



Department of Administration
Budget and Policy Division

March 23, 2009

Tom Barrett
Mayor

Sharon Robinson
Administration Director

Mark Nicolini
Budget and Management Director

Ref: BF 09-1C

All Department and Agency Heads
City of Milwaukee

Subject: 2010 Budget Request Forms, Instructions, and Related Information

Dear Department or Agency Head:

Attached is a list of the forms necessary for preparing your 2010 budget request. For the 2010 budget, the Budget Office will provide departments via e-mail with a copy of the line-item budget (BMD-2) and the Special Purpose Request form (BMD-16) for existing accounts. The remaining budget forms and reference materials required for budget development and submission will be available on the city's Intranet (MINT).

Departments must submit all budget request forms in an electronic format to the Budget Office by **5:00 p.m. on Tuesday, May 12, 2009.**

Departments also need to submit signed paper copies of the BMD-2 form to the Budget Office by May 12, 2009 (original and two copies).

If you have any questions or would like any assistance with the preparation of your budget request, please do not hesitate to contact the analyst assigned to your department (see attached BMD assignment/extension list).

Probable Impacts of Fringe Benefit Cost Increases on the 2010 City Budget: All of you are aware that the city has been dealing with an ongoing imbalance between the costs of continuing service levels from year-to-year and the revenue growth available to fund those costs. I am sorry to inform you that the imbalance has now reached a point where "managed decline" is no longer a viable budget option. The sources of the imbalance are multiple, and include the cumulative impacts of changes in State Shared Revenue policy and the impact of the economy on the property tax base and other non-property tax local revenues. Unfortunately, two trends which have been favorable lately - health care benefit costs and retirement costs - have taken a decided turn for the worse. Final projections about these costs will not be available until late summer, but it is clear that the only sustainable means of addressing these cost increases is a substantial reduction to the number of city employees.

Our initial projections indicate that this reduction is likely to be on the order of 1,200 to 1,400 positions over the next two years, with the majority of this reduction necessary for the 2010 budget. Given the magnitude of these changes, it is my view that the budget request process that we have used in recent years should be modified. As you will see in detail below, we will use the request process to establish a clear understanding of the costs of city services and their impact on the community. This will serve as a basis for moving from the serious, yet fundamentally incremental changes that we have experienced in recent budgets, to substantial structural change.

Initial Budget Request Amounts and Proposed Budget Targets: Budget targets will not be provided for the 2010 budget requests. For 2010, we are asking departments to submit budget request amounts consistent with continuing current service levels. This should be the cost necessary to maintain in 2010 the service levels authorized in the 2009 adopted budget. This amount would include funding for salaries at current rates of pay (please see description of the rates of pay herein to be used for 2010 budget purposes by employee group), incorporating the cost of progression increases. It should also include all other changes to costs, such as those reflecting contractual agreements, legal obligations, and price changes for supplies, services, materials, and equipment, necessary to provide the amount of funding needed to maintain 2009 service levels. Cost increases should only reflect the additional costs required to provide 2009 service levels in 2010. There should be no increase or expansion to service levels, nor should service levels be decreased. Decisions on changes to service levels will occur through development of the Mayor's Proposed Executive Budget.

This approach to budget requests is not a blank check to request increased funding, nor should any department expect that the proposed budget will include the amount needed to continue services at their current level. The city faces significant fiscal challenges. The Proposed Executive Budget will include budget reductions of between 15%-20% relative to the baseline in order to pay for non-discretionary fringe benefit cost increases and debt service within levy limits and available non-property tax revenues. Good information about costs and service levels will assist the Mayor in making his unavoidably difficult budget proposal.

Departments should submit the minimum amount of funding needed to maintain 2009 service levels. Departments should work closely with their budget analyst in developing their budget requests. This will allow communication to occur regarding the basis of the cost-to-continue amount.

The Budget Office will begin discussions with departments in mid-June regarding options to meet proposed budget targets that will be well below the budget request amounts. By this time, more complete information about revenues, debt service, fringe benefit costs, and the impacts of the state budget and federal stimulus funding will be available. This information should facilitate the setting of targets that do not need to be revised throughout the summer.

