

# 2023 Budget Summary



# Achieving Our Vision

The Milwaukee County budget is being developed using a **racial equity lens** in order to advance three strategic focus areas:

## Create Intentional Inclusion

- **Reflect the full diversity** of Milwaukee County at every level of County government.
- **Create and nurture an inclusive culture** across the Milwaukee County government.
- **Increase the number** of Milwaukee County contracts awarded to minority- and women-owned business.

## Bridge the Gap

- **Determine what, where, and how** we deliver services based on the resolution of health disparities.
- **Break down silos** across the County government to maximize access to and quality of services offered.
- **Apply a racial equity lens** to all decisions.

## Invest in Equity

- **Invest “upstream”** to address root causes of health disparities.
- **Enhance** Milwaukee County’s fiscal health and sustainability.
- **Dismantle barriers** to diverse and inclusive communities.





**MILWAUKEE  
COUNTY**

# 2022 Operating Budget

\$1.153 Billion

**Health & Human  
Services**  
\$399 million (34%)

**Transportation**  
\$276 million (24%)

**Public Safety**  
\$127 million (11%)

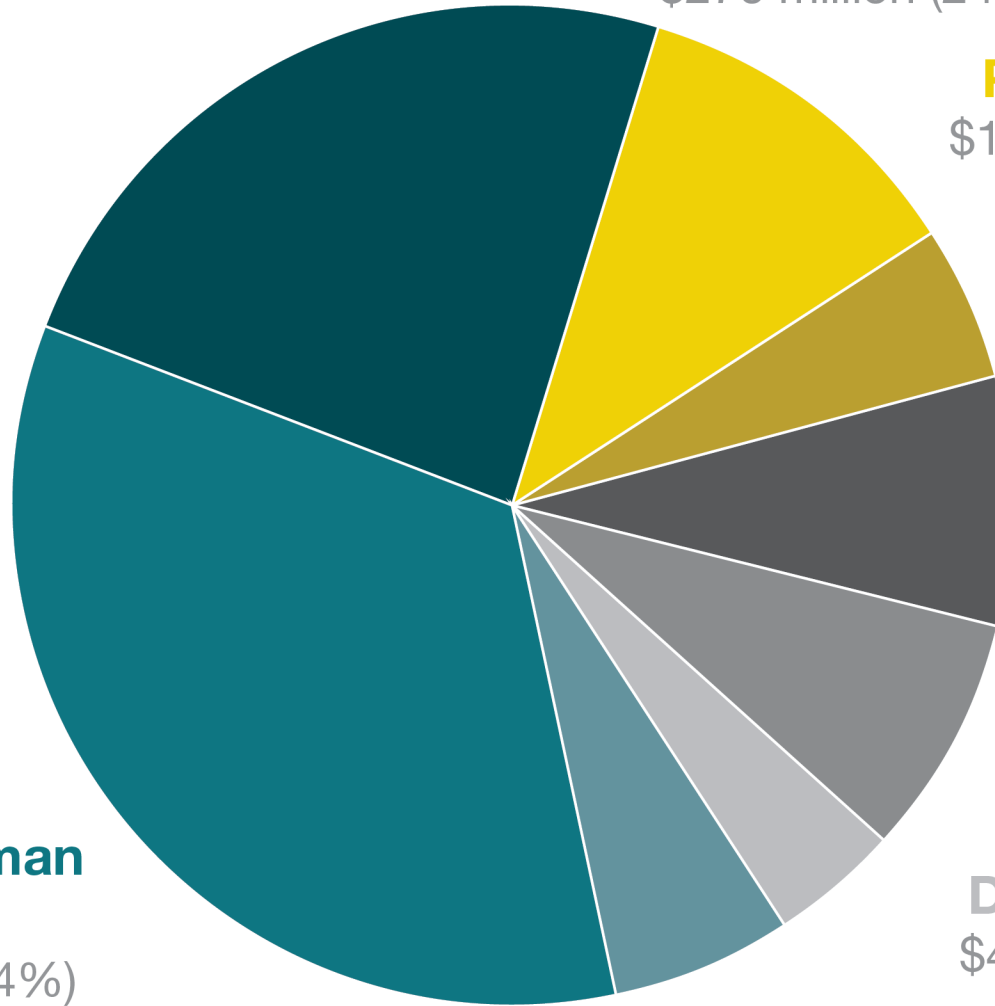
**Courts & Judiciary**  
\$54 million (5%)

