

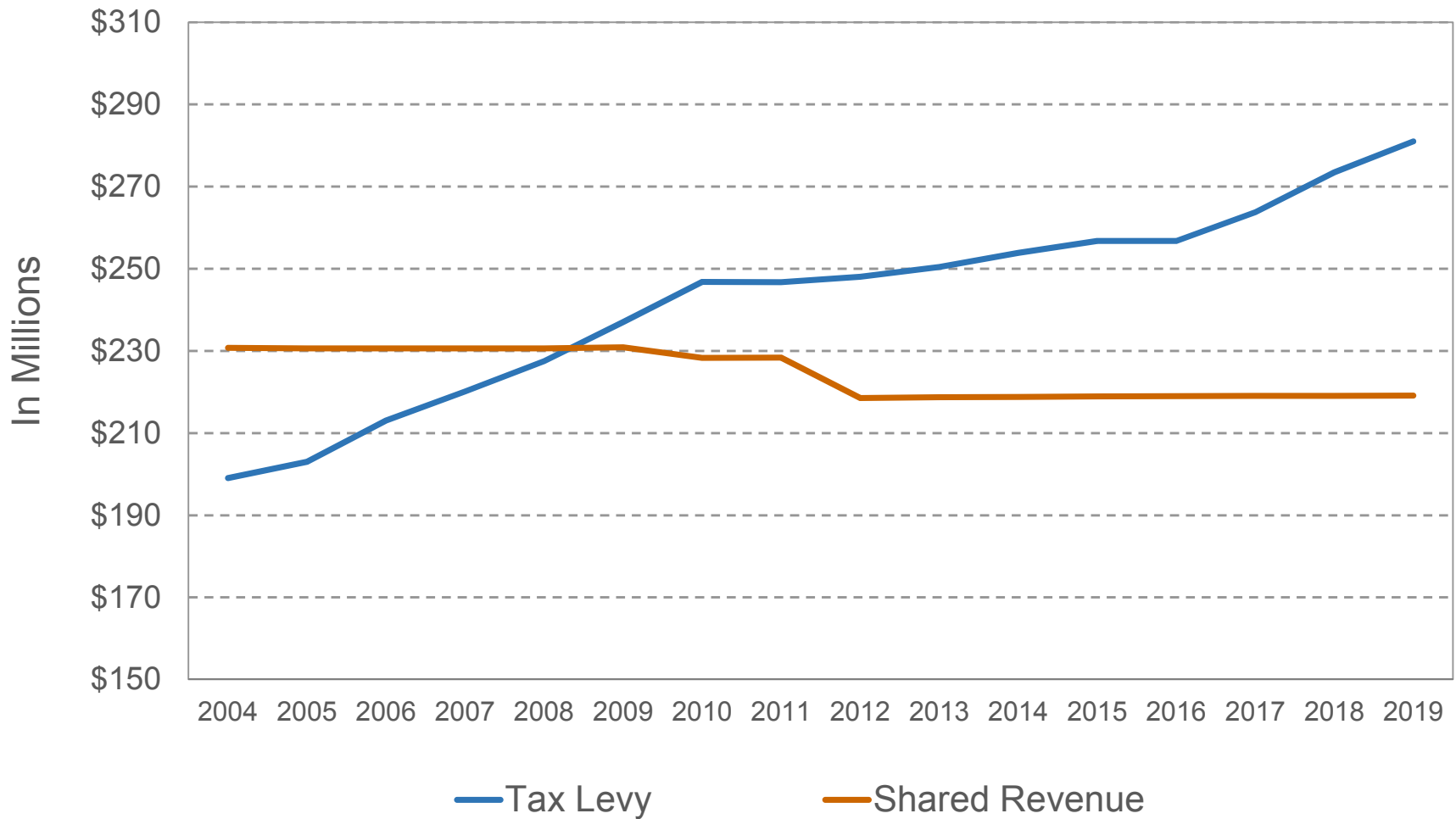


City of Milwaukee Budget Challenge

Mayor's Public Hearing on the
2020 Executive Budget

August 15, 2019

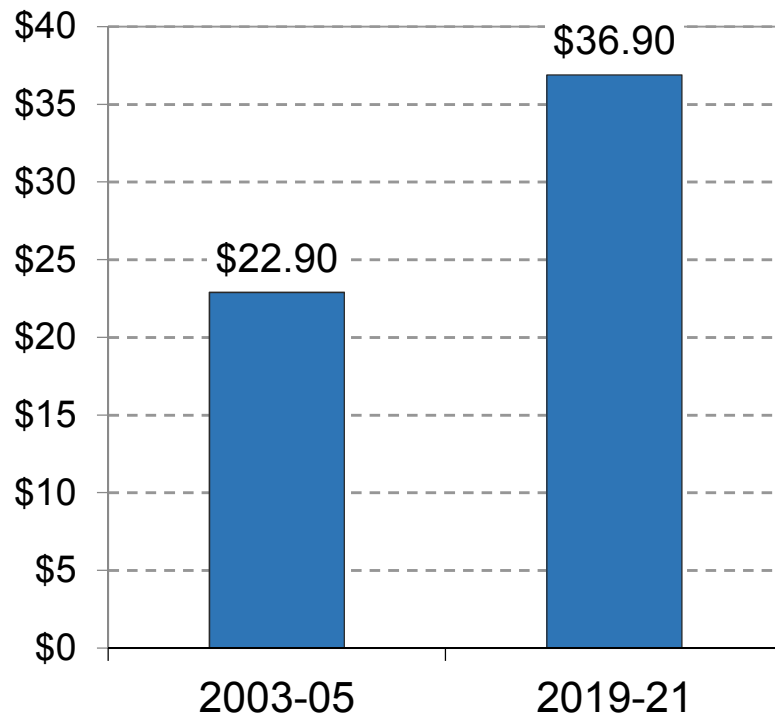
City Tax Levy vs. State Shared Revenue



Trends in State General Purpose Revenue (GPR) and City Shared Revenue/ERP Aid: 2003 and 2019