BMD-2 Form (Official Budget Request): As noted above, you have been provided with a BMD-2 form for your department (electronic copy).

The information provided on the BMD-2 should be typed in Excel, with the original and two copies returned to the Budget Office. The department head must sign this form, as it is part of the city's official budget document.

Please e-mail the completed BMD-2 to Crystal Ivy (civy@milwaukee.gov) when you submit your original BMD-2 to the Budget Office.

Round to the Nearest Thousand: For the 2010 budget request, departments should round the requested funding amounts in each line of the BMD-2 to the nearest thousand, except for the salary amounts. For salaries, enter the projected amounts to the dollar based on the salary and wage rate schedule. A formula on the "Net Salaries & Wages Total" line will round the salary amount to the nearest thousand. A formula on the "Estimated Employee Fringe Benefits" line will also round to the nearest thousand. Do not use any decimals in the BMD-2.

BMD-2a "Description of Budget Changes": The BMD-2a provides a detailed summary of the changes from 2009 that are included in the requested budget. The form also provides a method to describe those changes in terms of operational and/or cost impacts. Since the 2010 request is a cost-to-continue budget, it should not include any service changes. Any fiscal impacts of *any* changes from the 2009 baseline should be *itemized* on separate lines to facilitate understanding of what cost changes are included to reflect the cost-to-continue needed for 2010.

The total funding, positions, and FTEs represented by the change detail listed in the BMD-2a will equal the difference between the department's 2009 adopted budget and the requested 2010 cost-to-continue at current service levels. See the BMD-2a form and instructions on the MINT for more guidance.

BMD-10: The BMD-10 form focuses on services, including funding by service and strategic goals as defined by Mayor Barrett.

A separate BMD-10 should be completed for each department service. The BMD-10 should summarize how the requested funding level supports achievement of strategic goals and objectives, how it maintains 2009 service levels, and the key performance measures for the service. For 2010, the BMD-10 should also identify the revenues generated by the service and provide historical data on service costs, revenues, and performance measures. See the BMD-10 form and instructions for more guidance.

The Budget Office will send each department a list of services and associated performance measures that should be used in developing the BMD-10 forms. Departments should meet with their budget analyst when developing the BMD-10 and resolve any issues that arise.

Developing the BMD-10 may identify a need to change Program Chartfield Values. When changing Chartfield Values as part of your 2010 budget request, please prepare and submit the BMD-50 (Chartfield). These forms are available on the MINT.

Special Purpose Account Allocations: Forms (BMD-16) for Special Purpose Accounts for which your department is currently responsible should also be submitted with your 2010 budget requests. Please complete the BMD-16 form if you are requesting funding in 2010 for any SPAs. Similar to the BMD-2, the funding amount requested for SPAs in 2010 should reflect the cost-to-continue amount. While no specific budget targets will be provided, the expectation is that requested amount will be similar to the 2009 adopted amount. If the requested amount is significantly higher than the 2009 adopted amount, the department should discuss this in detail with their budget analyst prior to submitting their BMD-16 forms.

2008 Expenditures: Please enter 2008 year end expenditure data from the FMIS nVision report entitled "Appropriation Budget Balances". Due to year end activity by the Comptroller's Office to close the 2008 fiscal year, these totals may not be final when requests are submitted. If changes occur after the budget request is submitted, the Budget Analyst assigned to your department will update the BMD-2 to include the final expenditure totals.

Equipment expenditure items not on the BMD-2 should be totaled and entered on the line "Other Previous Experience".

