

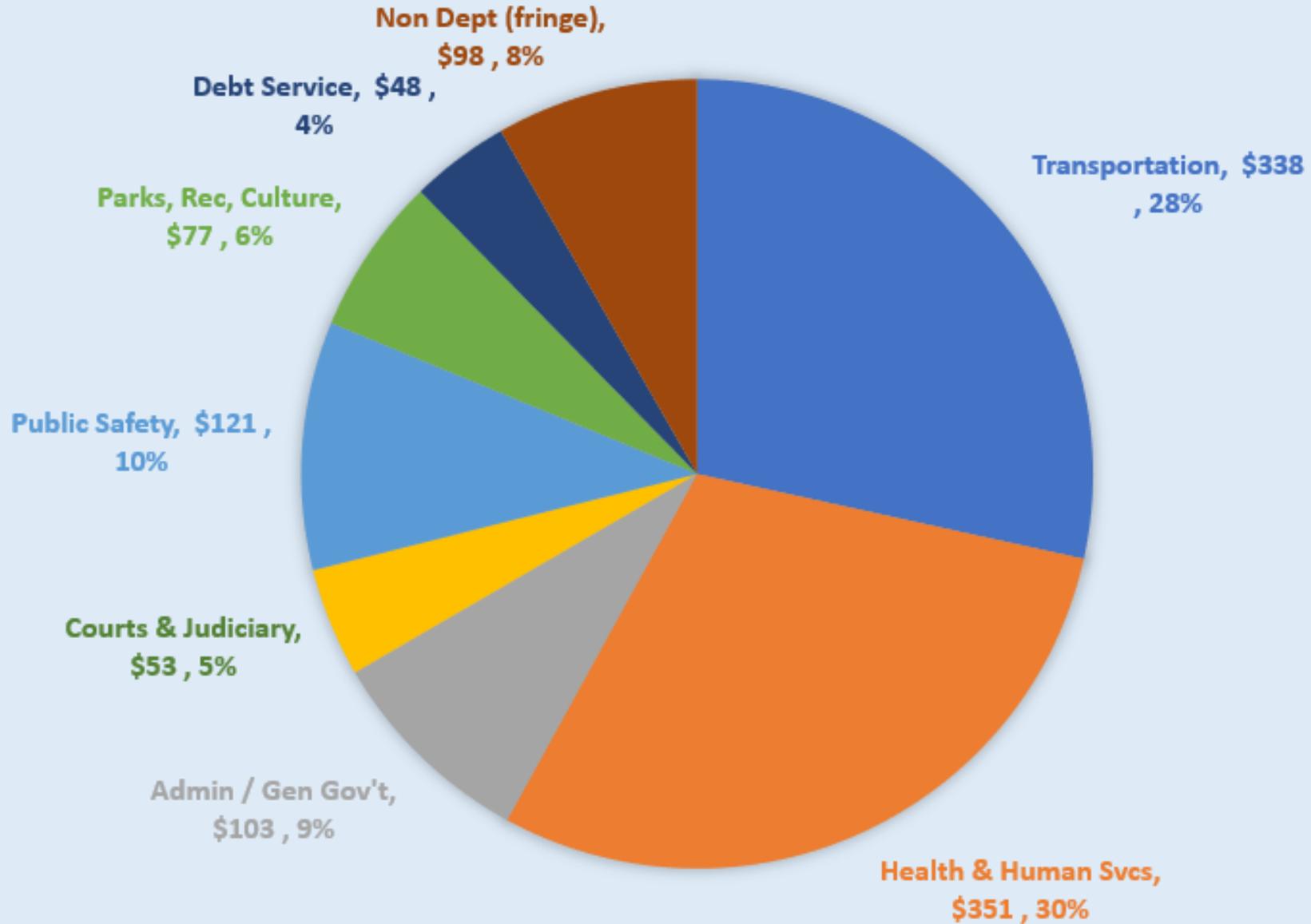


Milwaukee County 2020 Budget

Presentation to Mental Health Task Force and Make it Work Milwaukee Coalition

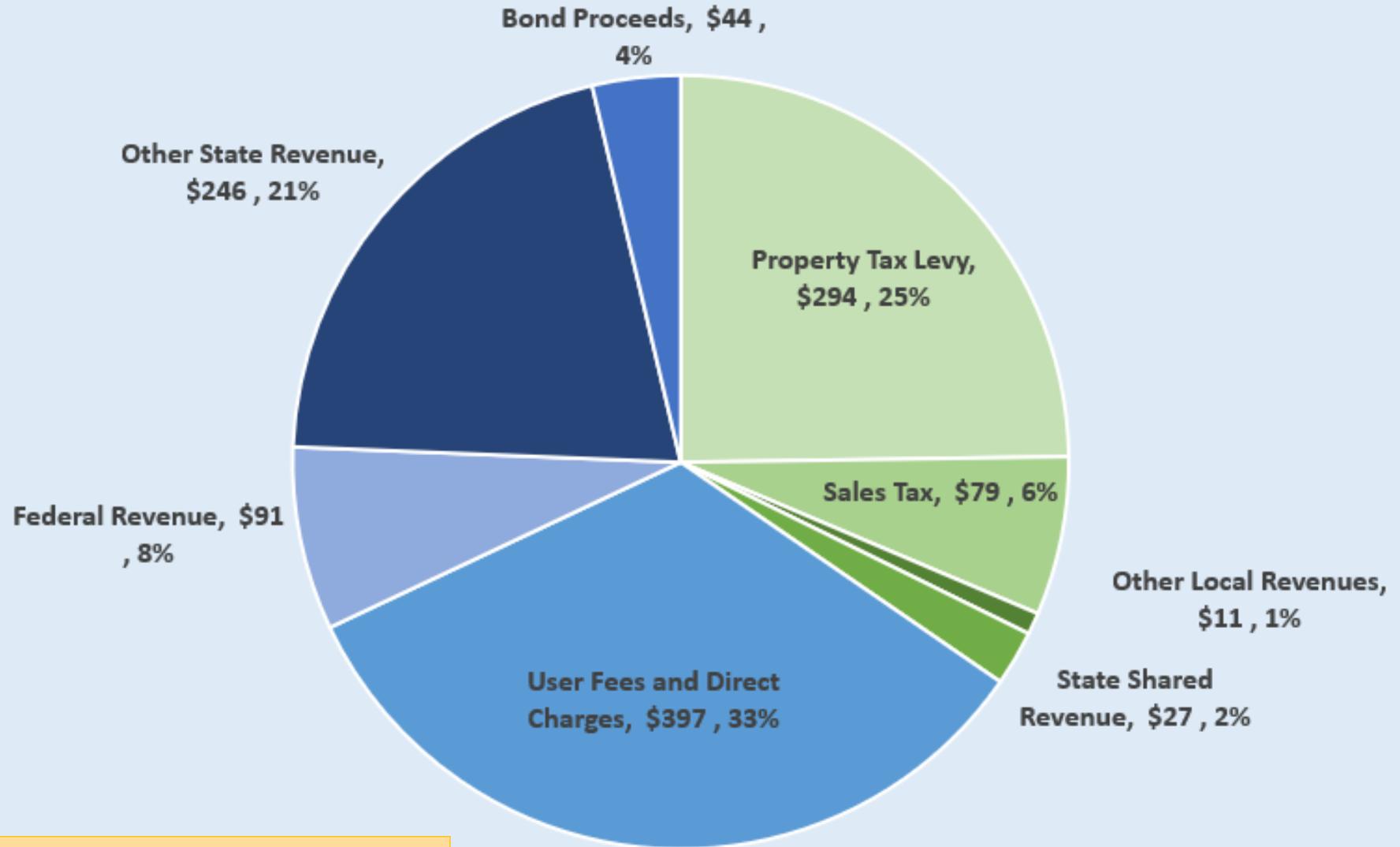
August 13, 2019

2019 MILWAUKEE COUNTY EXPENDITURE BUDGET: \$1.2 BILLION





2019 MILWAUKEE COUNTY REVENUE BUDGET: \$1.2 BILLION



Local Revenues: \$411m, 35%
State & Fed Revenues / Fees: \$778m, 65%

Why the money the county spends exceeds the money it gets each year

Milwaukee County starts every year's budget with a \$30M gap. The reasons the county is behind every year are similar to the experiences of individuals, while some are unique to the county. What are some of the reasons for the gap?

