



# 2020 BUDGET IN BRIEF

## INTRODUCTION

This document provides information about the City of Milwaukee budget and its priorities; the city's approach to balancing its budget; the funding sources that pay for city services and infrastructure; and 2020 budget expenditures.

## MISSION

The city government's mission is to enhance the safety, prosperity, and quality of life of residents, property owners, and employers. In short, the city strives to make Milwaukee a good place to live, work, and invest.

## CITYWIDE PRIORITIES

The following priorities guide the city's budget:

- Provide safety and stability for all Milwaukee neighborhoods
- Increase economic opportunity and family supporting employment for all residents
- Protect children's health and support their educational success from birth to adulthood
- Preserve and leverage the city's environmental and physical assets

## 2020 BUDGET HIGHLIGHTS

The city's 2020 budget is \$1.61 billion. The budget maintains structural balance while managing the fiscal impact on taxpayers.

- The budget provides a tax levy increase of 3.6% or \$10 million over 2019
- The tax rate per \$1,000 of assessed value is \$10.58 in 2020, a slight decrease from the 2019 rate of \$10.59
- City property taxes on the average-valued home increase \$37.62
- The 2020 municipal service fees increase \$22.77 for the typical homeowner

In 2020 the city continues its investment in core infrastructure programs, maintains the Mayor's Strong Neighborhoods Plan, continues the lead water service line replacement and lead abatement programs, and commits substantial resources to public safety.

Despite significant fiscal challenges, the 2020 budget responsibly finances the city's long-term obligations while maintaining core services that contribute to a safe city, neighborhood quality of life, and public health.

## CITY OF MILWAUKEE CREDIT RATINGS

Credit ratings represent the quality of a city's credit. The firms who assign the ratings use several economic and institutional factors to evaluate the government's ability to repay its debt as scheduled. Milwaukee's current ratings (shown below) represent high quality credit and allow the city to maintain relatively lower borrowing costs.

### Credit Ratings

Standard & Poor's	AA-
Fitch	AA-

## COMMUNITY PROFILE

<b>Population</b>	
Total Population	596,886
Median Age	31.4 years
<b>Population by Race/Ethnicity</b>	
Black or African American*	38.4%
White*	35.3%
Hispanic or Latino (any race)	18.8%
Asian*	4.2%
Two or more races*	2.7%
American Indian and Alaska Native*	0.4%
Some other race*	0.1%
Native Hawaiian and Other Pacific Islander*	0.0%

\*Not Hispanic or Latino

<b>Residential Housing</b>	
Number of housing units	257,506
Percent of owner occupied housing units	41.8%
Average residential property value	\$117,601

<b>Economy</b>	
Total employment	266,400
Population in labor force	277,608
Unemployment rate	4.0%

<b>Income</b>	
Per capita personal income	\$22,605
Median household income	\$40,036
Percent of population below poverty level	26.6%

# BUDGET OVERVIEW

The city's budget provides an operational plan for delivering services to the community. The budget establishes expenditures and revenues, subject to State statutory restrictions. Milwaukee adopts an annual balanced budget, which means that revenues equal expenditures.

## STRUCTURAL BALANCE

The city faces a persistent challenge of achieving "structural balance". Structural balance is a government's ability to fund existing expenditures over time with its projected ongoing revenues. A gap between existing expenditures and ongoing revenues in which expenditures exceed revenues is referred to as a "structural imbalance".

In recent years the city has made significant structural improvements to its budget. However, challenges remain, including State aid decreases, the ongoing need for employer pension contributions, and debt service for increased commitments to infrastructure and neighborhood improvements.

## FINANCIAL OBJECTIVES

As the city develops the annual budget, it has two primary financial objectives:

1. Provide mission critical services while limiting the increase in tax levy and municipal service charges on the typical residential property to 3% or less.
2. Manage long term obligations such as core infrastructure, debt, and pension benefits in a manner that stabilizes ongoing funding requirements.

