



2020 Budget Preparation

May 7, 2019

Budget Perspectives

Tactical versus Strategic

- **Tactical** – short-term reactive perspective, examples would be budgeting for out of county inmate housing or not backfilling positions to facilitate meeting the budget
- **Strategic** – longer-term visionary perspective, examples would be investing in capital to co-locate departments to facilitate cross training and sharing of personnel and replacement of jail lights with LED fixtures

Fixed versus Variable Expenditures

- **Fixed** – expenditures that don't vary based on the situation, examples are base wages and benefits
- **Variable** – expenditures vary based on the inputs, example would be overtime

Budget Perspectives

Controllable, Semi-Controllable or Uncontrollable

- **Controllable** – the County has control of the amount, examples would be license fees and Cost-of-Living wage increases
- **Semi-controllable** – the County has some level of control over the amount, example would be health insurance expense where the plan structure may be able to control expenditures to some degree
- **Uncontrollable** – the County has little to no control over the amount, much of the County revenue would be considered uncontrollable, such as property tax levy and sales tax

Questions to Ask as Part of the Budget Process

Tactical/Strategic Questions

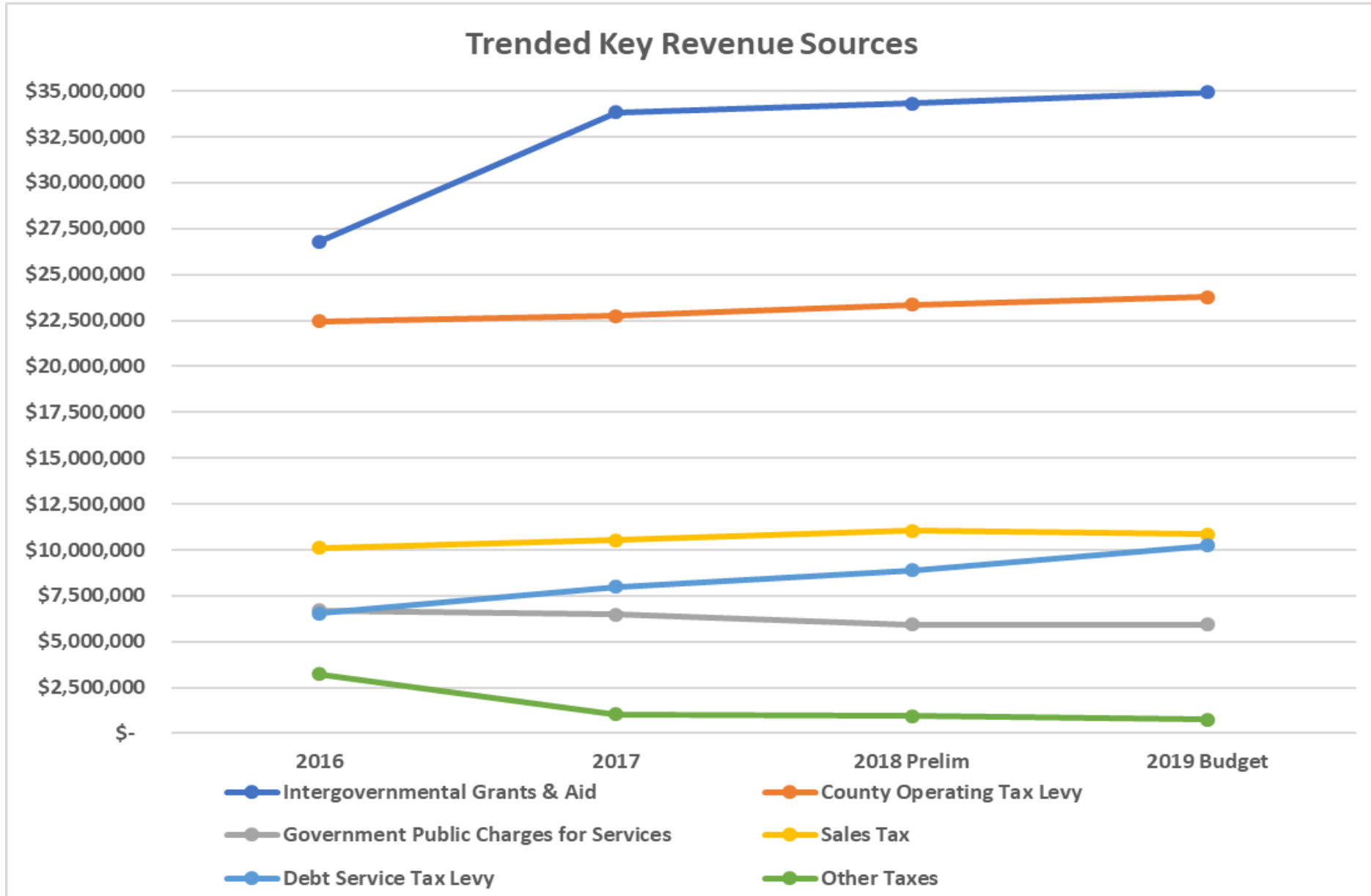
- What services are mandated and at what level are we providing?
- How are services delivered and can the delivery system be changed?
- What are the consequences or downstream implications of not providing a service or current level of service?
- How are departments incorporating new delivery systems, efficiencies and partnerships into the budget?

