



Portage County Proposed 2020 Budget

The Budget Adoption Process

- **October 1:** Presentation of proposed budget.
- **October 8:** Review of the proposed budget, board comments, and public comments.
- **October 8:** No formal amendments made, but referrals to committee for further review can be done.
- **October 21:** The Finance Committee reviews formal budget amendments.
- **November 4th:** Annual board meeting and public hearing (budget adoption).
- Potential veto would mean meeting again on November 12th.

Our Framework

- Fiduciary duty requires us to stay objective, unselfish, responsible, honest, trustworthy, and efficient.
- As stewards of public trust, we must always act for the good of the organization, rather than for the benefit of ourselves.
- We need to exercise reasonable care in all decision making, without placing the organization under unnecessary risk.

The Real Trickle Down Effect

- Federal Deficit passed \$1 trillion for 2019 in September. **The projected deficit for this year is \$181 billion more than the deficit last year.**
- State uncertainty = Local uncertainty
- Every board I'm on is **shifting to a more conservative financial approach** in order to insulate against likely changes in the market and the economy in general.

Market Forecasts

- Investments have performed well as of late, but this is likely not easily repeated given the market influences at play.
 - **Worrisome for any recurring expenditures that rely upon investment returns.**
- The investment world has been waiting for the proverbial bubble to burst, and all reports still indicate that the correction is **long** overdue.

The Big Picture For Us in 2019

- Unfunded mandates from the state.
- **Managing HHS deficits.**
- Managing a budget shortfall this year.
- Trending over-reliance on one-time investment returns for recurring operational costs.
 - Still a net increase this year.
 - This should decrease, as it provides a false sense of security that is very temporary in nature.

District Attorney's Office

- The following counties staff their office at a 1:1 (legal staff to ADA) ratio or greater/equivalent.
 - Dunn, Lincoln, Buffalo, Green, Burnett, Jefferson, Dodge, Wood, Shawano, Juneau, Walworth, Jackson
- Larger and smaller counties tend to have unique arrangements.
- This is a decision for the long term given it took 30 years to receive additional positions and the state may—at some point—look to establish a 4th circuit court in Portage County.

Regional HHS Funding (Per Capita)

State Average: \$326

- Marathon County: \$223 (pop. 135,428)
- Portage County: \$259 (pop. 70,942)****
- Waupaca County: \$283 (pop. 51,128)
- Shawano County: \$293 (pop. 40,796)
- Clark County: \$374 (pop. 34,709)
- Wood County: \$446 (pop. 73,055)****
- Waushara County: \$461 (pop. 24,263)
- Juneau County: \$630 (pop. 26,617)
- Adams County: \$686 (pop. 20,348)

HHS Math: Beware The 'Simple' Cut

- Program X serves 10 children and costs the county \$150,000 per year.
- Cut the program?
- If only 5 of those 10 children end up in court ordered placements as a result of Program X going away...
- That cut turns into 5 x \$15,000+/month. Now you are spending \$150,000 in two months.

What We Did For HHS

- HHS needs roughly \$500,000 to meet its needs today in this budget.
- They could use more.
- Luckily, the state increased funding in key areas to the tune of \$321,000.
- This meant we **only** had to add \$178,506 of levy. The current trend here is alarming.
- This area of the budget has a serious potential for requiring significant cuts in the future.

Situational Rationalities In The Budget

- For 2020 we were able to:
 - Hold insurance premiums flat with \$1 million of restricted insurance reserves.
 - This helped departments balance their budgets at a 0% growth target.
 - That helped us pay wages and have enough money to give employees a 1% cost of living adjustment.
 - This will not happen next year. So we need to balance our year-to-year approach (driven by a capped levy) with long-term planning for the problems ahead.

Expenditure Reductions

- In 2018, I informed every entity in the non-county agency budget that the county can't guarantee funding from year-to-year.
- Given the sizeable funding needs across the county, I thought of recommending a cut to this entire portion of the budget.
- Instead, this year I am recommending the non-renewal of two funding requests.
- **The county is an unreliable source of funding for non-county agencies.**

Making Up The Deficit

- Roughly ½ of the \$250,000 deficit was made up with an increased amount of investment returns. **This is an unsustainable approach.**
- We need to reduce expenses. I believe that we should exhaust non-county agency allocations **before** we go after county services, programs, and/or personnel.

2020 Non-County Agency Options

- Portage County Business Council \$80,000
- Housing Authority \$20,000
- Emergency Services \$19,000
- Stevens Point Area Convention & Visitors' Bureau \$15,000
- CAP Services, Inc. \$6,500
- CREATE Portage County \$5,000
- Portage County Historical Society \$4,000
- 2-1-1, United Way of Portage County \$2,000
- Amherst Fair Association \$2,000
- Rosholt Fair Association \$2,000

Portage County Business Council

- PCBC does a lot of great work in the county, but it is also the largest expense in this portion of the budget. By not renewing the annual, \$80,000 contract, **the county makes up most of the deficit.**
- A non-renewal this year doesn't preclude the county from funding PCBC in the future or at a reduced funding level.