## BUDGET STRATEGIES

The city's strategy to achieve structural balance includes three main components:

- **Resize:** Reduce the scale of city government operations
- **Restructure:** Increase productivity and reduce staffing through technology, automation, and functional consolidations
- **Reinvest:** Make strategic investments in equipment, data applications, process improvements, and people; and engage in redevelopment to improve the tax base and economic opportunities

## BUDGET PROCESS

### Departmental Budget Requests • *Mid-Mar. to 2<sup>nd</sup> Tue. in May*

City departments review operational needs for the next year and submit budget requests to the Budget Office.

### Budget Review • *Mid-May to September*

The Budget Office reviews all budget requests and prepares recommendations for the Mayor's consideration.

### Mayor's Public Hearing on the Proposed Budget • *August*

The Mayor holds a public hearing to provide an opportunity for citizens to ask questions and make comments and recommendations regarding the upcoming budget.

### Executive Budget Presentation • *September 28 Deadline*

On or before September 28<sup>th</sup>, the Mayor presents his Proposed Executive Budget to the Common Council.

### Legislative Hearings • *October*

The Finance and Personnel Committee reviews the Proposed Executive Budget on behalf of the Common Council. The Committee reviews each departmental budget separately, getting input from the departments and the Budget Director, and requesting additional information as necessary.

The Finance and Personnel Committee may propose amendments to the Executive Budget for consideration by the Common Council. In addition, individual Council members may sponsor amendments to the proposed budget.

### Public Hearing • *Early October*

The Mayor and Common Council hold a joint public hearing on the budget prior to budget adoption. All interested parties have an opportunity to comment on the budget during the hearing.

### Budget Adoption • *November 14 Deadline*

On or before November 14<sup>th</sup>, the Common Council meets to review the Finance and Personnel Committee's recommendations; accepts, rejects, or modifies amendments as proposed; and adopts the budget.

After the Common Council has adopted the budget, it is forwarded to the Mayor for signature. Within seven working days the Mayor may sign the budget or veto individual line items. Mayoral vetoes are returned to the Council for a vote to either sustain or override the veto. The budget becomes final when it has been signed by the Mayor and returned to the Council without vetoes.

# BUDGET STRUCTURE

The City of Milwaukee uses fund accounting to ensure compliance with finance-related legal requirements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The city's budget is divided into two groups of funds: Property Tax Supplemented Funds and Special Revenue Funds.

## PROPERTY TAX SUPPLEMENTED FUNDS

\$1.19 billion

### General City Purposes Fund **\$638 million**

Funds the general operations of the city. This includes departmental expenses and expenses for employee health care benefits and workers compensation.

### Employee Retirement Fund **\$120 million**

Funds payment of employer pension contributions, social security contributions, and the city's supplemental deferred compensation plan.

### Capital Improvements Fund **\$156 million**

Funds the purchase, construction, enhancement, or maintenance of physical infrastructure systems, facilities or equipment, or redevelopment. Infrastructure systems include bridges, streets, alleys, sidewalks, street lighting, and traffic control. Water, sewer and transportation infrastructure expenses are funded in the respective enterprise funds.

### City Debt Fund **\$268 million**

Funds the principal and interest on bonds issued by the city to finance capital improvements.

### Contingent Fund **\$5 million**

Funds unanticipated emergencies and purposes not otherwise provided for in the budget.

## SPECIAL REVENUE FUNDS

\$425 million

### Enterprise Funds **\$322 million**

Enterprise funds are segregated funds that support "business-type" operations financed primarily by user charges. They include the following:

#### Water Works **\$152 million**

The Water Works is a city owned utility whose fees are regulated and approved by the State's Public Service Commission. Funds all activities necessary to provide water services to city residents and 16 other municipal customers. Activities include administration, billing and collection, operations, maintenance and financing.

#### Sewer Maintenance Fund **\$107 million**

Funds operations and capital improvements of the city's sewer system as well as general fund operations pertaining to storm water management. The two primary revenue sources paid by users are the Local Sewerage Charge and the Local Storm Water Charge.

