

2021 Proposed Executive Budget

2021 Budget Overview

Finance & Personnel Committee

October 2, 2020

2021 Budget

1. Total Proposed 2021 Budget: \$1.6 billion
 - Proposed Tax Levy-Supported Budget: \$1.2 billion
 - General City Purposes (GCP) Budget: \$639.4 million
2. Total Proposed Tax Levy of \$299.2 million
3. Non-Tax Levy-supported Budget: \$390.7 million
 - Enterprise funds: \$314.1 million
 - Grant & Aid Fund: \$51.4 million
 - County Delinquent Tax Fund: \$8.0 million
 - Development Fund: \$17.3 million

2021 Proposed Budget “Bottom Line”

1. General City Purposes Budget: +0.3% (\$+1.7 million)
 - Department expenses: +2.9% (\$+19.0 million)
 - \$4.0 million increase (+3.6%) to Employee Health Care Benefits and Workers' Compensation appropriations
2. Total tax levy: +2.8% (\$8.2 million); proposed tax rate = \$10.06 (- 52 cents)
3. Proposed non-property tax revenues: +0.8% (\$+4.2 million)
4. Expenditure Restraint Program (ERP) operating expense limit
 - ERP Aid = \$10.3 million in 2020 Budget
 - There is an estimated ~ \$12 million difference between 2021 proposed ERP expense budget and the estimated ERP limit for 2022 aid eligibility
 - ERP threshold will be finalized in October
 - Operating expense total over the limit (regardless of funding source) would disqualify City from 2022 ERP aid

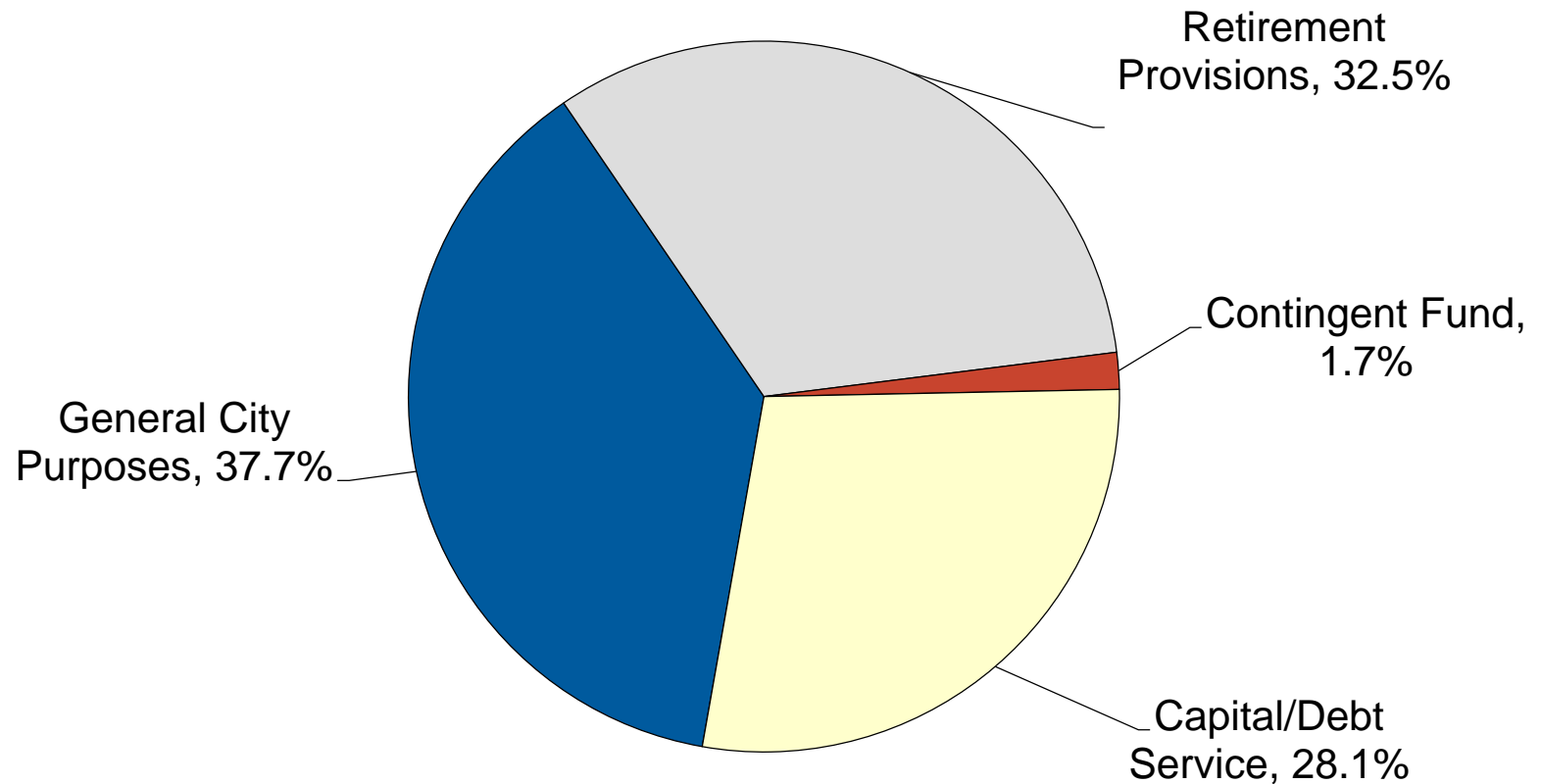
Proposed 2021 Budget Impact on Typical Household