Salary and Wage Rates to be Used for 2010 Departmental Operating Budget Request: Use the Salary and Wage Rate Schedule (a copy is provided on the Intranet) for computing the line-by-line, position-by-position, salary amounts for 2010 operating budget purposes on the BMD-2 forms. Use biweekly rates from the schedule, with exception for prevailing wage, hourly, and Board and Commission positions. For non-management positions, include anticipated step increases in your salary calculations. Beginning in 2010, management staff will progress based on performance reviews. For management staff, include increases that reflect anticipated annual performance reviews except for staff that are already at the maximum of the salary grade. **Do not include anticipated cost-of-living adjustments.**

The wage rates to be used for the 2010 budget reflect 2006 rates of pay for most general city bargaining units including District Council 48, non-management/non-represented employees and Milwaukee Police Supervisors Organization employees. Use 2009 rates of pay for management employees. The Milwaukee Police Association and Milwaukee Fire Department Local #215 members should be budgeted at 2009 rates.

The Salary and Wage Rate Schedule included on the Intranet reflect the recent settlements with city unions and the correct salary rate for their members. Increases to bring all remaining unions and city employees to 2010 rates of pay will be budgeted centrally.

Given the fiscal challenges facing the city, departments will have to exercise strict control and management of their salary accounts. If a department anticipates providing any exceptional achievement or professional development awards in 2010, these costs should be identified in the "Other" category under "Salary & Wage Rate Change" on the BMD-2.

Personnel Cost Adjustment: The 2010 salaries and wages budget will continue to be controlled on dollars expended. Departments should fund their salaries according to the wage and rate schedule discussed above. Personnel Cost Adjustments (PCA) are used to reflect normal vacancy rates in a department. If you would like to request a PCA other than 2%, please contact your Budget Analyst to discuss your specific concerns. You will also need to take into account the fiscal impact that upcoming retirements and resulting terminal leave pay will have on your salary accounts.

Salaries and Wages, Positions: The description (position title) and pay range columns of the salaries and wage section of the BMD-2 contain data from the 2009 adopted budget. These columns should be modified to reflect changes in positions or salaries (reclassifications, reallocations, additional positions, or changes in titles) authorized by Common Council action after the adoption of the 2009 budget but before submitting your 2010 request. To aid you in this process, a copy of the current Positions Ordinance is available on the Intranet. **When making these corrections, do not change or delete any information contained in the 2009 adopted budget column. Insert any corrections or changes on a new line of the form.**

Changes In Job Titles or Salary Ranges: If your department is proposing a new position in the 2010 budget, a Job Description (Form CS-25) must be prepared and submitted to the Department of Employee Relations at the time of budget submission so that the proposed position can be studied and appropriately classified prior to the time it is filled. In order to meet your timetable for filling a new position, the Employee Relations' staff must conduct its analysis well in advance of your recruitment target date. This applies to regular civil service positions as well as those that are exempt from civil service.

If an existing position has changed significantly and you feel a new title and/or pay range is warranted, please include the estimated salary and pay range as part of your department's request. You must submit a request to the Department of Employee Relations to study the position along with a new job description. The Budget and Management Division will not incorporate requested reclassification titles or pay ranges until the Department of Employee Relations approves the request. This applies to all city positions, including seasonal positions, and exempt as well as non-exempt positions.

For additional instructions, please refer to the budget preparation manual section pertaining to form CS-25, Job Description.

Estimated Employee Fringe Benefits: Use the "2010 Budgetary Fringe Benefit Rate Estimates" letter from the Comptroller contained on the city's Intranet to calculate the estimated amount for employee fringe benefits for 2010. Please note that enterprise funds will be charged additional amounts for pension fund contributions once we have determined those amounts required for the 2010 budget.

Estimated Full Time Equivalent (FTEs): The BMD-2 form requires departments to include FTEs for operating and non-operating funding. In calculating FTEs in the requested budget, departments should assume each full time position to be 1.0 FTE. If positions are not full time, the FTE calculation will need to be adjusted by the amount of time the position will be working. For example, a half time position would be 0.5 FTE.

Overtime: To calculate the FTEs for compensated overtime, divide the amount of compensated overtime requested by the average hourly overtime rate (straight time plus premium) of the positions incurring the overtime. Divide this number, which represents the estimated hours of overtime, by the standard direct labor hours for a full time position (generally 1,800 hours) to identify the FTEs for overtime. Do not calculate additional FTE amounts for other salary additives. Provide your Budget Analyst with documentation on the number of overtime FTEs included in your budget request, which should be noted as a separate calculation.