#### Transportation Fund **\$51 million**

Funds administrative and operations costs for the Milwaukee streetcar and for parking services, including construction and maintenance of parking lots, meters and structures. Revenue is generated through citations, parking meters, parking permits, rentals and leasing of parking facilities, sponsorships and grants.

#### Economic Development Fund **\$11 million**

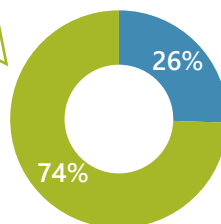
Funds economic development purposes including Business Improvement Districts (BIDs) and Neighborhood Improvement Districts (NIDs).

### Grant and Aid Fund **\$95 million**

Accounts for Federal, State, and other grants whose proceeds are legally restricted to expenditures for specific purposes.

### County Delinquent Tax Fund **\$8 million**

Acts as a reserve against uncollected County delinquent property taxes.



# REVENUES

The city generates revenue from several sources. The largest revenue sources are property taxes, intergovernmental revenue, general fund user charges, and enterprise fund user charges. These revenues make up 56% of the entire \$1.61 billion budget. Property taxes, intergovernmental revenue, and general fund user charges also make up 82% of the \$638 million General City Purposes budget.

The City of Milwaukee is unusual in its reliance on three primary revenue sources for general city purpose revenues. Most cities with a population of 300,000 or more have a more diverse revenue portfolio. While Milwaukee's total revenue per capita is significantly less than that of most comparably-sized cities, Milwaukee's unusually narrow revenue portfolio results in relatively higher property taxes.

Wisconsin's tax system is designed to assess sales, income, and various business and excise taxes, and redistribute them to municipal governments as "shared revenue." This distribution is intended to provide municipal governments a similar ability to raise revenue using reasonable tax rates regardless of their property tax wealth.

However, over the last 20 years the State's fiscal support of municipal governments has changed considerably. While State general purpose tax collections have grown significantly, the Shared Revenue payment to Milwaukee has decreased.

## MAJOR SOURCES OF TOTAL BUDGET REVENUE

### **Property Taxes** \$291.0 million

Property taxes are levied on the assessed value of all general property located in the city, excluding property that is exempt from the property tax. Of this amount, 58.5% or \$170 million is allocated to two non-discretionary purposes: debt service and the employer pension contribution. Property taxes are 18.1% of total budget revenues.

### **Intergovernmental Revenue** \$273.5 million

Intergovernmental revenue includes revenues received from the State government. The largest amount of State aid received by the city is State Shared Revenue, at \$219.1 million. Intergovernmental revenues are 17.0% of total budget revenues.

### **General Fund User Charges** \$134.8 million

State statutes authorize local governments to recover the cost of current services and regulatory activities from service users and the regulated entities. The City has increasingly relied on user charges over the last 15 years, largely in response to State aid reductions. This revenue enables the allocation of property tax revenues and State aids to departments with low cost recovery potential, such as Police, Fire, Library, and Infrastructure services. The Local Solid Waste Charge (\$42.9 million) is the largest user charge in the 2020 General Fund Budget. General Fund user charges are 8.4% of total budget revenues.

### **Enterprise Fund User Charges** \$205.9 million

These revenues include Water Works operating (rate) revenue (\$94.7 million), subject to Public Service Commission approval; Sewer Maintenance Fund charges (\$71.2 million); and Transportation Fund current revenues (\$40.0 million).

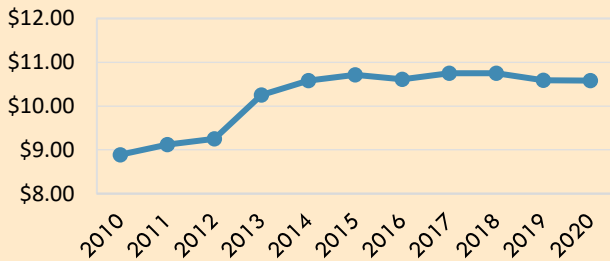
### **Other Sources**

A complete listing of other sources of revenue is provided in the 2020 Plan and Executive Budget Summary. Other sources of revenue include borrowing proceeds, Tax Incremental revenues, Business Improvement District assessments, grants, fines and forfeitures, and licenses and permits, among others.

