

# HOW INDEPENDENT PUBLIC POLICY RESEARCH CAN ENHANCE LOCAL GOVERNMENT FINANCIAL MANAGEMENT

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Public Policy Forum

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# Public Policy Forum Mission

- ❑ Established in 1913 as a good government watchdog, the Public Policy Forum is a nonpartisan, independent government research organization that focuses on a broad range of public policy issues.
- ❑ We seek, discover and disclose true and accurate information to enhance the effectiveness of government and public policy in southeastern Wisconsin, the state and the nation; and we facilitate public policy discussion and action.

# MORE EFFICIENCY IN CITY'S AFFAIRS IS BUREAU'S PLAN

New Institution Founded by Milwaukee Citizens Now Organized by Choice of Officials.

**A. H. VOGEL PRESIDENT**

Thomas L. Hinckley, Eastern Expert, Will Be Director in Charge of the Work.

## TELLS OF BROAD IDEALS

Object Not Only to Fix Blame for Mistakes But to Bestow Praise for Efficiency.

# SUMMARY OF THE NEWS

SATURDAY, NOVEMBER 15, 1913.

## WEATHER FORECAST.

Wisconsin—Fair in north, unsettled in south Saturday; Sunday fair; warmer; moderate east to southeast winds.

## TEMPERATURE IN MILWAUKEE.

(Last twenty-four hours.)

### Comparisons.

Nov. 14, 1912.		Nov. 14, 1913.	
Highest.	Lowest.	Highest.	Lowest.
37.	30.	42.	31.

## Temperature by Hours.

(Official.)

1 a. m.	41	11 a. m.	40
2 a. m.	37	12 m.	41
3 a. m.	36	1 p. m.	41
4 a. m.	35	2 p. m.	41
5 a. m.	33	3 p. m.	40
6 a. m.	31	4 p. m.	40
7 a. m.	32	5 p. m.	40
8 a. m.	33	6 p. m.	39
9 a. m.	37	7 p. m.	33
10 a. m.	40		

## KIOSK.

8 p. m.	36	11 p. m.	34
9 p. m.	36	12 p. m.	35
10 p. m.	35	1 a. m.	34

Mean temperature, 36; normal for day, 36.

Excess since Jan. 1, 451 degrees.

Precipitation for 24 hours to 7 p. m., 0.

Deficiency since Jan. 1, .22 inch.

Wind, N. E.; max., 16 miles an hour N. W.

Relative humidity—7 a. m., 59 per cent; 7 p. m., — per cent.

Barometer, sea level—7 a. m., 30.35; 7 p. m., 30.41.

For general government weather report see page 13.

SUNRISE, 6:45. SUNSET, 4:29.

Light vehicle lamps at 4:59.



# Local Government Indicators



**TRACKING LOCAL  
GOVERNMENT**  
*Monitoring performance  
data trends*



 **Public Policy Forum**  
moving the region forward



# What is performance measurement?

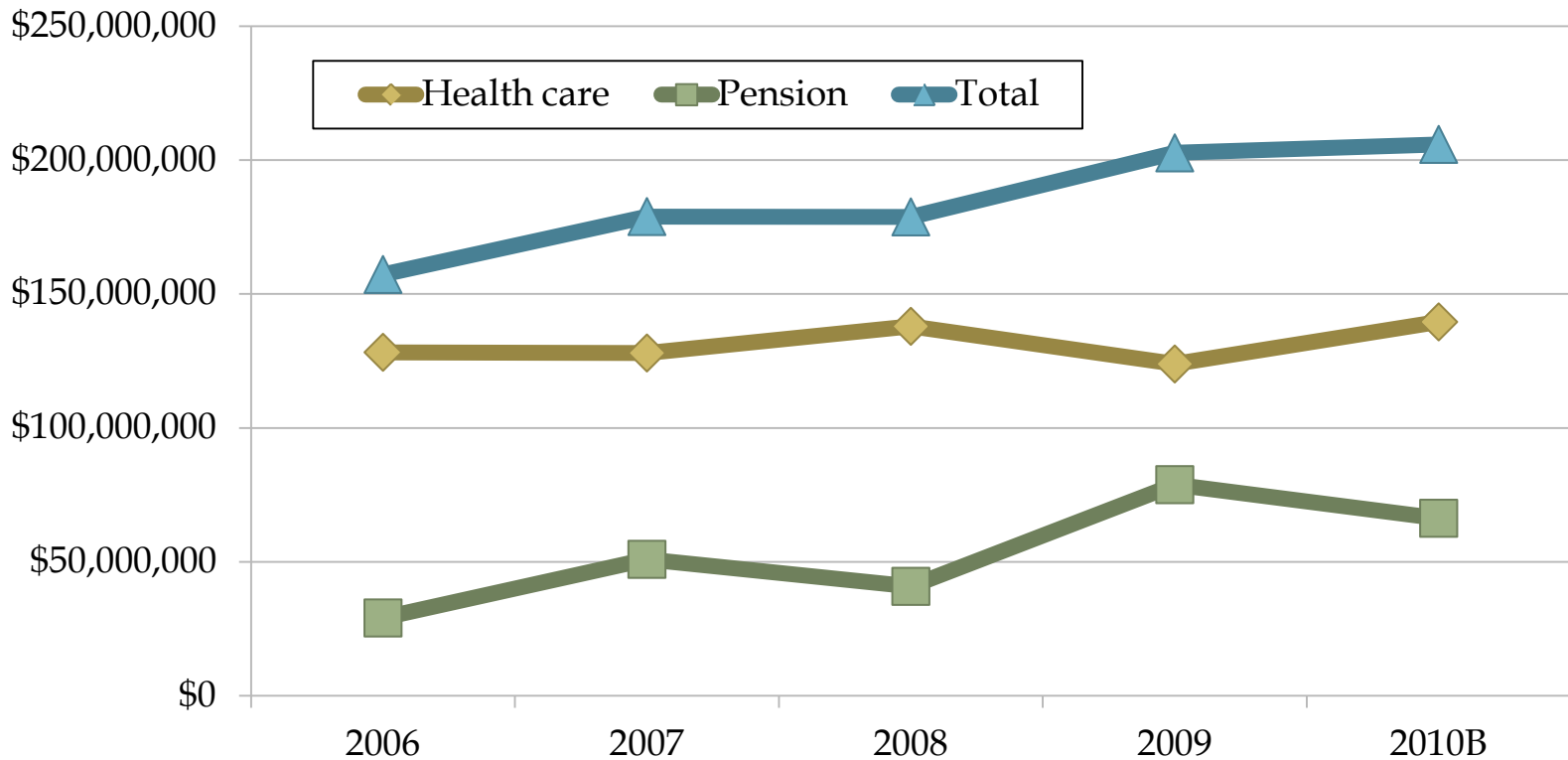
- ❑ Different forms of measures: inputs (e.g. program expenditures & revenues); outputs (e.g. # of customers served); outcomes (e.g. quantifiable program results).
- ❑ Information on inputs and outputs most easily tracked, collected and shared; outcomes can be more subjective and time-intensive.
- ❑ GFOA: Performance measures should be 1) based on program goals tied to mission; 2) provide for comparisons over time; 3) verifiable & understandable.

