



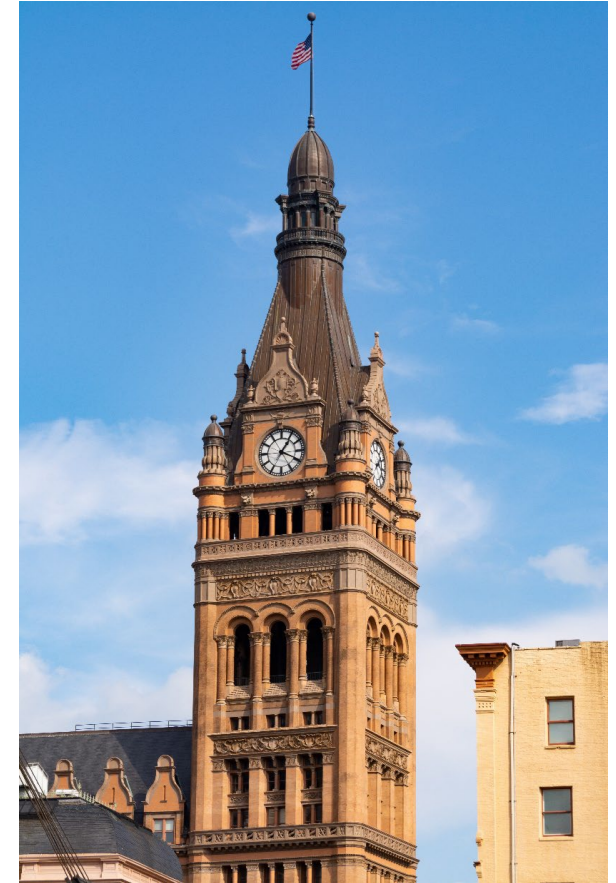
**Mayor Cavalier Johnson's
Public Hearing on the
2023 Requested Budget
August 24th, 2022**

Presentation Goals

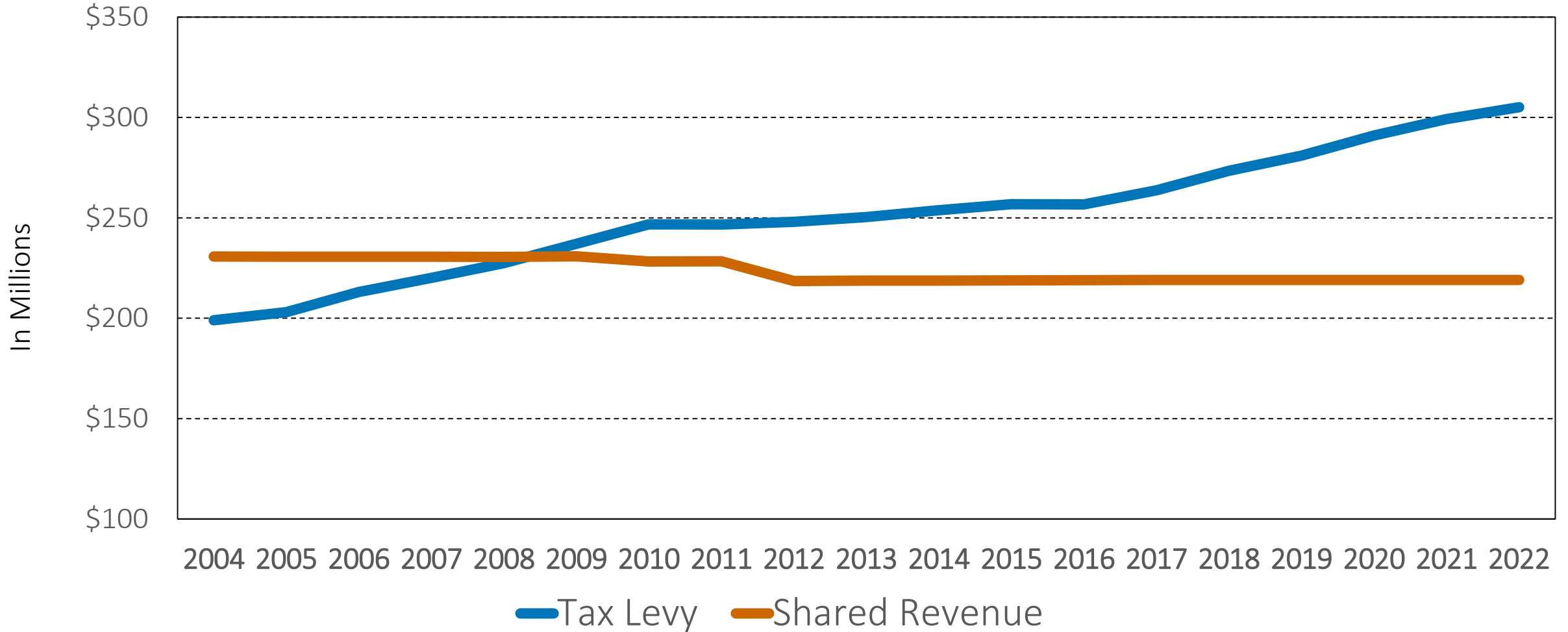
1. Provide general background on Milwaukee's finances
2. Provide information about the City of Milwaukee's Budget structure & Budget process
3. Provide a summary of 2023 departmental budget requests

Did you know...