Typical Household Impact

- Tax Levy: + \$25.10
- Municipal Services Bill: + \$64.48
- Net Impact: + \$89.58 (+5.3%)

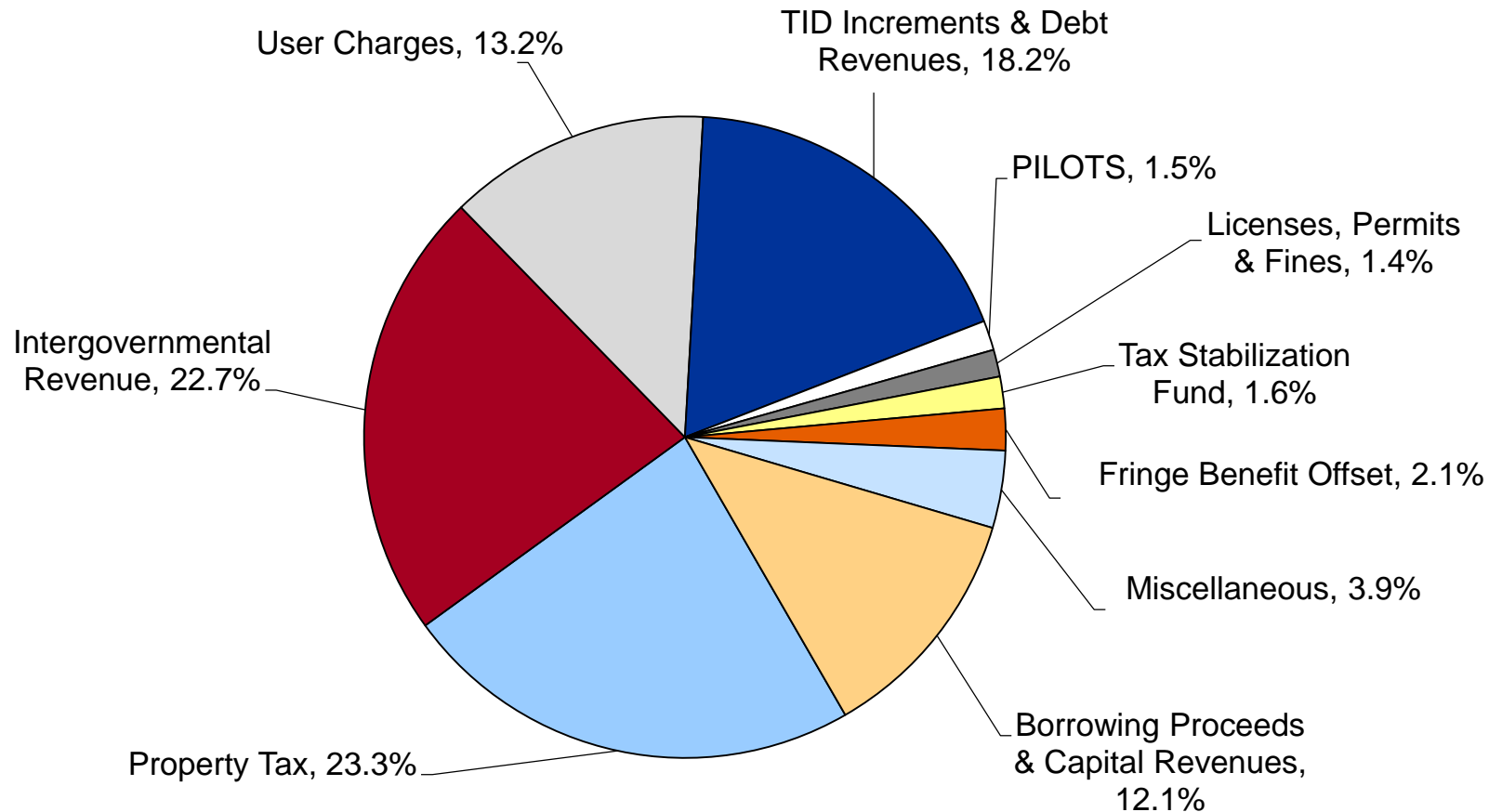
**Based on the average residential value of \$117,601
for 2019 and \$126,235 for 2020**