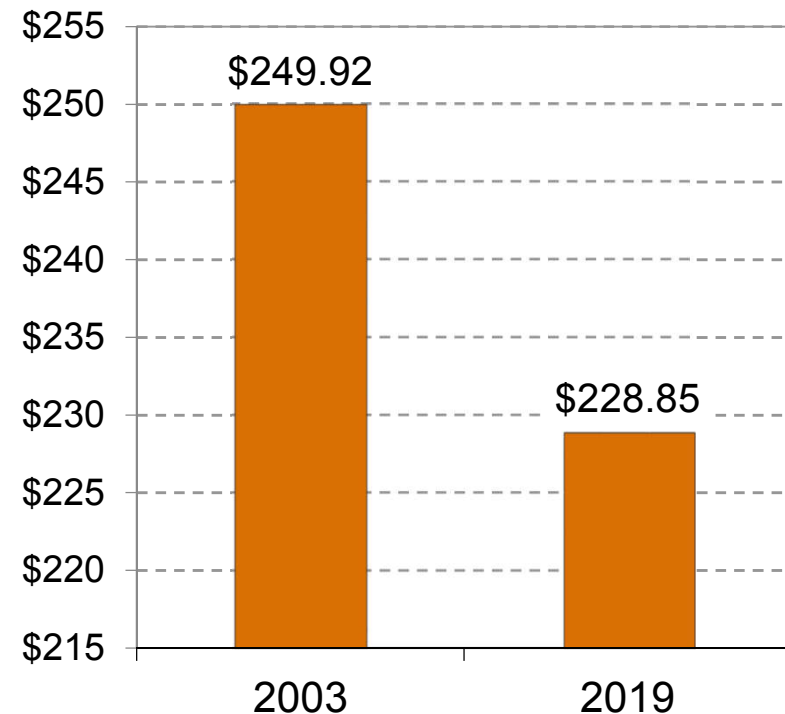
State GPR

In Billions

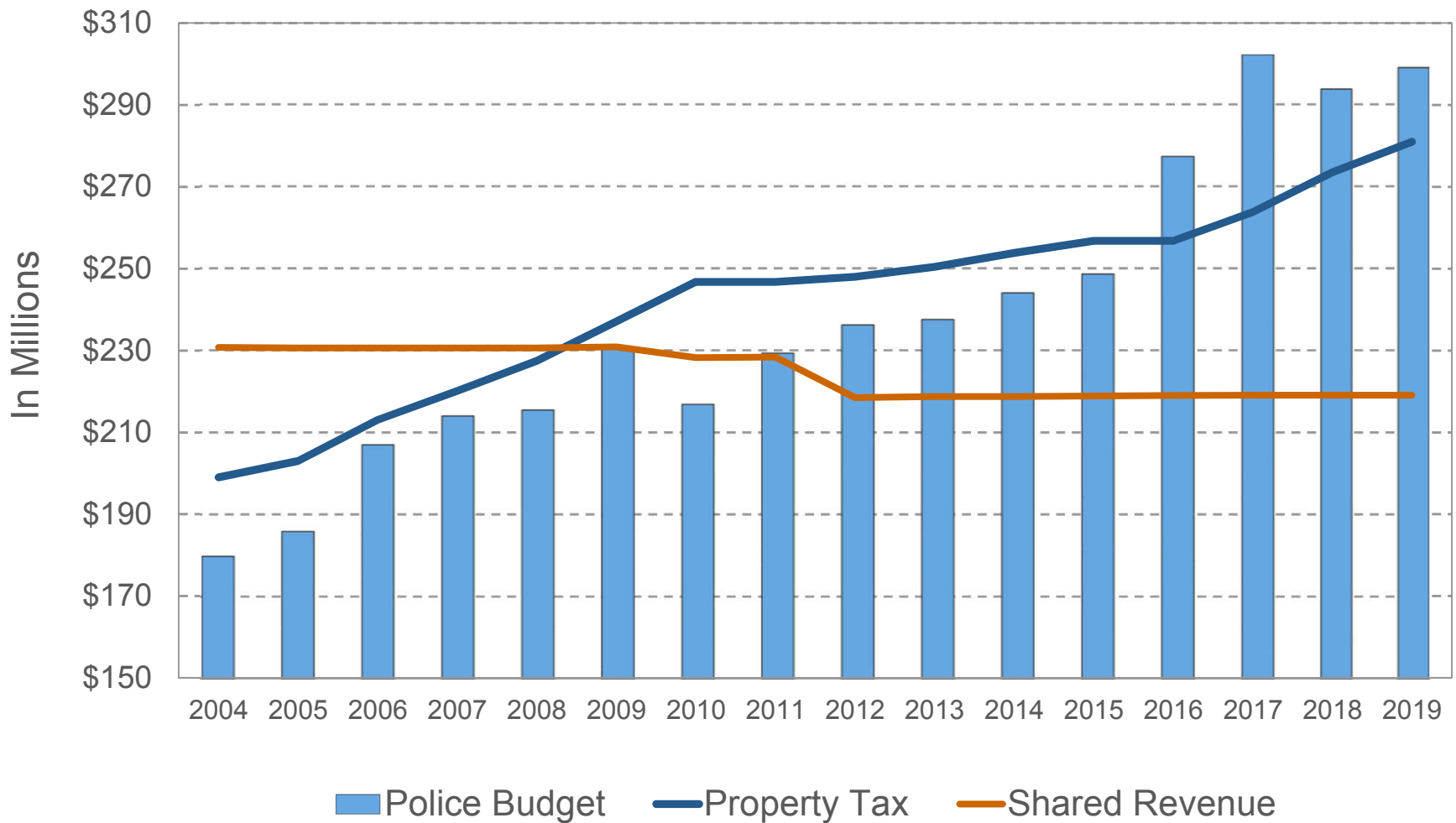


City Shared Revenue/ERP Aid

In Millions

