

Village braces for \$139,000 budget shortfall

Written by Steve Ostermann
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Board cautioned that governor's repair bill could leave Grafton facing added expenses while losing state revenue

The Village of Grafton will face a \$139,000 shortfall in next year's budget if Gov. Scott Walker's budget-repair bill becomes law, the Village Board was told Monday.

Village Administrator Darrell Hofland told trustees that Walker's plan — if approved without changes by the state Legislature — would leave the village confronted by revenue cuts and additional expenses that more than offset tax-levy savings.

"As proposed, the new state budget will mean the village can't increase the levy except for new construction or if it is approved on a referendum," Hofland said.

"We would have to make up the difference somewhere else, including cutting services or programs."

In a presentation to the board, Hofland said the village can expect to save \$117,338 because Walker's proposal calls for public-employee unions to contribute more for health insurance and retirement funds. That total includes benefit savings of \$89,486 for retirement and \$29,852 for insurance in 2012.

However, Hofland said, the savings would be wiped out by a loss of \$170,331 in revenues and \$86,427 in additional expenses. The cuts include losses of \$89,178 in transportation aid, \$46,153 in shared revenue and \$35,000 in recycling aid.

The village will face \$96,427 in additional benefit costs in contractual obligations with police officers (\$55,754), public works employees (\$21,556) and telecommunicators (\$9,117). Those figures do not include 2012 wage increases, Hofland said.

The net result is a \$139,420 shortfall in the levy that has to be offset for the village to maintain current spending next year, he added.

The most contentious proposal in the budget-repair bill calls for all public-employee unions except police and firefighters to lose collective bargaining rights on everything except salaries, which could only be increased by the rate of inflation. Walker and supporters of his proposal have argued that money saved on contracts would allow state, county and local governments to offset revenue losses.

"It was unimaginable that Gov. Walker went as far as he did on collective bargaining issues," Hofland said Tuesday in discussing his presentation.

"It was also unimaginable that police and fire unions would be granted an exception, given the negative impact it will have on all local and county governments."

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The village is still bound by terms of contracts it signed with unionized employees, including recently renegotiated pacts that allow the village to impose furlough days.

The budget-repair bill's impact on Grafton's water and wastewater utility and its unionized employees will not directly affect village spending because the utility operates under its own budget, which is supported by user fees.

Board members voiced concern Monday about the budget constraints facing the village but also expressed confidence that solutions will be found.

"The bottom line is that the levy cannot be increased, and we have to pull \$139,000 out of the budget," Trustee Jim Grant said.

Hofland said the village's goal in recent years has been to not increase the tax rate by more than 2% annually. However, that threshold will pose a major challenge if property valuation in the village decreases, he added

"When we have a major drop in valuation, the tax rate could increase just to keep the levy frozen," Hofland said. "It's a strange dynamic going on because of the economy."

Hofland recommended the Village Board begin meeting as a committee of the whole to discuss budget strategies by mid-April.

Village President Jim Brunnquell said he is confident the board can resolve the budget challenge with the aid of input from village staff, department heads and residents.

"Fortunately, we have 17 years of plaques (awards for budgetary excellence) and officials who can get the job done," Brunnquell said.

Hofland was scheduled to travel to Madison this week to meet with the state's Joint Finance Committee and discuss the budget-repair bill's impact on municipalities. The talks will also focus on ways municipalities can minimize the negative ramifications of the bill, he said.

Hofland said it's too early to say what services or programs the village will target for reductions once the state budget is adopted. But he expects officials to carefully weigh input from residents, who may be asked additional budget-related questions in a community survey the village plans to send out in May.

"Traditionally, public safety and public works are the highest-priority services when the budget is looked at," Hofland said.

"But there are also quality-of-life programs such as the library, parks and recreation that residents value. Those are reasons why many families choose to live in Grafton."

Hofland said he directed the village's management team to prioritize services and explore

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cost-savings options, including offering joint services with other communities.