

October 3, 2000

Budget Message 2001

The budget that I present to you tonight has been a difficult one to prepare. Racine County has a 6-year history of steadily reducing our tax rate, while at the same time absorbing more mandates and responsibilities. For the past several years, we have talked about the challenges that were facing us. Tonight, I present the County Board with a budget that represents a tax increase.

The budget process began in May. All departments were asked to prepare goals for the coming year and how they were to be attained. The budget book includes these goals. All departments were challenged to find better ways to deliver services, if at all possible. After budgets were submitted, which merely included the increased cost of wages, supplies, postage, etc., I found it was necessary to reduce requests by over \$3 Million to get the budget to where we are tonight. This was done over the past several weeks and was very difficult. No department was spared.

The proposed tax levy for 2001 is \$4.095 per thousand of assessed valuation. This means that the County tax levy on a \$100,000 home is projected to be \$409.50 compared with \$395.10 in 2000.

There are a number of reasons that Racine County taxes are proposed to rise, and I will review these with you.

Racine County's growth rate for 1999 was only 4.36%. This is down from previous years. Once again, the outlying municipalities have grown by much higher rates than the City of Racine. The slow growth of Racine County has a direct impact on our tax rate. Our county must grow, or we are going to have to raise taxes or severely cut services.

Countywide, TIF Districts have a direct impact on our growth rate, this year resulting in a loss of approximately \$51 Million.

The State Department of Revenue's unilateral decision to implement the agricultural land tax adjustment all at once, instead of phasing it in over several years, as the legislature provided, has meant an all-at-once \$88 Million drop in the assessed value of Racine County agricultural land.

As we look forward to 2001, we see that many revenues have gone down while many unavoidable expenditures have risen.

Looking first at revenues, we see the following:

This coming year is the second of the State's biennial budget, and most of the revenues we will receive from Madison are being held flat with no accommodation for inflation. There have even been reductions in State revenues for a number of departments, including the Clerk of Courts, Victim Witness (in spite of increased workload

requirements), Emergency Management, Human Services, Water Patrol, and Welfare Fraud. At the same time, State Shared Revenues are down 5% or \$185,000.

There is a loss of revenue from detention rentals, as more Counties build their own facilities.

Ridgewood is projected to lose ITP revenues of \$200,000.

The revenues from the jail telephones are expected to be half of last year's, a \$272,000 difference. Changes in the sector of the business that provides phone service to correctional institutions have put those who run the jails at a disadvantage, leading to less profitable contracts.

The Register of Deeds has noted a decline in income of \$125,000, which we must take into account. The same rising interest rates that have earned our reserves more interest have cut down on the number of people refinancing their mortgages, which, in turn, means fewer documents being recorded and less income for us.

Federal legislation has taken its toll on human service programs and the worst is yet to come, as Congress considers cutting over \$1 Billion from the Social Services Block Grant program. The State government has already informed us that any cuts will be passed directly to the counties.

We must consider how we will continue to provide even the same services to the people we are currently working with if state and federal funds continue to decline. As a result, there are no increases in this budget to address waiting lists, something all of us have been very concerned about. It would be unfair to take people off the waiting list this year, only to put them back on next year when our funding is even lower than it is now.

The Human Services Board has indicated a desire to devote additional funds to address this problem. Keep in mind that other services and programs must be cut in order to increase funding for waiting lists in Human Services programs. It would cost nearly \$5 Million to eliminate waiting lists, and it would take a county referendum to raise our tax rate over the limit imposed by state law. I look forward to working with you all as we review this issue for the coming year.

Unfortunately, when the Federal and State governments reduce their funding to Counties, there is no corresponding reduction in people looking to the county for help. If counties are to receive adequate funding from the State or Federal government, it is clear that we must act together. This should be the #1 issue of the Legislative Committee.