**Administration/  
General Government**  
\$88 million (8%)

**Non Departmental  
(Fringe, Other)**  
\$98 million (8%)

**Debt Service**  
\$45 million (4%)

**Parks, Recreation & Culture**  
\$66 million (6%)





**MILWAUKEE  
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# 2022 Operating Revenues

**\$1.153 Billion**

**Program Revenue  
(Service Charges)**  
\$379 million (33%)

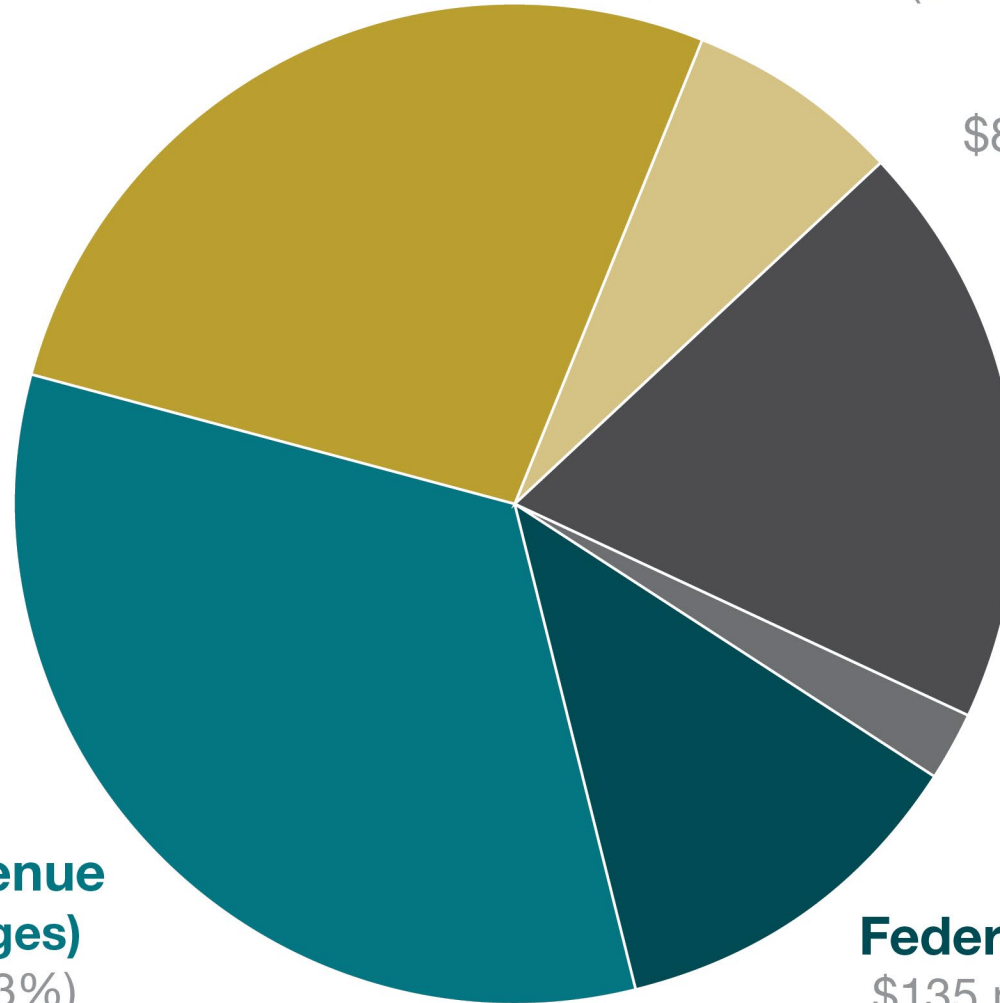
**Property Tax**  
\$309 million (27%)

**Sales Tax**  
\$82 million (7%)

**Other State Revenue**  
\$221 million (19%)

**State Shared Revenue**  
\$27 million (2%)

**Federal Revenue**  
\$135 million (12%)



# 2023 Budget Outlook

- Milwaukee County continues to be impacted by an **ongoing structural deficit** caused by state revenue caps and increased cost of state mandated services.
- On average, **revenues grow by less than 1.0%** per year while **expenses are expected to increase by approximately 2.5%** (average inflation).
- 2022 operating budget **gap of \$12.6 million** estimated for 2023.
- The increased cost of state mandates including an increase in the youth census and historically high inflation may significantly increase the gap we are facing
- County currently experiencing approximately **20% vacancy rate** in current employment market, placing significant strain on operations
- 2023 capital project requests exceed available funding by **\$84 million**
- Federal recovery funds are available for one-time purposes.
- **Sustainable solutions remain needed** to remove financial constraints and allow the County to invest in local needs and priorities.



