

# **SECTION III**

## **THREE GOVERNANCE REFORM MODELS**



The preceding functional analysis of Milwaukee County government yields insight into the complexity involved with transferring its functions elsewhere, as well as the arguments that could be made for and against alternative governance options for individual functions. It also shows that for virtually every set of services delivered by Milwaukee County, there *is* an example of a state or metropolitan area that delivers those services under a different structure.

While not wishing to minimize the complexities associated with transferring major functions out of county government, this section takes into account the insights gained in **Section II** to develop and provide a broad fiscal analysis of three alternative restructuring scenarios:

- Scenario 1 is the complete elimination of Milwaukee County government, an option this report specifically was commissioned to explore.
- Scenario 2 returns county government to its “roots”, consisting only of its constitutional and statutory mandates. The one exception is health and human services. While this largely is a mandated service, Scenario 2 returns it to the state in light of the state’s previous takeover of several human service functions in Milwaukee County, and the rationale that it may be beneficial to have all county human services administered and coordinated by one entity.
- Scenario 3 removes only the transit system, airport, parks and cultural facilities from county government. This scenario differs from the second scenario in that all existing health and human services functions remain with the county. The functions that are removed are not mandated and already have been subject to considerable discussion regarding new governance options. In addition, these are functions for which new regional approaches to governance may be viable.

**Table 34** summarizes the three scenarios, including fiscal summaries that will be explained in this section.

**Table 34: Summary of Three County Government Restructuring Scenarios**

	Key functions removed	Estimated remaining expenditure budget	Estimated remaining property tax levy*	Legacy costs as % of remaining tax levy	Estimated remaining FTEs
<b>2008 County government**</b>	None	\$1,340,250,497	\$236,268,763	34.2%	5,707
<b>Scenario 1 – Eliminate county government</b>	All	\$85,685,857	\$80,685,858	100.0%	0
<b>Scenario 2 – Significantly streamline</b>	Parks, Culture, Airport, Transit, Health & Human Services, CMO, Aging, CSE	\$370,377,101	\$104,423,293	77.3%	2,424
<b>Scenario 3 – Remove major discretionary</b>	Parks, Culture, Airport, Transit	\$1,014,430,758	\$181,790,833	44.4%	4,567

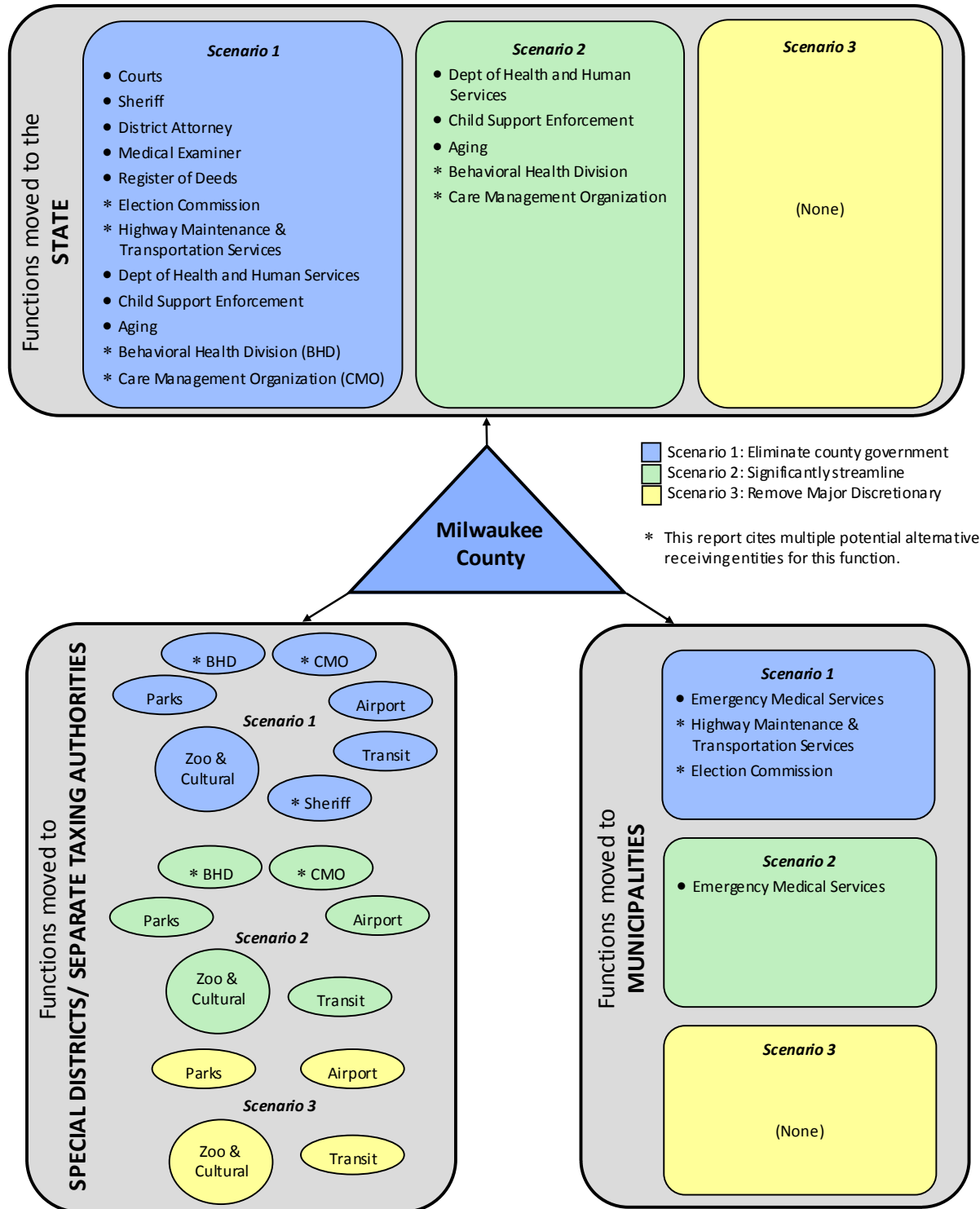
\* Under each of the three scenarios, policymakers would need to determine whether and to what extent the existing .5% Milwaukee County sales tax would remain in place and continue to be utilized to offset debt service. That decision could significantly impact the property tax levy amounts shown for each scenario.