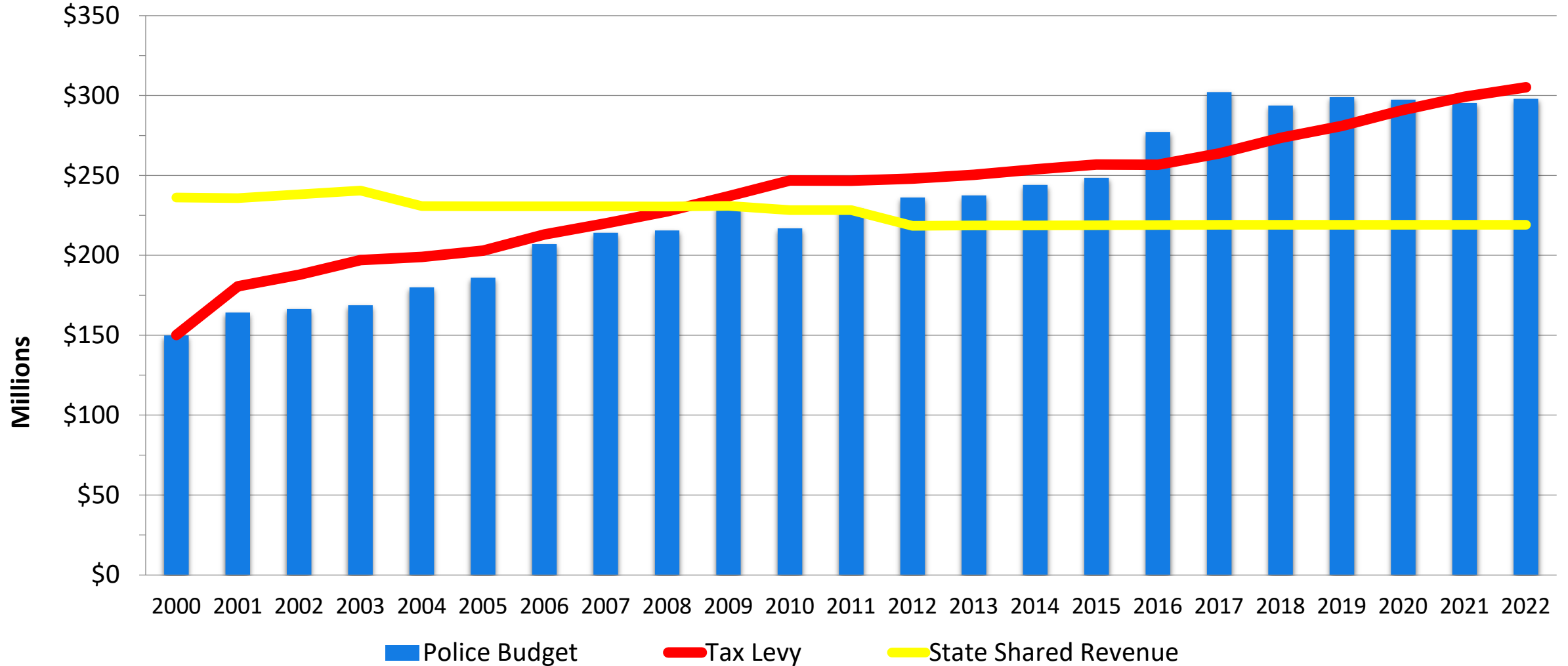
- The City of Milwaukee has an annual budget
 - From January 1 to December 31
- The City budget is required by law to be balanced
 - Expenditures cannot exceed revenues
- The City of Milwaukee was founded in 1846
 - Two years before the State of Wisconsin
- Milwaukee City Hall was the tallest building in the world from 1895 to 1899