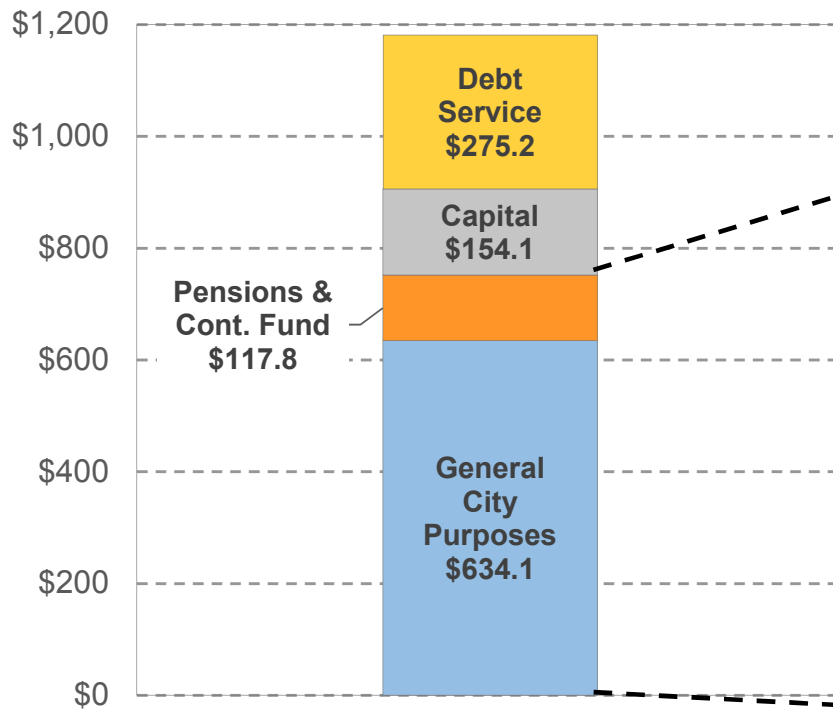


An Unsustainable Fiscal Model: Milwaukee Police Budget, City Tax Levy, and State Shared Revenue