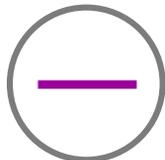
Getting the Same or Less Money



State Taxes

Sending more to the state

- From 2009 to 2017, Milwaukee has seen 24% increase (\$355M) in the money it sends to the state



No Returns

Getting the same or less money back from the state

- While Milwaukeeans send more to the state, the county has not seen the returns

Increasing Expenses



Inflation

Prices naturally going up

- Operating facilities
- Contracted services
- Utilities



Pension & Healthcare Costs

Pension Commitments

- By law, the county must pay more every year to retirement commitments made decades ago
- The county has done all it can to reduce this cost
- Raising healthcare costs



What the County Can and Cannot Do Presently to Raise Revenue

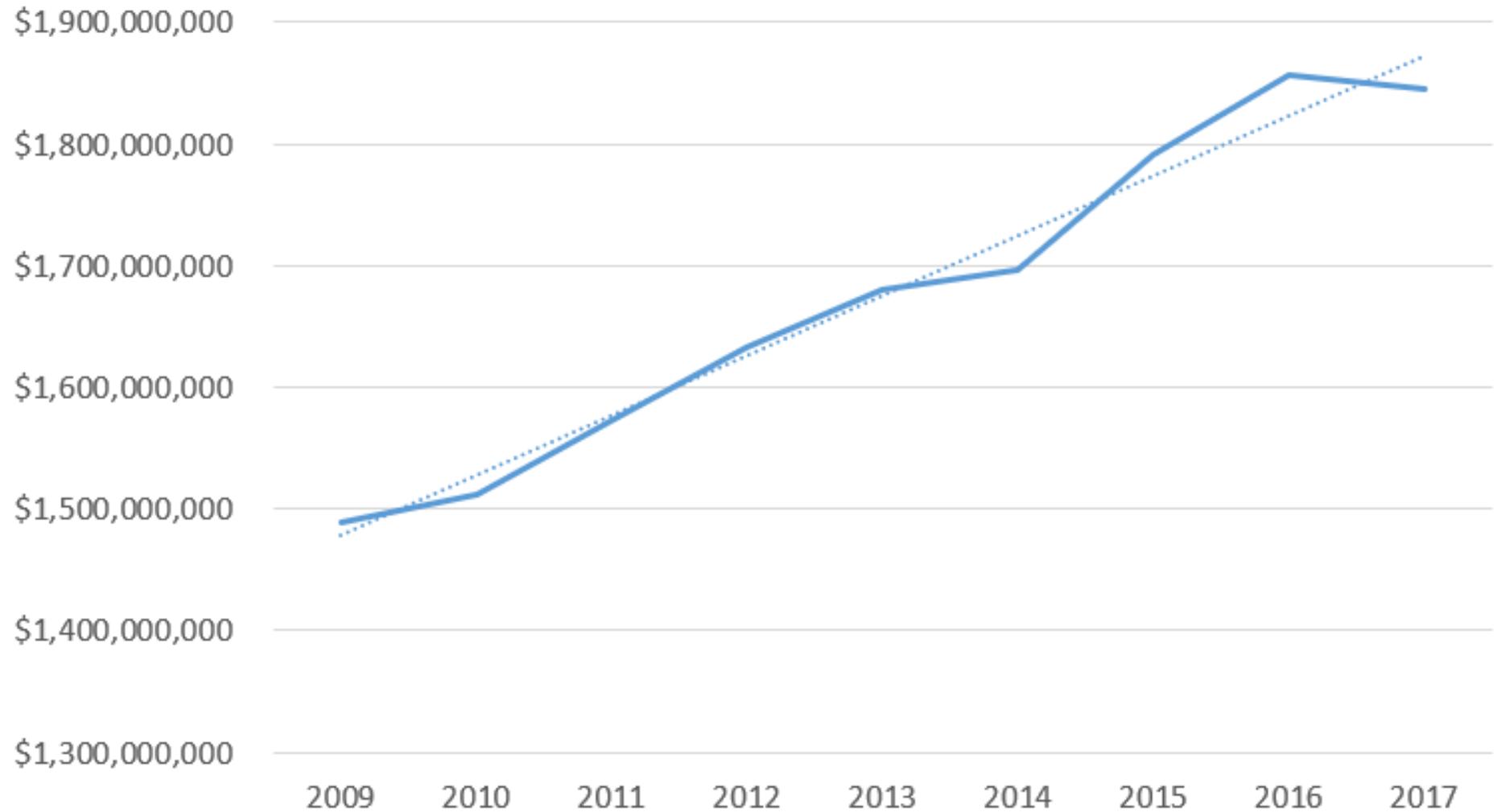


-   **Sales Tax**
The county cannot increase the local sales tax rate without changes to state law.
-   **Money From The State**
State aid to counties has stayed mostly flat since 2012. The county does not control state aid and can no longer rely on this option.
-   **Property Taxes**
The county is limited in its ability to raise property taxes without changes to state law. Milwaukee County is already heavily reliant on property taxes.
-   **Vehicle Registration Fee**
The county has not reached the maximum it can collect by law, so it could increase the fee, if needed.



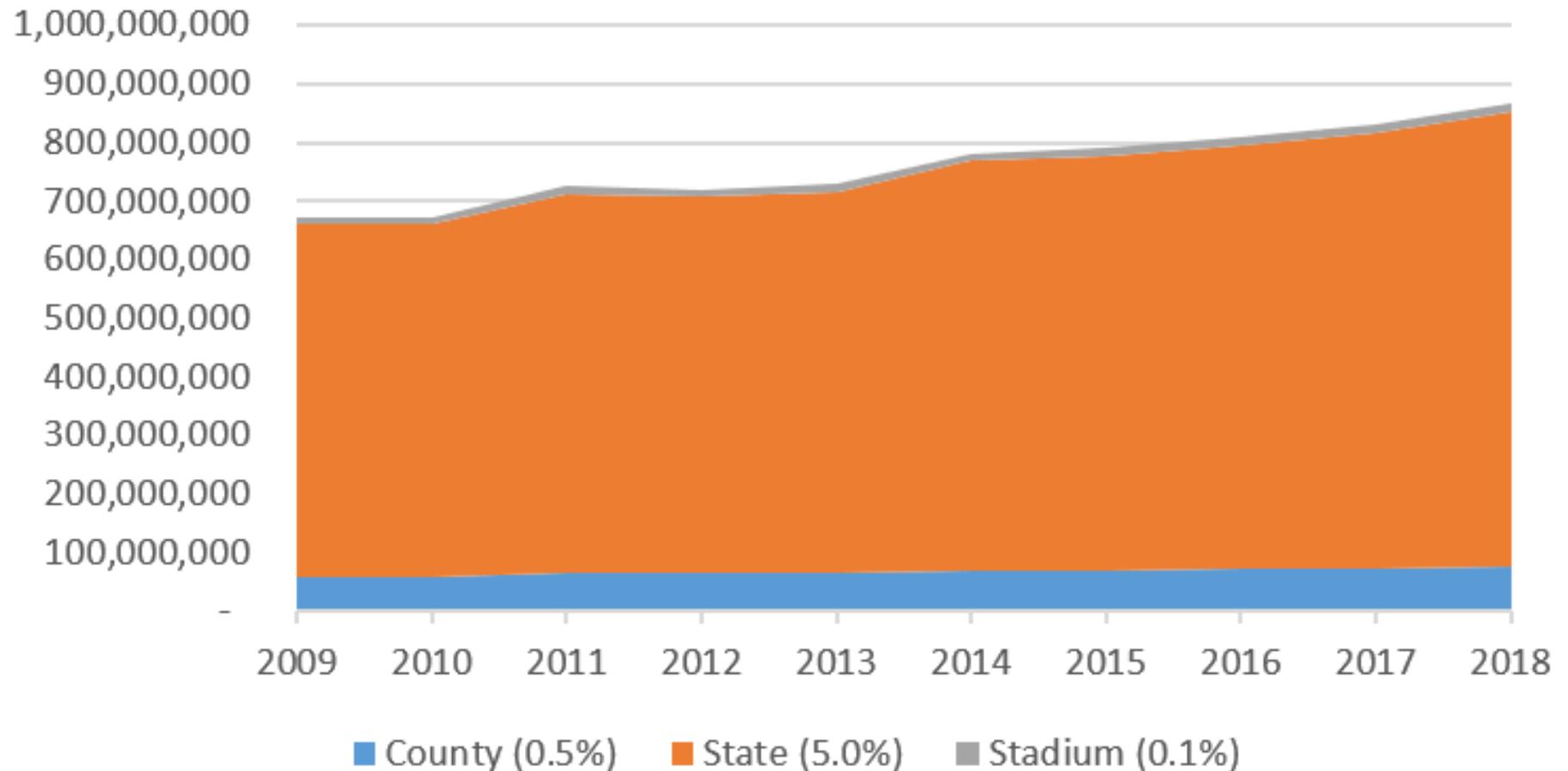
Individual Income & Sales Taxes Sent From Milwaukee County to the State 2009 - 2017