An Unsustainable Fiscal Model: City Tax Levy, State Shared Revenue

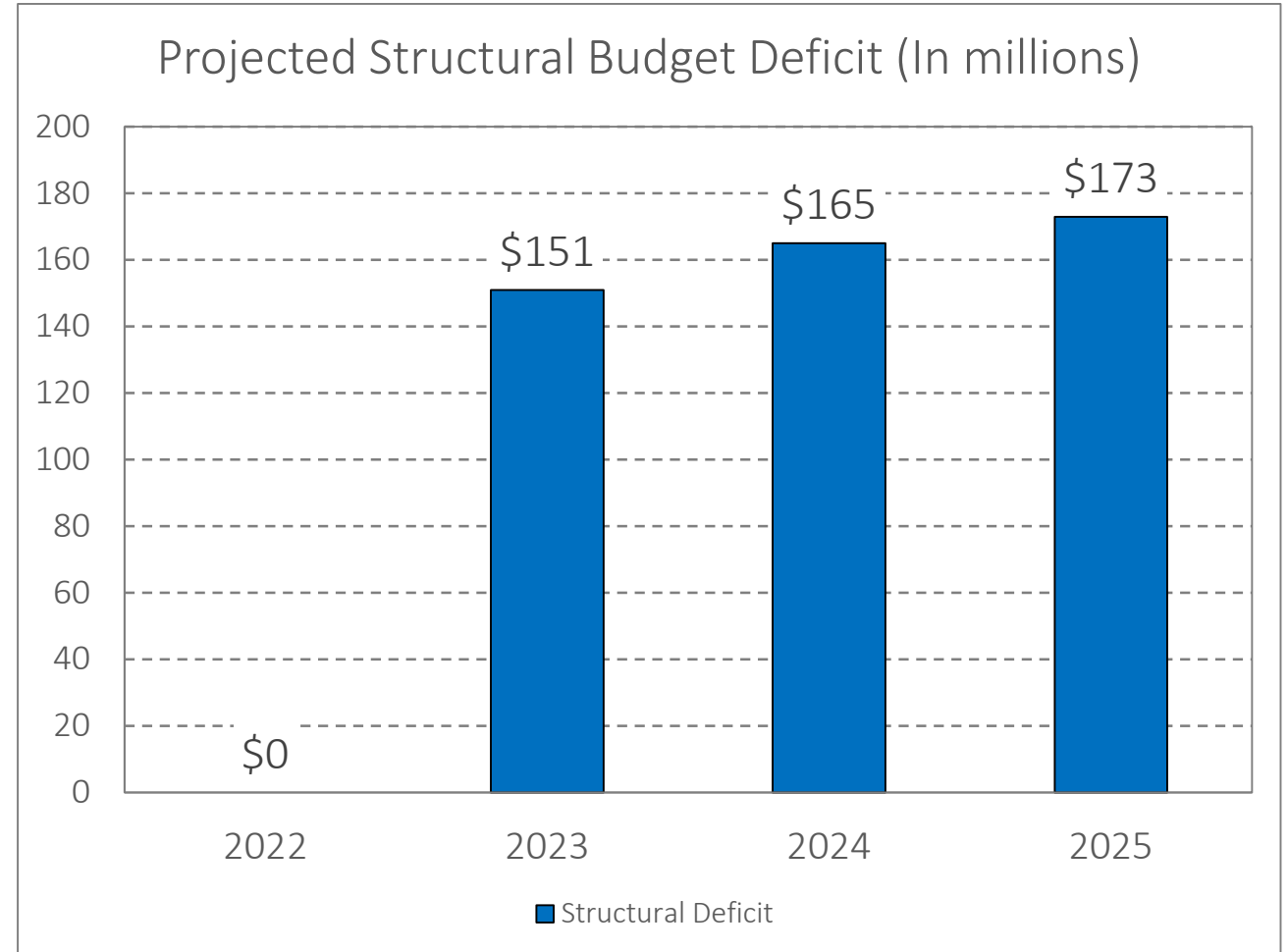


State Shared Revenue, City of Milwaukee Tax Levy and Police Department Budget



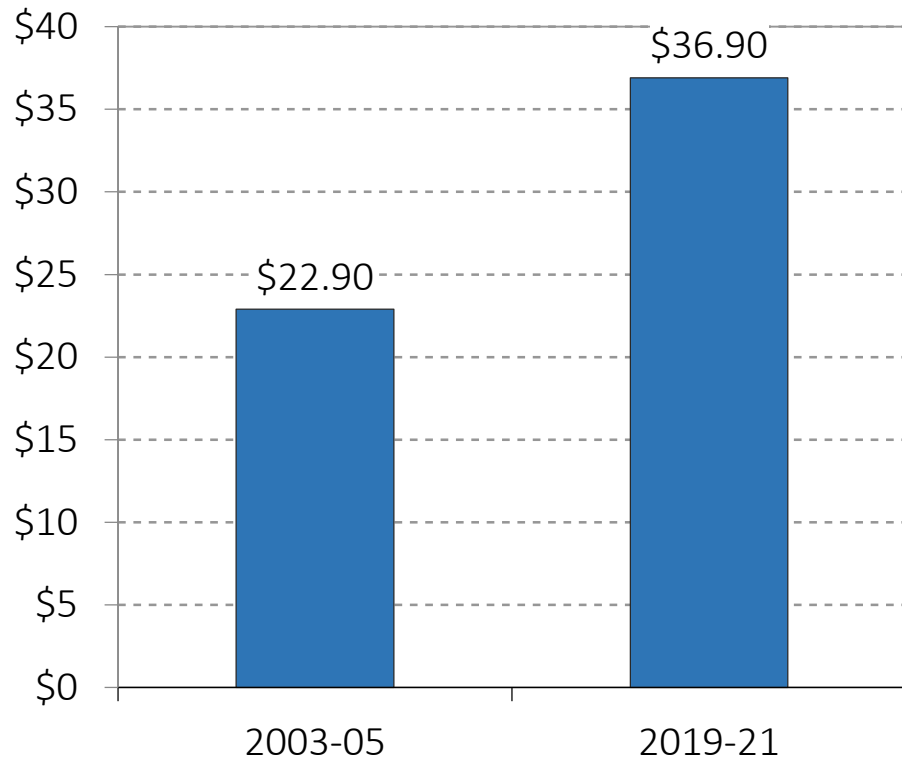
The City of Milwaukee Faces a Structural Budget Problem

- Expenses are growing faster than revenues
- Without a new major source of revenue or a large increase in existing revenue, the City will be forced to make difficult decisions on core City services
- Actions the City has already taken:
 - Eliminated 389 positions since 2019
 - Eliminated 7 fire engines since 2017
 - Increased employee health care contributions
 - Increased existing user fees, and created a new user fee (Street Lighting)
 - Periodic salary/hiring freezes, furloughs