# Why track local government performance?

- ❑ Good government: ensure services are functioning effectively and efficiently, with clearly stated and transparent performance goals and measures.
- ❑ Public education: inform citizens about the nature and scope of core government services and their impact on community well-being.
- ❑ Improved budgeting: provide quantitative data to public officials for use in establishing priorities and making difficult expenditure and revenue decisions.

# Limitations to local government data & trend analysis

## Milwaukee County Pension and Healthcare Costs





# Local Government Indicators

## PUBLIC SAFETY

### Milwaukee County Sheriff

2009

2010B

#### Inputs

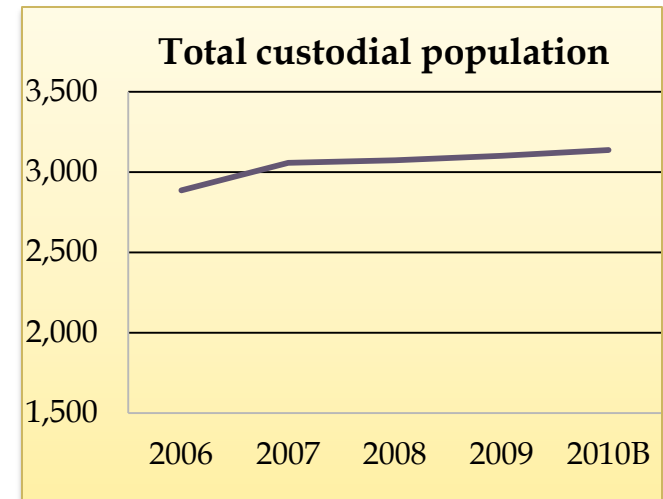
Total operating expenditures	\$139,562,199	\$141,951,515
Total property tax levy	\$119,640,393	\$121,359,819
Employees (full-time equivalent)	1,439	1,434
Sworn officers (full-time equivalent)	1,063	1,044

#### Outputs

Traffic citations	35,725	-
Auto accidents reported/investigated	3,965	-
Writs of restitutions (evictions)	2,807	-
911 phone calls received	536,404	-
Total custodial population	3,101	3,138

#### Performance/Fiscal Indicators

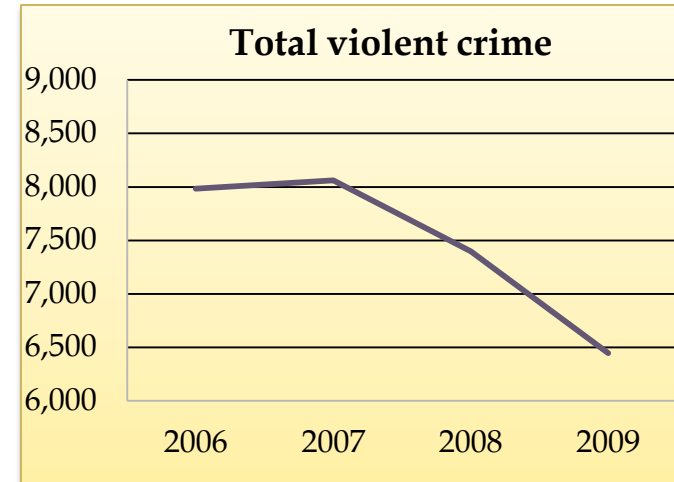
Daily cost of housing an inmate	93.2	91.6
% levy dedicated to detention division	81.3%	82.3%
Process inmate through booking (hours)	2.7	-
Traffic citations per patrol officer	661.6	-
Operating expenditures per resident	\$145.45	-



# Local Government Indicators

## PUBLIC SAFETY

Milwaukee Police Department	2009	2010B
<b>Inputs</b>		
Total operating expenditures	\$237,346,874	\$216,874,086
Locally allocated public resources	\$236,202,205	\$215,780,386
Employees (full-time equivalent)	2,745	2,753
Sworn officers (full-time equivalent)	2,155	2,037
<b>Outputs</b>		
Dispatched assignments	254,044	-
Traffic citations	114,447	-
Total violent crime	6,446	-
Total property crime	34,777	-
<b>Performance/Fiscal Indicators</b>		
Traffic citations per sworn officer	53.1	-
Homicide clearance rates	83.0%	-
Operating expenditures per resident	\$392.87	-
Sworn officers per 1,000 city residents	3.6	-

