



DANE COUNTY

Joe Parisi
County Executive

June 13th, 2016

To: Department Heads

Fr: Joe Parisi, Dane County Executive

Re: 2017 Budget Guidelines

Similar to the past couple of years, the start of the county's annual budget process is marked by factors that evoke both guarded optimism and appropriate concern.

Like many of life's challenging tasks, when it comes to budgeting it's important to build upon areas of certainty and strength. When I started as County Executive now a little over five years ago, the national economic recession had entirely depleted the county reserves. Through budget "right-sizing," new partnerships, and innovation, today our county reserve is the highest it has ever been - - nearly \$30 million.

The health and vitality of county government's finances are heavily influenced by economic factors. For the first time in years, sales tax collections year to date are lagging behind projections. After subsequent years of nearly 5% annual growth in sales tax figures, receipts to date in 2016 are down almost 3.5% from the same time a year ago. With half of the year still ahead there is certainly time for this trend to turn, but this sluggish start bears monitoring.

Sales tax projections are based on informed estimates and are often a point of discussion with the County Board during fall budget deliberations. This current experience is the most compelling reason to show restraint in projecting revenue in even the best of times. Quick shifts in something as simple as local consumer spending can have a profound effect on dollars available for core county services come budget time.

Development is another important local economic barometer to measure as we budget for the year ahead. There, the news is a bit more favorable. Through the end of April new countywide housing construction figures were nearly identical to a year ago (379 in 2016, 380 in 2015). That makes the past two springs the busiest Dane County has seen for new housing development since 2006.

We must also be mindful of other outside influences on our county budget. Earlier this year, the Governor and Wisconsin State Legislature substantively changed the oversight of planning, zoning, and land use decisions, modifications crafted specifically for only one of Wisconsin's 72 counties - - Dane County. While the full effect of these changes will be borne out over the next few years and likely result in additional rural development and the loss of farmland within some of our towns, this unprecedented maneuvering by state leaders and some local town officials could adversely impact both the budget and staffing levels in our Department of Planning and Zoning.

It should also be noted this next county budget will be adopted only a matter of weeks before Governor Walker introduces the state's 2017-19 biennial budget. Past state budgets have certainly impacted services citizens rely upon counties to provide. As we've seen in recent weeks with the state's potential reduction in support for local Veterans Service Offices, one could safely anticipate additional state funding reductions.

Human services caseloads are increasing. Every year the state adds new highway lanes for counties to take care of. These services rely on support from state finances to be done right.

It's in that same vein we must be mindful of decisions state government makes with Family Care. The next state budget could very well be the means by which the state forces the county to standardize services for our most vulnerable. Appropriately the greatest focus of this change will center on quality and quantity of services. Navigating to Family Care will also bring a budgetary impact, with a projected increased expense to Dane County of between \$3 and \$4 million in additional local cost the first year of the transition. As of now, the latest indication is the state is targeting a January 1, 2018 date to navigate Dane County into Family Care. This further speaks to the need to exercise caution with our operating budget preparations this fall.

Hence, I am asking department heads to prepare operating budgets with no increases in county general purpose revenue (GPR). Expenses related to personnel and existing contractual obligations are exempted from this requirement and can be factored into your budget requests. This is the third consecutive year of not mandating budget cut scenarios.

I ask managers to be creative in how they utilize dollars allocated to their departments. There are countless examples across county government of partnerships over the past five years where county resources joined with those of our public, private, and non-profit entities to improve services.

Do not create new positions unless they are funded through outside revenue sources or existing GPR. With sales tax figures moderating and uncertainties of the state budget on the horizon, 2017 is a good year to proceed with diligence and caution.

Those sentiments apply to capital budget requests as well. We've accomplished a great deal in recent years. The new East District Highway Facility is open, complete with the largest municipally owned array of solar power in the entire state. The new Medical Examiners Complex and 911 Training Center will be completed this summer. Our new Pavilions at the Alliant Energy Center have over 20 events booked in them so far in 2016, ensuring AEC operating expenses are funded by event revenues, not tax dollars. We are fixing more roads in partnership with local communities, protecting natural resources, cleaning our lakes, and just this spring started work on the much-anticipated Lower Yahara River Trail.

We have done a lot and we know additional extensive capital expenditures loom as Sheriff Mahoney, the County Board, and I vet the best options moving forward to address the safety and mental health treatment concerns identified with the portion of the jail located in the City County Building. Much homework is needed before anyone knows which solution is most effective and practical. Right now, we know there is an opportunity to improve mental health services and the safety of those who both work in and are sentenced to our jail. Done right, we

could do more to get at the root causes that result in people being behind bars, reducing recidivism, and potentially the number of beds needed in jail - - continuing our pioneering efforts in the areas of re-entry, diversion, and rehabilitation.

Given existing and anticipated demands on our capital budget, **I am asking all GPR funded departments with total budgets in excess of \$5 million to reduce borrowing requests for 2017.** I am exempting our Highway Department from this requirement given successful negotiations to partner financially with a number of local communities on road projects. Those agreements will result in those cities and villages taking over maintenance and operation of roads once they are re-done, allowing our Highway Department to better manage additional lane miles of jurisdiction resulting from major expansion projects already in the pipeline, including the conversion of Highway M from Madison to Verona from two lanes to six lanes.

I look forward to working with you through this upcoming budget process. County government and the public are well served by your ingenuity, creativity, and vision.

Cc: County Board of Supervisors