\$355M or 24% increase from 2009 to 2017 or 3.0% average



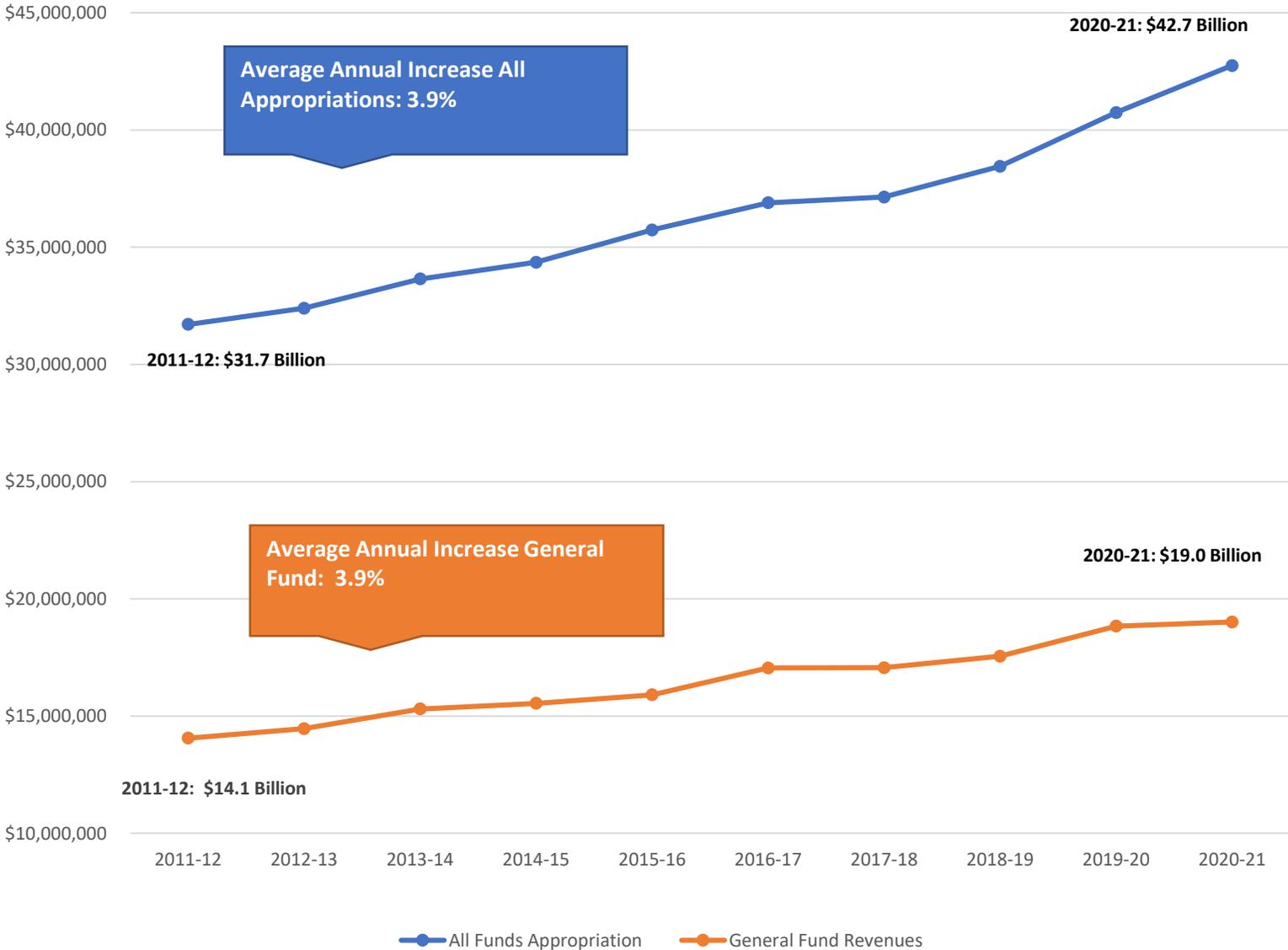


Sales Tax Detail (2009-2018)



