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## **Report on 2010 county budget says “day of reckoning” has arrived**

*Analysis cites need for wage and benefit restructuring as part of balanced approach*

In its annual analysis of the Milwaukee County Executive’s budget, the Public Policy Forum cites new projections regarding the growth of county wages and benefits to conclude that “the day of reckoning has arrived.”

“Barring drastic action, fixed costs led by employee wages, employee/retiree health care and the required pension fund contribution will continue to grow at a much faster rate than state aids and local revenue streams,” says the Forum report. “Time has run out on the county’s traditional reliance on short-term and stopgap solutions to produce a balanced budget; instead, major fiscal and policy changes will be required in 2010 and for the foreseeable future.”

In addition to updating the Forum’s assessment of the county’s structural deficit, the report discusses the centerpiece of the recommended budget: a package of steep wage and benefit cuts. It credits the county executive for recommending budget strategies “to address the wage and benefit pressures that largely define” the structural deficit it. The report notes, however, that because the county executive lacks the ability to unilaterally reduce wages and benefits for the 85% of county workers who are unionized, the inclusion of \$32 million of savings from such reductions in the 2010 budget is “an extremely risky proposition.”

“If the intent was to deliver a wake-up call, then the county executive’s proposal already has served a clear and important purpose,” says the report. “But as a budget initiative, it may only serve to back the county board into a corner from which it can only emerge by using equally improbable or perhaps irresponsible tactics.”

The Forum report also includes analysis of the difficult alternatives that may be required should significant wage and benefit concessions not be achievable, and it examines the departmental “winners and losers” created by the county executive’s budget priorities.

Overall, the report concludes that “perhaps the best strategy for the 2010 budget is a balanced approach that includes a combination of significant wage and benefit concessions, cuts in non-mandated services, privatization initiatives, and reasonable increases in new or existing revenue streams, each of which might be selected based on their ability to positively impact the structural deficit in the long-term.”

The county budget brief can be downloaded from the Forum’s Web site at [www.publicpolicyforum.org](http://www.publicpolicyforum.org). An analysis of the 2010 City of Milwaukee budget will be released in the near future.

Milwaukee-based Public Policy Forum, established in 1913 as a local government watchdog, is a nonpartisan, nonprofit organization dedicated to enhancing the effectiveness of government and the development of southeastern Wisconsin through objective research of public policy issues.

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