



## DOUGLAS COUNTY: DELIVERING A BALANCED BUDGET

By James Anderson

**A**s 2018 ends, many organizations will be starting a new budget year on January 1, including Douglas County. State law requires counties to pass an annual budget that is balanced. This process starts in late June to early July as departments submit initial budgets to the finance department and continues through summer and early fall, with the County Board holding several committee meetings and public hearings. At the end of October, the process comes to an end when the full Douglas County Board of Supervisors meets to consider the final budget proposal.

According to the Douglas County Budget Book, “The purpose of the budget is to determine the activities and services to be provided to the taxpayers of Douglas County, to determine the costs of providing these activities and services and finally, to evaluate the performance of providing these services and activities.”

### COUNTY PRIORITIES

Douglas County uses priorities-based budgeting, which provides tools to the Board of Supervisors to manage and allocate financial resources, based on the adopted mission and values of the Board of Supervisors. The mission of Douglas County is to “Provide cost

effective services with equal access to all citizens, continue and enhance partnerships and responsibly manage our resources and plan for the future.” Douglas County also focuses on six priorities while budgeting:

1. A county that invests in public safety to respond to emergency situations and insure the safety and security of citizens and their property.
2. A county that plans for, funds and invests in transportation, infrastructure and equipment improvements, exploring energy efficient options.
3. A county that has well trained professional staff that provides customers with quality programs and services in an efficient and innovative manner with a low tax impact.
4. A county that protects, sustains and enhances its natural resources and promotes recreation and educational opportunities.
5. As an economically vibrant county we will pursue economic development and revitalization opportunities that assist in cultivating a quality of life that is appealing to business and residents while honoring and preserving the past.
6. A county that is compassionate and provides efficient and effective services to members of our community who are in need.

## ABOUT COUNTY GOVERNMENT

Meeting these priorities, state mandates and citizens' expectations is challenging. Counties deliver complex, sophisticated services. According to the Wisconsin Counties Association (WCA), counties: plow snow and maintain highways, operate the jail and provide law enforcement services through the sheriff's office; protect vulnerable adults and children through human services departments; issue birth and death certificates and record property transfers through the register of deeds; issue marriage licenses and domestic partnerships and oversee elections through the county clerk; operate and support circuit courts through the clerk of circuit courts; monitor sanitary conditions and inspect restaurants for food safety regulations through the county health department; collect property taxes and fees through the county treasurer; maintain and operate county parks and forests; operate 911 emergency dispatch services and county-wide emergency management; manage land and development and offer conservation services. Even that lengthy list still doesn't entirely capture how county government fully touches every citizen across Wisconsin, in all 72 counties.

## COUNTY GOVERNMENT FUNDING

County government receives some funding from the federal government and State of Wisconsin to provide mandated services. However, according to WCA, "these revenues only account for about 40 percent of the county budget, so counties must raise additional revenue through other taxes." For 2019, Douglas County will levy a tax rate of 4.94 per mill, which means \$4.94 will be assessed per \$1,000 of assessed property value. This millage rate represents an increase of 2.32 percent over the 2018 rate and is just over the average rate of 4.74 percent between 2009 and 2018.

## PRESSURES ON COUNTY GOVERNMENT

The 2019 county budget included expenditures of over \$56.6 million for the fiscal year and represents a nearly 5 percent increase in expenditures from 2018. Several factors are putting pressure on Douglas County and other county governments, including human services response to opioid addiction, increasing employee health insurance costs, and net new construction and increases in equalized values that are not keeping up with inflation. In Douglas County, out-of-home placement and treatment costs have skyrocketed for the Human Services Department. In 2016, Human Services spent

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– INTERIM COUNTY ADMINISTRATOR ANN DOUCETTE

just over \$650,000 for these services. In 2017, these costs almost doubled to over \$1.1 million and are projected to increase again to over \$1.8 million in 2018. Across Wisconsin, there has been a 39 percent increase in the number of kids in out-of-home care between 2012 and 2018. Parents' addictions to methamphetamine and opioids has been a primary driver in these increases. There has been a similar increase in the costs to counties for these placements, with an 18 percent – or over \$14 million increase – from 2013 to 2017.

In addition to human services costing more, Douglas County has experienced pressure on employee benefits costs. Douglas County has done better than many public and private entities in terms of managing health-care costs; however, these trends are catching up to Douglas County. In 2019, the county will experience a 4 percent premium increase. Finally, while the costs of delivering county services is increasing, new building and increases in equalized values throughout Douglas County has been growing slower than inflation. The Wisconsin Department of Revenue tracks net new construction, which is new construction reduced by any demolition or destruction of buildings. Between 2012 and 2018, Douglas County net new construction has averaged .81 percent, which doesn't even keep up with inflation. Further, this value is about 35 percent less than the state average of 1.23 percent over the same period.


## MAKING TOUGH DECISIONS

With expenses growing by nearly 5 percent and revenues relatively flat, the Douglas County Board of Supervisors needed to deliver a balanced budget; this required making tough decisions. Over the last two years, the county budget has been helped by favorable timber sales from the Douglas County managed forest. For 2019, supervisors needed to consider options that they have not had to do so far. In September, the county Executive Committee considered several options for balancing the budget that included seeking: a referendum for a \$1 million levy increase; local vehicle registration fee (known as a wheel tax) up to \$30 per car registered within the county; increased forestry revenue; cut nonmandated services; remove a budgeted across-the-board 1 percent pay increase; lay off positions and/or across-the-board cuts across all departments. Following considerable deliberation, supervisors wanted to live the mission and priorities the county had previously set. The Executive Committee made the following recommendations to the full County Board: increase employee health care contributions from 12 percent to 15 percent; increase the goal for forestry revenue; and remove a \$300,000 project from the county Highway Department. The County Board has already set June 2019 to examine the budget status and make needed course corrections to maintain a balanced budget for 2019.

## 2019 BUDGET

On October 30, the Douglas County Board of Supervisors adopted the 2019 county budget. As described earlier, it represents over \$56.6 million in spending to serve the needs of Douglas County. A millage rate of 4.94 was established and will be seen on property tax bills that will go out in December 2018. "This has been a particularly challenging budget process with the dramatic rising of placement costs for children and adults. Tough, unpopular choices had to be made in order to balance the 2019 budget," said Ann Doucette, interim county administrator. "Fortunately, Douglas County has an exceptionally well-qualified and dedicated team of County Board members, department managers and staff that were able to rise to the challenge. After numerous meetings, recommendations were suggested and implemented that will enable the county to provide quality, essential services in the upcoming year."



The budget book is at [douglascountywi.org](http://douglascountywi.org) (click on "Departments," then "Finance"). Or visit [www.douglascountywi.org/208/Finance](http://www.douglascountywi.org/208/Finance). 

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