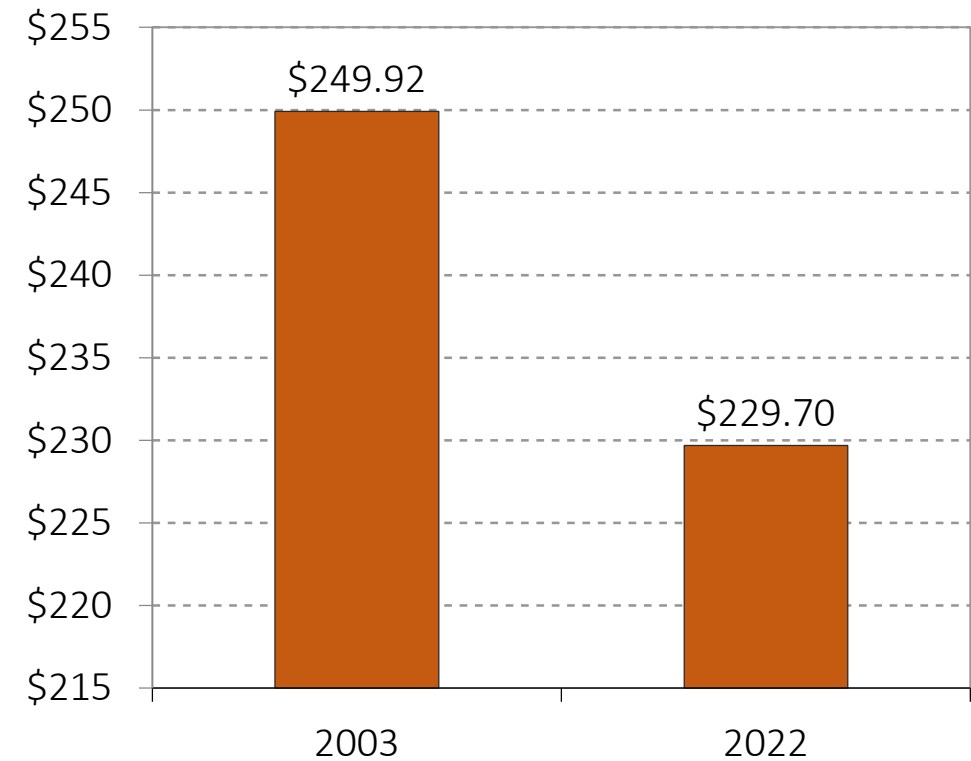


Trends in State General Purpose Revenue (GPR) and City Shared Revenue/ERP Aid

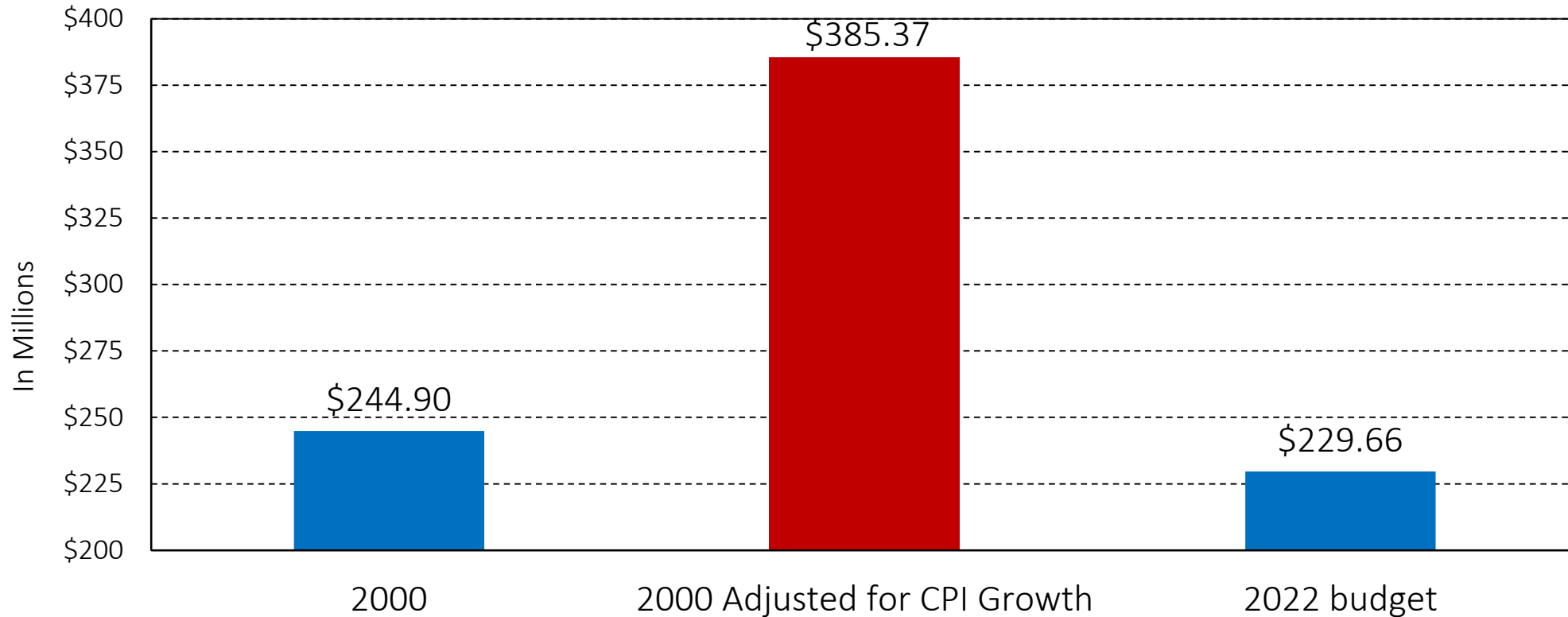
State GPR
In Billions



City Shared Revenue/ERP Aid
In Millions



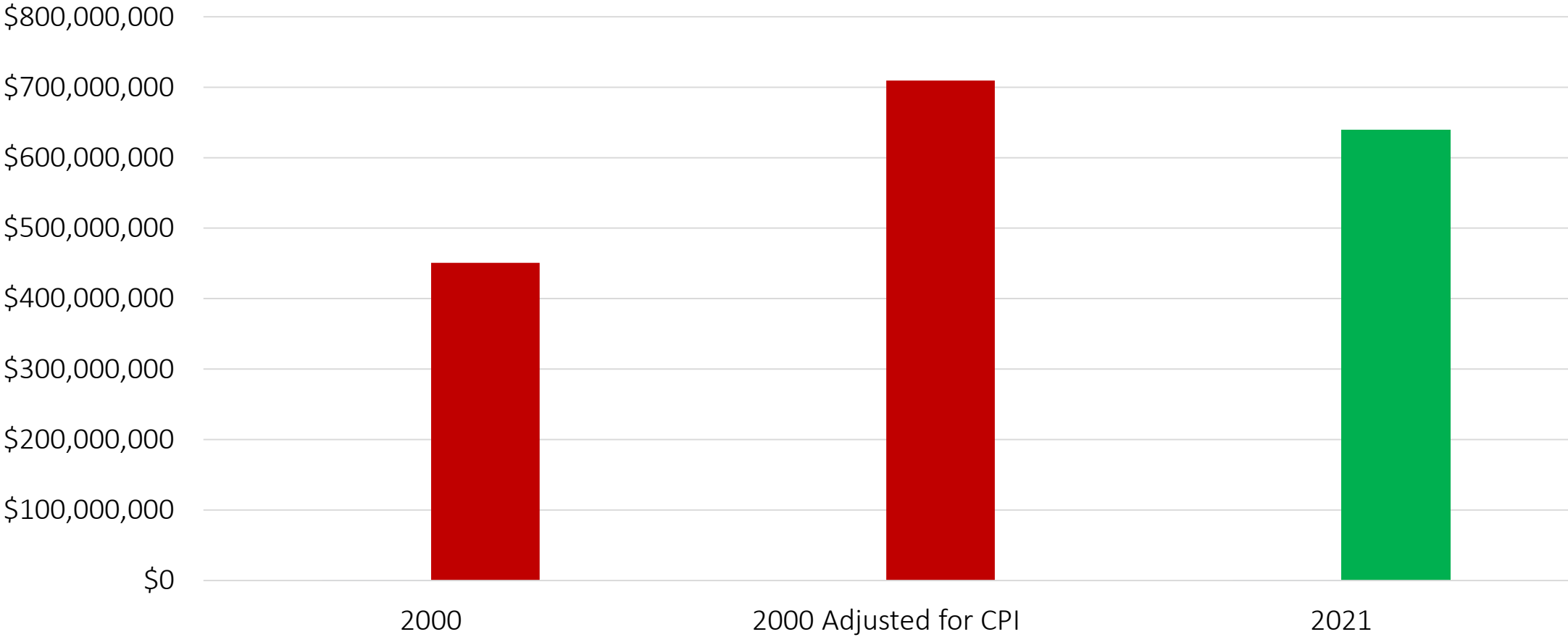
Indexing State Shared Revenue/ERP to CPI Change



*Inflation adjusted decline in Shared Revenue and ERP payments = - **\$155.71 million.***

Source: U.S. Bureau of Labor Statistics: CPI-U Tables; City of Milwaukee Budget documents

General City Purposes Budget Growth 2000–2021 (CPI adjusted)



The 2021 budget was \$70 million less than the 2000 adjusted for CPI amount.

City of Milwaukee “Belt Tightening” – Estimated to be \$150 million annually

1. Reduced Staff by over 1,000 FTE’s since 2000
 - Estimated annual savings of over \$80 million
2. Eliminated salary step system for General City in 2011
 - Estimated total savings of approximately \$40 million
 - Did not include Police & Fire – subject to negotiations
3. Require Employee Pension Contributions
 - \$23 million in 2021