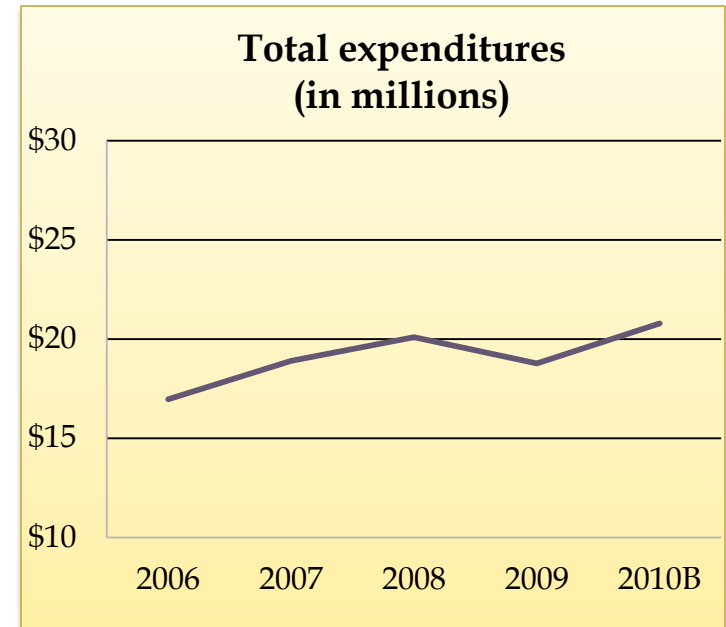


# Local Government Indicators

## PUBLIC WORKS

### Milwaukee County DPW (Highway Maintenance and Transportation)

	2009	2010B
<b>Inputs</b>		
Total operating expenditures	\$18,779,073	\$20,794,685
Total property tax levy	\$493,642	\$1,074,950
Employees (full-time equivalent)	148	137
<b>Outputs</b>		
State revenue/reimbursement	\$16,447,883	\$17,484,726
Lane miles reconstructed	2	-
Lane miles rehabilitated	31.5	-
Bridges rehabilitated/replaced	2	-
Asphalt patching used (tons)	227	-
<b>Performance/Fiscal Indicators</b>		
% Costs reimbursed by state	87.6%	84.1%
% Deficient bridges	15.0%	-
Man hours for mowing/vegetation control	1,744	-

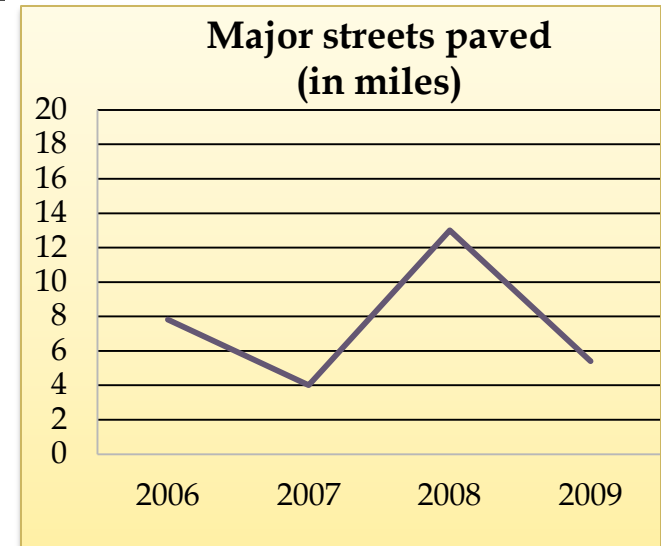




# Local Government Indicators

## PUBLIC WORKS

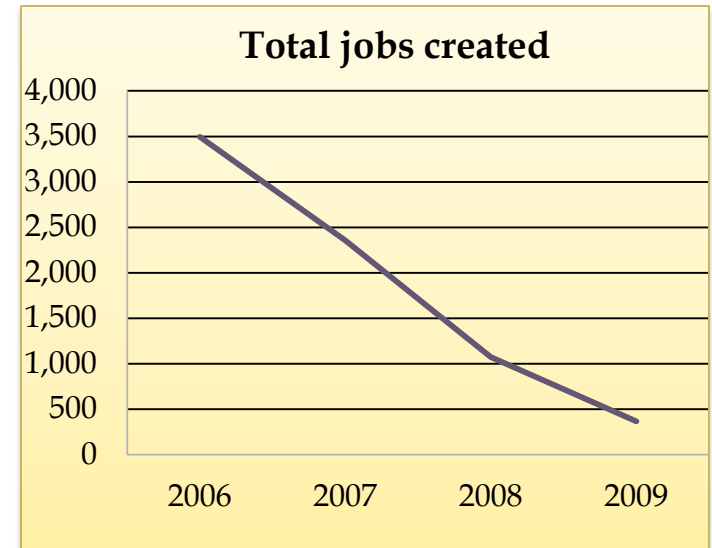
City of Milwaukee DPW (Infrastructure)	2009	2010B
<b>Inputs</b>		
Total operating expenditures	\$29,678,155	\$33,656,488
Locally allocated public resources	\$25,486,124	\$30,005,488
Employees (full-time equivalent)	490	597
<b>Outputs</b>		
Major streets paving (miles)	5.40	-
Asphalt patching/pot holes (tons)	10,700	-
Bridges inspected	75	-
Sewer service backups	28	-
Street flooding complaints	3,690	-
Sewers examined (miles)	160.0	-
Sewers cleaned (miles)	583.0	-
<b>Performance/Fiscal Indicators</b>		
Street reconstruction and resurfacing (miles)	9.8	-
Sewer service backups per 1,000 residents	0.05	-
Street flooding complaints per 1,000 residents	6.1	-



# Local Government Indicators

## CITY DEVELOPMENT AND NEIGHBORHOODS

Department of City Development	2009	2010B
<b>Inputs</b>		
Total operating expenditures	\$4,787,666	\$3,946,428
Locally allocated public resources	\$3,841,007	\$2,945,428
Employees (full-time equivalent)	148	144
<b>Outputs</b>		
Construction/remodeling permits issued	33,186	-
Jobs created	366	-
Jobs retained	888	-
New housing units	527	-
Private investment assoc. w/ depart. activity	\$174,000,000	-
<b>Performance/Fiscal Indicators</b>		
Operating expenditures per city resident	\$7.92	-

