If the federal government does not allow the state to review eligibility criteria more often (a change sought through the budget adjustment bill), higher income adults who are not pregnant or disabled would likely lose Medicaid coverage.
- **Medicaid Administration** – The Medical Assistance and BadgerCare programs will face sweeping changes if DHS is allowed to make changes through an emergency rule process without legislative approval (as proposed in the Budget Adjustment Bill). Changes to the scope of services and reimbursement policies can be anticipated.
- **Wisconsin Works** – Reforms the W-2 program to restore the requirement that recipients work at least 28-30 hours per week and reduces monthly benefit checks by \$20.
- **Child Care Subsidies**– Authorizes a tiered reimbursement system for child care providers based on quality ratings. Implements various other cost-saving measures that will increase copayments for those receiving subsidies, reducing income eligibility levels, and reducing provider reimbursement levels.

MISCELLANEOUS

- **Disaster Aid** – Provides \$1 million in the first year of the biennium to provide financial assistance to municipalities for damages and costs incurred as a result of a major disaster if federal financial assistance is not available. The funding for this will come from the petroleum inspection fund. The raid of the petroleum inspection fund is not expected to have any impact on the City as we do not receive any assistance from this fund.
- **Earned Income Tax Credit** - Adjusts the state's percentage of the federal earned income tax credit, eliminating about \$3 million or 16.6% of the tax credits City of Milwaukee residents receive. Households with 1 child will see a 25% increase in their EITC, about \$20 on average, while percentages for those with two and three children were reduced. The maximum credit amount for families with two children would be reduced by \$154 and \$518 for families with three or more children
- **Wisconsin Arts Board** – Moved the Arts Board to the Department of Tourism, eliminated the percent for art program, and reduced overall arts board funding. This may result in decreased grant funding for the Milwaukee Arts Board. The budget does place funding into the JCF committee fund to potentially match any funding from the National Endowment for the Arts that Wisconsin stands to lose due to the funding reductions
- **Prevailing Wage** - Eliminated current law specifying that the prevailing wage laws for municipal and state public works projects do not apply to projects below \$25,000. Thresholds for prevailing wage were changed to \$48,000 for single-trade projects and \$100,000 multiple trade municipal and state public works projects. Single trade project is

defined as a project in which a single trade accounted for 85% or more of total labor costs. The budget also established state prevailing wage law as a matter of statewide concern and prohibits local governments from enacting prevailing wage ordinances and eliminated statutes regarding prevailing wage for publically funded private construction projects. These provisions may have the effect of overriding the City's MORE ordinance and forbidding the City from enacting any similar ordinances

- **Changes to Wisconsin Act 10 (collective bargaining)** - Exempted transit workers from collective bargaining changes.