\*\* 2008 expenditure totals do not include expenditures on the General Assistance Medical Program, as that program has since been eliminated and would no longer factor into this analysis.

Fiscal data utilized in analyzing the three scenarios is based on 2008 actual spending, which is the last full year for which actual, audited financial data is available. This provides an accurate starting point to consider potential fiscal impacts, but it must be understood that those impacts will change from year to year because of changes to the county's annual budget. For example, the annual legacy costs associated with each function likely are understated in this report, as they are based in part on the county's actual 2008 pension expenditure of \$41 million, as opposed to the 2010 budgeted expenditure of \$68 million.

**Diagram 1** on the next page provides a flow chart depicting the movement of county functions under the three restructuring scenarios.

**Diagram 1: Summary of Flow of Functions in Restructuring Scenarios**



Note: As discussed in Section II of this report, an alternative to creating separate special districts for parks and zoo/cultural would be to create one special district for parks and cultural services. The same holds for the airport and transit system—those two functions could fall under one umbrella transportation district.

## SCENARIO 1 – ELIMINATE MILWAUKEE COUNTY GOVERNMENT

Under a scenario in which Milwaukee County government is eliminated entirely, we assume that all of its existing functions would be moved either to state government, municipal governments or new special purpose districts or authorities. In determining whether any fiscal savings would result, it is necessary to make additional assumptions regarding administrative services, elected offices, county assets and liabilities (including legacy), and labor costs.

### ADMINISTRATIVE SERVICES

In 2008, Milwaukee County spent about \$78 million on central charges/overhead, which we define as administrative (e.g. budget/accounting, audit, financial services, risk management, procurement, employee benefits, human resources), information technology, legal counsel, facilities management (including architectural, engineering and environmental services) and fleet management. **Table 35** shows the breakdown of those expenditures.

**Table 35: Central Cross-charging Department Expenditure Breakdown, 2008**

	Expenditures
Admin	\$13,073,533
Information technology	\$17,884,938
Legal counsel	\$1,577,128
Facilities management	\$34,544,230
Fleet management	\$10,436,699
<b>Total central service crosscharge</b>	<b>\$77,516,528</b>

As described elsewhere in this report, the county currently “charges out” most of the cost of those services to user departments (including the share of legacy costs held by central service divisions). Thus, the current budget of each department contains administrative services/overhead costs. In attempting to calculate cost savings associated with eliminating county government, the question becomes whether the administrative services/overhead costs currently budgeted in each function would be greater than the costs of administration incurred by an alternative governing body.

In the Forum’s 2008 report on Milwaukee County parks and cultural institutions, the county’s parks and zoo directors both argued that if they were independent, they could secure administrative overhead at a much lower rate than the existing county cross-charge for such services. That argument was based on their belief that they were being charged too much for the level of service they were receiving.

While that argument may have merit, it is important to consider the economies of scale associated with providing administrative services centrally, which holds down the cost of those services for county departments. In addition, while county departments may believe they pay more for central service charges than they receive in return, it is quite possible that purchasing legal, accounting, information technology and other services outside of county government would cost more on a per unit basis in light of the higher salaries paid to those professions in the private sector.