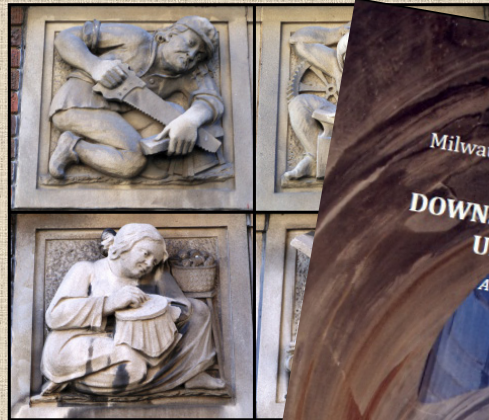


# Fiscal Indicators

Milwaukee County's Fiscal Condition  
**CRISIS ON THE HORIZON?**  
*An independent third-party analysis*

Public Policy Forum  
*moving the region forward*  
City of Milwaukee's Fiscal Condition  
**BETWEEN A ROCK  
AND A HARD PLACE**  
*An independent third-party analysis*

Milwaukee Area Technical College's  
Fiscal Condition:  
**GROWING DEMAND,  
SHRINKING RESOURCES**  
*An independent third-party analysis*



Milwaukee Public Schools'  
Fiscal Condition:  
**PASSING THE TEST,  
BUT MAKING  
THE GRADE?**  
*An independent  
third-party analysis*

Milwaukee Metropolitan Sewerage District's  
Fiscal Condition:  
**DOWNSTREAM ACCOMPLISHMENTS,  
UPSTREAM CHALLENGES**  
*An independent third-party analysis*



# ICMA Fiscal Indicators

- ❑ Financial Trend Monitoring System - developed in 1980's, routinely used by local governments to assess fiscal health.
- ❑ Focuses on four types of solvency issues:
  - **Cash solvency** - refers to a government's ability to pay its bills and meet its payroll.
  - **Budgetary solvency** – is the government generating enough revenues to meet its expenditure needs?
  - **Long-run solvency** - examines the impact of future costs incurred by current fiscal decisions.
  - **Service-level solvency** – are services being provided at the level and quality desired by citizens?

# Summary of ICMA Fiscal Indicators



**ICMA Fiscal Indicator 1: Operating Revenues Per Capita**



**ICMA Fiscal Indicator 2: Local Tax Revenue**



**ICMA Fiscal Indicator 3: Intergovernmental Revenue as a Percentage of Operating Revenue**



**ICMA Fiscal Indicator 4: Net Expenditures Per Capita**



**ICMA Fiscal Indicator 5: Employees Per Capita**



**ICMA Fiscal Indicator 6: Direct Fringe Benefits**



**ICMA Fiscal Indicator 7: Long-term Debt**



**ICMA Fiscal Indicator 8: Capital Improvements and Repair and Maintenance**



**ICMA Fiscal Indicator 9: Liquidity**



**ICMA Fiscal Indicator 10: Fund Balance**



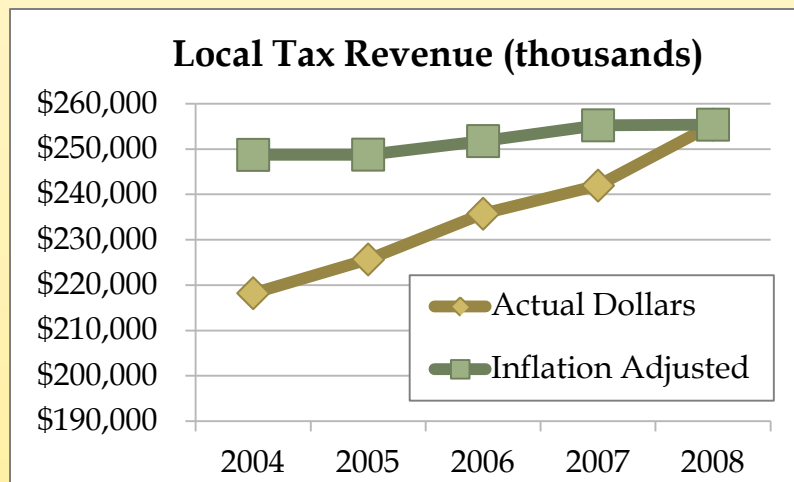
# ICMA Indicator 3 – City of Milwaukee

## ICMA Fiscal Indicator – Local Tax Revenue

*Why it is Important* – Local tax revenue typically consists of property, sales and income taxes. These funds are of fundamental importance to local governments in the resources they provide and in the budget control and flexibility they afford. A decline in this indicator may reflect structural problems, such as a loss of population, a depressed economy, and/or decline in local property values.

*ICMA Warning Sign* – Decline in tax revenues in constant dollars.

*City of Milwaukee Finding* – Milwaukee relies upon the property tax as its major local tax resource. From 2004 to 2008, total local tax revenue increased by 2.7% in constant dollars. This is a **positive indicator** of fiscal health, although as explained in the text, tax revenues for *operating purposes* experienced a decline in constant dollars (3.8%).



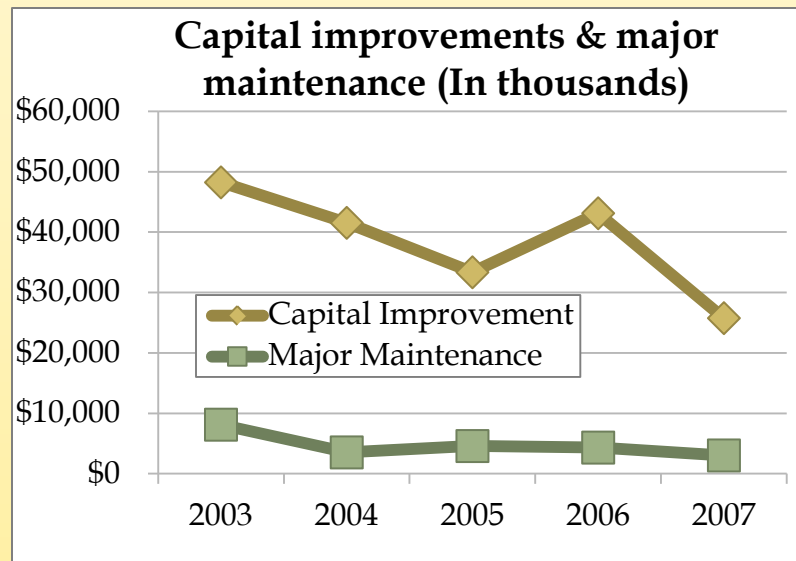
# ICMA Indicator 10 - Milwaukee Co.

