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**2014 county budget continues progress toward fiscal stability**

*Though proposed sheriff's cuts, transfers from reserve merit deliberation*

In its annual analysis of the Milwaukee County Executive's recommended budget, the Public Policy Forum cites a relatively short list of controversial budget cuts and new areas of reinvestment as "the latest and most definitive" proof of the county's improved financial picture.

"Indeed, the county's overall financial condition – which five years ago was in 'intensive care' – has progressed beyond 'critical' and is heading toward 'stable,'" says the report. "While the structural hole still is substantial...the effort to achieve structural balance no longer looks like a hopeless proposition."

The report also cautions, however, that several nagging structural issues remain, including flat revenue streams, intense fringe benefit cost pressures, and a lack of reserves.

"There is a strong need, therefore, for the 2014 budget to continue to make inroads into the county's structural challenges," says the report. "Yet, countering that need is the equally compelling opportunity to reinvest in infrastructure and services in light of a substantial budget surplus remaining from 2012."

The report credits the recommended budget for attempting to strike a balance between those competing necessities. In particular, it notes that continued efforts to share growing health care costs with employees and reduce expenditures in the sheriff's budget constitute attacks against two of the county's biggest structural cost drivers, while substantial new investments in infrastructure repairs and community-based mental health services represent efforts to shore up key functions that have suffered from underinvestment.

The report also cites changes to the budget document itself as evidence of structural improvement, including a new format that establishes important financial management policies.

Despite those positive elements, the report also raises concerns about certain budget-cutting strategies.

“Legitimate questions can be raised, for example, regarding the amount of budget pain incurred by the sheriff's office, the drawdown of the Debt Service Reserve, and the viability of permanently freezing the property tax,” says the report. “It is entirely within the county board's purview and responsibility to challenge these and other items, but as it does so it must similarly acknowledge the county's long-term challenges and adhere to financial best practices.”

In addition to reviewing the specific strategies used in the budget to eliminate a \$15.3 million structural gap and free up resources for new investment (including the major changes to the sheriff's office and health care), the 2014 county budget brief includes analysis of the county's renewed attempt to move toward performance-based budgeting and the implementation of its new Office of the Comptroller.

“Overall, the 2014 recommended budget should be seen as one that continues the county's path toward financial stability,” the report concludes. “While there is more work to be done, the fact that reinvestment is a key budget theme demonstrates how far the county has come in its march toward structural balance.”

The county budget brief can be downloaded at [www.publicpolicyforum.org](http://www.publicpolicyforum.org). The Forum's 2014 City of Milwaukee budget brief was released earlier this week.

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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