Any attempt to accurately quantify potential administrative overhead savings would require analyzing the specific administrative support services required by each individual function and attempting to calculate how much it would cost the receiving entity to secure those services outside of the county. Because such an analysis would be extremely speculative and would have to be conducted on a service-by-service basis, we do not assign an overall cost savings to the elimination of county administrative services/overhead departments. If policymakers continue to discuss the elimination of county government or the transfer of certain functions, then individual analyses should be undertaken for the various functions in order to attempt to quantify any such savings or added costs.

## **ELECTED OFFICES**

As discussed elsewhere in this report, a key question surrounding the possible elimination or streamlining of county government is the legality of abolishing or transferring certain elected officials (and their offices) that are established in the Wisconsin Constitution. A constitutional conflict would not preclude abolishment of the office, but would necessitate undertaking the time-consuming process of amending the Constitution.

Notwithstanding that question, we assume that if county government was eliminated, then the offices of county executive, county board of supervisors, county clerk and county treasurer would become obsolete and logically would disappear. We are able, therefore, to calculate a savings associated with the elimination of those offices, which is reflected in **Table 36** below. It should be noted that the marriage license function performed by the county clerk and the delinquent property tax collection function performed by the county treasurer would have to be assigned elsewhere, but we assume for the purposes of discussion that the savings reflected in **Table 36** would not be offset with additional costs.

## **COUNTY ASSETS AND LIABILITIES**

As noted repeatedly throughout this report, perhaps the key question in attempting to determine the fiscal impacts of eliminating county government is determining how to address the county's pension fund and retiree health liabilities (including nearly \$400 million in outstanding pension obligation bond debt). Another critical question is how to handle the approximately \$504 million in outstanding bonds and notes held by the county for capital projects, which will require a net debt service payment of \$65 million in 2010.

Those questions likely would need to be decided on an individual basis for each county function, based in large measure on the willingness and capacity of the receiving government to accommodate legacy costs and the extent to which capital assets are transferred. For the sake of analysis and discussion, however, we assume the following:

- Legacy costs associated with benefits for those who already have retired from or otherwise left Milwaukee County government would not be transferred. That means that under a scenario in which county government is eliminated, those retirement liabilities would need to be assumed and managed by an alternative entity (likely the State of Wisconsin, though

**Section IV** suggests a potential alternative approach). The alternative entity then could be empowered to assess county taxpayers for the annual costs associated with those liabilities.

- Retirement liabilities associated with *active* county employees who become employed by the alternative governing body would be assumed by that new entity.<sup>31</sup> We assume that most of those employees would become members of the Wisconsin Retirement System, either because they would become employees of the state or of special districts. State policymakers would need to decide under such a scenario whether to seek reimbursement from county taxpayers by assessing them for the annual cost associated with such liabilities (or withholding an equivalent amount from the county's shared revenue payment under a scenario in which county government remains).
- Outstanding debt on capital assets would be transferred to the receiving governments along with capital assets (e.g. parks facilities and any debt on those facilities would be transferred to a new parks district). There is a relatively small portion of county debt, however, that could not readily be transferred because the projects on which the debt is held are not related to an existing function of county government. Examples include \$27 million in debt related to Doyne Hospital and the former County Stadium. It also would be impossible to transfer debt related to central service departments (e.g. information technology, human resources and financial services hardware and software). In both instances, such debt logically would need to be assumed by the state, which again could be empowered to assess county taxpayers on an annual basis for debt service costs.

We make this collective set of assumptions not because they necessarily represent the most appropriate public policy, but because we consider this to be the most realistic starting point for debate based on recent legislative proposals regarding parks and airport districts, and our examination of other scenarios in which functions have been transferred outside of Milwaukee County government (including the Milwaukee Public Museum and district attorneys, which are detailed elsewhere in this report).

Finally, an important source of potential savings should Milwaukee County government be eliminated would be reduced obligations toward the management of county buildings and property and/or revenues realized from the sale of such assets. The extent of such savings cannot be calculated at this time, however, because they would largely depend on whether receiving governments would need to utilize and manage existing county infrastructure for their own use. While we do not, therefore, assign a dollar amount to this potential savings, we assume the elimination or streamlining of county government would create an opportunity to strategically divest some of the county's physical infrastructure in a manner that would yield significant revenues and offset leftover liabilities.

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<sup>31</sup> Our modeling uses the county's budgetary methodology for distinguishing between pension costs linked to active employees and those linked to retirees. This topic likely would be the subject of considerable debate if county employees were transferred to alternative government bodies.

## POTENTIAL SAVINGS IN LABOR COSTS

Some have argued that one of the primary benefits associated with moving certain functions outside of county government would be the ability to hire new employees with lower wages and benefits. An attempt to quantify such potential savings again would be purely speculative, however, and also must weigh the following:

- There is no certainty that significant wage and benefit savings would be experienced by alternative government entities once county retiree legacy costs are removed from the equation.
- Receiving governments may wish to retain county workers to perform their existing jobs in a new district or in state government, and previous transfers of county functions (e.g. Milwaukee Public Museum and child welfare), as well as proposed and adopted legislation regarding authorities and special districts, have guaranteed similar wage and benefit levels for transferred employees.