## ICMA Fiscal Indicator - Capital Improvements and Deferred Maintenance

*Why it is important* - Capital improvement and maintenance expenditures from governmental operating revenues provide an indication of whether capital needs are being addressed.

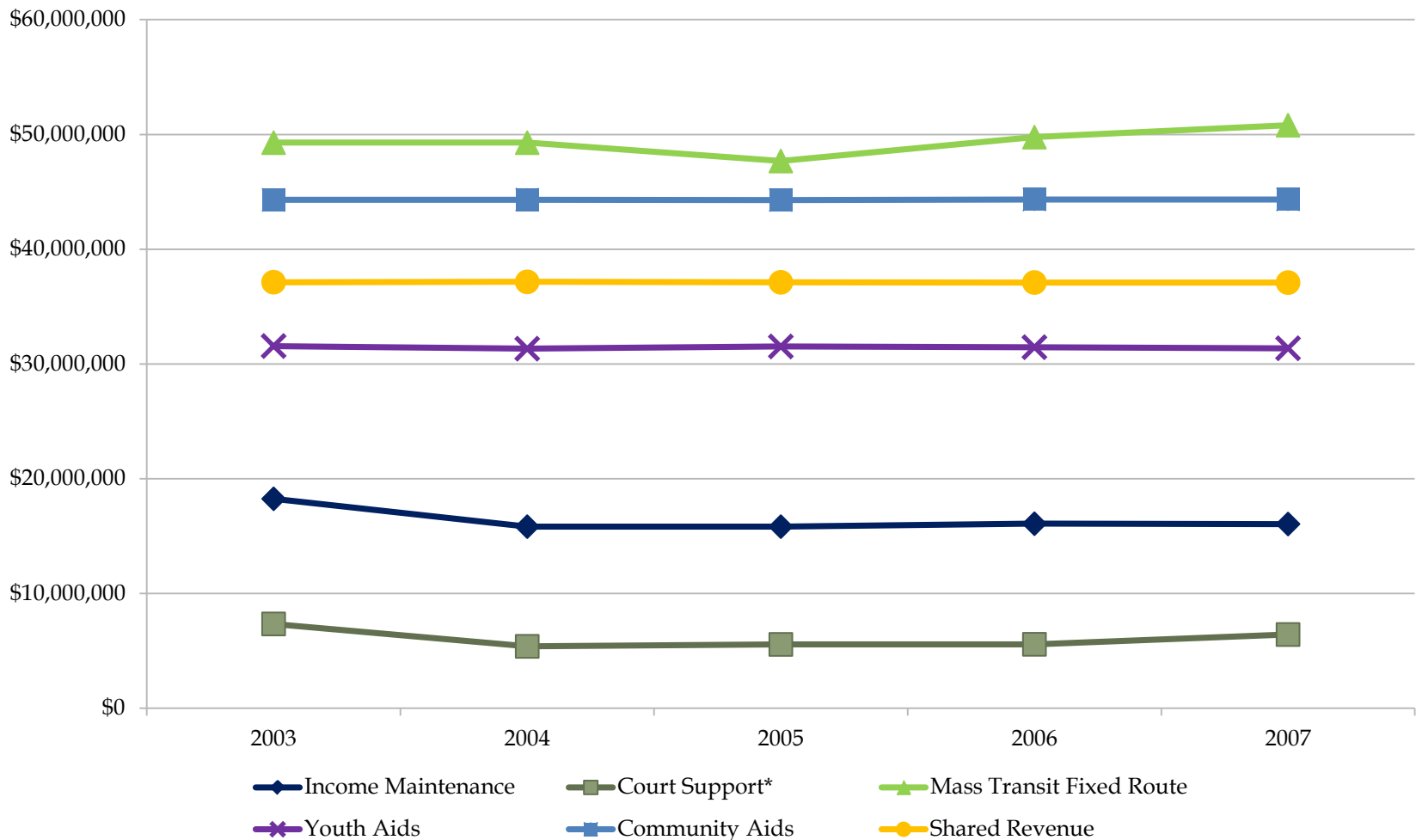
*ICMA Warning Sign* - A three or more year decline in capital improvement and maintenance expenditures.

*Milwaukee County Finding* - Maintenance expenditures have varied but generally Trended downward during the period. Capital improvement expenditures also varied but reached their lowest level in 2007. Taken together, these trends indicate challenges in addressing capital needs and **require monitoring**.