Controllability of Revenues & Expenditures

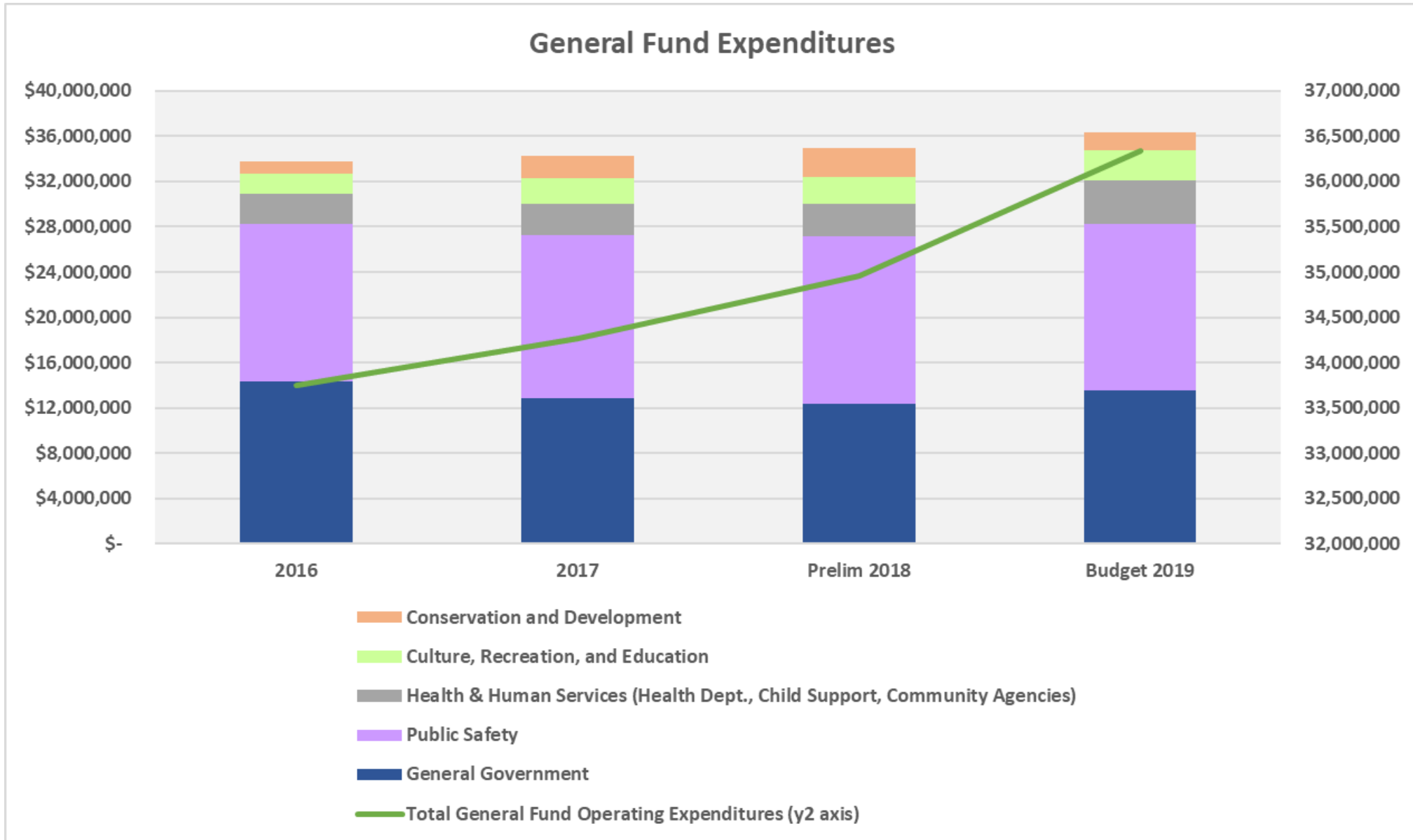
Controllability Challenges

- Funding often is tied to specific programs that are mandated
- Funding is not necessarily linked to actual cost of providing the service
- The level of public usage of services isn't always predictable or consistent
- The County is an arm of State government and service delivery mechanisms limit County control
- The County is limited to statutory administrative home rule authority
- The County organization was constructed based on sections of State statutes, the organization is a product of history not strategy and efficiency

