

2021 Milwaukee County Strategy & Budget Update



8/11/20

Milwaukee County Strategic Plan

Vision

- By Achieving racial equity, Milwaukee is the healthiest County in Wisconsin

Mission

- We enhance quality of life through great public service

Strategic Focus Areas

- **Create Intentional Inclusion:** Ensure everyone in positions of power and influence at the County represents the full diversity and interests of all our residents.
- **Bridge the Gap:** Eliminate racial health disparities by making it easier to access services that meet the holistic needs of our residents.
- **Invest in Equity:** Invest “upstream” to address social determinants of health and ensure funds are spent equitably so every community can thrive.





Milwaukee County Budget Overview

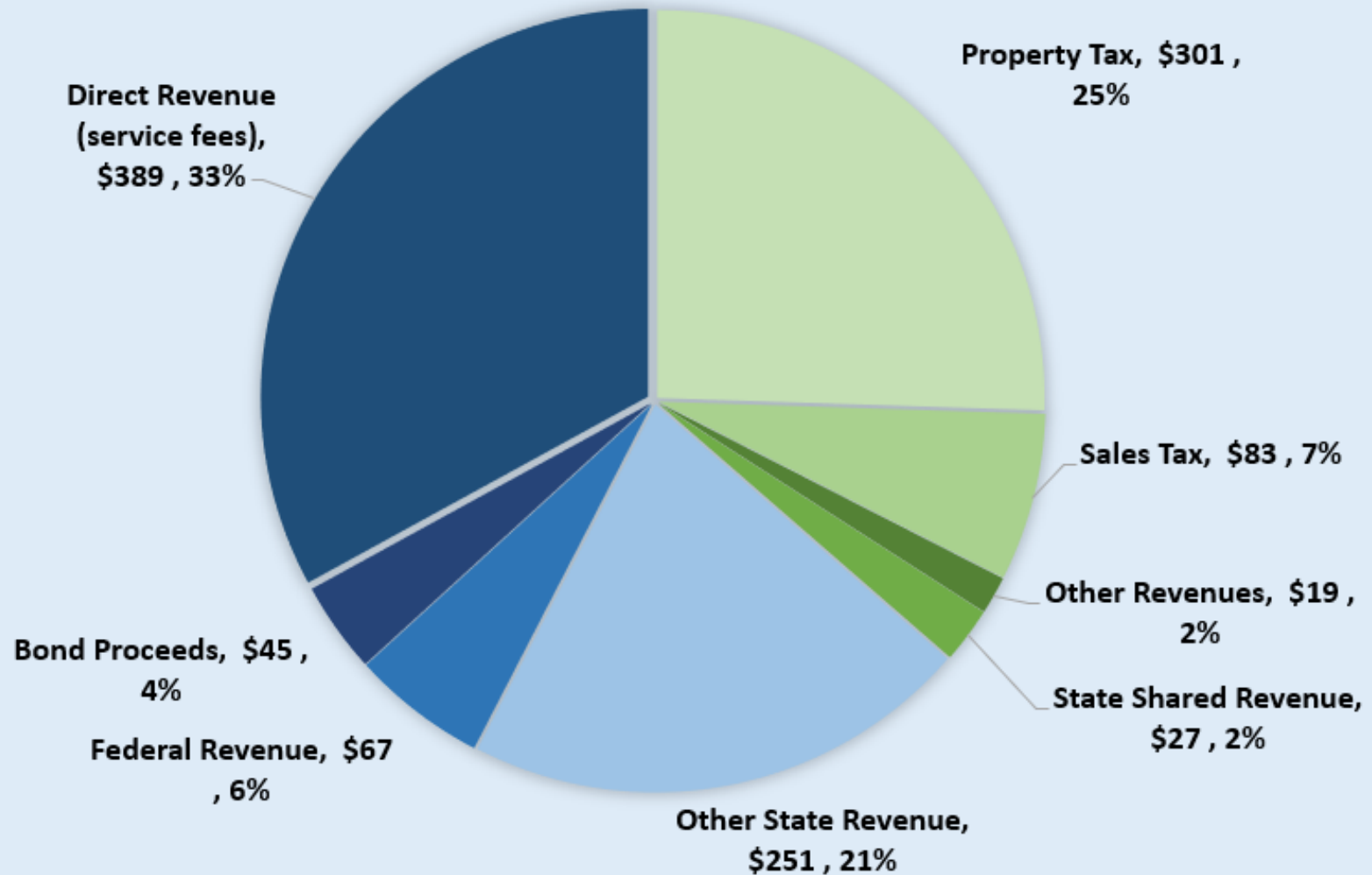