# Major State Revenue Streams – Milwaukee County

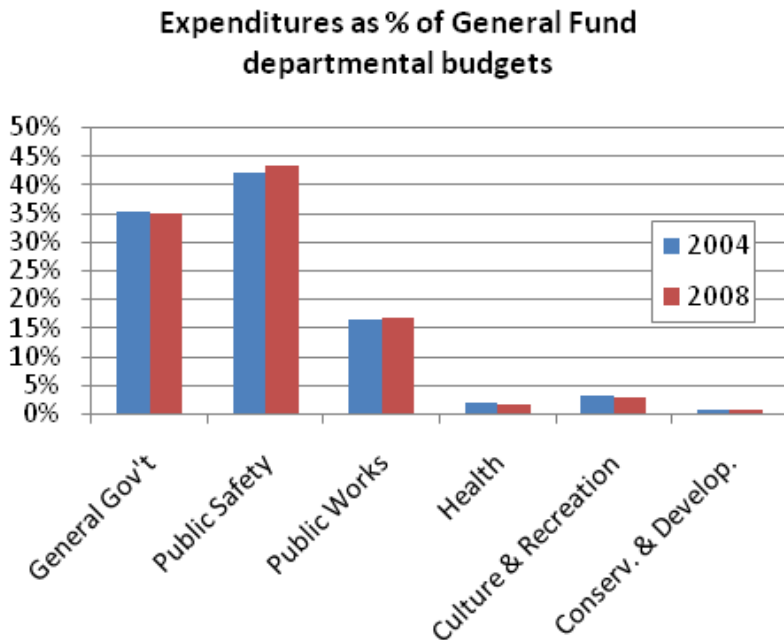


# Milw. Co. departments w/largest fringe benefit expenditures

Department	2007 Fringe Benefits
Sheriff	\$30,410,300
Behavioral Health Division	\$28,157,300
Health and Human Services	\$24,450,500
House of Correction	\$16,284,700
Combined Court Related Operations	\$10,009,400
Public Works	\$9,592,900
Parks	\$8,303,200
Airport	\$6,640,200
District Attorney	\$5,678,600
Child Support Enforcement	\$5,634,400
<b>Ten Department Total</b>	<b>\$145,161,500</b>
<b>All County Total</b>	<b>\$173,898,000</b>

# City of Milwaukee Departmental Breakdown

## Expenditures by major functions



## Public safety & public works expenditure growth (in thousands)

	2004-2008 Difference	2004-2008 % Change
Police	\$35,036	18%
Fire	\$16,485	19%
Public Works – Operations	\$16,319	20%
<b>Total expenditure increase for four units</b>	<b>\$67,840</b>	
<b>Three units as a % of all departmental expenditure increase</b>		<b>81%</b>

# MATC property tax reliance

LOCAL GOVERNMENT	TOTAL PROPERTY TAX REVENUES*	LEVY FOR GENERAL OPERATIONS	
		LEVY	% OF TOTAL
Milwaukee County	\$251,495	\$251,495	23.2%
Milwaukee Public Schools	\$251,077	\$234,101	21.3%
City of Milwaukee	\$227,637	\$141,573	26.5%
<b>MATC</b>	<b>\$139,064</b>	<b>\$111,873</b>	<b>58.6%</b>
Milwaukee Metropolitan Sewerage District	\$80,729	\$0	0.0%

\* In thousands



# MATC and its national peers, expenditures per student FTE

	TOTAL OPERATING EXPENSES PER STUDENT FTE		SALARY EXPENDITURES PER STUDENT FTE		FRINGE BENEFIT EXPENDITURES PER STUDENT FTE	
	DOLLAR	PEER RANK	DOLLAR	PEER RANK	DOLLAR	PEER RANK
<b>MATC</b>	<b>24,476</b>	<b>1 of 85</b>	<b>11,703</b>	<b>1 of 85</b>	<b>7,101</b>	<b>1 of 85</b>
<i>84 Peers</i>						
Highest	18,077		9,632		3,165	
Lowest	4,564		2,544		602	
Median	9,154		4,715		1,236	

# MATC structural deficit

(Scenario 3 Mid-point)

	2012	2013	2014	2015	2016
<b>REVENUES</b>					
Local	\$116,414,098	\$118,160,309	\$120,523,515	\$123,536,603	\$127,242,701
Tuition & fees	\$49,138,412	\$51,870,135	\$54,784,416	\$57,894,779	\$61,215,799
State	\$28,633,827	\$29,069,682	\$29,518,612	\$29,981,011	\$30,457,281
Other	\$14,008,784	\$14,570,483	\$15,156,104	\$15,766,719	\$16,403,449
Total	\$208,195,122	\$213,670,609	\$219,982,647	\$227,179,111	\$235,319,230
<b>EXPENDITURES</b>					
Salaries	\$124,700,938	\$128,441,966	\$132,295,225	\$136,264,082	\$140,352,005
Fringes	\$68,079,824	\$74,207,008	\$80,885,639	\$88,165,346	\$96,100,227
Other	\$25,873,278	\$27,943,140	\$30,178,592	\$32,592,879	\$35,200,309
Total	\$218,654,040	\$230,592,114	\$243,359,456	\$257,022,307	\$271,652,541
<b>STRUCTURAL DEFICIT</b>	<b>(\$10,458,918)</b>	<b>(\$16,921,505)</b>	<b>(\$23,376,809)</b>	<b>(\$29,843,196)</b>	<b>(\$36,333,311)</b>

# MMSD's 2009 fiscal profile (in thousands)

	Operating Expenditures	Property Tax Revenues	Capital Expenditures	Net Value of Assets
MMSD	\$79,206	\$105,686	\$243,452	\$3,348,204
Milwaukee County	\$1,213,387	\$260,724	\$137,373	\$996,556
City of Milwaukee	\$848,896	\$238,832	\$335,952	\$1,725,187
Milwaukee Public Schools	\$1,365,471	\$287,779	\$29,136	\$643,539
MATC	\$265,263	\$146,074	\$76,973	\$152,204

# MMSD capital expenditures (in thousands)

	2005	2006	2007	2008	2009	5-yr % Change
Debt Service	\$57,980	\$64,963	\$70,739	\$73,790	\$77,695	34.0%
Wastewater Treatment	\$19,735	\$16,552	\$23,077	\$28,419	\$19,178	-2.8%
Sewers	\$54,626	\$68,226	\$78,450	\$86,035	\$98,169	79.7%
Flood Control	\$19,855	\$38,486	\$27,016	\$8,069	\$34,974	76.1%
Other	\$13,145	\$17,528	\$14,542	\$14,306	\$13,437	2.2%
<b>Total</b>	<b>\$165,341</b>	<b>\$205,755</b>	<b>\$213,824</b>	<b>\$210,619</b>	<b>\$243,452</b>	<b>47.2%</b>



