

Milwaukee County 2024 Budget Planning



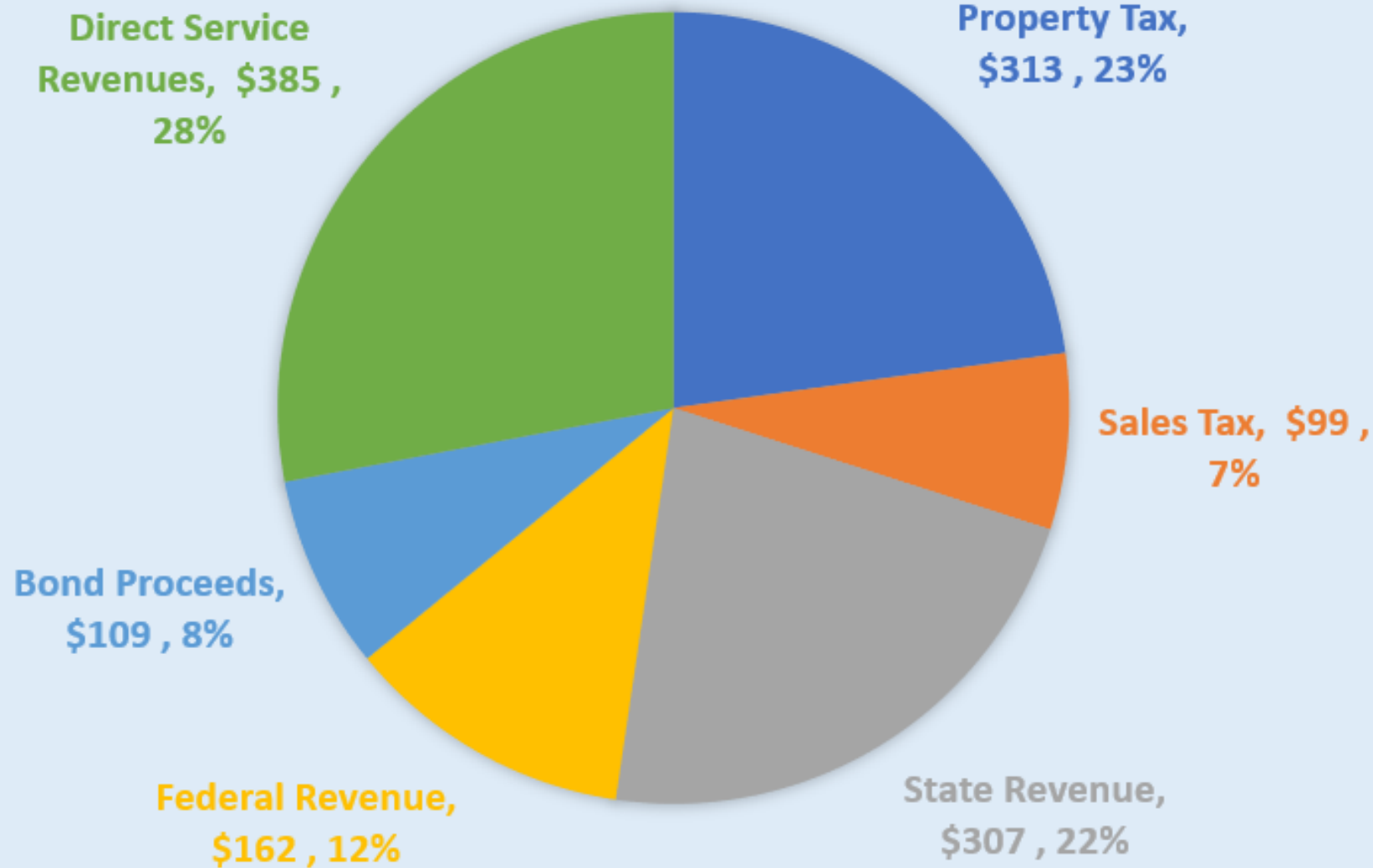
Milwaukee County Budget

- Milwaukee County budget = \$1.3 billion
 - Budget provides funding for State mandated services like courts, human services, and the jail, as well as non-mandated services including parks and transit
- 2024 Fiscal Outlook
 - County is projecting a surplus in the 2024 budget: first surplus in over two decades
 - Surplus due to state revenue reforms included in Act 12 and approval of 0.4% sales tax rate increase, effective in 2024
 - County has many needs to be addressed across program areas
 - Surplus position is not expected to be permanent. County will need to invest strategically and consider long-term impacts