2021 Proposed Tax Levy: Distribution by Budget Section/Purpose



The total 2021 proposed tax levy: \$299.2 million.

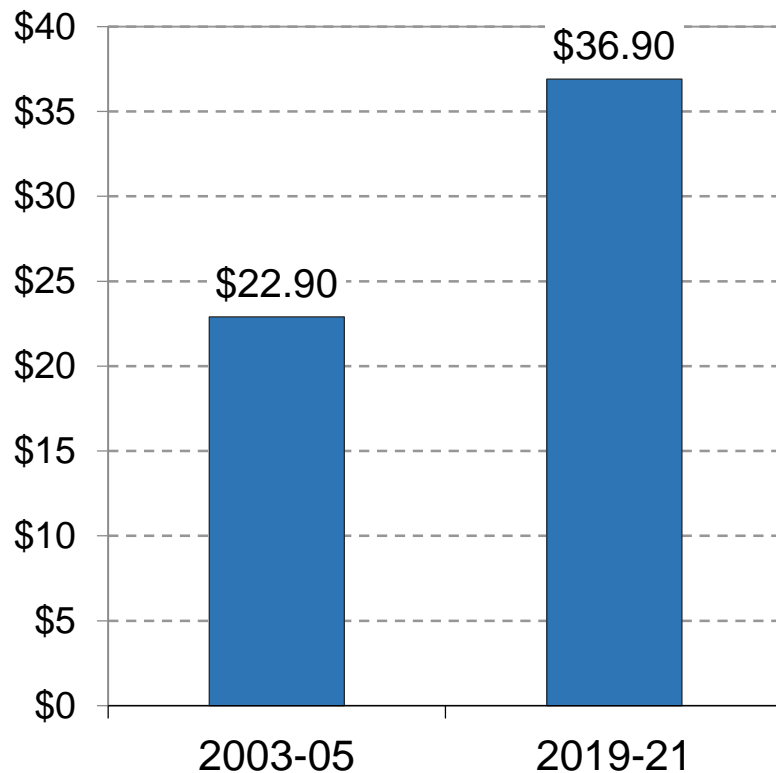
City of Milwaukee 2021 Revenue Sources: Tax Levy Supported Budget



Trends in State General Purpose Revenue (GPR) and City Shared Revenue/ERP Aid: 2003 and 2021