4. Require Employee Health Care Contributions
 - \$23 million in 2021
 - \$16 million in plan design change savings in 2021
5. Improving Employee Safety Programs
 - \$5 million in reduced workers compensation payments

Key Considerations for 2023 Budget

- Preserve core services to residents
- Equity & Inclusion: Where cuts are necessary, do so in an equitable manner
 - Evaluate budget proposals, minimize impact on marginalized populations
 - Budget decisions affect ALL households
- Public Safety & Reckless Driving
- Pension funding requirements
- Ongoing revenue challenges
- Strategic use of American Rescue Plan Act (ARPA) funds

What's ahead?



A LOOK *at the* **BUDGET**

2023 Budget Process

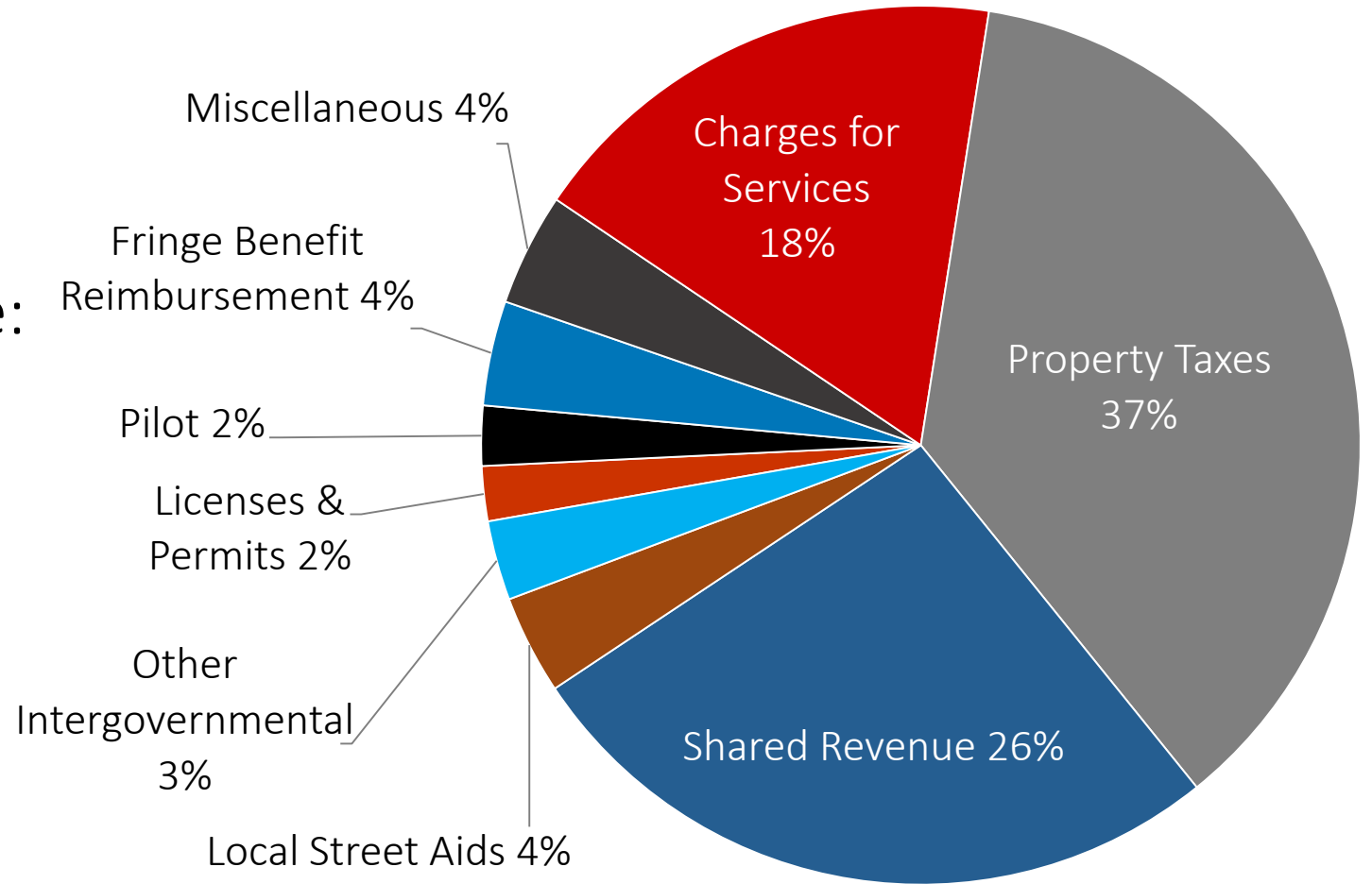
May 10	Department Budget Requests
May to September	Executive Budget Development
August 24	Mayor's Public Budget Hearing
September 20	Mayor submits Proposed Budget
September 30 – October 13	Finance and Personnel Committee reviews Proposed Executive Budget
October 14	Public Hearing on the Budget
November 4	Estimated date for Budget Adoption