County Budget Overview



- Milwaukee County has a budget of approximately \$1.2 billion for services including: health and human services, transportation programs, public safety, courts and judiciary, parks and cultural amenities
- Most services provided under State and Federal mandates
- County operating with a structural budget deficit due to State caps on revenues, and an imbalance between revenue and expenditure growth
 - Average annual budget gap: approximately \$30M
 - Revenue growth limited to approx 1% compared to 2% inflationary expenses
- COVID-19 has placed severe impacts the County budget, which relies on robust economic activity (sales tax, program fees, etc)
 - 2021 budget gap estimate (range): \$42M to \$67M

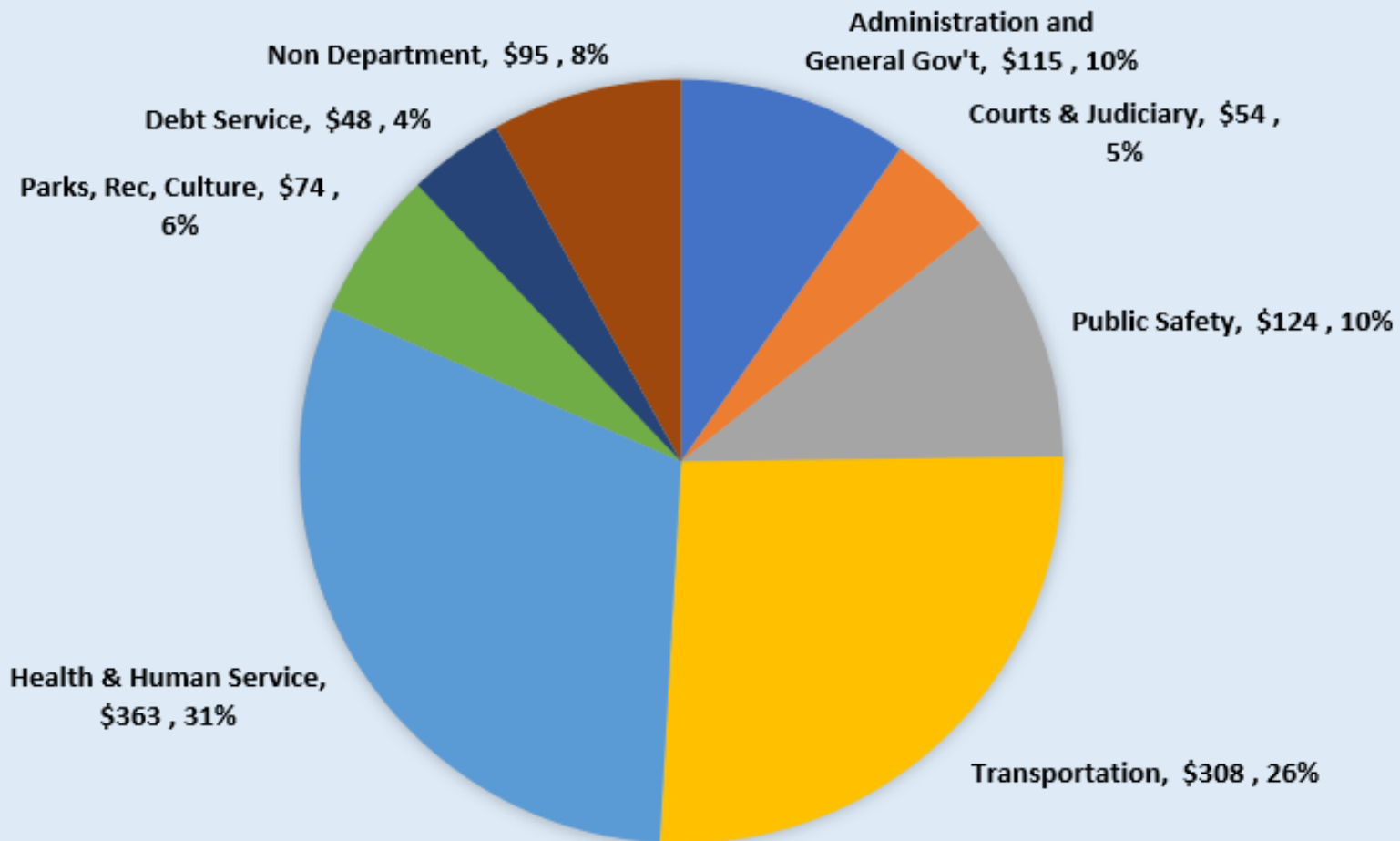
2020 REVENUE BUDGET: \$1.18 BILLION
\$ IN MILLIONS