Non-O&M FTEs: The calculation of non-O&M FTEs should include all non-O&M funding sources (capital, reimbursable, grant and aid), and the BMD-52 form should identify the direct labor hours assumed in the FTE calculation for non-O&M funding.

BMD-52 Non-O&M Funding Report: Departments should submit a separate BMD-52 form for the categories of capital, grant and aid, and reimbursable funding. The BMD-52 should identify the total amounts for each category and list each separate project funded within the category.

For each non-O&M project listed on the BMD-52, provide a detailed listing of each position wholly or partially funded by that source. Please include the amount and source of funding supporting each position.

Project information for reimbursable funding should identify the entity purchasing the service, e.g., a city department by name, property owner, etc.

If a project is funded with CDBG dollars, this should be specifically identified. Do not include any assumed CDBG reprogramming funds in your requested budget. Departments should be prepared for potential significant changes in CDBG funding for the 2010 budget.

If a project is anticipated to be funded through the American Recovery and Reinvestment Act (ARRA) of 2009, the federal stimulus legislation, this should be specifically identified.

Departments should also identify carryover funding assumed from prior budget years for a project on a separate line. Carryover amounts will need to be documented as part of the 2010 budget process.

Information Technology Profile Form and IT Project Charter Form: These two forms provide detailed information on information technology (IT) systems and projects in departments. These forms are part of the Information Technology Project Management process required by Section 310-7 of the Code of Ordinances.

It is imperative to take full advantage of opportunities for coordination and integration across departments, to document systems for sustainability and disaster recovery, and to ensure that citywide standards are followed.

In the 2010 budget, **ALL** planned IT expenditures must be included in one of two budget forms as follows:

1. **IT Profile:** This form captures all ongoing IT costs including hardware, software, licensing, ongoing maintenance and support, and consulting and staff costs. Any IT expenditures that are not identified as a one time project via a Project Charter (the second budget form) should be detailed here.
2. **Project Charter:** This form is a proposal and scope document for a new information system/application or a substantive change or upgrade to an existing information system/application. If you are not sure whether you need to fill out a Project Charter for a specific project, please assume that you should. If the project is subsequently determined to be ongoing maintenance and support, it will be migrated to your IT Profile form explained in item 1 above.

Departments should submit these forms electronically at www.milwaukee.gov/itprofile. On the "E-mail Budget" page in the "itprofile" application there is a "Print Budget Info" button which can be used to produce hard copies of the information submitted. If you need additional or different e-mail addresses set up to submit the forms, or if you need other assistance, please enter an ITMD assistance log by going to: <http://mintapps.ci.mil.wi.us/ITMDHelpdesk2/Requirements.html>.

IT Project Plan and Status Reports: If a requested IT Project is approved with the 2010 budget, the department must work with ITMD to complete a Project Plan and determine the frequency of project Status Reports. Similarly, if a department has not completed a Project Plan or Status Reports for any IT projects started or ongoing in 2009, the department should contact ITMD to discuss a Project Plan and project Status Reports. If departments need assistance with these issues, they should enter an ITMD assistance log by going to <http://mintapps.ci.mil.wi.us/ITMDHelpdesk2/Requirements.html>.

Energy Costs In Budget Requests (BMD 30): Energy costs have become an increasing source of budget pressure. Please be specific about the volume information contained in your request for energy expenses and document the source of your assumptions in the BMD-30. The energy cost on the BMD-30 should match your BMD-2 and BMD-2a submittals. For gasoline, departments should assume an average rate of \$1.96 per gallon in 2010. For diesel, departments should assume \$2.68 per gallon. For natural gas and electricity, please budget a 3.5% Increase over current rates. For steam, budget a 5.7% increase. For lubricants oil, or other supplies purchases through the 631504 energy account, volume and rate estimates are not necessary; departments should only provide a total budget estimate.

Contact Erick Shambarger at extension 8556 if you have questions about this instruction or about your 2010 energy rate requests.