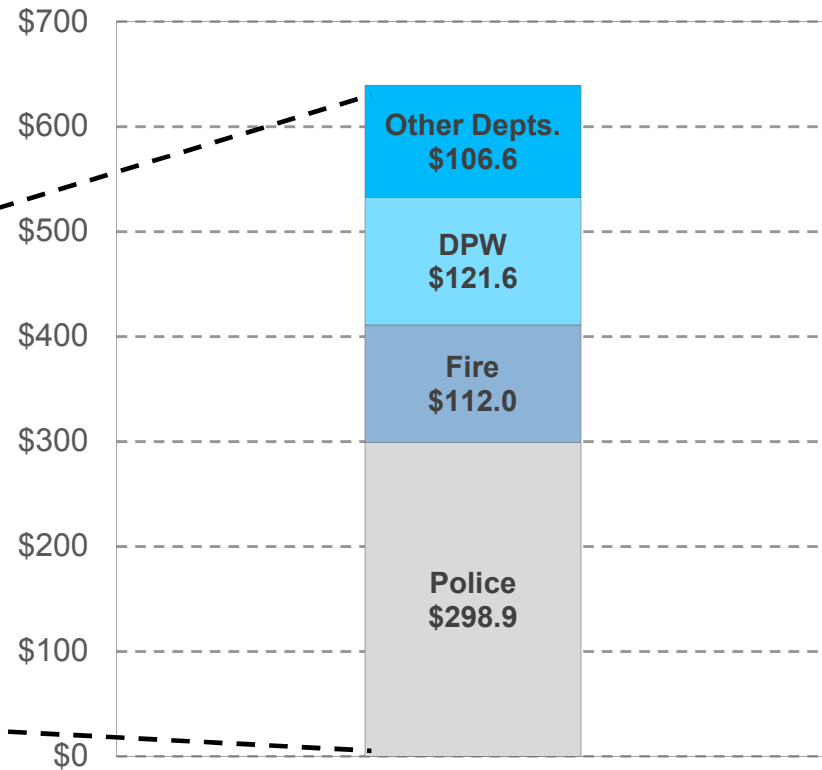


2019 Property Tax Levy Supported Budget

Property Tax Levy Supported Budget
(In Millions)

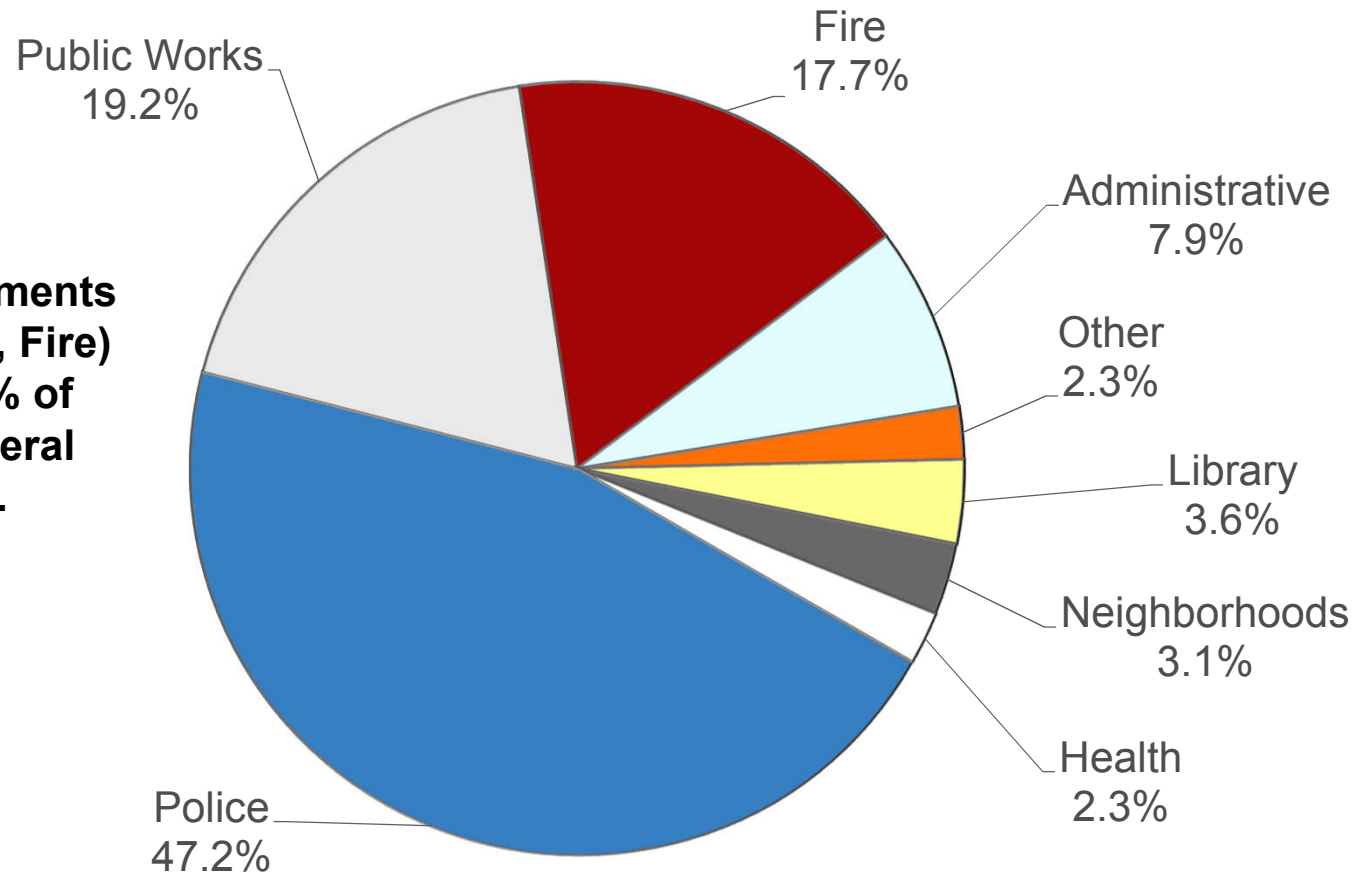


General Fund Budget
(In Millions)