Local Revenues: \$430M
State / Fed / Fees: \$751M



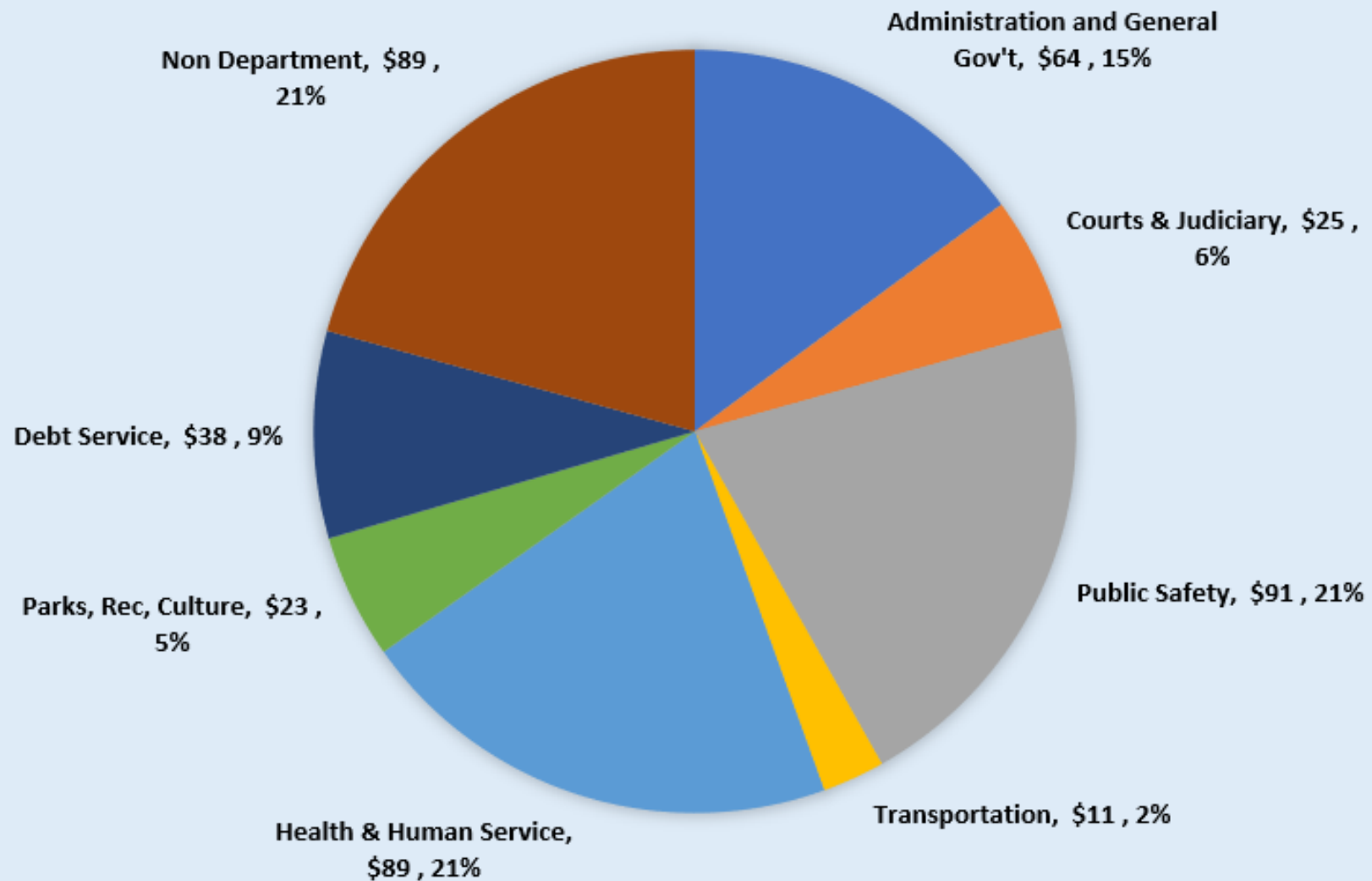


2020 EXPENSE BUDGET: \$1.18 BILLION \$ IN MILLIONS

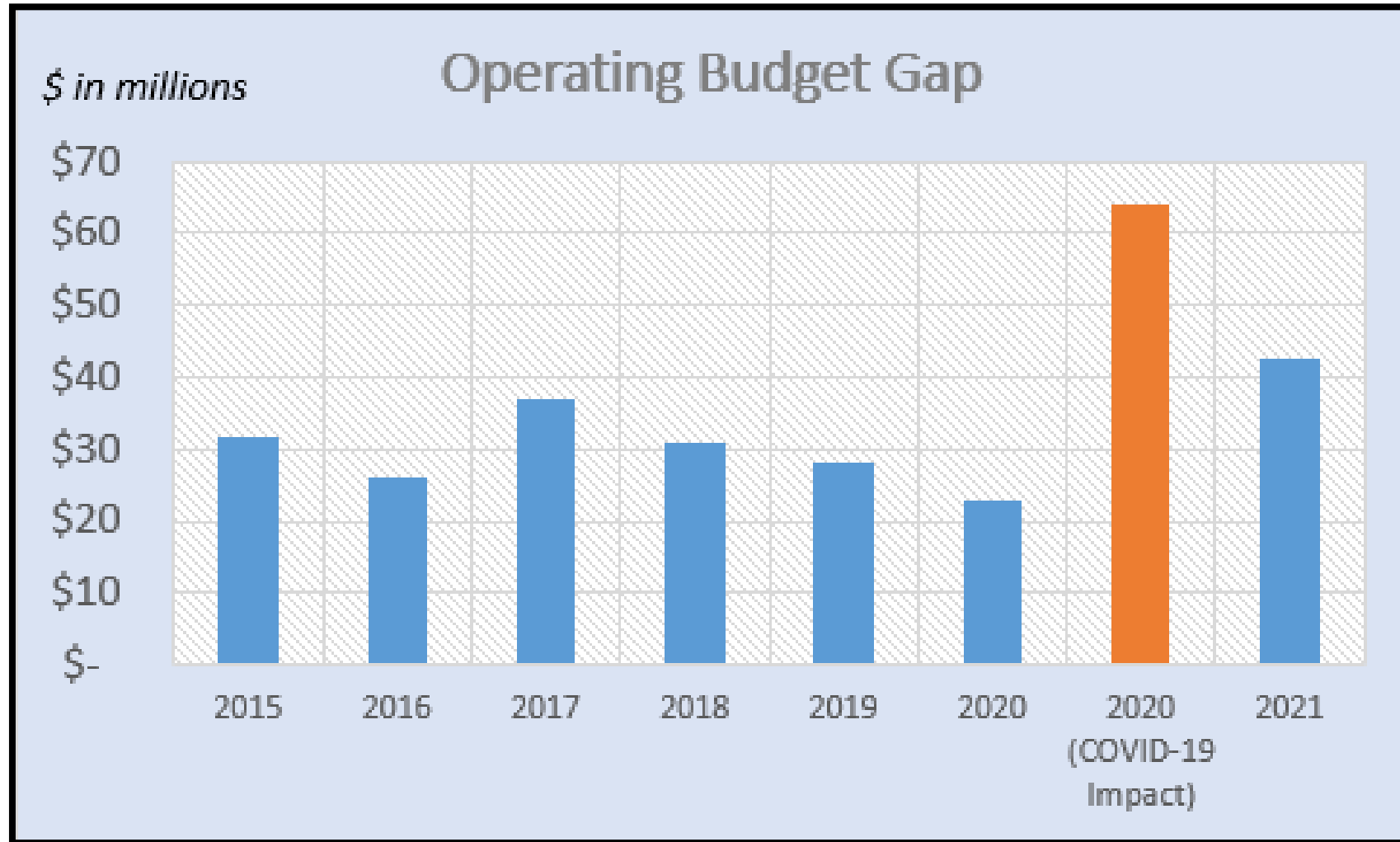




2020 LOCAL SHARE EXPENSE BUDGET: \$430M



Budget Gap History & COVID-19 Impacts



2021 Budget Gap Estimate



2021 Operating Budget Gap Estimates (Range)			
Description	Pre COVID	Medium Risk Estimate	High Risk Estimate
Compensation	\$ 4.6	\$ -	\$ -
Health Care	\$ 4.0	\$ 5.0	\$ 10.0
Pension	\$ 2.4	\$ (0.5)	\$ (0.5)