Consequently, we do not cite any savings in labor costs from moving functions outside of Milwaukee County government. If policymakers are serious about pursuing the transfer of certain functions, then individual analyses could be undertaken for the various functions in order to attempt to quantify any such savings.

## FISCAL IMPACTS

In light of the above assumptions and determinations, we present in **Table 36** those annual savings resulting from the elimination of Milwaukee County government (based on 2008 actual spending) that we can approximate with some degree of certainty.

**Table 36: 2008 Levy Savings from Eliminating County Government**

	Levy savings (legacy already netted out)
County Executive	(\$831,826)
County Board	(\$5,459,700)
County Treasurer*	(\$1,185,901)
County Clerk	(\$310,195)
Election Commission	(\$1,155,025)
Community Business Development Partners	(\$417,841)
Personnel Review Board	(\$171,347)
Civil Service Commission	(\$27,596)
<b>Total</b>	<b>(\$9,559,432)</b>

\*Treasurer only includes expenditure savings. Figures assume no revenue impact as revenue would likely be collected by an alternate entity.

As the table indicates, we estimate that annual property tax levy savings of about \$9.6 million could be recognized from eliminating the elected offices of the county executive, county board, county clerk and county treasurer, and also from eliminating certain central services that would not need to be replicated in receiving governments.

As noted above, these potential savings should not be viewed as the definitive statement of savings associated with the elimination of county government. Instead, they should be seen as a starting point for further analysis if there is an interest in pursuing this scenario.

**Table 37**, meanwhile, illustrates the total legacy obligations that would remain if county government is eliminated, but those costs are not distributed to the governments that receive county functions. This table estimates that almost \$81 million of the county’s \$236 million in property tax levy expenditures in 2008 was attributed to such legacy costs.

Consequently, if county government had been eliminated in that year, \$155.6 million in property taxes levied by county government ostensibly would have disappeared, though we assume that all but the \$9.6 million in savings outlined in **Table 37** would have to be raised in some other fashion by receiving entities in order to provide similar levels of service. A legacy cost of \$80.7 million would have remained, likely as an obligation for county taxpayers.

It should be noted that this \$80.7 million projection likely understates the amount that would be required if county government was eliminated in 2010, as not only have the county’s annual pension costs grown considerably in the past two years, but the county’s ability to charge a portion of that \$80.7 million to state or federal contracts or other sources (such as GMIA’s signatory airlines) also would be eliminated under this scenario. It is also important to recognize – as we discussed in **Section I** – that this annual obligation would grow for several years before gradually declining and ultimately disappearing.

**Table 37: Legacy Obligations Remaining after Elimination of County Government**

	2008 County budget*
<b>Total expenditures</b>	<b>\$1,340,250,497</b>
<b>Total levy</b>	<b>\$236,268,763</b>
<b>Legacy</b>	<b>\$80,685,858</b>
Expenditures (w/out legacy)	\$1,259,564,639
Levy (w/out legacy)	\$155,582,905

\* GAMP deducted from 2008 budget.

In addition to the legacy liability, a sizable obligation would remain for outstanding debt that could not logically be transferred to receiving governments. We estimate that approximately \$5 million of the county’s \$43 million net debt service payment in 2008 would have been attributed to such debt. Combined, then, approximately \$86 million in legacy costs and debt service would have remained as an obligation for county taxpayers in 2008 had county government been eliminated.

As a point of reference, we calculated what the impact would have been on the owner of a Milwaukee County home assessed at \$150,000, assuming that state government elected to assess the county’s property taxpayers for that cost in the absence of county government. **We found that under such a scenario, the owner of a \$150,000 home would have seen a line item of \$197 on his or her property tax bill.** That compares to the \$543 county property tax bill actually paid by that homeowner in 2008.

A potential alternative might be to use revenues generated from the county's existing .5% sales tax to partially offset that cost. Based on our assumption that debt service costs would be spread out to receiving entities (when possible), if we were also to assume that those entities would pay for debt service out of new or existing revenue streams, then most of the \$65 million per year generated by the county sales tax could be utilized to offset the annual legacy payment, as opposed to its current use of paying for debt service.<sup>32</sup> That possibility, of course, would be dependent upon a decision by policymakers to leave the county sales tax in place even if county government no longer was in existence.

Finally, as noted above, the remaining obligations of county government potentially could be reduced by using the proceeds from the sale or lease of county assets to pay down pension or health care liabilities or general obligation debt. If county government was eliminated, it would be logical to assume that state government would assume the assets not transferred to new authorities or municipal governments and would develop a plan for managing those assets in a manner that would seek to maximize the reduction of county liabilities.