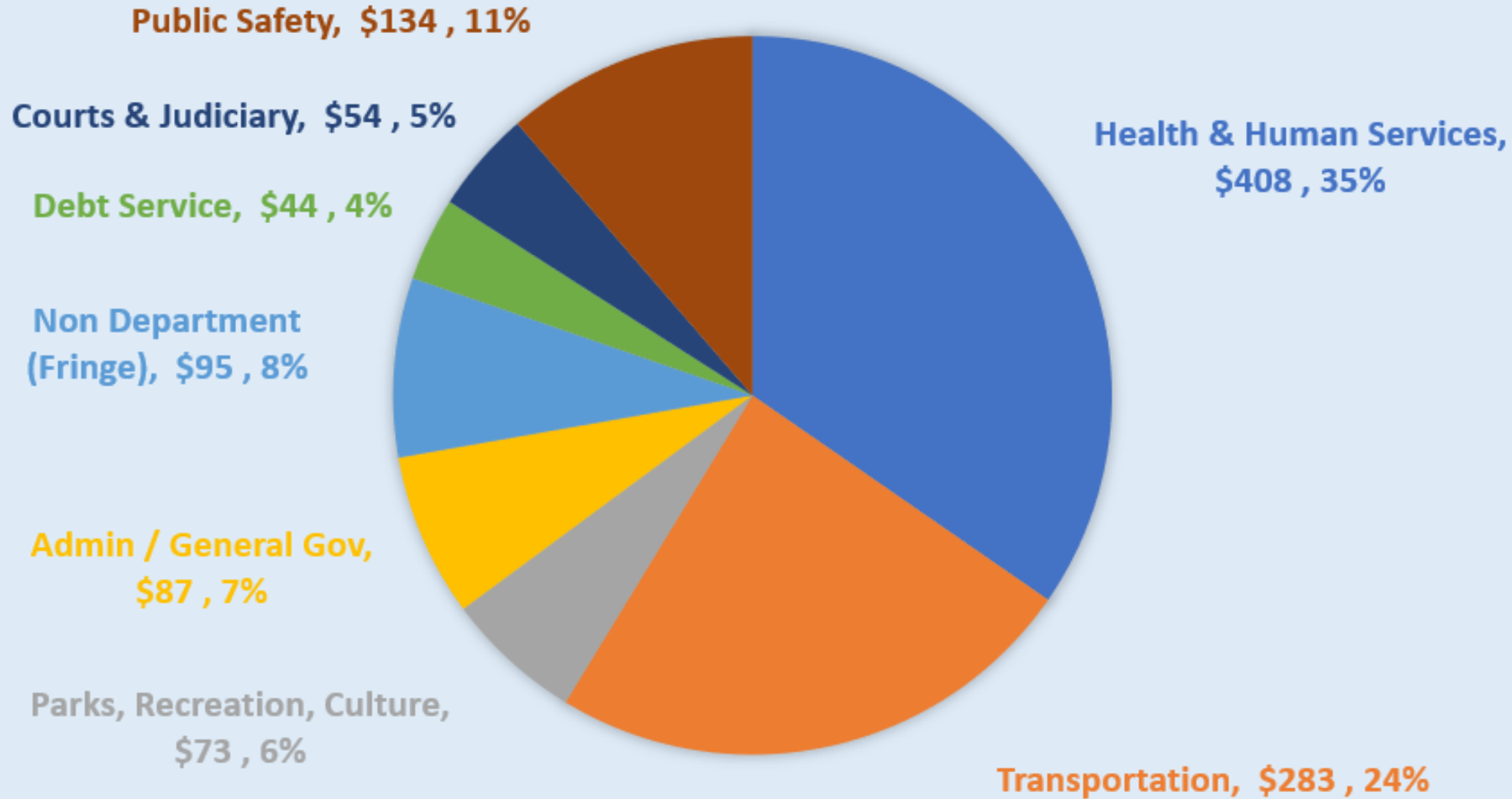
Milwaukee County Revenue Sources (\$1.3 billion total budget)