# MPS Fiscal Indicators



Operating Revenues Per  
Capita



Direct Fringe Benefits



Intergov't Revenue as a %  
of Op. Revenue



Liquidity



Local Tax Revenue



Fund Balance



Net Expenditures Per Capita



Repair and  
Maintenance

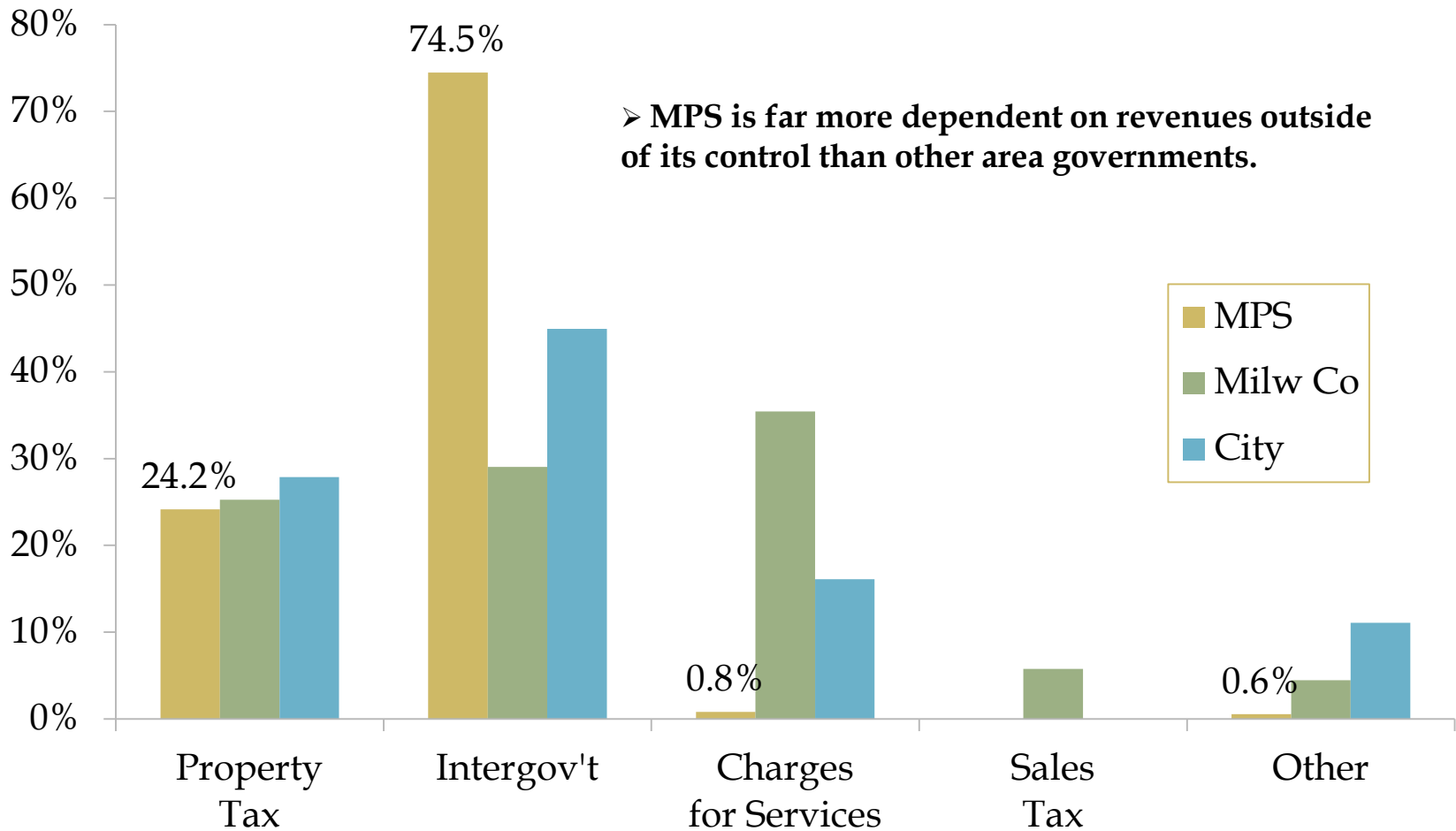


Employees Per Capita