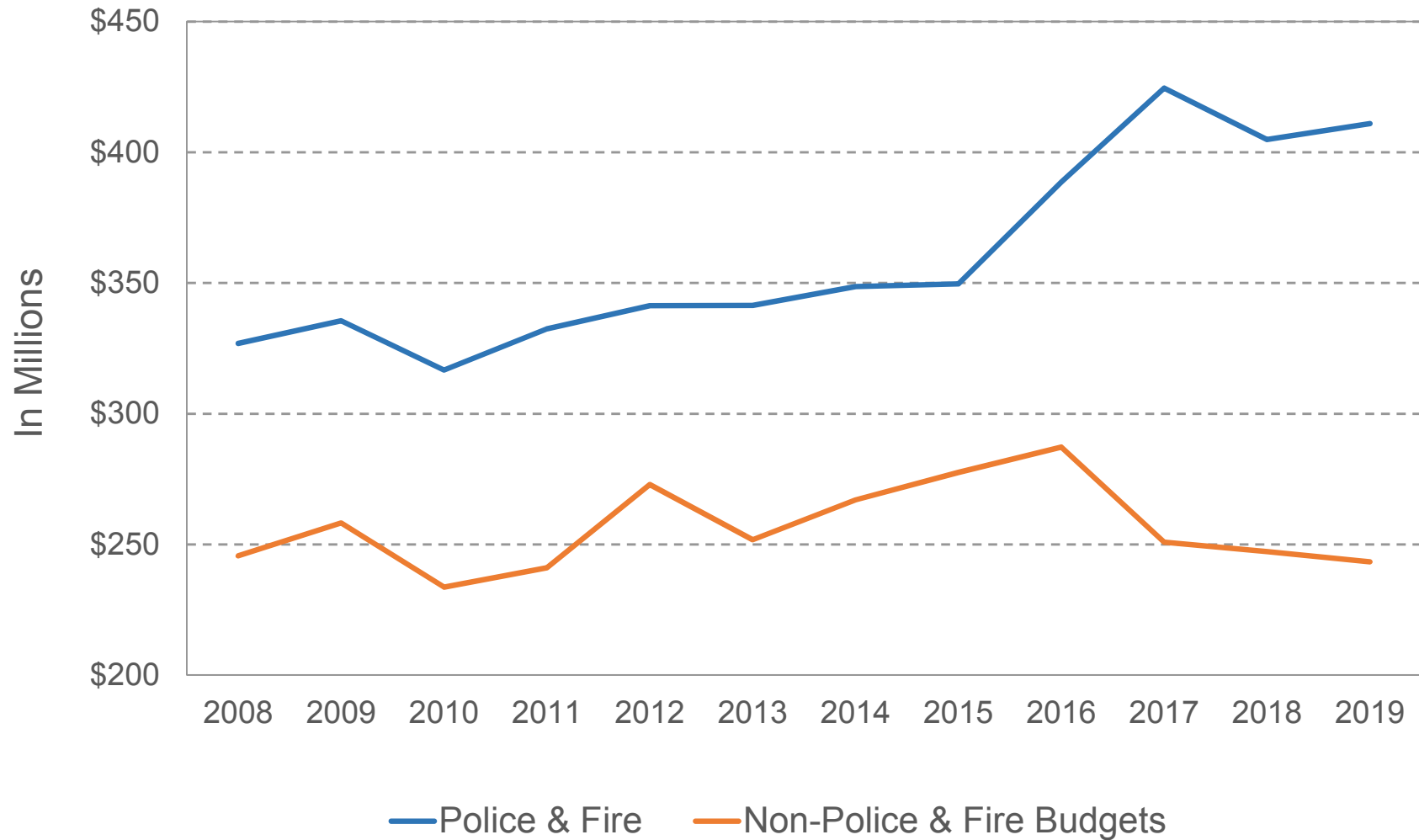


2019 General City Purposes Budget: Expenditures