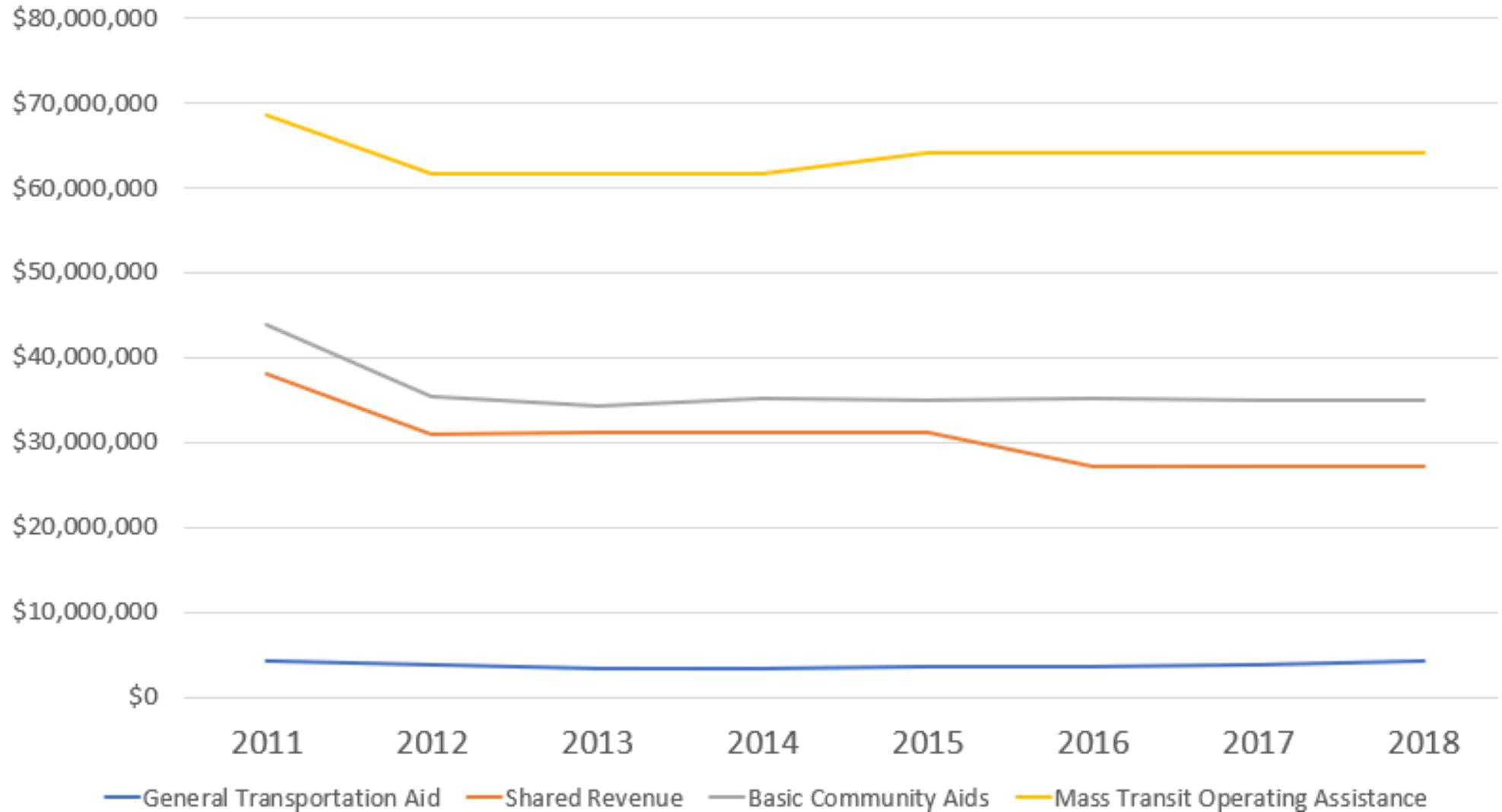
4.2% growth in 2018 results in new \$3.1m county revenue and \$31.8m State revenue