Debt Service P&I	\$ 1.0	\$ 1.0	\$ 1.0
ERP	\$ 2.0	\$ 2.5	\$ 3.0
Other Operating Cost to Continue	\$ 10.7	\$ 10.7	\$ 10.7
Total Expenditure Change	\$ 24.7	\$ 18.7	\$ 24.2
Revenue Changes			
Debt Service Reserve	\$ 3.6	\$ 3.6	\$ 3.6
State Shared Revenue (VW)	\$ 0.4	\$ 0.4	\$ 0.4
Doyne Payment	\$ 4.5	\$ 4.5	\$ 6.0
Property Tax - Operations	\$ (2.9)	\$ -	\$ 6.0
Property Tax - Debt Service	\$ (1.0)	\$ (1.0)	\$ (1.0)
Sales Tax	\$ (3.3)	\$ 8.0	\$ 12.0
Unclaimed Revenue	\$ (1.3)	\$ (1.3)	\$ (1.3)
Other / Reimbursement Revenue	\$ (3.4)	\$ -	\$ -
Potawatomi Revenue	\$ -	\$ 0.3	\$ -
Investment Revenue	\$ -	\$ 2.0	\$ 3.0
Program Revenues		\$ 7.3	\$ 15.0
Total Revenue Change	\$ (3.4)	\$ 23.8	\$ 43.7
Gap Total	\$ 21.3	\$ 42.5	\$ 67.9

- Range of economic impacts highly variable due to COVID-19
- Prior to COVID-19 outbreak, a \$21M gap was estimated
- Revised gap estimates range from \$42.5M to \$67.9M, depending upon:
 - Economic Recovery
 - Operating Expenditures
 - Federal Support