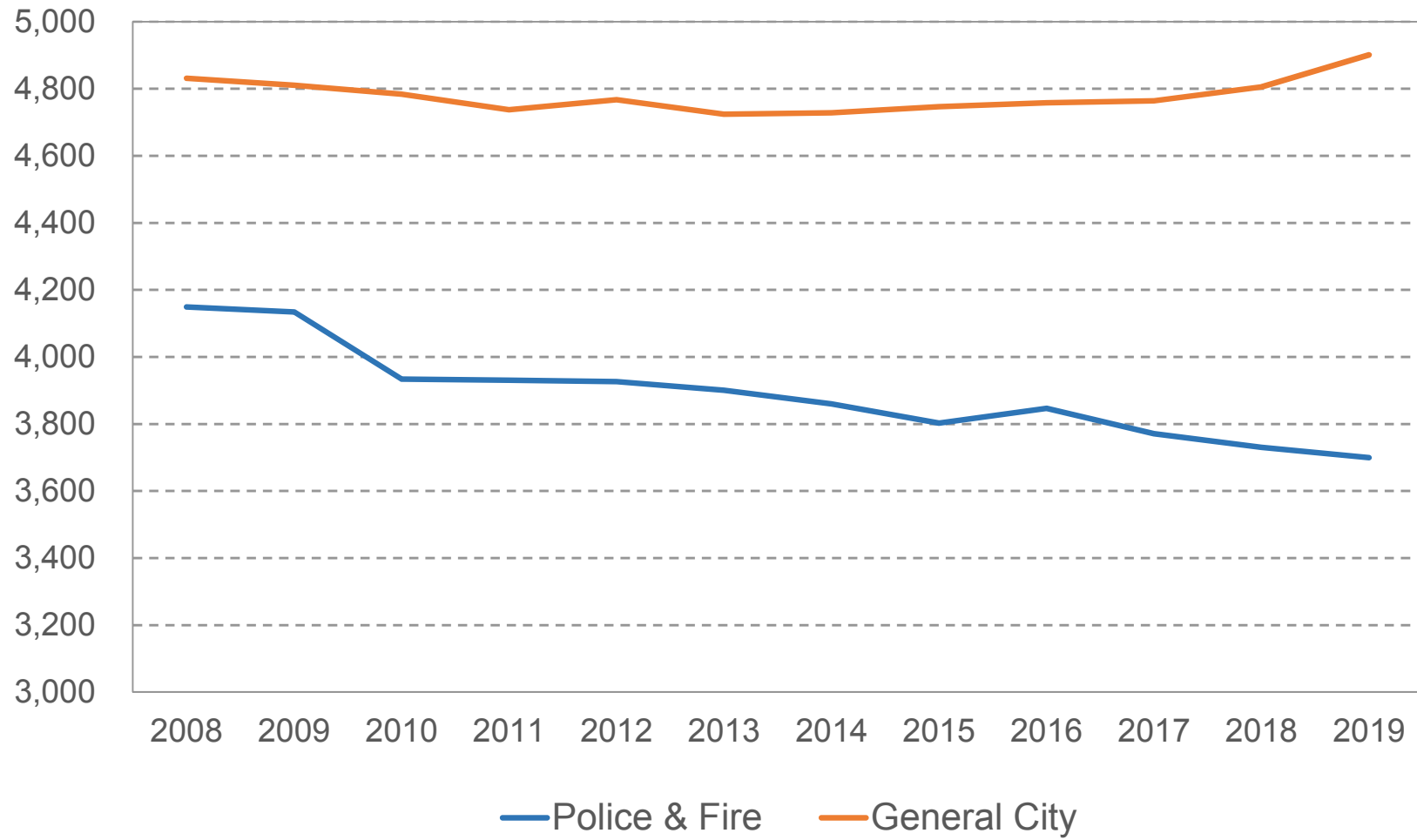
Three departments (DPW, Police, Fire) comprise 84% of the 2019 General Fund Budget.