## PROPERTY TAX

The city's property tax levy for the 2020 budget is \$291 million. The 2020 budget tax rate for the City of Milwaukee is \$10.58 per \$1,000 of assessed value, which is a decrease from the 2019 budget rate of \$10.59.

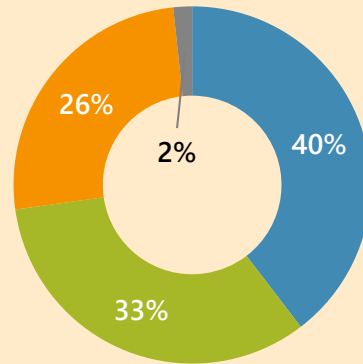
PROPERTY TAX RATE  
(DOLLARS PER \$1,000 OF ASSESSED VALUE)



### TAX LEVY VS. TAX RATE

There is an important difference between tax levies and tax rates. The tax levy represents the dollar amount of property tax revenue in a local government's budget. The tax rate is the amount assessed against each \$1,000 of assessed value of property subject to the property tax. The tax rate is set at an amount required to generate the total tax levy revenue included in a local government's annual budget.

### 2020 CITY PROPERTY TAX LEVY DISTRIBUTION BY PURPOSE



General City Purposes	\$115 million
Retirement Provisions	\$97 million
Capital/Debt Service	\$74 million
Contingent Fund	\$5 million

The largest proportion of the 2020 city property tax levy is used for general city purposes, followed by retirement provisions, and capital/debt service.

## MUNICIPAL SERVICES CHARGES

Milwaukee Water Works manages billing for water charges, Milwaukee Metropolitan Sewerage District (MMSD) service, and City of Milwaukee municipal services. The Milwaukee Municipal Services Bill includes nine charges:

### Milwaukee Water Works Charges

- **Water Service Charge and Water Usage Charge:** The cost of Milwaukee water to residential customers is four gallons per cent with an additional fixed cost of \$9.35 per month for the water service and public fire protection charges. Water use and service charges for the average single family Milwaukee customer are \$241 per year.

### MMSD Charges

- **MMSD Sewer Treatment Service Charge and MMSD Sewer Treatment Usage Charge:** The city collects MMSD user charges for operations from customers based in the city and transmits the revenue to the sewerage district, which is a separate governmental entity. The average single family household pays \$148 annually for MMSD service. MMSD levies its own property tax for its capital improvements budget.

### City of Milwaukee Municipal Services Charges

- **Local Sewerage Charge:** A charge for city sewer services based on water usage.
- **Storm Water Management Charge:** A charge for storm sewer management services based on the amount of impervious surface area of a property.
- **Snow and Ice Removal Charge:** A charge per foot of street frontage for all property, which partially offsets the cost of snow and ice control operations. This is an annual charge that appears on the last bill of the year.
- **Solid Waste Charge:** This charge funds operations for garbage collection, recycling, the self-help centers, and other solid waste services.
- **Extra Garbage Cart Charge:** Units with more than one garbage cart are charged \$17.51 per quarter per extra cart.

#### Average Annual 2020

#### Municipal Services Charges:

Local Sewerage Charge	\$101
Storm Water Management Charge	\$89
Snow and Ice Removal Charge	\$41
Solid Waste Charge	\$230
<b>Total</b>	<b>\$461</b>



# EXPENDITURES

The following is a summary of 2020 budgeted city expenditures by major category: public works, public safety, neighborhoods and development, general government, culture and recreation, health, debt, and retirement benefits.

## ■ PUBLIC WORKS \$441 million

Approximately 27% of the overall budget is devoted to public works-related spending. This includes maintenance of the city's streets, sewers, and facilities and services such as garbage collection, snow and ice control, forestry, and water works. The General City Purposes Fund includes \$117.6 million for public works-related spending.