In the area of Human Services, the mentally ill need to be served to a greater extent. Some funds have been redirected to community support programs for the chronically mentally ill. These programs help people avoid expensive hospitalization, the cost of which is often paid by the County. We are also funding a small mental health initiative in Western Racine County.

In addition, we have been working closely with AMI and law enforcement to provide training on Chapters 55 and 51 of the Wisconsin Statutes to law enforcement personnel. This training informs law enforcement about community programs available to the

mentally ill, so that, when possible, when law enforcement is called to deal with these people, they will be taken for treatment and will not end up in jail. This better serves the person who is ill and saves the taxpayers the cost of incarceration.

The Social Service Agencies we contract with for services will be receiving a meager 1.6% increase.

I serve the Governor as a member of the Governor's Blue Ribbon Commission on State and Local Partnership in the 21st Century. The strained relationship between the State and local units of government cannot continue. The motto of the Commission is "Citizens are at the center – Government is a servant of the people."

I can assure you that the Commission is working to redefine how Youth Aids, Community Aids, and Court funding are determined. There has to be a better understanding of the problems and the responsibilities of each level of government. The Racine County Board of Supervisors must be part of the process. You can do that by participating in WCA Committees and keeping track of legislation that affects us all.

At the same time that our revenues are decreasing, our expenditures are going up. Nevertheless, the cost of general county government has been held to an absolute minimum. The majority of the increase in this budget comes from Ridgewood Health Care Center and the law enforcement areas, mainly the county jail. These increases are no reflection on Sheriff McReynolds or Fran Petrick, the Administrator of Ridgewood.

At Ridgewood, the cost of handling patients is rising faster than we expected. Because of advances in medical care and the many home-care and assisted living options now available, the patients in nursing homes today are, on the whole, much sicker than those we had before. They require more intensive care from highly trained nurses and staff and the cost of their care is extremely high. As a result, Ridgewood's budget is up almost \$385,000 for 2001. Four additional nurse assistants are needed. In addition, because of the enormous amount of paperwork regarding our Medicare patients, a new billing clerk is needed. This is being done in order to maximize our reimbursements.

As you know, we are required to provide medical treatment to people incarcerated in our jail. In 2000, jail medical expenditures have nearly doubled from the year before, a difference of approximately \$234,000.

In the Sheriff's Department, overtime resulting from numerous retirements has already used a significant amount of this year's contingency fund and will impact the 2001 budget even more.

Earlier this year, this Board supported a project covering court security and a lock down of the Law Enforcement Center. The yearly cost of this decision is \$162,000. This will cover the cost of a deputy and a contracted service to man the metal detector.

Health insurance rates have gone up 10%, and if you know anything about health insurance, you know that we are extremely lucky to have such a small rise in costs! Other organizations are seeing increases of double or triple that amount.

Base wages are up 3%, due to negotiated contracts.

Like many other employers, Racine County is faced with an aging workforce. Within the next 12 months, 167 County employees will reach an age to be eligible for retirement benefits from the Wisconsin Retirement System. Nevertheless, even without taking these possible future retirements into consideration, we expect a \$250,000 increase in the retirees' insurance account.

The good news is that Racine County is still in excellent financial condition. Our debt burden is very low and our reserves are healthy. We must take care to keep them that way.

There is also good news for the citizens who live in the area served by the Handicapped Children's Education Board. The tax levy to support the school program will increase by less than 1% in 2001, while we continue to provide excellent and comprehensive services for the children we serve. We offer grateful thanks to our state legislators, most especially to Representative Bonnie Ladwig and Senator Kim Plache, for obtaining the additional state funding that is keeping this levy down.

Earlier this year, I invited the Board to join County staff and elected officials in a Visioning Process. I noted then that if we are to make the right decisions now for the County's future, we must have a vision that looks out past the immediate time frame, and this is especially true as budget restraints and the need for services all increase at the same time. We have completed the initial stages of our visioning process.