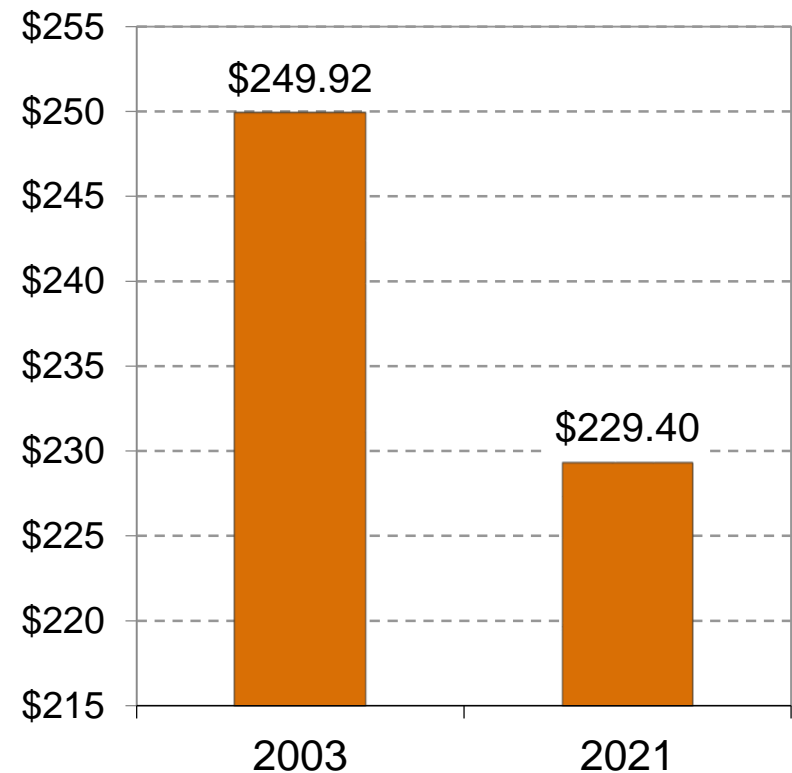
State GPR

In Billions

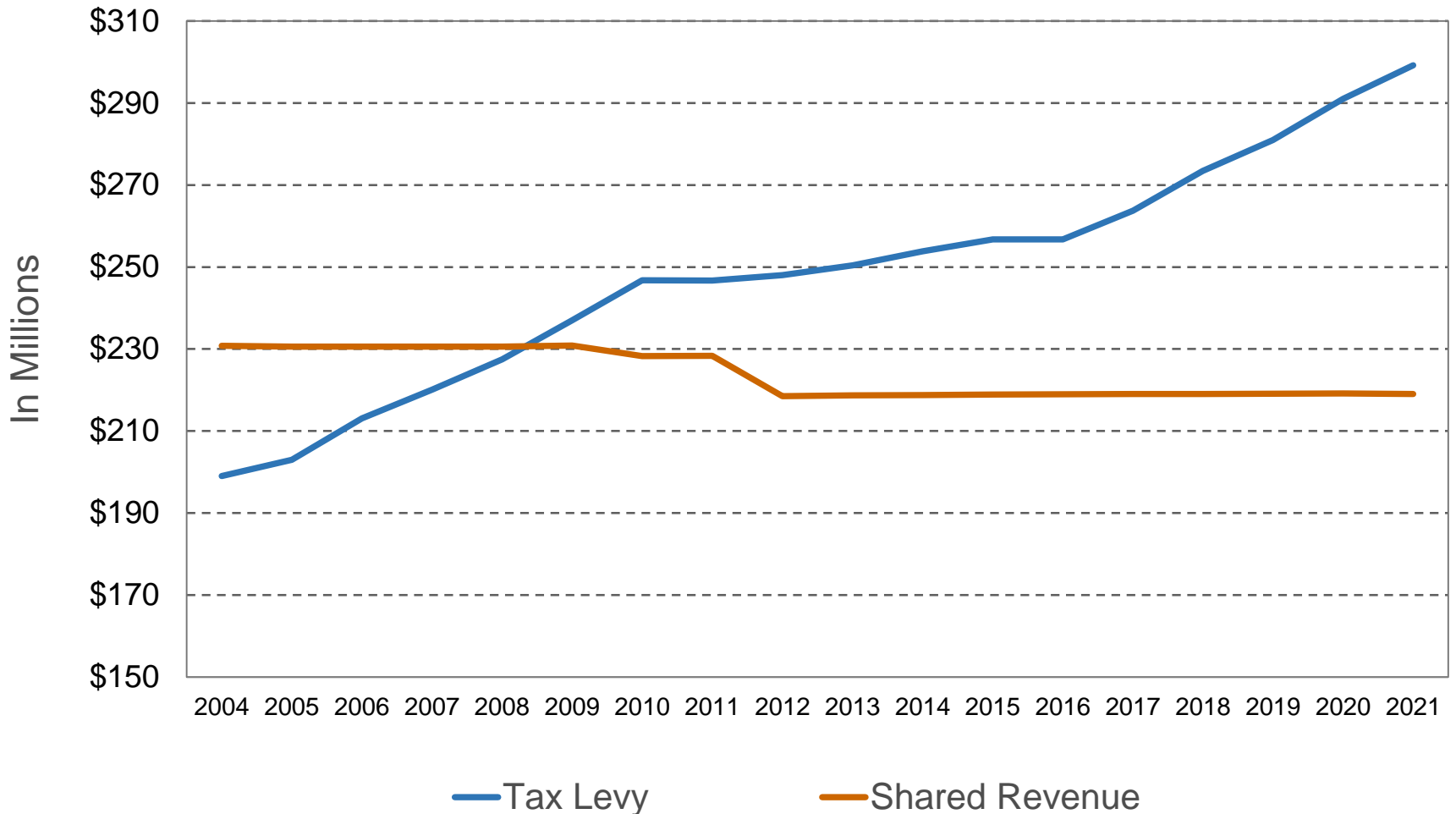


City Shared Revenue/ERP Aid