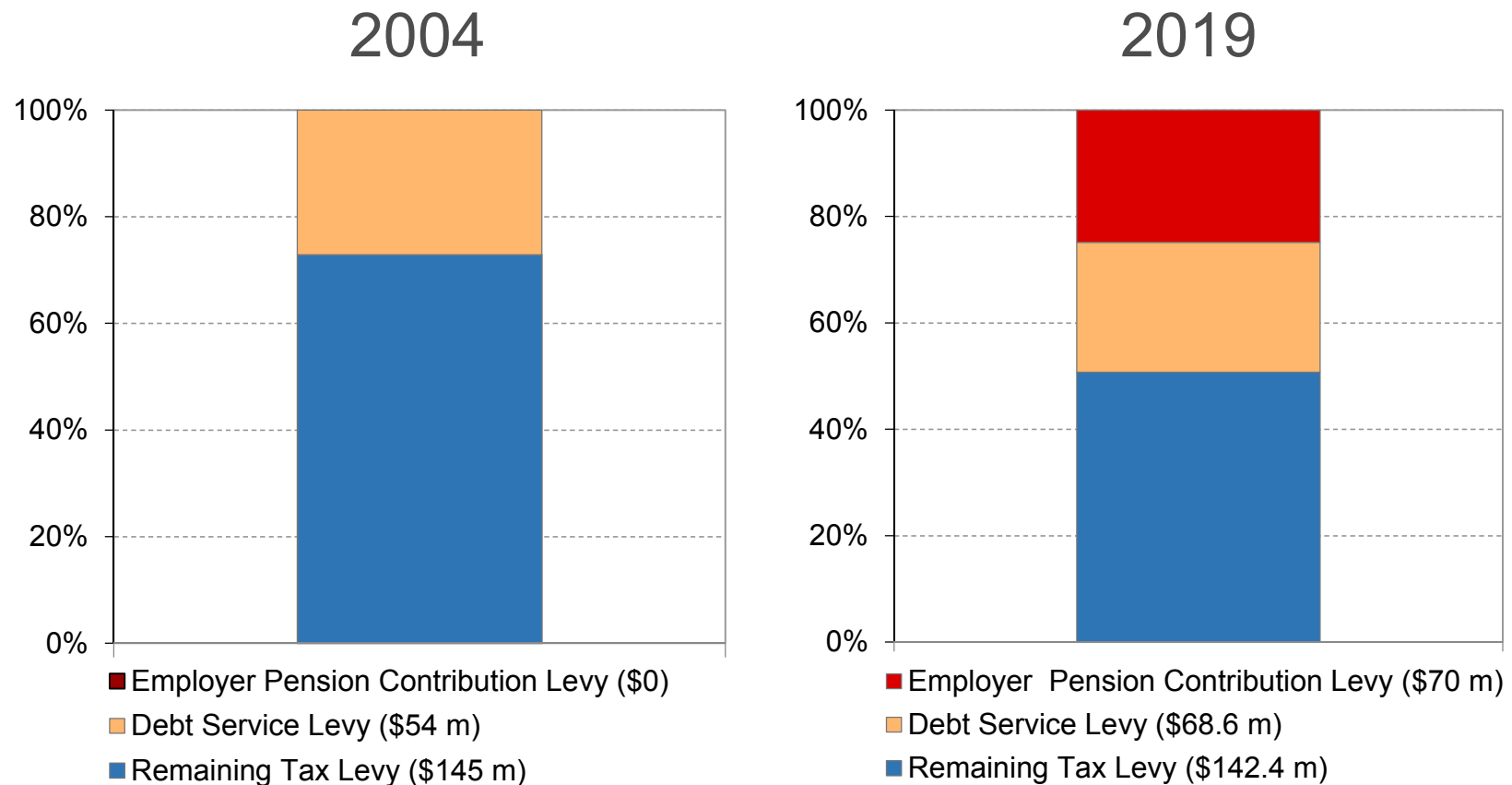
Police & Fire vs. General Fund Department Budgets