Limited Revenue Options



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

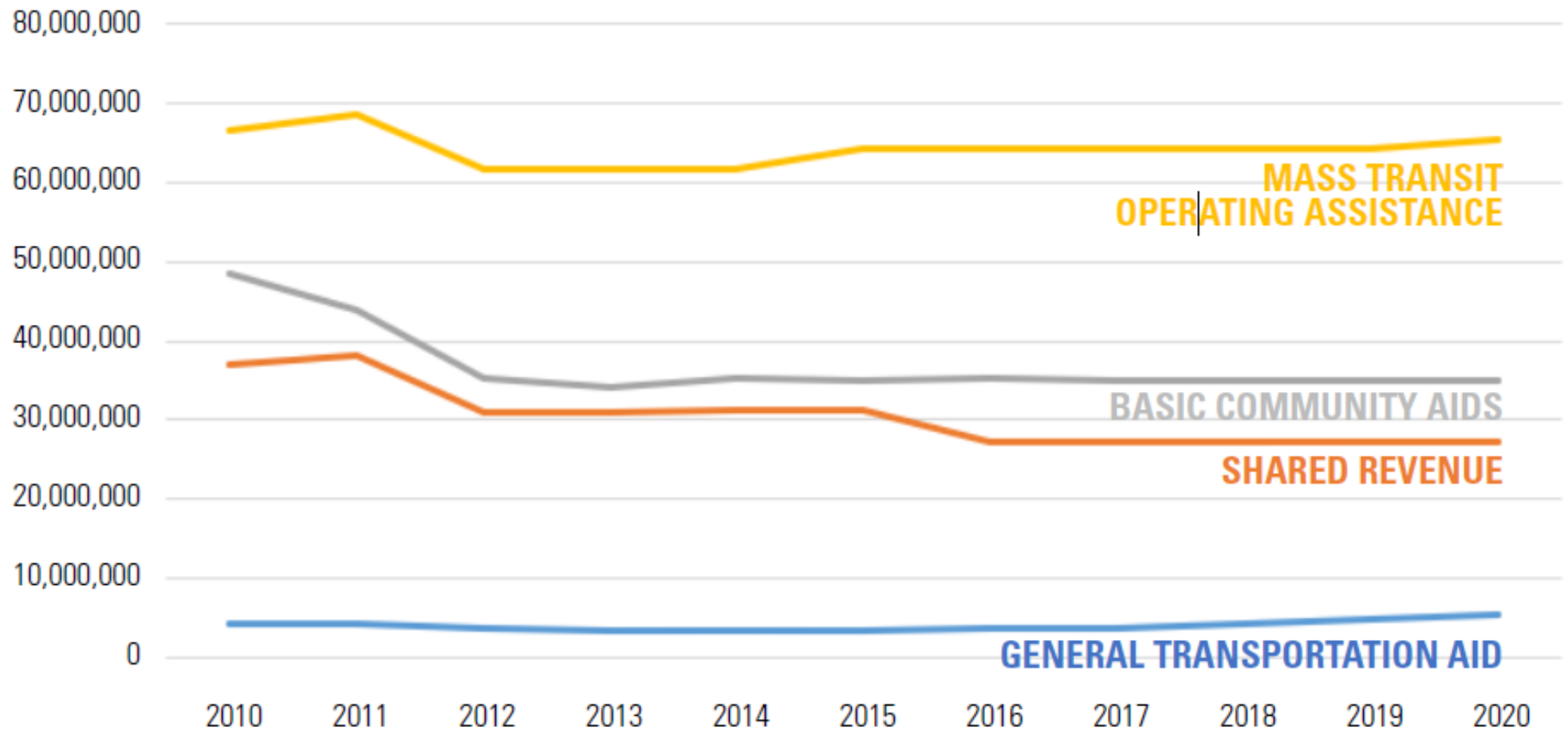
The county is limited in its ability to raise property taxes without changes to state law. Milwaukee County is already heavily reliant on property taxes.



Vehicle Registration Fee

The county has not reached the maximum it can collect by law, so it could increase the fee, if needed.

Milwaukee County Trends in State Aid (2010–2020)



Local Revenue Option Needed



- Milwaukee County must secure new sources of local revenue to reduce property taxes and begin investing in important community priorities
- Reverse the trend of planning for cuts, and instead plan for investments
- 1 percent sales tax option with property tax relief proposed
- Utilize our local dollars for local priorities such as mental health, transit, senior services, and maintain valuable assets such as the zoo, and parks.

Federal Emergency Revenue



- The Federal CARES Act Coronavirus Relief Fund provides \$77 million in funding to Milwaukee County for:
 - Necessary expenses incurred due to COVID-19
 - Costs not accounted for in the 2020 budget
 - Expenses incurred from 3/1/20 to 12/30/20
- Funds cannot be used to support revenue loss
- County allocation includes funding to support COVID-19 emergency costs, housing and eviction prevention, small business support, employment, mental health supports
- Congress deliberating on proposals which may: add funds, extend deadline, increase flexibility. TBD
- As of now, no funding source for COVID-19 related costs or lost revenue in 2021

2021 Budget

- Revenue projections being finalized
- Departments asked to submit budget requests with approximately 2% reductions
- Debt Service Reserve use may be necessary
- Capital infrastructure funding decisions



2021 Budget - Timeline

- July 15 – Department Requests Due
- October 1 – County Executive Recommended Budget Due
- October – County Board Finance Committee Review of Budget
- Mid-November – County Board Budget Adoption