State of Wisconsin Annual Budget 2011-2021 (\$ in 000's)

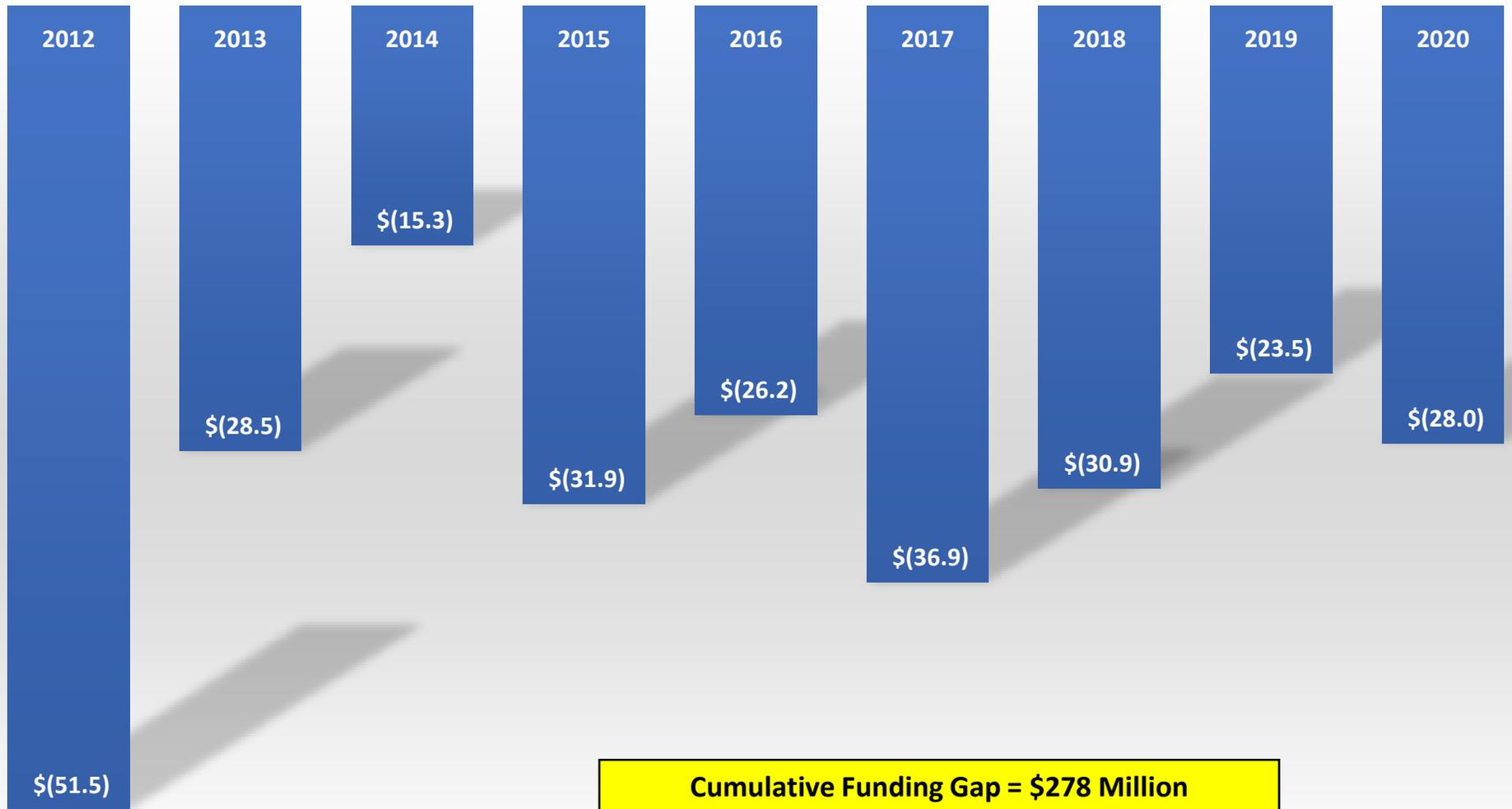




Milwaukee County Trends in State Aid



History of Initial Milwaukee County Funding Gaps (\$ in millions)



Cumulative Funding Gap = \$278 Million
avg \$30m per year





Estimated 2020 Operating Budget Gap	
Description	Amount
Compensation Increases	\$ 5.7
Health Care	\$ 5.5
Pension	\$ 6.6
Debt Service P&I	\$ 1.0
Other Operating Cost to Continue	\$ 10.7
Inmate Medical Cost Increase	\$ 4.5
Court Appointed Attorney Fees	\$ 1.5
Total Expense Change	\$ 35.5
Revenue Change - Lost Revenues	
Debt Service Reserve	\$ 3.3
Unclaimed Revenue	\$ 1.3
Revenue Change - Increased Revenue	
Property Tax	\$ (3.9)
Sales Tax	\$ (3.6)
GTA	\$ (0.5)
Other/Reimbursement Revenue	\$ (4.1)
Total Revenue Change	\$ (7.5)
Gap Total	\$ 28.0

2020 Request Budget Phase: Gap Closing Strategy

2020 Request Phase Strategy	Amount
Debt Service Withdrawal Equal to 2019	\$ 3.3
Cash Capital or Other Reduction	\$ 4.0
Dept's Self Fund Operating Cost-to-Continue	\$ 10.7
Departmental 1.6% Levy Reduction Targets	\$ 10.0
Total	\$ 28.0



- **Departmental Requested Budget Phase:**
 - In order to close the budget gap, departments were asked to submit budgets which were 1.6% below the 2019 budget
 - Requested budgets were due July 15
 - Departments met levy savings targets through combination of efficiencies, realignment, departmental revenue increases and service reductions
 - Leveraging the County's declaration that racism is a public health crisis, departments used a racial equity lens to understand the impact of cuts and investments on communities of color
- **County Executive Recommended Budget:**
 - Recommended budget is due October 1