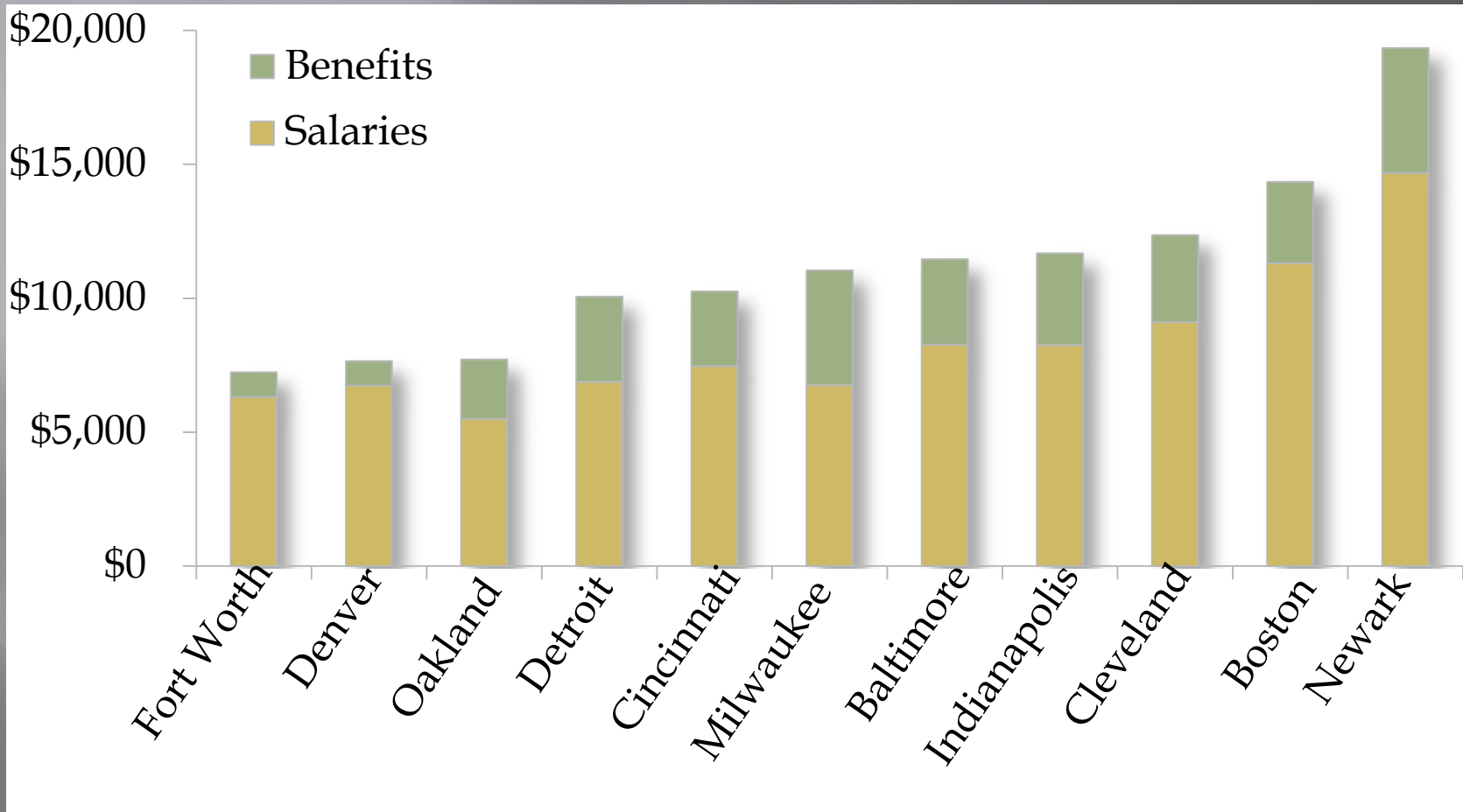


Long-term Debt

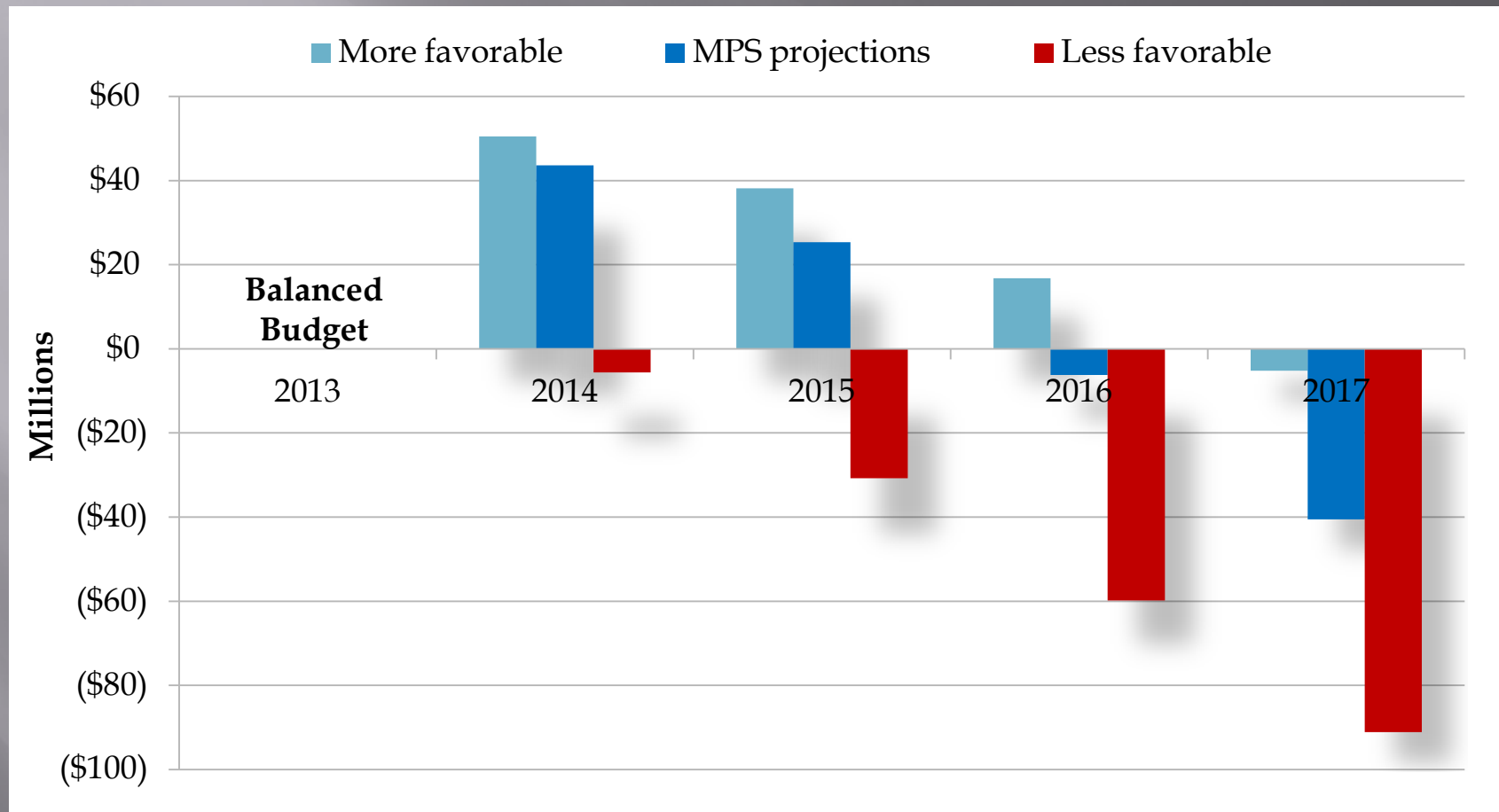
# Revenue comparison



# Nat'l peers: salary & benefit spending per pupil



# MPS Projected budget gaps





# Questions/Comments?

Web site: [www.publicpolicyforum.org](http://www.publicpolicyforum.org)