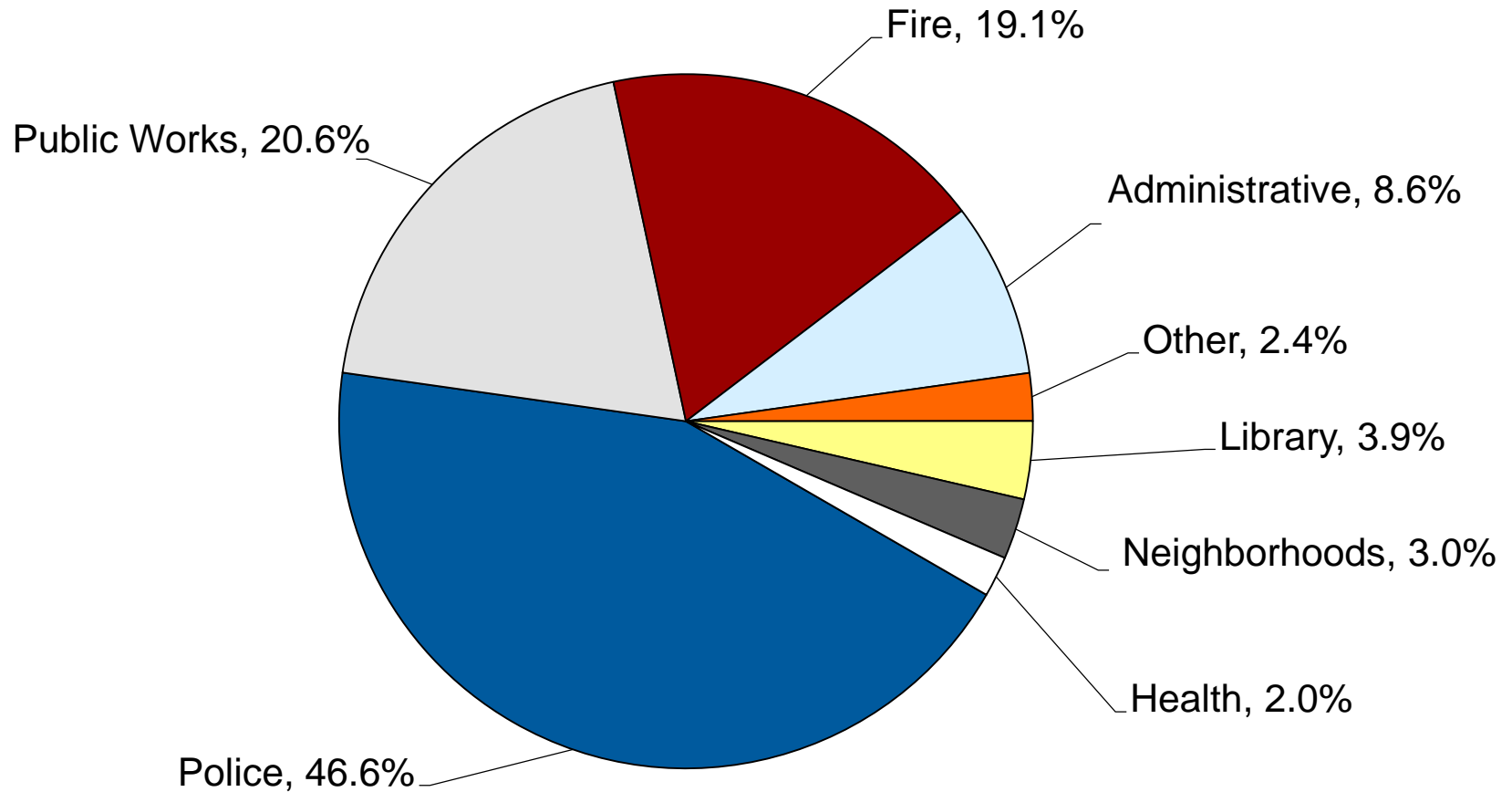
In Millions



City Tax Levy vs. State Shared Revenue

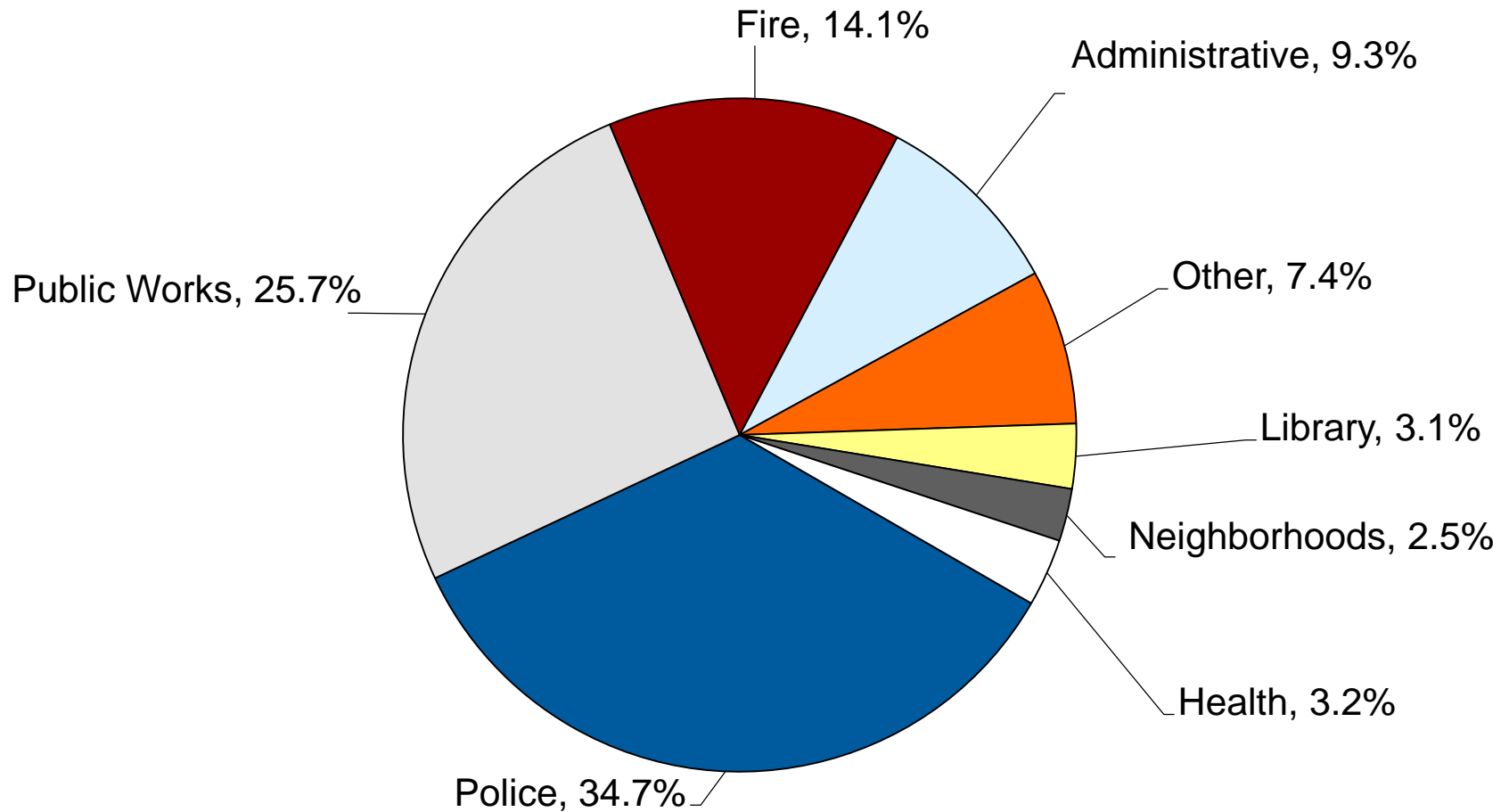


2021 Proposed General City Purposes Budget: Expenditures



Note: Three departments (DPW, Police, Fire) comprise 86.4% of the Proposed 2021 General City Purposes Budget.