Police & Fire vs. General City Full-time Equivalent Positions

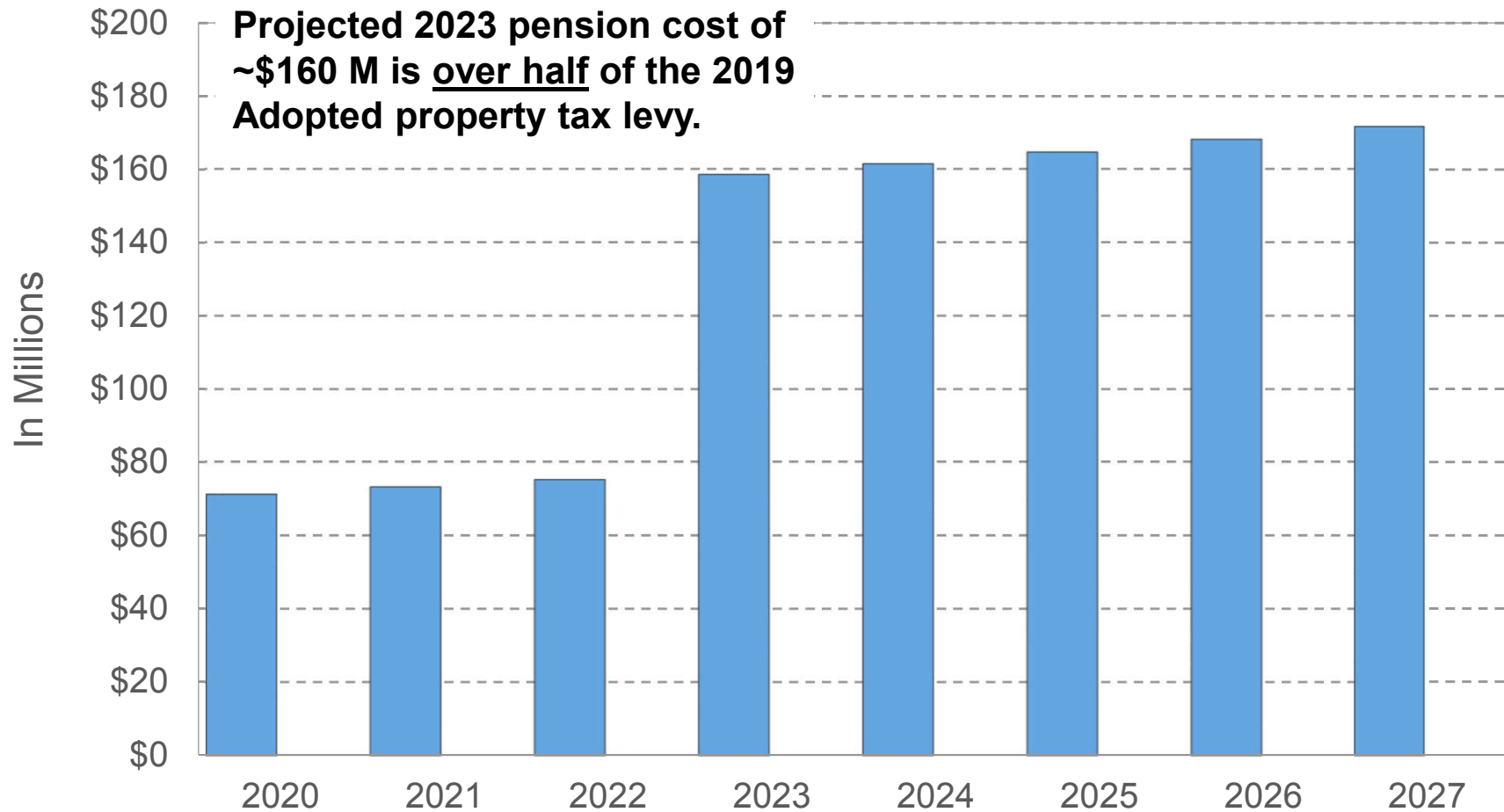


Growth of Debt Service Levy and Employer Pension Contribution as a Percentage of Total Levy



*In 2004, Debt service and pension contribution comprise 27% of total tax levy.
In 2019, Debt service and pension contribution comprise 49% of total tax levy.
Source: City of Milwaukee budget documents.*

Pension Contribution Outlook



Budget Challenge

- Departmental expenses are increasing at twice the rate of revenue growth
 - Wages and benefits are ~83% of the general city purpose budget
- Pension contributions expected to increase from \$70 million in 2020 to \$160 million in 2023
 - Police & Fire pensions are ~80% of annual pension cost
- State government controls growth in property taxes, shared revenue and City charges for service
- City “exported” \$1.4 billion in sales and income tax to State government in 2015
- City received \$922.6 million in State aids in 2015 (latest information provided by the State)

Meeting the Budget Challenge

- 439 (5%) full time equivalent positions were reduced from 2008 to 2019
- Adjust pension benefits and contributions for new employees where possible
- Health care cost increase held to +\$8M total 2012-19, vs.+\$50M if City followed national trend
- Increased availability of online service requests and email/text notifications
- Innovative approaches to library development and high impact paving increase service - for less money

Meeting the Budget Challenge

- Pre-paying pension contribution saves nearly \$4 million per year
- Reducing worker injuries through improved employee safety programs (Fire & DPW)
- Targeting new borrowing to \$80 million per year - stabilizes City debt service payments
- Holding tax levy increases to 2% - 3% per year - despite decreasing revenue
- Selling over 3,000 City-owned properties through Strong Neighborhoods Plan
 - Returned over \$100 million in value to tax base

What's in the Budget

- 2020 Proposed Budget will include:
 - Effective police presence
 - Fire & Police Commission monitoring in accordance with the ACLU settlement
 - Replacement of the Police and Fire dispatch system
 - Maintain existing fire houses
 - Maintain existing Library branches and hours
 - Increase/upgrade DPW's snow removal fleet
 - Continued investment in housing and neighborhoods: Strong Neighborhoods Plan & 10,000 Homes

What's "Not" Property Tax Levy Funded in the Budget

- 2020 budget will keep property tax dollars **out of**:
 - DNC 2020 expenses (reimbursed by Federal grants)
 - The Hop streetcar (paid for with Federal grants and downtown tax increments)
 - Police Officer wages for Brewers and Fiserv Forum events are reimbursed by the Brewers and the Bucks

2020 Budget Request

- “Cost To Continue” 2020 budget – how much is needed to keep service levels *the same*?
- Tax levy supported budget requests \$1.3 billion up \$105 million or +9%
- Requested tax levy \$344.1 million up \$63.1 million or +22.5%
- Department budgets up \$47 million
- Debt service tax levy up \$8.5 million

2020 Capital Improvement Request

- \$145 million request for general obligation borrowing
- ~\$80 million affordable level
 - Major requested increases: \$31.8 million
 - \$9.0 million – DPW fleet
 - \$7.5 million – Police Administration Building
 - \$5.0 million – CAD (one under Police and one under FPC)
 - \$3.5 million – City Hall Foundation
 - \$4.0 million – City Attorney 8th floor
 - \$2.8 million – Branch Library

Presentation Follow-up

If you have questions or a request for follow-up information, you may contact:

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