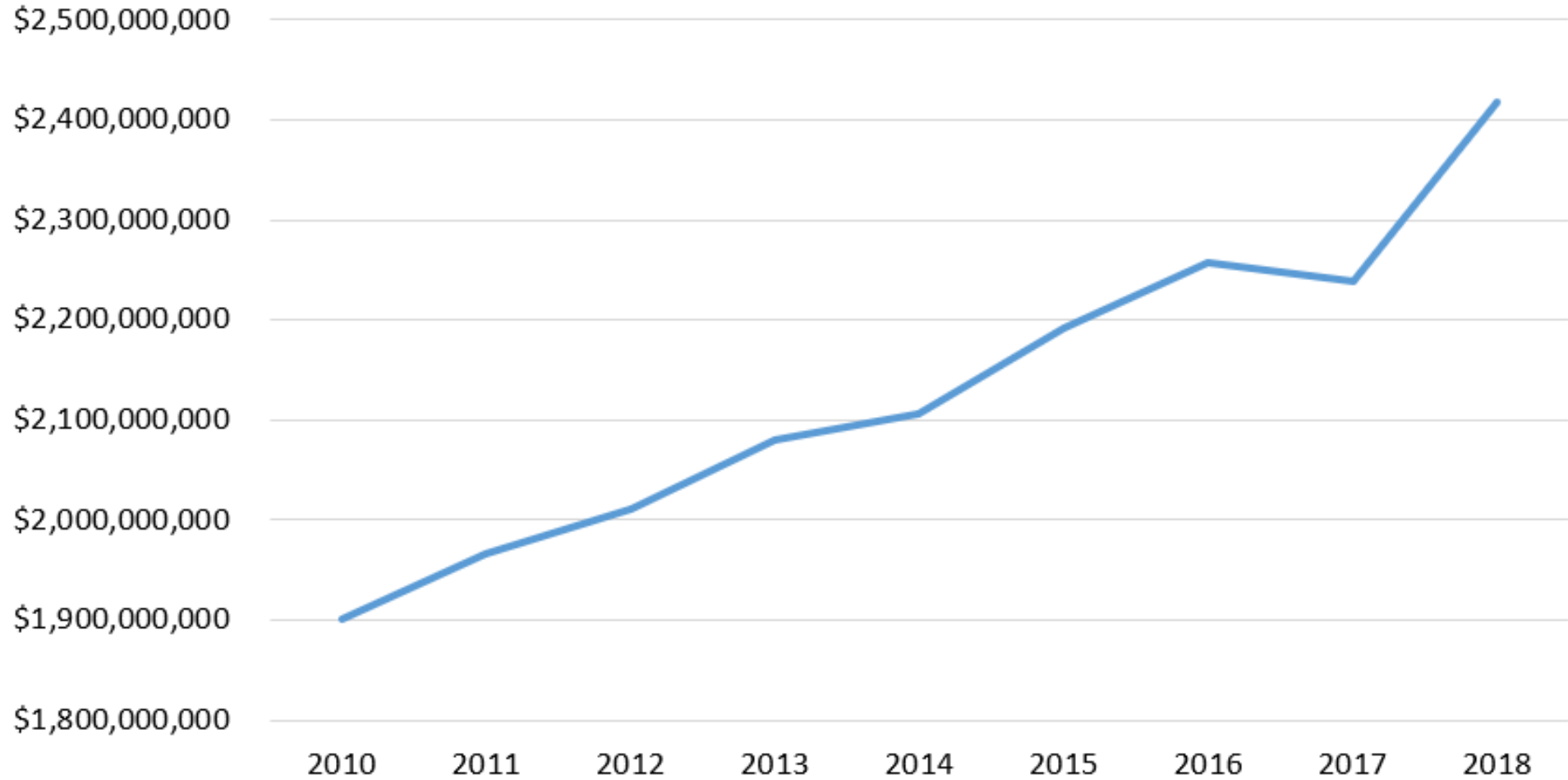
# Vacancies

- Historically, County vacancy rate had been less than 10%
- In current labor market, vacancy rate has reached approximately 20% on average and is higher in some departments
- General employees to receive 4% increases in 2022 (2% in April, 2% August)
- One-time lump sum payment being awarded with one-time funds
- Targeted pay increase for Correction Officer staff
- Revision to employee benefits including paid parental leave, remote work option where possible, and other items being considered
- HR is working with outside vendor to revisit pay structure
- Revenue caps and structural deficit continue to place limitations on compensation



