



DANE COUNTY

Joe Parisi
County Executive

May 11, 2020

To: Department Heads and County Board Recipients

Fr: County Executive Parisi

Re: 2021 Budget Guidelines

Perhaps never before has the start of county government's annual budget process faced such uncertainty. 30,000 of our residents have filed for unemployment since the effects of a global pandemic descended upon our vibrant community. Food pantries are in need of emergency assistance just to keep up with increased needs. Families are struggling with fiscal uncertainty, exacerbating the challenges we confronted prior to Covid-19; generational poverty, mental and behavioral health issues, and racial inequity. The job before us is great as Dane County government like the rest of the community maps a course toward resiliency and endurance. All while external, unpredictable variables persist, challenging the health and well-being of our citizens. Public health is not only an issue of basic human rights it's also a measure of quality of life. For as long as pervasive illnesses threaten the well-being of our friends and neighbors, we will always choose the safety of our citizens, even if it means temporary periods of adaptation like what we've experienced this spring. Our hope is through greater means to conduct testing, more capacity to trace contacts of those who test positive, and continued distancing measures, we can both keep our citizens safe and responsibly restart community functions incrementally over the coming weeks and months. It will not occur quickly.

Striking the right balance will be precarious when there is so much we just do not know. Will there be additional surges of Covid-19 cases resulting in further periods of closures? If cases increase over the summer and fall, how will the federal and state governments work to mitigate additional economic losses? How long will it take for effective therapies and vaccines to be developed, the first meaningful means of returning to the way of life we knew all too well prior to this March? Will students go back to school this fall? There is much between now and October 1st when the budget is due that we cannot affect the outcome on. We can however position ourselves in a way that buffers impacts to critical services.

Put simply, this budget will not be like the past several budgets county government experienced where the primary decision points resided in how much additional funds should be allocated and to where they should be invested. This budget will look more like spending plans county government managed in the midst of the national Great Recession of a decade ago. We will have to establish priorities and focus on our core mission first. If positions become vacant, departments need to consider contingencies to manage operations with fewer staff members. This isn't desirable, but will reduce the risk of layoffs later this year. Wherever possible, we need to convene partnerships and pool resources, allowing us to accomplish more together.

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There are some key differences to the state of county finances today versus the peak of last decade's recession. Our reserve fund balance has greater than \$40 million more in it today than when I started as County Executive. At that time, economic losses had depleted our reserve. We have bold projects like our landfill bio-gas plant that hold promise not only for its environmental benefits, but also for the non-tax revenue potential that exists to support county operations and services. Additionally, there's some hope as the pandemic persists the federal government may eventually provide more direct financial assistance to local units of government who like us rely upon economic revenues to meet public safety and human service needs.

That said, we need to be ready. Again, we can reference some of the strategies we utilized a decade ago to help bridge the gap to better financial days. This week we are launching a voluntary furlough program, offering employees the opportunity to sign up to take days off and pitch in to help the county's declining revenues. Depending on future waves of Covid-19, we could see sales tax collections that support county programs drop by \$20 million or perhaps more this year. Any bit we can save between now and December will help take the edge off that anticipated reduction.

In the same vein, we instituted a hiring freeze several weeks ago for a number of county positions. This will also help us accrue savings. As we head toward the uncertainty of this fall's budget process, each department should examine every possible staffing realignment, partnership, or sharing of responsibilities when positions become vacant. Again, the goal is to reduce the need for layoffs in the event the effects of Covid-19 carry deeper into this summer and fall. We have done many things right by our workforce these past several years. Whenever economic times allowed, we shared those successes directly with our workers in the forms of generous wage increases, new retirement and leave programs and benefits, and a robust health insurance plan that provides protection for employees and their families. Our workers were part of the solution in the last economic downturn and I am confident they will once again rise to the challenge and do all they can to help county government weather this storm.

As you prepare your department budget this fall, we need to give additional scrutiny to how we do business. With the exception the Department of Public Health Madison/Dane County and the Public Safety Communications Center in which the near entirety of the department's budget are personnel related expenses, I'm asking county departments to prepare budget reduction scenarios for next year. As we have done during past challenging times, small departments should prepare budget scenarios for 2020 that reduce reliance on county general purpose revenue 2.5%. Scenarios for larger departments should reflect 5% reductions, again in the event these temporary spending decreases are needed.

The changes needed to fulfill these scenarios will be challenging for many departments. I would encourage all of you to compare your more recent budgets to the ones you managed a decade ago. Let's examine the effectiveness of all we have created in healthier economic times. County government at its core found the right balance of maintaining top-notch human services and public safety during the Great Recession while achieving needed efficiency. We are going to have to rejuvenate the creativity we relied upon in those years. That may mean new partnerships within and outside of county government, placing certain projects on hold a year or two until this pandemic passes, or temporarily realigning staff assignments. Again, we have clearly demonstrated a

willingness to invest more into each one of our departments during more stable economic times. We all look forward to those days returning but that may not occur before budgets are due this fall.

In addition to a need for operating budget efficiencies, we need to be mindful of the impacts of capital projects as well during these times. Legacy capital projects that we have committed to for the well-being of our community will carry forward, like our innovative multi-year initiative to do hydraulic dredging to better manage lake levels during periods of heavy rain. Our largest capital expense, the planned jail consolidation project, continues to have an uncertain final price tag. Given these factors and unknown economic constraints, I would ask departments to refrain from bringing forward new capital budget initiatives at this time. Proposed capital spending for new equipment that's part of replacement schedules will be reviewed on a case by case basis.

As we have seen so many times in the midst of this generational moment, good emerges when people come together. We have weathered storms previously. We have the drive, determination, ingenuity and excellence to conquer this historic period as well. I believe these sacrifices will be short lived and once the science community emerges with a safe and reliable vaccine there's no reason to believe our local economy shouldn't rebound given the growth trends we have experienced over the past couple of decades.

I look forward to a budget development journey with each one of you that prioritizes preserving Dane County's core missions and protecting wherever possible the human capital needed to fulfill that work. Together, we can navigate these uncertain seas as one county that both acknowledges the work that needs to be done now while at the same time longing for the safer calmer, waters ahead.