



555 West Washington Ave, Suite 200
Madison, WI 53703

www.wccf.org
☎ 608-284-0580
✉ 608-284-0583

June 1, 2011

To: Joint Finance Committee members
From: Ken Taylor, WCCF executive director, and Jon Peacock, WCCF research director
Subject: County and Municipal Aid, LFB Paper #595

We hope you will support one of the options under **Alternative 4** in LFB paper #595, which would reduce county and municipal aid by less than what the Governor recommended. WCCF supports Alternative 4A if the Committee reinstates state support for recycling, and Alternative 4B if not.

In the time since the Governor's budget came out, new estimates by the League of Municipalities and the Wisconsin Counties Association have shown that local governments will not be able to achieve the level of savings from employee retirement and health insurance premium contributions that the Governor projected. The League of Municipalities found that large municipalities would only be able to cover 61 percent of aid reduction by making the suggested reductions to employee compensation, or 73 percent if recycling grants are not taken into account. This means that if county and municipal aids stay at the level recommended by the Governor, local governments will have to make significant service cuts.

We believe that the Joint Finance Committee should consider the League of Municipalities figures in deciding how much aid to add back to the budget. By adding back either \$24 million (Alternative 4A) or \$48 million (Alternative 4B), the Committee can insure that municipalities that follow the Governor's recommendations to cut employee compensation will not be left with large deficits.

The proposed cut to county and municipal aid is part of a larger pattern in this budget of reducing aid to local governments, including aid to school districts and technical college districts. Just as with municipalities and counties, many of these other local governments have indicated that the tools the Governor has provided are insufficient to allow them to reduce their costs by an amount that approaches the decrease in state aid. As a result, we should expect layoffs from schools and local governments, reduced educational opportunities, and fewer services in our communities.