Where the Money Comes From

City of Milwaukee General Fund Revenues

Three Main Sources of Revenue:

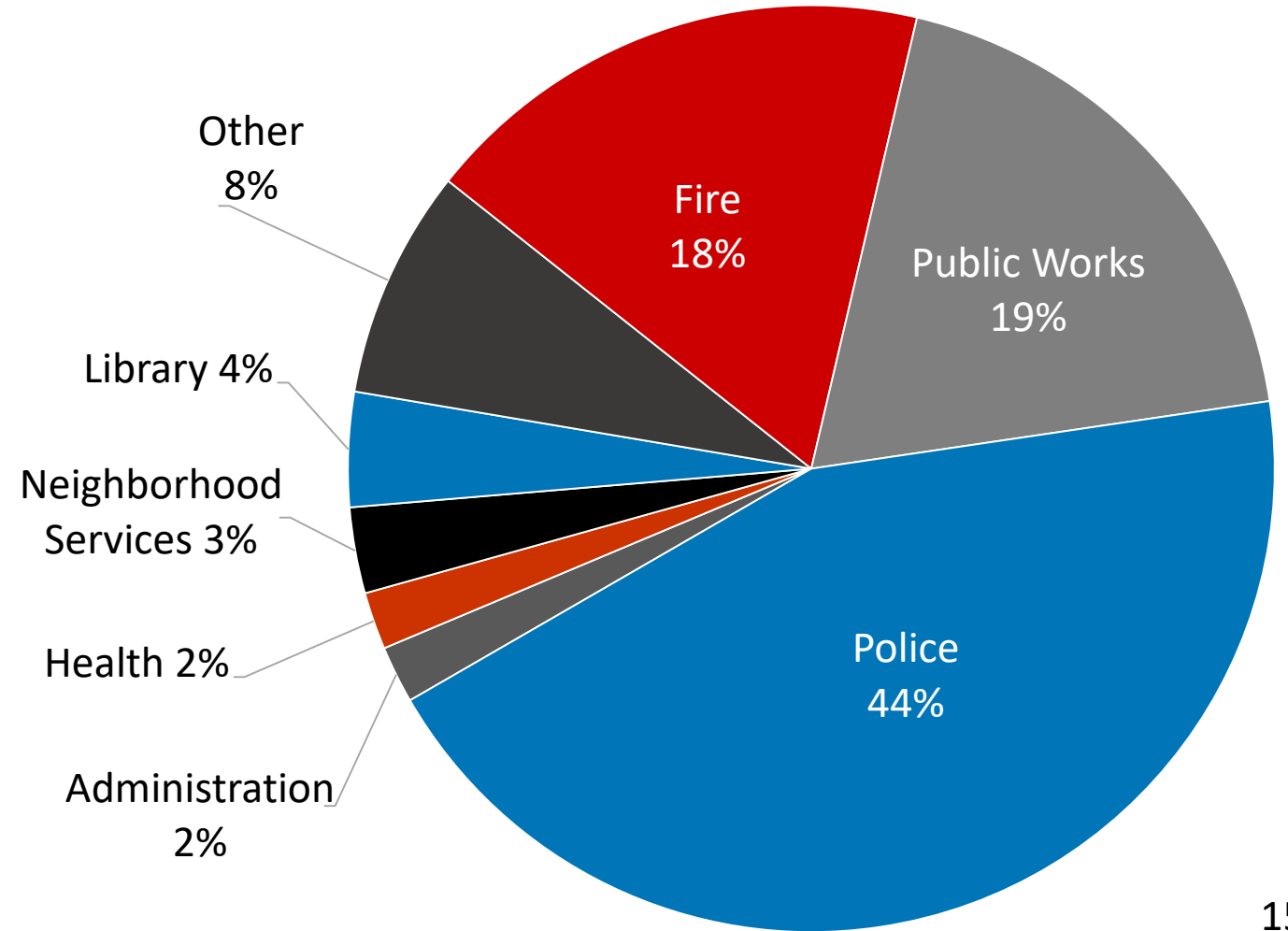
- Charges for Service
- Property Taxes
- Intergovernmental