## Milwaukee County Major Taxpayer Revenues to the State

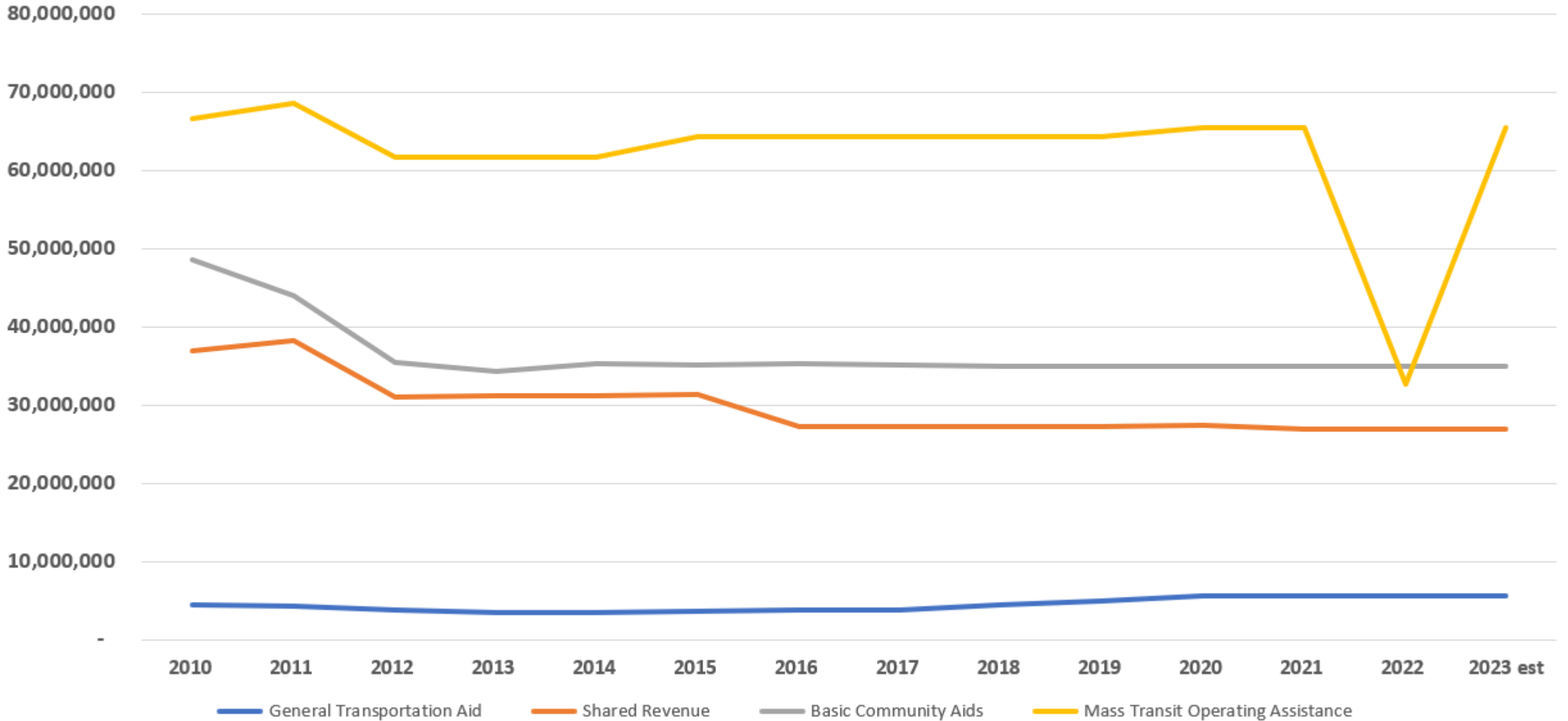
(sales tax, income tax, excise tax, utility tax, other taxes)



*2018 reflects the most recently available tax data from the State Department of Revenue*