 - County Executive will be working with the budget office and departments to mitigate impact of service reductions that were included in the request phase of the budget

The county and community leaders are working on a solution to get more money going forward



Creation of Fair Deal Workgroup

Co-chaired by County Board Chairman Lipscomb & Executive Abele; members from various sectors.

Looking at All Options

Carefully examine current limits on revenue and identify long-term solutions to fix the county crisis.



Recommend a Path Forward

- Allow Milwaukeeans to decide their fate
- More state resources for required services
- Build inflationary costs into state payments



Sales Tax



Money From the State



Property Taxes



Vehicle Registration Fee

2020 Budget Calendar

- April 2019: Operating Budget Instructions issued to departments
- July 15, 2019: Department Budget requests due
- Aug. 13-20, 2019: Milwaukee County Public Engagement Sessions
- October 1, 2019: County Executive Recommended Budget Released
- October 2019: Finance Committee Hearings
- November 4, 2019: County Board Budget Hearing
- November 7, 2019: 2020 Budget Adopted by County Board
- January 2020: Budget Implemented



What does Milwaukee County government need your help with?



1 PARTICIPATE

Use Milwaukee's Balancing Act online tool to tell us how you would balance the budget:

<https://county.milwaukee.gov/balancing-act>



How would you balance it?

2 SHARE

Talk to your friends and family about how county services benefit you and the reasons the county's budget is at a crisis point.



3 STAY ENGAGED

Sign the Fair Deal petition to show your support for local services:

<https://county.milwaukee.gov/EN/Board-of-Supervisors/Fair-Deal>