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<sup>32</sup> County ordinances require all county sales tax revenue in a given year to be used first to pay for general obligation debt service. In recent years, the county has used any remaining sales tax revenue to pay for fringe benefit liabilities.

## SCENARIO 2 – SIGNIFICANTLY STREAMLINE MILWAUKEE COUNTY GOVERNMENT

Under this scenario, we envision a county government that consists only of its constitutional and statutorily mandated functions in the areas of courts, public safety and public works, as well as other constitutional offices. We also envision a smaller administrative services function that is commensurate with the size of the new government. On the revenue side, we assume that all revenue from the existing .5% sales tax is retained by the smaller county government (despite the fact that debt service on capital projects associated with transferred functions is transferred out), and we assume that the county’s shared revenue payment from the state is decreased by a percentage equivalent to the reduction in the county’s overall expenditures.

This scenario essentially creates a county government that focuses solely on those functions that are typically thought of as “county functions.” The National Association of Counties (NACo), for example, lists property assessment, record-keeping, road maintenance, elections, courts, social services and public safety as “historic services” performed by counties throughout the United States.<sup>33</sup>

We do not include mandated health and human service functions in this scenario (which we define to include child support enforcement and Family Care). Our rationale is that state government already has assumed administrative responsibility for several health and human services in Milwaukee County, and it is perhaps more plausible than for other mandated functions that the state could be convinced to take over the remainder. Also, NACo notes that social services are provided with “wide variations” throughout the country, and therefore could be considered less of a traditional county function than the others noted above.<sup>34</sup> Scenario 3 is identical to this scenario but retains Milwaukee County’s existing role in administering health and human services.

**Table 38** lists the functions that would be included in Milwaukee County government under this scenario and the amount of actual expenditures and property tax levy associated with each function. The total county budget under this scenario would have been \$370 million in 2008, or about 28% of the actual \$1.3 billion total.

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<sup>33</sup> National Association of Counties, “County Government in America”, [www.naco.org](http://www.naco.org)

<sup>34</sup> National Association of Counties, “An Overview of County Government”, [www.naco.org](http://www.naco.org)

**Table 38: County Functional Expenses – Scenario 2**

Breakdown of county functions...		All Exp	Levy	Legacy
<b>Legislative &amp; executive</b>	• County executive	\$383,702	\$377,223	\$181,287
	• County board	\$1,634,646	\$1,625,936	\$530,913
<b>Central services</b>	• Community business development partners	\$712,289	\$494,914	\$64,746
	• Personnel review board	\$225,600	\$225,578	\$51,796
	• Civil service commission	\$53,639	\$53,639	\$25,898
<b>General government</b>	• County treasurer	\$1,342,309	(\$950,813)	\$142,440
	• County clerk	\$850,920	\$427,458	\$103,593
	• Election commission	\$1,148,848	\$1,055,758	\$90,644
	• Register of deeds	\$4,385,345	\$208,446	\$414,371
<b>Judiciary &amp; public safety</b>	• Courts	\$51,399,202	\$40,560,428	\$3,522,156
	• Sheriff	\$145,193,526	\$122,572,004	\$10,385,180
	• District attorney	\$19,109,930	\$10,647,210	\$1,139,521
	• Medical examiner	\$4,322,407	\$3,658,303	\$310,778
<b>Highway</b>	• Highway maintenance & transportation services	\$20,091,976	\$583,704	\$1,761,078
<b>Debt service</b>	• Debt service (Total 2008 = exp \$54,261,536/levy = \$43,072,369)	\$27,628,697	\$21,931,436	
<b>Revenues</b>	• State shared revenue (2008 - \$37,133,490)		(\$9,825,557)	
	• Sales tax revenue (2008 - \$66,695,072)		(\$66,695,072)	
<b>Retained legacy</b>	• Legacy related to departing depts	\$33,810,958		\$33,810,958
	• Legacy related to Doyne retirees	\$13,790,794		\$13,790,794
<b>Miscellaneous</b>	• Miscellaneous	\$44,292,312	(\$22,527,302)	\$14,359,703
<b>Option 2 exp &amp; levy</b>		<b>\$370,377,101</b>	<b>\$104,423,293</b>	<b>\$80,685,858</b>

In considering the fiscal impacts of this scenario, we utilize similar assumptions to those outlined for Scenario 1. We need to diverge from those assumptions, however, in considering the offices of county executive, county board and county clerk, which presumably would need to exist in a streamlined county government. For purposes of estimating a savings, we assume that the budget for the office of county executive would be reduced to approximately \$175,000 to reflect the cost of that position and one assistant that would be needed in light of the vastly reduced size of county government. It is also possible that policymakers would wish to consider an appointed county administrator model for this scenario.