2021 Proposed Departmental Expenditures: All Funds

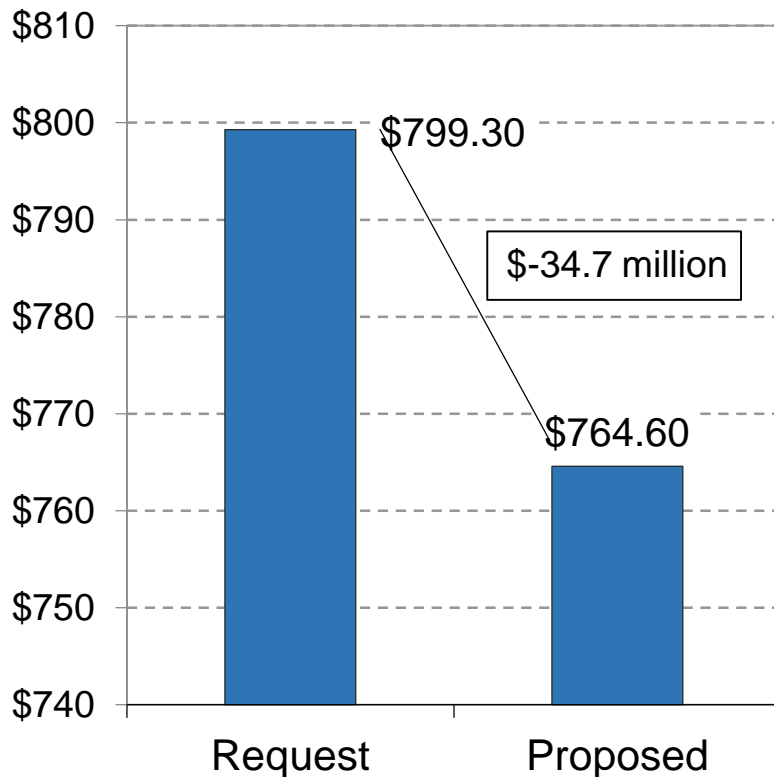


Note: Three departments (DPW, Police, Fire) comprise 74.4% of the Proposed 2021 General City Purposes Budget.

2021 General Fund Budget Request Compared to Proposed

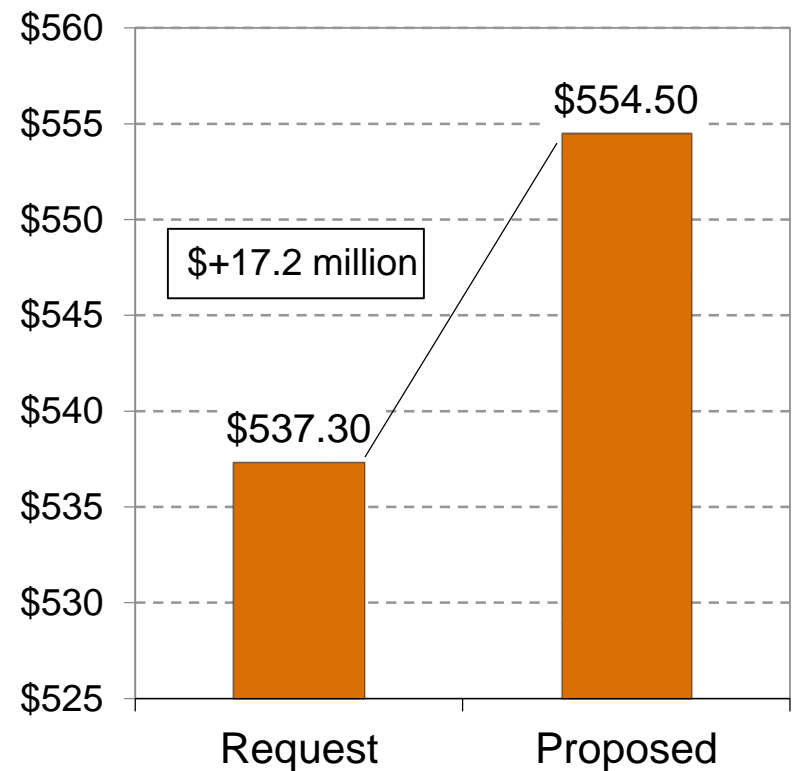
Expenditures

In Millions



Revenues – Non Property Tax

In Millions



Changes from the 2020 Budget

Revenues

1. Property tax levy increases 2.8% (\$8.2 million)
2. TSF withdraw down \$3.5 million
3. Street Lighting Fee \$10.5 million
4. Vehicle Registration Fee \$3.2 million
5. General City Purpose Revenue \$-6.5 million