Housing Authority of Portage County

- Fully separated from Portage County in 2016.
- Federally subsidized agency that should have always been a stand-alone organization.
- The purpose of the \$20,000 funding was to assist the agency in its transition away from the county. **It was never meant to be long-term.**
- The agreement between the HA and Portage County still provides for in-kind assistance from the county that no other non-county agency has the opportunity to benefit from.

Services Still Available To The HA

- Free legal services and representation through the county Corp. Counsel's office.
- Consulting services through the County Purchasing Department.
- Consulting services through the County IT Department.
- Continue to receive per diems and mileage for its commissioners.
- **See: Resolution 140-2014-2016**

Where Are We Headed?

- I've bought the board a year to make decisions on infrastructure before some high-cost investments need to be made.
- If we have direction, we can incorporate where these will go into the planning and implementation process:
 - IT Data Center (\$1-2 million)
 - County Dispatch RMS/CAD (TBD—Not Cheap)

Where Else?

- Portage County has **a lot of unknowns** that are associated with big price tags.
 - Health Care Center
 - Building project(s)
 - General repairs costing 150% or more due to working with older infrastructure or the inability to find replacements/parts.
 - Other county infrastructure (i.e. Gilfry Center, County-City Building, etc.)

The Capped Levy Constrictor



Our Challenges: A Lot At Once

- Courthouse/LEC Project
- ~~New EMS Contracts~~
- Salary Study Sustainability
- Health Care Center Questions
- ~~Highway Dept. Short-Term Borrowing~~
- Budget Difficulties (Out Of Our Control)
- HHS Hurdles (We Have To Overcome)

How We Made It **This** Year

0%

Plus Salaries & Fringe

2020 Budget Assumptions

- This budget is focused on preserving the financial integrity of Portage County. It is balanced and does not create a structural deficit.
- The operating levy is limited to an increase of \$504,594 (2.043%) over the previous year less an adjustment for the personal property tax aid, which offset the levy limit.
- The budget includes a \$69,500 increase of tax levy support for capital projects.

2020 Budget Assumptions

- Personnel costs reflect a 1% annual adjustment increase to the County's wage and classification plan. **Personnel Services totals \$45,192,763 in 2020.** This is 41.17% of all expenses.
- Investment income used to make this budget increased over 2019 by \$138,940.
- The 2020 Health Care Center budget reflects an operating loss and requires the use of an additional tax levy of \$895,559. **They are currently projecting a surplus for 2019 (i.e. unused funding from the referendum)**

Revenue Highlight

- Sales Tax increased 2.7% (\$189,312).
- The county has no other options for generating meaningful, recurring revenue.

2020 Levy per \$1,000 Equalized Value

Operating Levy: \$25,190,221

Tax Rate: \$4.18 – down from \$4.32

Debt Service Levy: \$3,541,462

Tax Rate: \$0.59 – up from \$0.53

Countywide EMS Levy: \$2,379,842

Tax Rate: \$0.40 – up from \$0.38

Bridge & Culvert Aid Levy: \$50,000

Tax Rate: \$0.01 – this rate is unchanged

TOTAL LEVY: \$31,161,525  **Tax Rate: \$5.18**
(down from \$5.24)

2020 Property Tax Support

Sheriff: 18.83% of operating levy

HHS: 17.11%

Highway: 14.01%

General Govt: 11.92%

Debt Service: 11.36%

Subtotal: 73.23%

EMS: 7.64%

Capital Projects: 3.21%

Judicial Services: 3.31%

Planning & Zoning: 1.84%

Extension .50%

Library: 3.08%

ADRC: 2.05%

Parks: 1.64%

Veterans: .31%

Health Care Center 3.19%

Subtotal: 26.77%

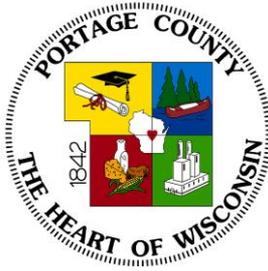
Total: 100%

Fiscal Awareness: Our Unfunded Mandate

- Focus On Mandated Programs & Services
- No Paving Roads To Hell With New Initiatives
- Plan For The Long-Term With The Short-Term
- Educate Ourselves & The Public
- Prioritize All Discretionary Spending
- Get The County's House In Order

MovingForward...

- Deficits at the state and continued cost-shifting (down to us) is going to pose a serious challenge.
- The 2021 budget will be the next step toward setting the standard for our budget development processes under the status quo (i.e. capped levy).
- In 2022 a prioritization process will have been tested, refined, and put in place.



Thank You.