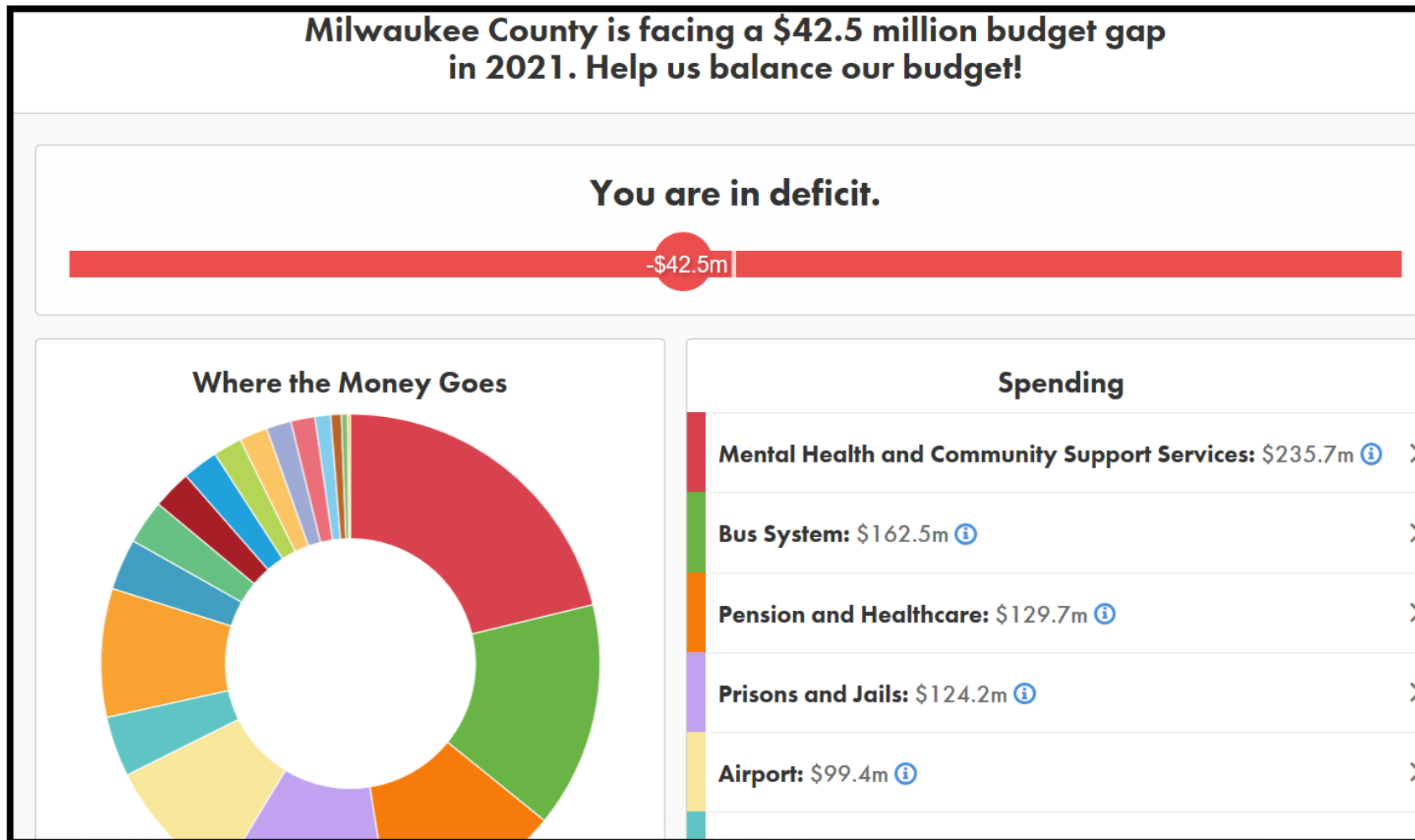


Budget Town Halls

- **Tuesday Aug. 25, at 9 am**
Virtually
- **Wednesday Sept. 2, at Noon**
Virtually
- **Tuesday Sept. 8, at 6 pm**
Hybrid: Virtually & In-person (jury assembly room 307)



Balancing Act Online Budget Simulation



Thank You