With regard to the county board, we assume that a 19-member full-time board would be inappropriate for a much smaller county government that is limited only to state-mandated administrative functions. We assume, therefore, that the county board budget would be reduced by the percentage that overall county expenditures are reduced. The reduced budget would support a county board consisting of six members if supervisors were to retain full-time status, or a larger number if policymakers elected to go with a part-time board.

Finally, we assume that a reduction in the size of the county board would not significantly impact the duties of the county clerk – as a need for legislative and other recordkeeping would remain in a streamlined county government – so we assume no cost savings in that office, nor in the offices of county treasurer, civil service commission, personnel review board and community development business partners, which would need to exist in a county government of any size. **Table 39** shows the \$5.1 million projected savings that would have occurred had this government structure been in place in 2008, as compared to the \$9.6 million projected savings under Scenario 1.

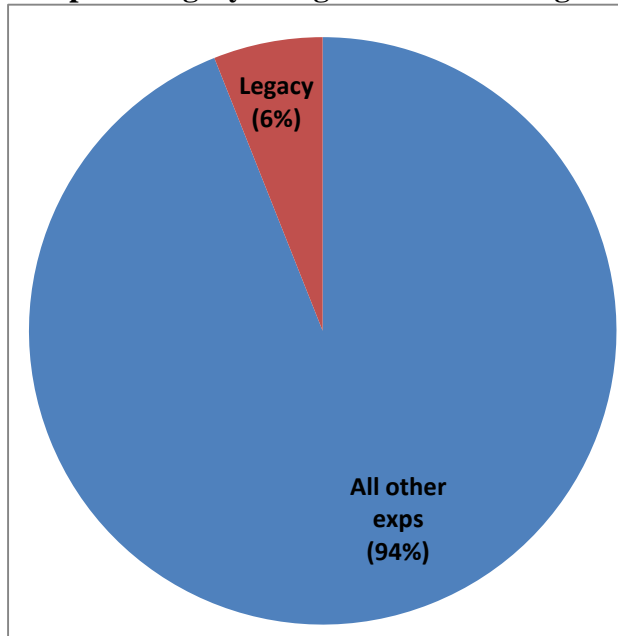
**Table 39: Comparison of 2008 Levy Savings, Scenarios 1 and 2**

	Scenario 1: Levy savings	Scenario 2: Levy savings
County Executive	(\$831,826)	(\$656,711)
County Board	(\$5,459,700)	(\$4,438,180)
County Treasurer*	(\$1,185,901)	--
County Clerk	(\$310,195)	--
Election Commission	(\$1,155,025)	--
Community Business Development Partners	(\$417,841)	--
Personnel Review Board	(\$171,347)	--
Civil Service Commission	(\$27,596)	--
<b>Total</b>	<b>(\$9,559,432)</b>	<b>(\$5,094,891)</b>

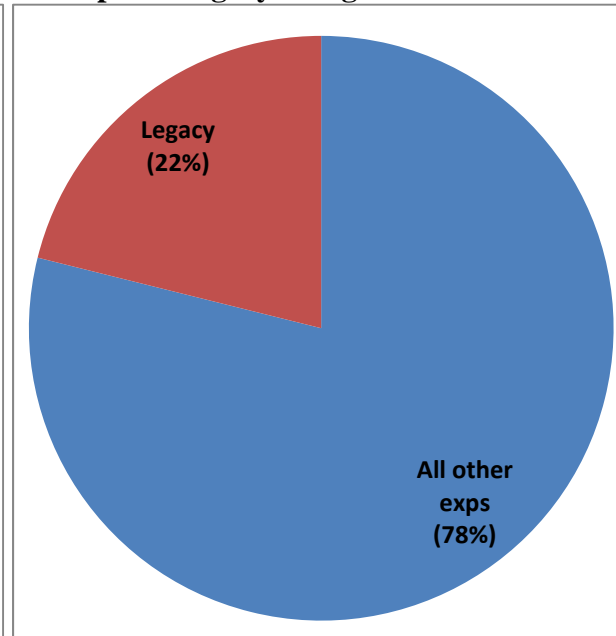
\*Treasurer only includes expenditure savings. Figures assume no revenue impact as revenue would likely be collected by an alternate entity.

To determine the impact of liabilities, we again assume that retirement liabilities associated with retired and inactive county employees for functions removed from county government are left with the county, while debt service linked to those functions is transferred to receiving governments. This produces a situation in which legacy costs would represent 22% of overall annual expenditures in Milwaukee County government and 77% of the county's total property tax levy. **Graphs 3 and 4** illustrate the significant proportional growth of the legacy obligation under Scenario 2 by first showing actual legacy costs as a percentage of county expenditures in 2008, and then showing what that percentage would look like in the government structure outlined under Scenario 2.