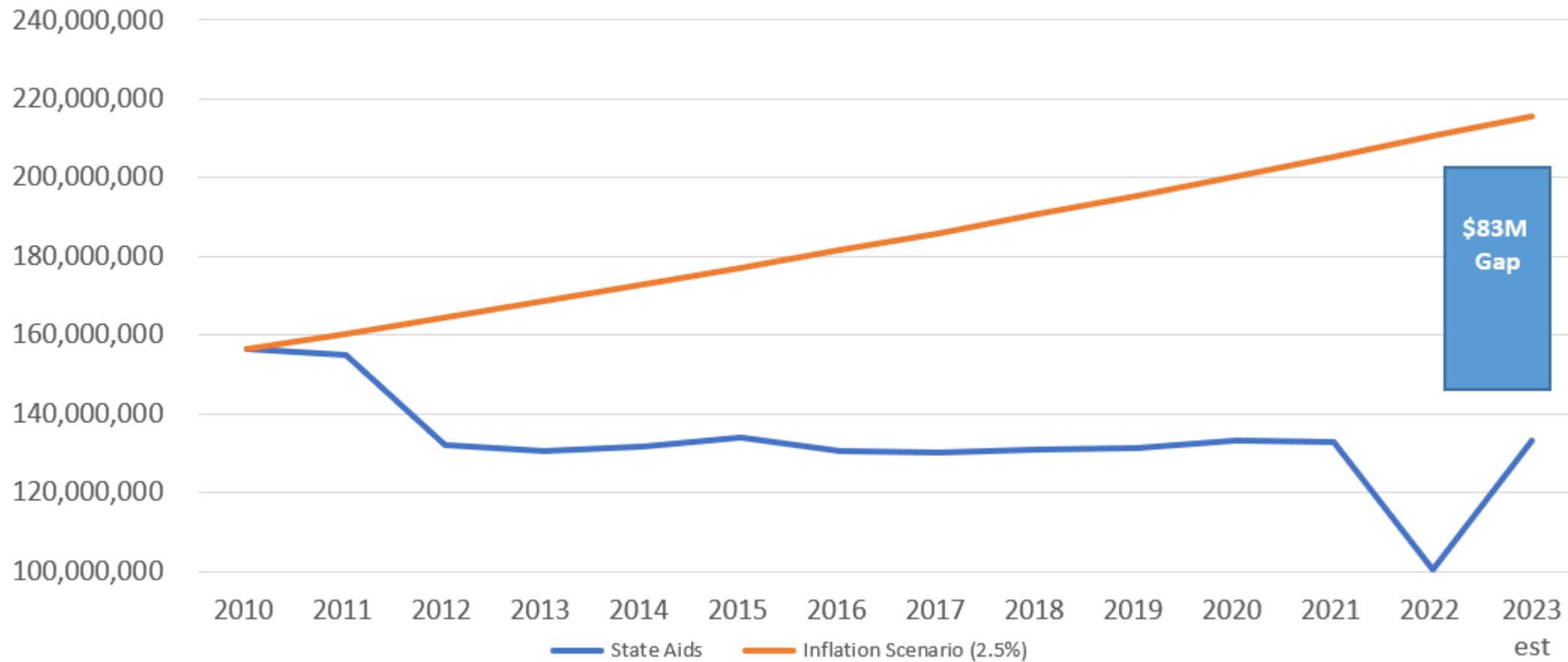
Trends in State Aid to Milwaukee County, 2010 - 2023



Note: 20



Total State Aids vs 2.5% Inflation Scenario



# County Has Drastically Reduced Spending

- Milwaukee County has closed budget gaps of approximately **\$300 million** over the past decade. Savings examples:
  - **Reduced Footprint by 1.6 million sq. ft.** \$9 million
  - **Restructure of Post Employee Benefits (OPEB)** \$40 million
  - **Restructure to Work Comp** \$3 million
  - **Deferring Maintenance** \$35 million
  - **Staff Reduction of 1,400** (excluding DHHS) \$116 million
  - **Salary Step Freezes** \$55 million
  - **Employee Health & Pension Contribution** \$21 million
  - **VRF Revenue** \$17 million

Milwaukee County has sought savings from administration and overhead first **to avoid cuts to services.**



# Structural Deficit Continues to Grow

- Comptroller’s Five Year Forecast projects deficit to grow to \$87 million 2027
- The deficit grows by \$39.9 million in 2025, largely due to the expected expiration of federal ARPA funds dedicated to Transit
- The Five Year forecast projects a 2025 gap of \$32M in Transit alone, which presents a major risk for the Milwaukee County Transit System without additional revenue streams