Where the Money Goes

City of Milwaukee Departmental General Fund Budget Allocations

- Police & Fire combined makes up 62% of General Fund Departmental Budgets
- Personnel costs make up vast majority of expenditures- over 80%
 - Nearly 5,700 full time employees included in General Fund Budget
- Each year, the cost of providing the same level of service as the year before increases
- The City must increase revenue, decrease services, or do both each year to balance the budget

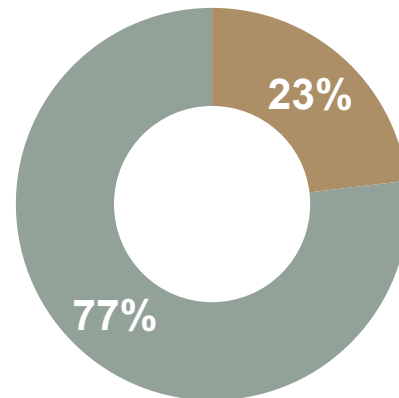


Budget Structure: 2023 Requests

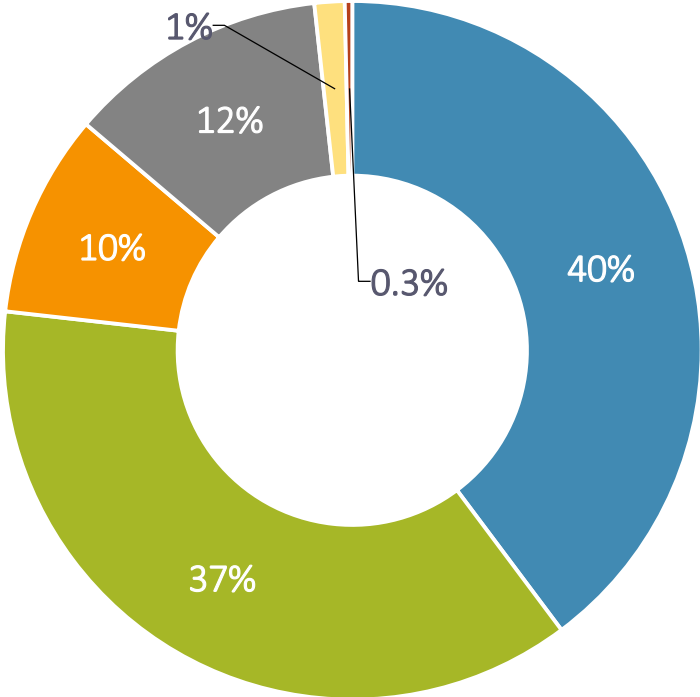
2023 Budget Request = \$1.88 billion

Property Tax Supplemented Funds \$1.45 billion requested
General City Purposes
Employee Retirement
Capital Improvements
City Debt
Contingent Fund

Special Revenue Funds \$435 million requested
Enterprise Funds: <ul style="list-style-type: none">• Water Works• Sewer Maintenance• Transportation
Grant and Aid
County Delinquent Tax

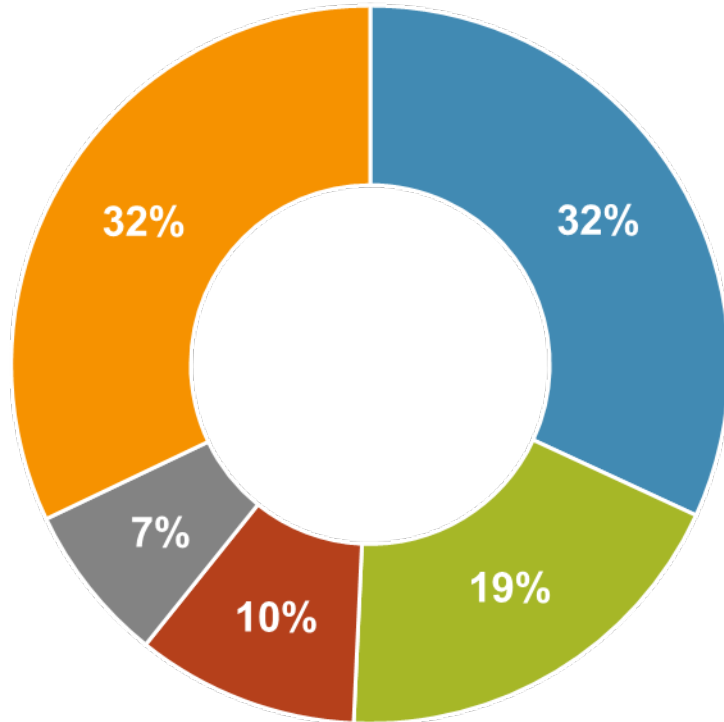


Requested 2023 Expenditures for Property Tax Supplemented Funds



	2023 Requested Budget	\$ Change from 2022 Budget	% Change from 2022 Budget
■ Department Expenses (40%)	\$576.4 M	\$115.2 M	25.6%
■ Capital Improvements & City Debt (37%)	\$536.2 M	\$143.0 M	36.4%
■ Employee Health Care & Worker's Compensation (10%)	\$136.6 M	\$5.5 M	4.2%
■ Employee Retirement (12%)	\$174.7 M	\$21.8 M	14.3%
■ Special Purpose Accounts (1%)	\$20.2 M	-\$0.1 M	-0.7%
■ Contingent Fund (.3%)	\$5.0 M	\$0.0 M	0.0%