Trended Key Revenue 2016-2019



Trended General Fund Expenditures 2016-2019



2020 Budget and Beyond

Challenges & Concerns

- Lack of strategic financial plan and direction
- Pending health insurance increases
- Continuing to bond for expenditures that should be covered by operations and yet have significant structural capital needs such as a new highway facility
- On track to exceed the County debt levy policy limit
- Lack of adequate State funding for Child Protective Services/Alternate Care
- Experiencing competitive compensation deterioration, 85% of the County employees are below market
- Limited additional revenue opportunities – 2% Net New Construction equals ~\$475K
- Sales tax is vulnerable to economic downturns
- Continued erosion of Unassigned General Fund balance

Budget Policies

Budget Policies

- Eau Claire County will provide **necessary services** to those most in need within the limits established by the availability of resources and statutory authority. Balancing of funding with social benefit shall be a conscious effort. To that end, preventative programs and services are encouraged whenever possible.
- Eau Claire County will protect, maintain, and enhance its **financial reserves** and provide the oversight necessary to assure its citizens and creditors of its **financial and institutional stability**. Revenue enhancements to offset operational costs and improve financial health will be pursued.
- The most costly programs funded by Eau Claire County property tax dollars are those that respond to **social need**. Social need tends to be greatest when economic growth, which provides key county funding through the property tax and sales tax, is least. This **inverse relationship to needs and funding is acknowledged**.
- Eau Claire County will consciously **consider reducing the level of services** provided when reductions in departmental revenue can be directly **related to reductions in state or federal aid**.

Budget Policies

Budget Policies

- Even if not mandated, **programs and services should be encouraged if they hold down costs elsewhere.** The "elsewhere" could be within a department, within the County's operations, and even with other local units of government.
- The impact of decisions on the future should always be strongly considered - not just the impact on the next budget year or five years in the future, but generations in the future. The **transition to future budgets should be smooth, honest, and within long-term plans.**
- The County's **physical assets shall be properly and timely maintained.** Deferring maintenance so that other programs can be provided is strongly discouraged.
- The budget will **align with the county strategic plan;** and preference will be given to services or programs that fulfill the plan.

Budget Priority Discussions

Budget Priorities

Priority 1 - Cross Sectional Analysis of County Operations

Priority 2 - Proactive Relationships to Retain Financial Flexibility

Essential Versus Core Versus Desirable

Characteristics of Essential...	Characteristics of Core...	Characteristics of Desirable...
Parallels the overall Eau Claire County mission	Parallels the overall Eau Claire County mission	Parallels the overall Eau Claire County mission
Results (as opposed to processes) are mandated by an external body	Results (as opposed to processes) are pressing to the County Board	Results (as opposed to processes) are important to the County Board
If discontinued, the negative impact to the public is significant. High social cost.	If discontinued, the negative impact to the public is noticeable. Moderate social cost.	If discontinued, the negative impact to the public may be noticeable. Minimal social cost.
Service cannot be provided by the private sector or other partners	Service can/is provided by the private sector, but the County can provide the service more effectively or efficiently	Service can or is provided by the private sector, but the County can offer alternatives

Budget
Discussions

2020 Budget Calendar

Summary Budget Development Calendar	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Annual report of prior year results compiled		DH										
County Board to develop and prioritize strategic issues for upcoming two years (held in even-numbered years)				CB								
Review of budget policies & priorities					CB							
Oversight committee review and discuss performance measures					OS, DH							
Capital improvement projects developed				DH								
Oversight committee and departmental budget development						OS, DH						
Budget guidance issued to departments						DH						
Capital improvements team reviews and ranks major projects for upcoming ten-year period						OS						
Citizen public input forums								FIN				
Oversight committee and departmental program review; discussion and development of goals, objectives for upcoming year(s)							OS, DH					
Administration review of submitted budgets.								DH				
Finance Committee hosts public listening sessions								Fin				
Administrator Proposed Budget submitted to County Board									AD			
Finance Committee review of proposed budget									Fin	Fin		
Finance Committee recommended budget presented to County Board and public										Fin		
Public hearing on proposed budget											CB	
Budget adoption											CB	
Information gathering about public need	P, CB											
Budget monitoring	OS, DH											

CB-County Board DH-Department Heads Fin-Finance Committee OS-Oversight Committees AD - Administrator P-Public