2023 REVENUE BUDGET BY TYPE (\$ IN MILLIONS)



Expenditure Budget

2023 DEPARTMENT OPERATING BUDGETS (\$ IN MILLIONS)



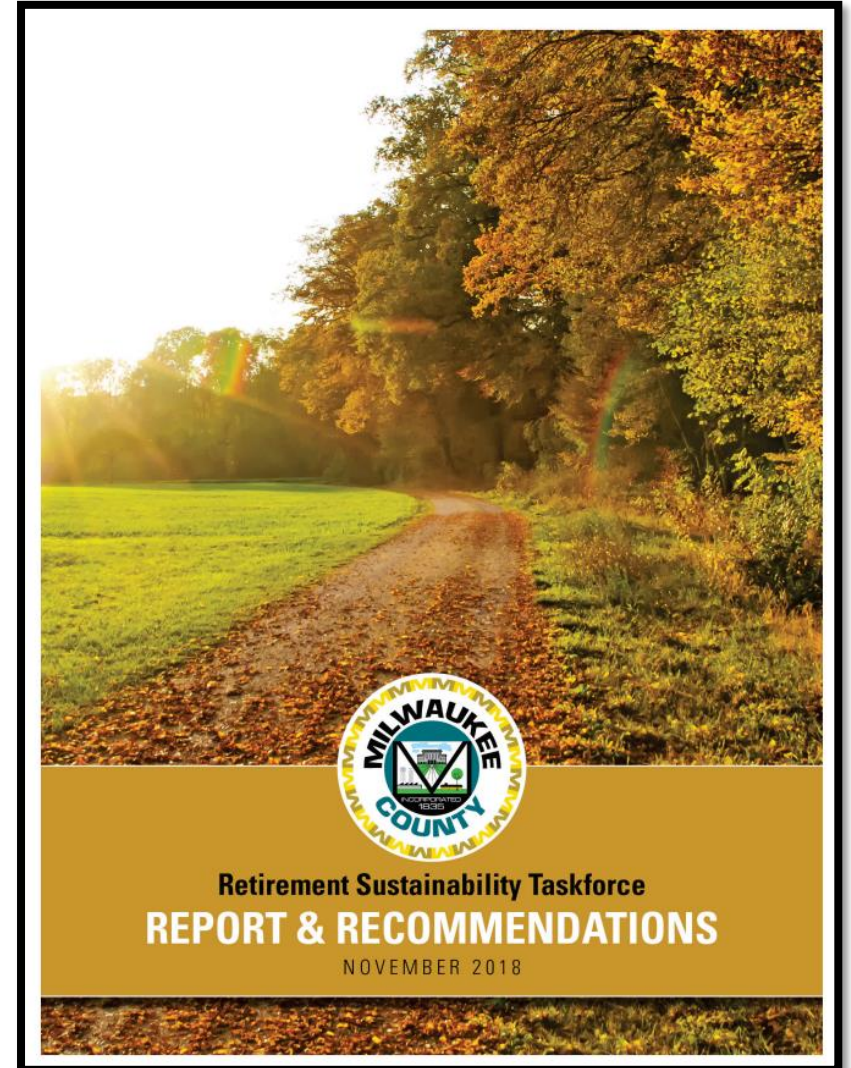
Act 12 Fiscal Impacts

- Act 12 was approved by the State legislature in 2023 and included local revenue reforms
- Provided Milwaukee County the option to increase its sales tax rate by 0.4% (from 0.5% to 0.9%). The increase has been approved by the County Board and County Executive and will be effective in 2024
- The added sales tax is estimated to generate over \$82 million in 2024
- Sales tax provides a dedicated revenue source to pay off the County's unfunded pension liability of \$760 million and Pension Obligation Bonds with a remaining balance of \$199 million
- A dedicated revenue source for the pension will "free up" property tax levy dollars that can be used for other purposes, which provides an offset to the County's structural deficit
- Under Act 12, the County's shared revenue payment will increase by \$7.6 million in 2024, with future growth tied to State sales tax collections.



Transition to Wisconsin Retirement System (WRS)

- By enacting the 0.4% sales tax, the County must elect to join the Wisconsin Retirement System (WRS) for new employees (“soft close” of County ERS)
- New County employees will join WRS beginning 1/1/25
- This will result in closure of the County pension system which has been a major source of the County’s historical fiscal challenges
- Retirement Sustainability Taskforce, created in 2017, recommended this change to “ensure retirement security for future employees and long-term fiscal sustainability for the County”
- WRS considered one of the best managed pension plans in the Country due to its policies and procedures and fully funded status



Act 12 Estimated Structural Deficit Impact

Five Year Fiscal Forecast

Estimated Structural (Deficit)/Surplus		
Year	Pre Act 12	Post Act 12 and Approval of 0.4% Sales Tax
2024	(18,296,000)	31,642,000
2025	(52,775,000)	2,688,000
2026	(75,815,000)	(13,022,000)
2027	(93,815,000)	(23,317,000)
2028	(109,656,000)	(36,193,000)

Impacts

- Deficit eliminated in 2024 and 2025
- 2028 structural deficit is \$73 million less than it was prior to Act 12
- Avg “cost-to-continue” shortfall of \$13 million from 2026-2028 less than historical averages (\$20M to \$30M)
- Total revenues are still projected to grow at levels lower than inflation. Flat state aids and other revenue limitations remain a future concern.



Priority Considerations

- County programs and services have been significantly reduced in past decades due to a historical structural deficit and there are many needs across programs
- Improved funding status provides opportunity for targeted investments
 - Transit: 2025 “fiscal cliff” expected upon exhaustion of federal relief funds
 - Parks maintenance and operations
 - Courts backlog
 - Public Safety needs
 - Health & Human Services
 - Workforce: High vacancy rates in current labor market impacts service delivery
- Deferred infrastructure of \$1 billion in the Five-Year Capital Plan
- Property Tax Relief may be considered with diversified revenue



Annual Budget Process Calendar

- Jan-April: Forecasting and Budget Preparation
- April-July 15: Department Request Phase
 - Departments submit budgets by July 15
- July 15 – October 1: Recommended Budget Phase
 - County Executive Releases Recommended Budget by October 1
- October-November: County Board Phase
 - Finance Committee reviews Department budgets in October/November
 - County Board Budget Adoption occurs in November





**MILWAUKEE
COUNTY**