Year	Expenditure	Revenue	Structural Deficit	Cost-to-Continue*
2022	\$ 1,151,989,761	\$ 1,152,006,961	\$ -	
2023	\$ 1,165,589,552	\$ 1,153,035,230	\$ (12,554,322)	\$ (12,554,322)
2024	\$ 1,185,186,729	\$ 1,163,318,932	\$ (21,867,798)	\$ (9,313,476)
2025	\$ 1,206,344,503	\$ 1,144,562,638	\$ (61,781,864)	\$ (39,914,067)
2026	\$ 1,228,911,884	\$ 1,152,886,936	\$ (76,024,948)	\$ (14,243,083)
2027	\$ 1,249,945,147	\$ 1,162,732,677	\$ (87,212,469)	\$ (11,187,522)
			Average Gap:	\$ (17,442,494)

\*Cost-to-continue assumes that the prior year gap was eliminated with long-term solutions.



# Closing the 2023 Budget Gap

- In the request phase, departments were asked to submit budget requests with the **same amount of tax levy as 2022**.
  - Inflationary increases and compensation adjustments are not funded and must be absorbed.
- Other possible actions:
  - **Debt Service Reserve.**
  - **Recovery Funds (for One-Time Items).**
  - **Health Care Projections/Plan Design.**
  - **Additional Expenditure Reductions**



# Limited Revenue Options



## Property Tax

Wisconsin has the 6th highest property tax burden in the United States. **A 60% increase in Milwaukee County's property tax levy is necessary to generate revenue equal to a 1% sales tax increase.**



## Vehicle Registration Fee

**An increased wheel tax cannot generate revenue at scale with local governments' needs and is limited to transportation expenses.**



## Money from the State

State aid has been flat since 2012 and would require a **600% increase to generate revenue similar to a 1% sales tax increase.**



## Sales Tax

**An additional 1% sales tax provides \$180 million in locally-generated revenue to address local priorities and would grow with increased economic activity.**