Support Services: The Document Services Section (DSS) of the Business Operations Division (BOD) of Department of Administration along with the DOA Information and Technology Management Division, DER Training and Development Services, and DPW Operations Division Facilities and Fleet Sections provide a diverse range of services to city departments on a reimbursable basis. Departments may choose to obtain reimbursable services from these agencies or they may seek to procure these services from an alternative vendor.

DSS Reimbursable Billing: In 2010, all records services (including production, storage, and reference services) will not be charged to departments' tax levy supported operating budgets on a reimbursable basis. These costs will be budgeted directly in the DOA operating budget. Departments should not include funding for these costs in their 2010 operating budget requests. However, they should still provide funding for these costs as they are applicable to grant funds and similar non-tax levy funds.

All other DSS services, including postage, mailing, printing, and paper will continue to be charged to departments on a reimbursable basis. If a department has questions on this change and how it may affect their 2010 budget, they should contact Jackie Block of the DSS Section.

Moreover, an Enterprise Fund Agency (including the Water Works, Sewer Maintenance Fund, Parking Fund) obtaining any discrete service from an operating department must reimburse the operating agency for that service, irrespective of the type of service.

If your department intends to obtain one or more services from a city provider in 2010, please notify the providing agency so it can adequately prepare to meet your service needs. Conversely, if you are currently receiving services from a city provider and you plan to procure that service on a competitive basis for 2010, please notify the involved city agency of your plans so the agency can prepare its 2010 service program.

Equipment Utilization and Repair Rates: Cost estimates for office equipment (standard prices) and equipment utilization and repair rates for non-DPW departments are included on the Intranet.

Printing Services: Included on the Intranet are the 2010 cost estimates for printing services (including mail delivery services). Funding for printing changes should be included in departmental budget requests.

Telephone System: This information will be provided by the DPW Administration Division under a separate cover letter.

Space Modifications: The Commissioner of Public Works has asked that requests for space changes in city buildings (additional or decreased space, remodeling or relocation) for 2010 be submitted to his office immediately for consideration in the 2010 budget. Please contact the Commissioner's Office for procedures and deadlines for such requests. Please submit copies of your requests to your assigned analyst.

User Fees: The User Fee Application form (BMD-78) is not included on the Intranet. Our office will provide it upon request.

Revenue Estimates: Please provide, along with your budget request, copies of any information related to departmental revenue estimates submitted to the Comptroller's Office. Your Budget Analyst will be contacting you about your revenue estimates prior to submittal to the Comptroller.

Other Required 2010 Budget Forms: We have already distributed the BMD-28 (Grant and Aid Projects) and the 2010 Capital Improvements Program Request forms under separate cover letters. Please submit these forms to this office by the requested due date. (Both the BMD-28 and the Capital Improvements Program Request forms are due April 20, 2009).

Training Session on 2010 Forms and Processes: The Budget Office will be holding a briefing session to answer questions and discuss with city departments the 2010 budget request process and forms. The session will be held at 10:00 a.m. on Friday, March 27, 2009 and will be held in the Budget Office Conference Room City Hall Room 603. All departments should send a representative to these sessions so that we can identify and respond to questions in a timely manner. Given the significant changes in various budget forms for 2010, all departments should send a representative.

Help with Questions on Budget Preparation: The information contained in your Budget Preparation and Administration Manual (also included on the Intranet) and this letter should assist you in the development of your 2010 budget request. If you have any questions, please contact Dennis Yaccarino (extension 8552) or your Budget Analyst for assistance.

Due Date for 2010 Budget Requests: The statutory deadline for submitting your budget request forms and other supporting documents to the Department of Administration Budget Office (Room 603, City Hall) is 5:00 p.m. on Tuesday, May 12, 2009.

Additional forms and instructions may also be obtained from the Budget Office (extension 3741).

Thank you for your cooperation during the 2010 budget process.

Sincerely,



Mark Nicolini
Budget and Management Director

EP:dmr
10budget:10-forms-letter