### 2020 Budget Highlights:

- \$70.6 million for core infrastructure programs including streets, bridges, street lighting, and sewers.
- Improve the condition and extend the useful life for 26.3 miles of major streets, local streets and high traffic streets serving commercial corridors.
- Fund the replacement of 1,100 lead water service lines. The city assists with funding the private side of the replacement and Water Works funds the public side.
- \$25 million to replace and line 10 miles of medium to large diameter combined, storm and sanitary sewer mains and an additional \$2 million to line 11 miles of small diameter sanitary sewer main and inspect sanitary sewer manholes.
- \$2 million for the downspout disconnection program to address regulations that require residential parcels that contain up to four units to disconnect their downspouts from the combined sewer system by 2025. The program affects approximately 50,000 residential properties.
- \$1.2 million for alley reconstruction
- Create a new multimodal transportation capital program to develop and enhance bicycle and pedestrian infrastructure
- Continue funding for city hall foundation restoration



## ■ PUBLIC SAFETY \$406 million

Approximately 25% of the budget is devoted to public safety-related expenses. This includes expenses for the Police Department, Fire Department, Fire and Police Commission, and Municipal Court.

### 2020 Budget Highlights:

- Fund an average annual Police strength of 1,802 sworn officers, a decrease of 62, or 3.4%, from 2019. The budget includes funding to hire a total of 65 new police officer recruits in late 2020.
- Maintain funding for all Fire Department heavy apparatus and med units funded in 2019. Response times to fire and emergency medical service calls are expected to remain superior to national standards.
- Continue the Fire Department's Mobile Integrated Health program to ensure that the 911 system is utilized appropriately and provides Milwaukee's residents with the appropriate care for their health care needs.
- Continue the Milwaukee Overdose Response Initiative (MORI) to address the opioid addiction crisis. Partners, including the Milwaukee Health Department, Medical Examiner, and local treatment centers, deploy community paramedics and a peer support specialist to engage patients and their family.
- Provide funding for the five-year community collaborative and monitoring outlined in the settlement with the American Civil Liberties Union of Wisconsin. The 2020 Budget includes \$300,000 in the Police budget for this effort.



■ CITY DEBT \$268 million

Approximately 17% of the budget funds principal and interest payments for city borrowing. The tax levy share for debt in 2020 is \$73.5 million or 25% of the total tax levy. The debt budget also includes revenues of \$31.1 million from tax increments, which offset the borrowing costs associated with Tax Increment Finance redevelopment projects.



■ NEIGHBORHOODS & DEVELOPMENT \$175 million

About 11% of the budget is devoted to spending for neighborhoods and development. This includes expenses for the Department of City Development, Department of Neighborhood Services, Port of Milwaukee, Board of Zoning Appeals, as well as several special purpose accounts.

2020 Budget Highlights:

- \$9.4 million to fund neighborhood investment, affordable housing and homeownership. This funding supports Mayor Barrett’s commitment to create, preserve or improve 10,000 affordable housing units in 10 years, starting in 2018.
- Improvements to nuisance garbage policies to facilitate more timely abatement. Potential violations are referred sooner to contractors in order to expedite clean-up and technology has been implemented to enable timely intake and routing of garbage complaints.
- Continue to fund the STRONG Homes Loan and Compliance Loan programs as well as commercial corridor revitalization.

■ GENERAL GOVERNMENT \$151 million

Approximately 9% of the budget is used for general government spending, including expenses for the Department of Administration, Assessor’s Office, City Attorney, City Clerk, Comptroller’s Office, Election Commission, Department of Employee Relations, Mayor’s Office, and Treasurer’s Office.

■ RETIREMENT BENEFITS \$120 million

The City has a home rule defined-benefit pension plan, the City of Milwaukee Employees’ Retirement System (CMERS). This budget section includes the employer pension contribution to the CMERS (\$71 million in 2020) and the employer share of funding for Social Security and Medicare for covered employees.

■ CULTURE & RECREATION \$26 million

About 1.6% of the budget is devoted to spending for culture and recreation. This includes expenses for the Milwaukee Public Library as well as several special purpose accounts.