Our Mission Statement, as you recall, is: *"The mission of Racine County government is to provide effective and efficient services that are valued by our citizens; and to achieve and sustain a high quality of life for present and future generations."*

As I put together the budget, I addressed the goals that were discussed.

The County Jail has a large population in need of medical services, especially in the intake area. The budget adds 2 additional nursing positions. In addition, because we absolutely need to look at alternative ways of dealing with jail residents, Sheriff McReynolds has developed a Day Reporting program. I am in full agreement with the plan and have included a deputy position to work in this area. The budget will also include a deputy for court security, a position that was approved in recent months as part of the court security package.

Racine County is a property owner, and as such, we have an obligation to maintain and improve our holdings. The funding we use for these projects comes from our capital account. In order to approach this in the most responsible way, we have established a 5-Year Capital Plan. This budget includes funding for a number of these projects, identified as appropriate for the first year of the plan.

The property we own also includes many miles of roads. The maintenance of these roads is vital to maintaining our economy and to encouraging its growth. For many years, in order to keep the taxes low, we have put off all but the most urgent repairs and improvements. This year, to meet our commitment to road maintenance and improvement, we are going to be borrowing funds. There are proposed projects for Highways A, H, FF, J, and Y.

One of our Goals is to work toward creating and maintaining “a quality of life that attracts, retains and supports businesses, families and individuals.” This budget contains a number of items that fit this goal.

In the area of economic development, the Budget continues to fund the work of Racine County Economic Development Corporation.

Once again, the budget includes a 1 cent increase for the Lakeshores Library System. We are quickly catching up to meet our commitment to equal funding for our County’s libraries.

We were fortunate this year to have been the recipients of extremely generous funding from the Wieczorek family to erect a picnic, restroom and storage pavilion in Pritchard Park. The 2001 budget contains funds to complete the parking and other associated improvements.

We are continuing our support of the Racine Heritage Museum, the very successful Cultural Arts Fund, and the Racine Zoo.

In addition, there is a \$100,000 one time contribution to the capital campaign for the Wustum Museum, to help them create their new space on Main Street. Racine County will benefit greatly from a facility of this stature in our community.

There will be improvements at Cliffside Park and Case-Eagle Park. There will be a major renovation of the Ives Grove Golf Course Clubhouse and cart storage area, all of which will be paid for entirely from user fees. Bike trail improvements will be made to the Burlington-Waterford trail.

I am including \$50,000 in the budget to explore the creation of a youth recreational center including an ice rink in Pritchard Park. The Racine County Board has agreed that an ice rink would be an acceptable use in the park. I would like the Public Works Committee to look into the possibility of putting together some type of public-private partnership that would enhance the quality of life for youth in the Racine County community.

Just like other employers in our county, Racine County will be finding it difficult to recruit qualified employees. In order to attract good candidates, particularly minorities, I will be establishing a paid summer intern program for college students. This will introduce potential future employees to the varied occupations available in county government, and, at the same time, relieve some of the workload in certain areas.

This budget begins to prepare us for the next several years, when we are going to be making some forward thinking decisions. The Board has made it clear that you are ready to support some expensive decisions. **Consolidated dispatch, public safety communication system, jail expansion and reducing human services program waiting lists** are all ahead of us. These projects will not only require significant capitol expenditures, but represent new ongoing operational expenses as well – and most of that will have to come from the property tax.

Sometimes leaders must make difficult decisions for the long term good of the county and its citizens, and I believe that we are at that point. Racine County residents are

entitled to quality service from our government. If we are to maintain a low tax rate, we are going to either cut services drastically, or find other sources of funding. Racine County is presently one of only 19 out of 72 counties without a one-half per cent sales tax. As elected officials we are proud of that, but the time will come when we will have to decide whether or not that would be a fairer way to cover some of the costs of Racine County Government.

It will take strong leadership to accomplish what we have set out to do in the next 5 years, and I look forward to reviewing all the details of the budget during the next several weeks, as we make further adjustments to the document and hear input from our citizens.