Changes from the 2020 Budget

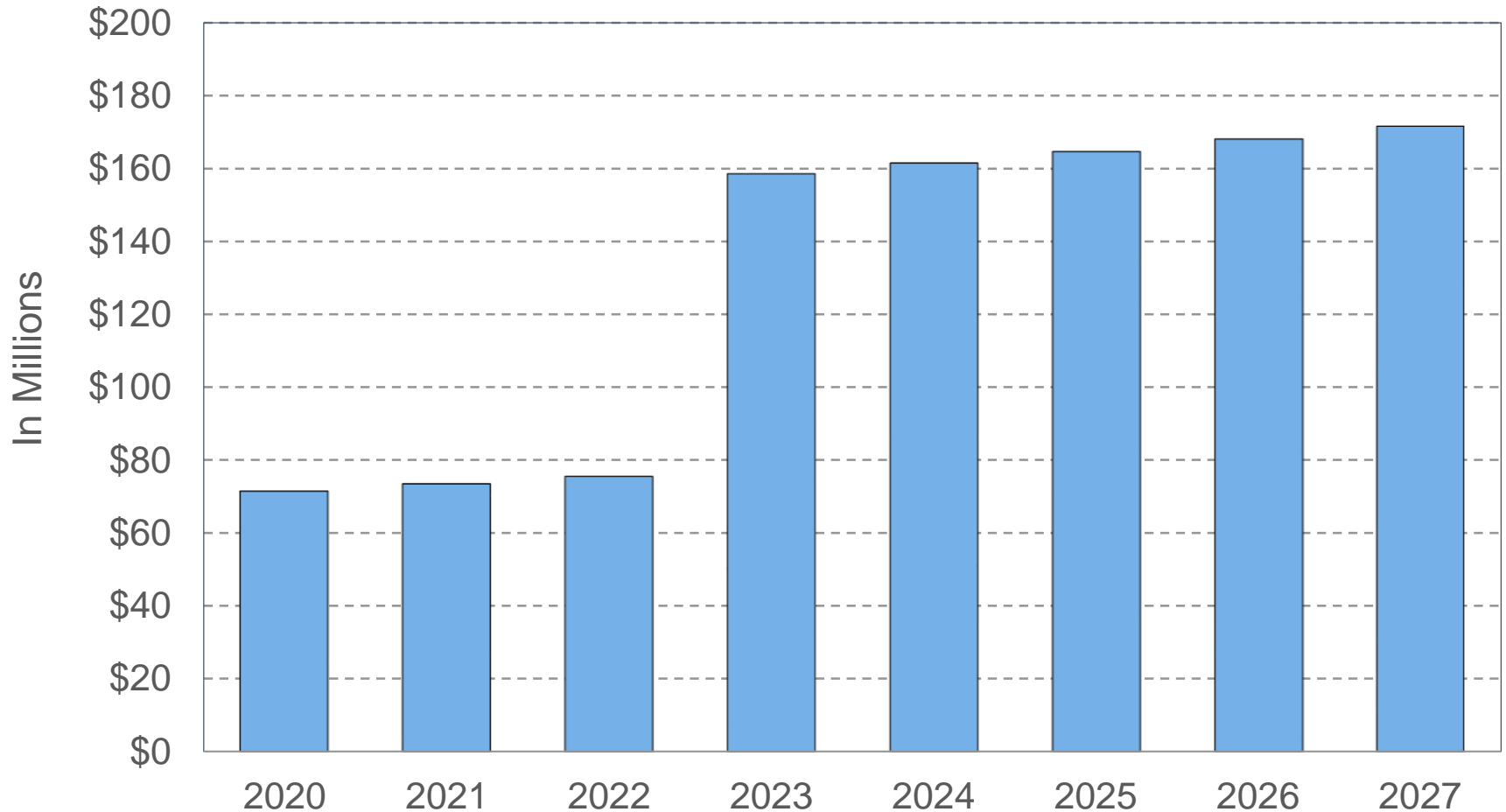
Expenditure Changes

1. Eliminate 120 sworn police positions
2. Eliminate 1 Fire apparatus
3. \$8 million contribution to the Employer Pension Reserve Fund
4. \$6.4 million for housing initiatives
5. \$4 million of CDBG funding for COVID-19

Pension Contribution Outlook

- Budgeted a payment of \$71 million in 2020 based on the current stabilized contribution plan
- \$8 million put into the pension reserve fund
- By 2023, the estimated payment will be \$158 million to \$171 million
- Current pension reserve balance is \$34 million
- Build up pension reserve balance to \$50 million by 2023

Pension Contribution Outlook



Pension Reform

- Higher employee pension contributions
- Develop a hybrid pension system more similar to the Wisconsin Retirement System
 - Will reduce future liabilities

Presentation Follow-up

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

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