**Graph 3: Legacy Obligation - 2008 Budget**



**Graph 4: Legacy Obligation - Scenario 2**



A potential rationale for Scenario 2 would be the opportunity to reinstate the focus of Milwaukee County government to the functions it was created to deliver on behalf of state government in the first place. Such a transformation to the traditional role of “administrative arm” of state government – if accompanied by a similar transformation of the governance structure to a much smaller or part-time county board and smaller county executive’s office (or perhaps an appointed county administrator), plus a commitment to hire and place faith in professional administrators as the county recently did for its employee benefits division – might significantly reduce the politics and dissention that characterize Milwaukee County government today. The outcome could be more stable and functional governance of core county services.

Meanwhile, as discussed in **Section II**, a rationale exists for the provision of transit, aviation, parks and cultural services in special districts and/or on a regional level given the discretionary nature and regional breadth of such services. Also, as discussed previously, the administration of all health and human services at the state level might be justified as a means of ensuring better accountability for social service outcomes in Milwaukee County.

Of course, creating regional authorities or special districts, and transferring health and human services to the state, also would require consideration of the “cons” and logistical considerations cited in **Section II**, including difficult questions regarding establishment of new funding sources and potential assumption of significant costs by state government. And, our analysis demonstrates the additional challenge that would be created by the notion of creating a streamlined county government that would have a proportional legacy burden that is nearly triple the size of the current liability.

As with Scenario 1, policymakers would have the option to continue using the property tax to fund that burden, though that would produce a situation in which, according to our analysis, legacy costs would be equivalent to 77% of the county property tax levy. A critical question is whether policymakers and county taxpayers would be willing to accept such a framework knowing that, eventually, legacy obligations would dissipate and ultimately disappear as county retirees and their beneficiaries pass away.

## SCENARIO 3 – REMOVE MAJOR DISCRETIONARY FUNCTIONS FROM MILWAUKEE COUNTY GOVERNMENT

Scenario 3 differs from Scenario 2 only in its assumption that the health and human services function would remain with county government. Because health and human services is by far the largest function in county government, however, that assumption changes the complexion of this scenario dramatically.

**Table 40** lists the functions that would be included in Milwaukee County government under Scenario 3 and the amount of actual expenditures and property tax levy associated with each function. The total county budget under this scenario would have been just over \$1 billion, a reduction of 24% from actual 2008 expenditures.

**Table 40: County Functional Expenses – Scenario 3**

Breakdown of county functions...		All Exp	Levy	Legacy
<b>Legislative &amp; executive</b>	• County executive	\$766,820	\$749,306	\$181,287
	• County board	\$4,418,287	\$4,394,746	\$530,913
<b>Central services</b>	• Community business development partners	\$712,289	\$494,914	\$64,746
	• Personnel review board	\$225,600	\$225,578	\$51,796
	• Civil service commission	\$53,639	\$53,639	\$25,898
<b>General government</b>	• County treasurer	\$1,342,309	(\$950,813)	\$142,440
	• County clerk	\$850,920	\$427,458	\$103,593
	• Election commission	\$1,148,848	\$1,055,758	\$90,644
	• Register of deeds	\$4,385,345	\$208,446	\$414,371
<b>Judiciary &amp; public safety</b>	• Courts	\$51,399,202	\$40,560,428	\$3,522,156
	• Sheriff	\$145,193,526	\$122,572,004	\$10,385,180
	• District attorney	\$19,109,930	\$10,647,210	\$1,139,521
	• Medical examiner	\$4,322,407	\$3,658,303	\$310,778
<b>Highway</b>	• Highway maintenance & transportation services	\$20,091,976	\$583,704	\$1,761,078
<b>Social services</b>	• Behavioral health division (only BHD)	\$175,064,628	\$48,648,689	\$11,628,949
	• GAMP payment & EMS	\$6,775,347	\$5,654,201	\$450,063
	• Dept of health and human services	\$211,481,786	\$20,749,011	\$841,692
	• Child support enforcement	\$18,696,449	\$889,294	\$1,307,859
	• Aging	\$19,044,230	\$2,698,084	\$130,321
	• CMO	\$198,570,114	\$440,984	\$1,358,826
<b>Debt service</b>	• Debt service (Total 2008 = exp \$54,261,536/ levy = \$43,072,369)	\$32,010,421	\$25,409,614	
<b>Revenues</b>	• State shared revenue (2008 - \$37,133,490)		(\$26,911,349)	
	• Sales tax revenue (2008 - \$66,695,072)		(\$66,695,072)	
<b>Retained legacy</b>	• Legacy related to departing depts	\$18,093,248		\$18,093,248
	• Legacy related to Doyne retirees	\$13,790,794		\$13,790,794
<b>Miscellaneous</b>	• Miscellaneous	\$66,882,642	(\$13,773,304)	\$14,359,703
<b>Option 3 exp &amp; levy</b>		<b>\$1,014,430,758</b>	<b>\$181,790,833</b>	<b>\$80,685,858</b>