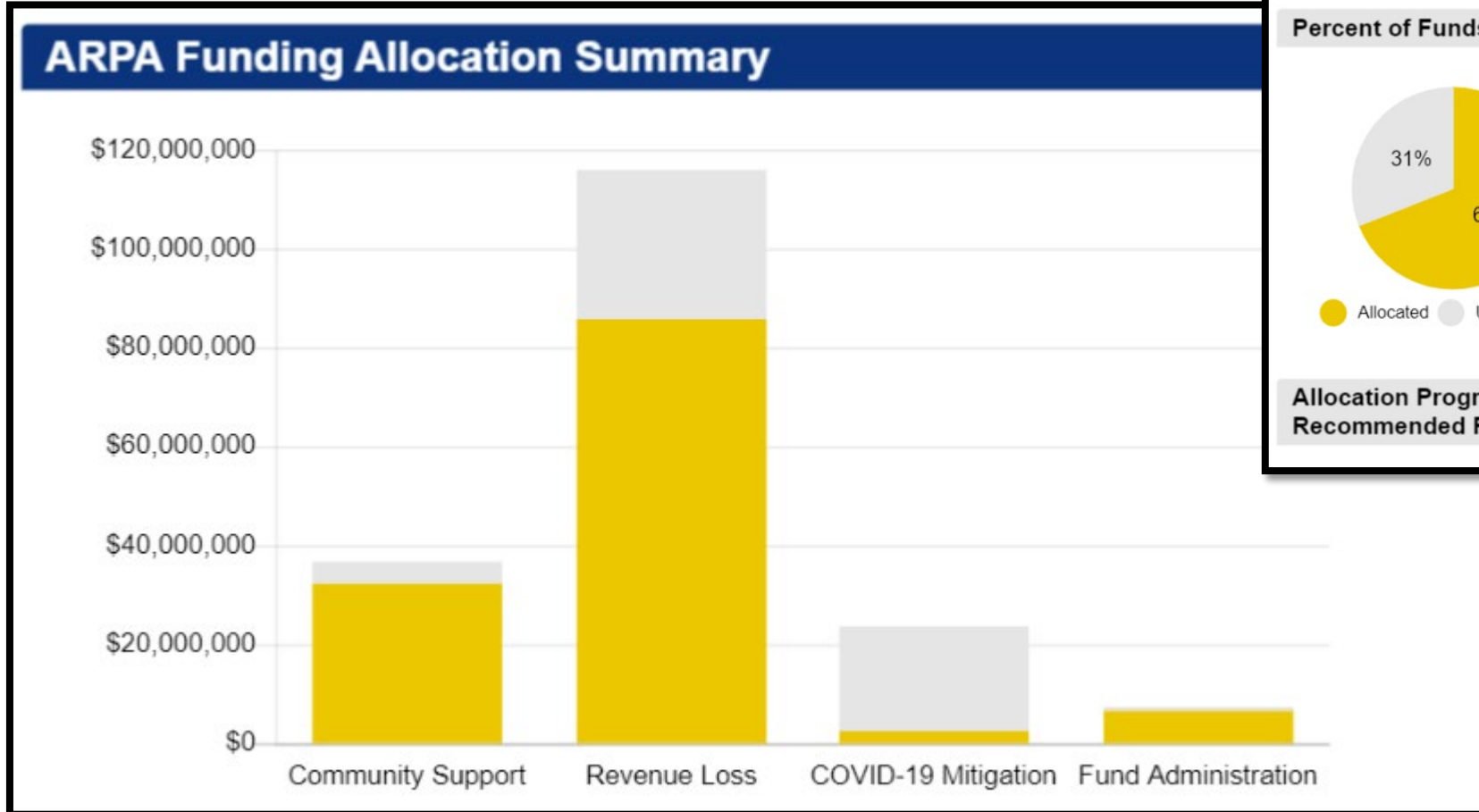
Requires State Approval

# American Rescue Plan Act (ARPA)

- Milwaukee County received **\$183 million allocation** of ARPA local recovery funds.
- Funds are to be incurred by 2024 for designated purposes related to **COVID-19 response, economic recovery, and revenue loss** due to the pandemic.
- ARPA funds are **temporary** and should be applied to **non-recurring expenditures**.
- Milwaukee County revenue loss is projected to be more than double its ARPA allocation
- Board of Supervisors created **ARPA Task Force** to review funding options and make non-binding recommendations.



# Milwaukee County ARPA Allocation Dashboard



### Allocation Summary Data

#### Percent of Funds Allocated

69% Allocated, 31% Unallocated

#### Total Funds Allocated

Total ARPA Aid	\$183,696,190
Allocated	\$126,877,376
Unallocated	\$56,818,814

#### Task Force Approved Projects

The amounts below reflect the value of projects that have been recommended by the ARPA Task Force that have not yet received full approval and fund authorization by the Milwaukee County Executive and Board of Supervisors.

**\$2,000,000**  
Total Funds Awaiting Authorization

As of 8/5/22



# ARPA Allocation to Date: \$126.9 million

Description	Allocation
<b>Housing Programs</b>	
Affordable Housing Development, Right to Counsel, Foreclosure Rehab	\$ 22.2
<b>County Service Delivery</b>	
Youth Justice, Mental Health, Courts Backlog	\$ 16.6
<b>Coggs Human Service Center Renovation</b>	\$ 32.3
<b>Food Program</b>	
Milwaukee Market Match	\$ 1.1
<b>COVID-19 Mitigation</b>	\$ 2.5
<b>Correction Officer Premium Pay</b>	\$ 4.0
<b>Information Technology</b>	
Digital Transformation, Network Upgrades, Point of Sale	\$ 13.7
<b>Infrastructure Needs</b>	
Energy Efficiency, Infrastructure Backlog, Fiscal Health	\$ 26.0
<b>Employee Health &amp; Wellness Clinic</b>	\$ 1.8
<b>Administrative Costs</b>	
Program Evaluation, Community Engagement, Grant	\$ 6.6
<b>Total Allocations to Date</b>	\$ 126.9

*Project details available on Milwaukee County ARPA Dashboard*





# 2023 Budget Next Steps

- Aug. 15: **Requested Budgets Posted on County Website**
- Aug. 15, 18, 22, 23, 24: **Budget Town Halls**
- Oct. 1: **Executive Budget Released**
- October: **Finance Committee Hearings**
- November: **Budget Adopted**



**Milwaukee County needs a sustainable revenue source in order to invest in our vision to achieve racial equity and become the healthiest county in Wisconsin.**



**ONE COUNTY  
ONE VISION**



**MILWAUKEE  
COUNTY**