Initial 2023 Revenue Estimates for Property Tax Supplemented Funds

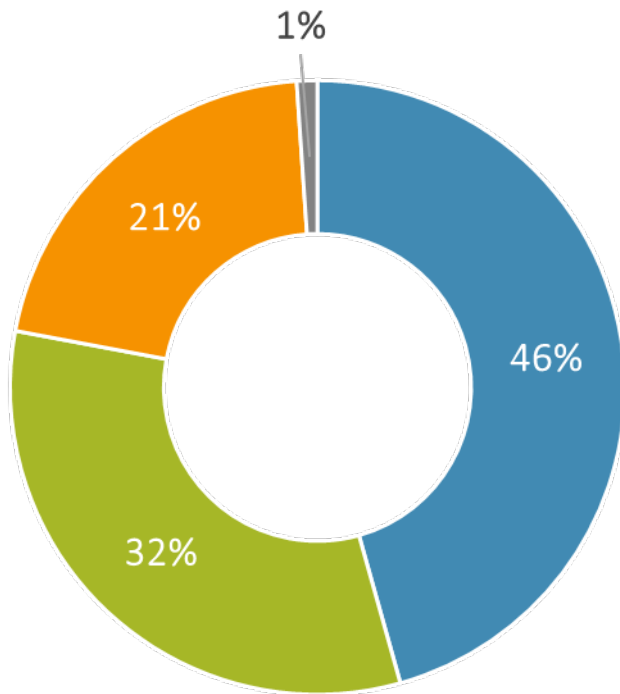


	2023 Requested Budget	\$ Change from 2022 Budget	% Change from 2022 Budget
■ Property Tax Levy	\$462.2 M	\$157.1 M	51.5%
■ Intergovernmental Revenue	\$273.0 M	-\$0.4 M	-0.2%
■ Charges for Services	\$145.3 M	\$0.6 M	0.4%
■ Other General Fund Revenue*	\$103.9 M	-\$3.9 M	-3.6%
■ All Other Revenue**	\$464.8 M	\$133.6 M	28.8%

* Other General Fund Revenue includes payments in lieu of taxes, licenses and permits, fines and forfeitures, and Tax Stabilization Fund withdrawals.

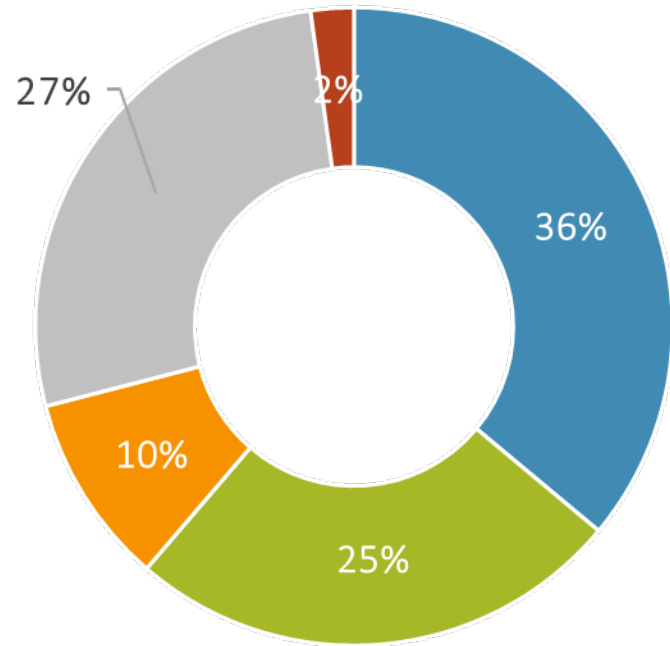
** Other Revenues includes various funding sources, including General Obligation borrowing, Tax Increment financing, Delinquent Tax revenue and Debt revenues.

Property Tax Levy Allocation: 2023 Request



	2023 Requested Budget	\$ Change from 2022 Budget	% Change from 2022 Budget
General City Purposes	\$211.0 M	\$126.0 M	148.1%
Employee Retirement	\$149.3 M	\$20.0 M	15.5%
Capital Improvements & Debt Service	\$96.9 M	\$11.2 M	13.0%
Contingent Fund	\$5.0 M	\$0.0 M	0.0%

Special Revenue Funds: 2023 Requests



	2023 Requested Budget	\$ Change from 2022 Budget	% Change from 2022 Budget
Water Works	\$157.0 M	\$6.4 M	4.2%
Sewer Maintenance	\$110.0 M	-\$3.2 M	-2.8%
Transportation	\$42.2M	\$0.9 M	2.2%
Economic Development Fund (BIDs)	\$0.0 M	-\$13.4 M	-100%
Grant & Aid	\$116.8 M	-\$150.5 M	-56.3%
County Delinquent Tax Fund	\$9.5M	\$0.5 M	5.6%

2023 Budget Request Summary

- Department budgets increase \$122.2 million

Department Budget Requests and ARPA Replacement
Selected Departments, in millions

<u>Department</u>	<u>Request</u>	<u>Budget Increase</u>		
		<u>Amount</u>	<u>Percent</u>	<u>ARPA Replacement</u>
Police	\$212.3	\$17.4	8.2%	\$4.5
Public Works	\$119.8	\$20.8	17.4%	\$9.6
Fire	\$97.8	\$42.6	43.6%	\$28.0
Emergency Communications	\$25.9	\$17.1	66.0%	\$1.5
Library	\$20.9	\$1.9	9.1%	\$0.8
Health	\$15.3	\$9.3	60.8%	\$4.6
Neighborhood Services	\$15.2	\$2.5	16.4%	\$1.9
Administration	\$13.8	\$1.9	13.8%	\$0.4

2023 Department Request Increases

- \$10.1 million Debt service tax levy increase
- \$221.2 million request for general obligation borrowing
- \$121 million employer pension contribution – increase of \$50 million or 70.4%
- \$10 million of Pension reserve contribution
- \$5.5 million increase in employee health care or 4.6%

Presentation Follow-up

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

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Budget & Management Director

414-286-8552

NiKovac@milwaukee.gov

View the City's budget at www.milwaukee.gov/budget