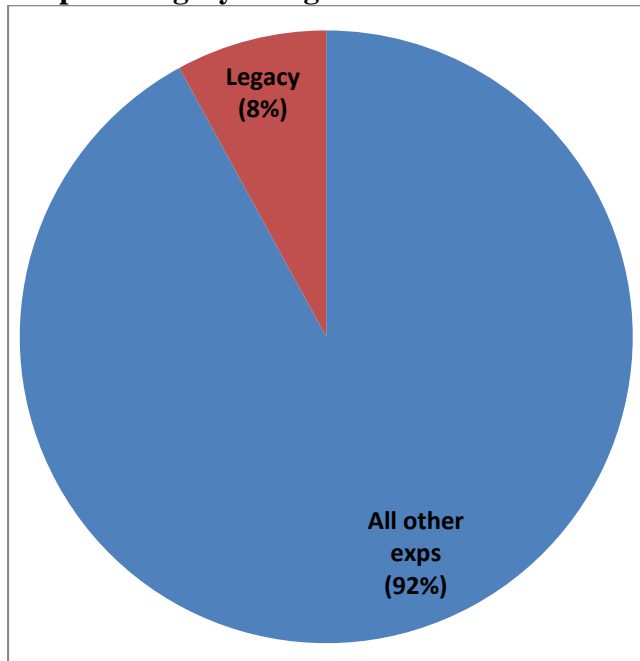
In considering the fiscal impacts of this scenario, we utilize similar assumptions as those outlined for Scenario 2. For example, we assume that the offices of the county executive and county board would be reduced by the percentage that overall county expenditures are reduced. The reduced budget would support a county board consisting of 14 members if supervisors retain full-time status. **Table 41** indicates the projected savings that would have occurred had this government structure been in place in 2008, as compared to the levy savings in Scenarios 1 and 2. **Graph 5**, meanwhile, shows legacy costs as a percentage of county expenditures in the new government structure.

**Table 41: Comparison of 2008 Levy Savings, Scenarios 1, 2 and 3**

	<b>Scenario 1: Levy savings</b>	<b>Scenario 2: Levy savings</b>	<b>Scenario 3: Levy savings</b>
County Executive	(\$831,826)	(\$656,711)	(\$284,628)
County Board	(\$5,459,700)	(\$4,438,180)	(\$1,669,370)
County Treasurer*	(\$1,185,901)	--	--
County Clerk	(\$310,195)	--	--
Election Commission	(\$1,155,025)	--	--
Community Business Development Partners	(\$417,841)	--	--
Personnel Review Board	(\$171,347)	--	--
Civil Service Commission	(\$27,596)	--	--
<b>Total</b>	<b>(\$9,559,432)</b>	<b>(\$5,094,891)</b>	<b>(\$1,953,999)</b>

\*Treasurer only includes expenditure savings. Figures assume no revenue impact as revenue would likely be collected by an alternate entity.

**Graph 5: Legacy Obligation – Scenario 3**



This analysis indicates that the legacy issues created by Scenarios 1 and 2 are not as severe for this scenario. While legacy costs as a percentage of the county's overall expenditure budget would be higher than they are today, they would not be substantially higher. That is because transit system workers are not county employees, and because the overall size of the county budget would not shrink nearly as dramatically as under the other two scenarios.

A rationale for this scenario would include the following:

- It could be argued that the county's severe financial challenges have had the greatest negative impact during the past two decades on parks, culture and transit in light of their discretionary status. Consequently, there is appeal in separating those functions from county government in order to eliminate their uphill struggle to compete for scarce resources and restore the county's focus to its mandated services.
- If the four discretionary functions were transferred with similar functions from other counties into new *regional* authorities, then new administrative efficiencies might be created by consolidating functions administered at lower levels of government into higher levels. Also, as discussed in **Section II**, an argument can be made that transit and aviation services are best provided on a regional level because of their significance to the regional economy and residents from throughout southeast Wisconsin; and that a regional parks and culture district is appropriate in light of the regional importance and usage of cultural amenities and several Milwaukee County parks.
- In light of the considerable debt service obligations associated with parks and cultural facilities, a scenario in which debt service is transferred to a new authority would free up significant sales tax dollars that could enable the county to offset a considerable amount of its legacy obligations associated with those functions.
- As with Scenario 2, this scenario would offer the opportunity to streamline the legislative and executive structure and transform the mission of county government into operating as a professionally administered service arm of the state.

A negative is that while the legacy problem is not as severe under this scenario, it still exists. As discussed in **Section I**, legacy costs would continue to grow during the next several years, and Scenario 3 would require them to be absorbed by a smaller government with far fewer employees and with less ability to charge out the cost to revenue-generating entities, such as the airport. In addition, the policy-oriented and political arguments against the establishment of new authorities for parks, cultural and transportation functions that are outlined in **Section II** still would need to be addressed and/or overcome in order to pursue this scenario.