2020 Budget Highlights:

- Maintain library hours at 2019 levels. All libraries are open Monday through Saturday; Central, Zablocki, and Capitol libraries are open on Sundays from October through April.
- \$300,000 in capital funding for the MKE Plays Initiative to replace the city’s aging recreational facilities with modern, innovative play spaces for Milwaukee’s youth.

■ HEALTH \$24 million

Roughly 1.5% of the budget is devoted to public health-related spending. This includes expenses for the Milwaukee Health Department.

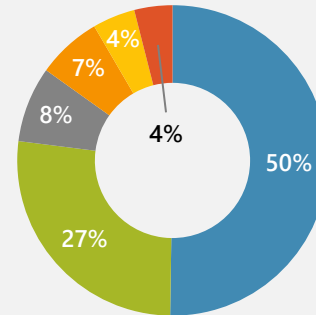
2020 Budget Highlights:

- Continue to focus on improving the Childhood Lead Poisoning Prevention Program, which includes community outreach and education about lead hazards, distribution of water filters, and lead prevention and abatement.
- Analyze potential medical record management systems to upgrade the Health Department’s electronic records systems.
- \$240,000 for a Birthing Moms Pilot Project to distribute water filters and education to birthing moms prior to each mother’s discharge from the hospital.
- \$300,000 for the Office of Violence Prevention for the 414 LIFE initiative to maintain and continue the pace of violence interrupter training and implementation.
- Continue the opioids addiction prevention and treatment initiative, a collaborative effort to reduce opioid overdose.

# PERSONNEL

Approximately 83% percent of the general city purposes budget funds personnel costs. It's important to note that retirement-related costs are included in a separate section of the budget, so this percentage does not fully reflect the impact of fringe benefits on the total budget. There are an estimated 7,183 full time equivalents (FTE) in the 2020 budget (an FTE represents 2,080 hours of budgeted wages). This does not include temporary election workers because annual staffing levels vary based on the number of elections. The largest number of employees work in public safety-related positions, followed by public works-related positions.

CITY OF MILWAUKEE ESTIMATED FULL TIME EQUIVALENTS (FTEs) BY CATEGORY



## POLICE AND FIRE DEPT. PERSONNEL

### Police Department

The 2020 budget funds an estimated 2,668 full time equivalents in the Police Department, which includes an average annual sworn strength of 1,802.

### Fire Department

The 2020 budget funds an estimated 887 full time equivalents in the Fire Department, which includes 739 sworn personnel.

■ Public Safety	3,609 FTEs
■ Public Works	1,922
■ General Government	566
■ Neighborhoods & Development	483
■ Culture & Recreation	319
■ Health	285

# ADDITIONAL INFORMATION & RESOURCES

## BUDGET INFORMATION

For more detailed information, complete copies of the Plan and Executive Budget Summary and the Detailed Budget documents are available at <http://city.milwaukee.gov/Budget>

For questions or additional information, contact the Budget Office at (414) 286-3741 or [budget@milwaukee.gov](mailto:budget@milwaukee.gov).

## ADDITIONAL CITY RESOURCES

### Unified Call Center

Residents can submit service requests and receive information about city services through the city's Unified Call Center.

- Phone: (414) 286-CITY
- Web: <http://city.milwaukee.gov/ucc>
- Mobile: MKE Mobile app

### E-Notify

Use E-Notify to receive email and text alert notices from the city: <http://city.milwaukee.gov/enotify>

### City Calendar

Stay up to date on city hall meetings and community events by checking the city calendar: <http://city.milwaukee.gov/calendar>

### Stay Connected

Follow elected officials and city departments on social media: <http://city.milwaukee.gov/connect>

### City Channel

View city meetings and informational programs online: <http://city.milwaukee.gov/cityclerk/CityChannel>

*Community Profile Data Sources: US Census Bureau, 2014-2018 American Community Survey 5-year Estimates; BLS, Local Area Unemployment Statistics (2018); City of Milwaukee Assessor's Office (2019)*

*Photo credits: City of Milwaukee Department of Public Works, Milwaukee Police Department, Milwaukee Fire Department, Department of City Development*

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