



Mayor Cavalier Johnson's Public Hearing on the 2024 Requested Budget

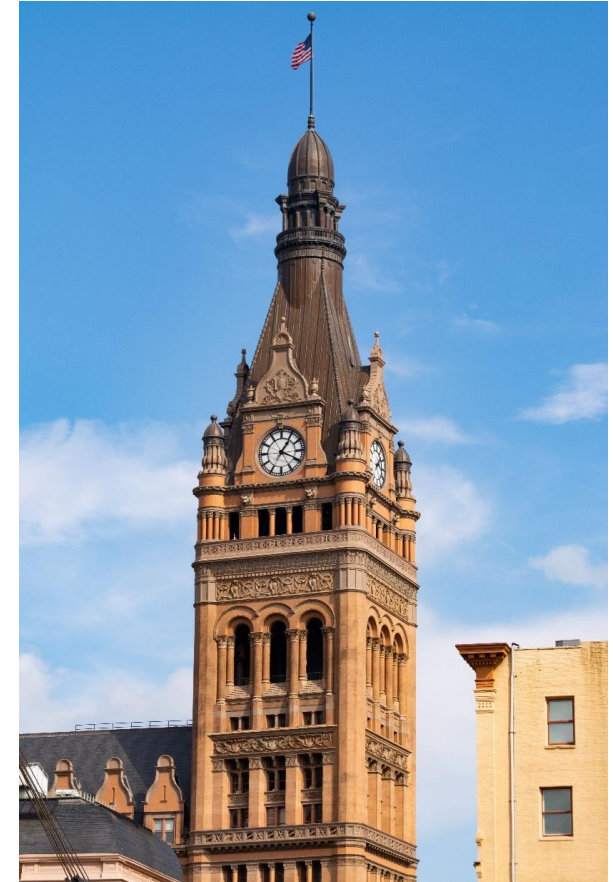
August 31, 2023

Presentation Goals

1. Give a general background on Milwaukee's finances
 - pre and post ACT 12
2. Provide information about the City of Milwaukee's budget structure & budget process
3. Summarize 2024 departmental budget requests

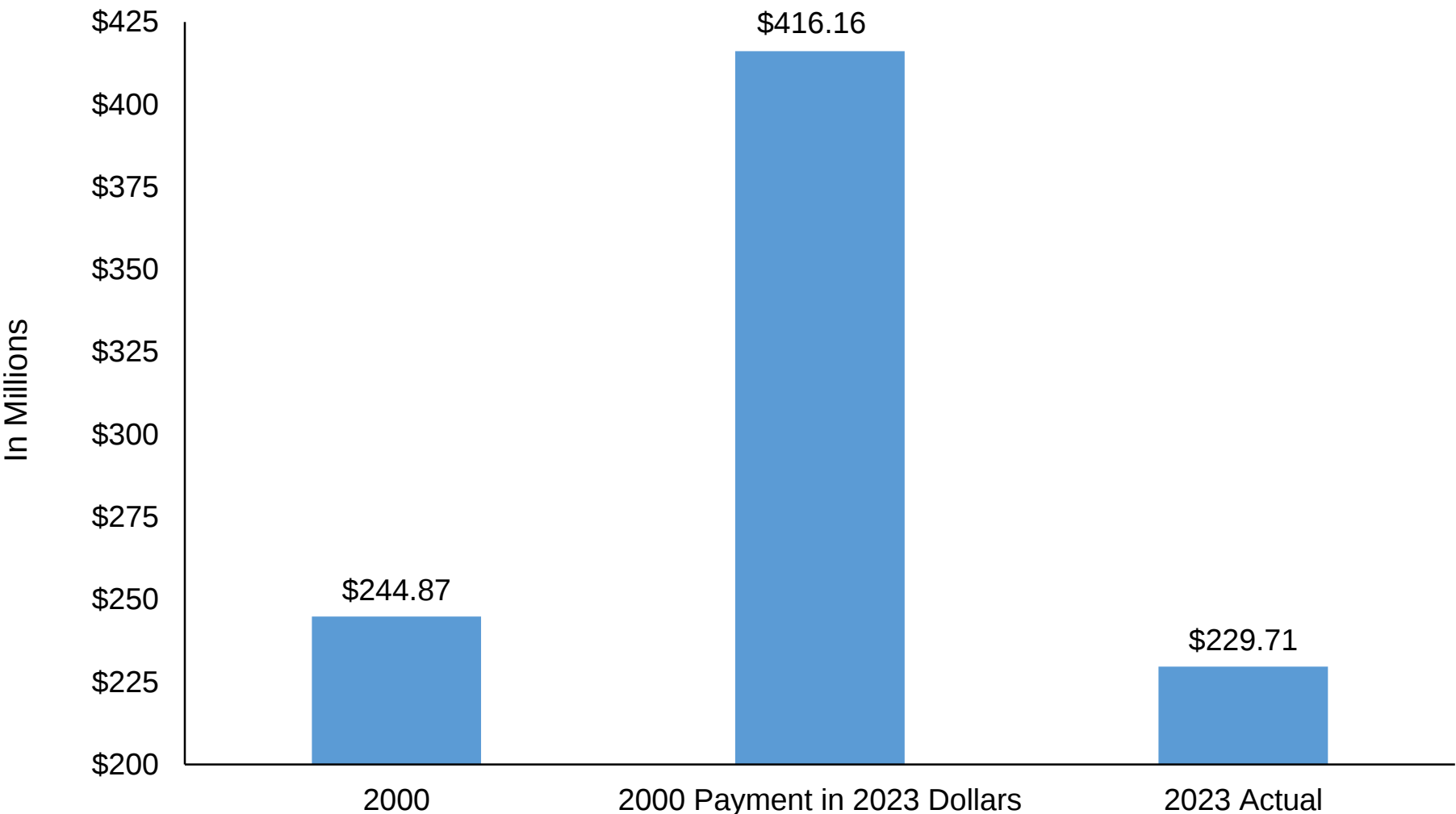
Did you know...

- 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 occupied building in the world when completed in 1895



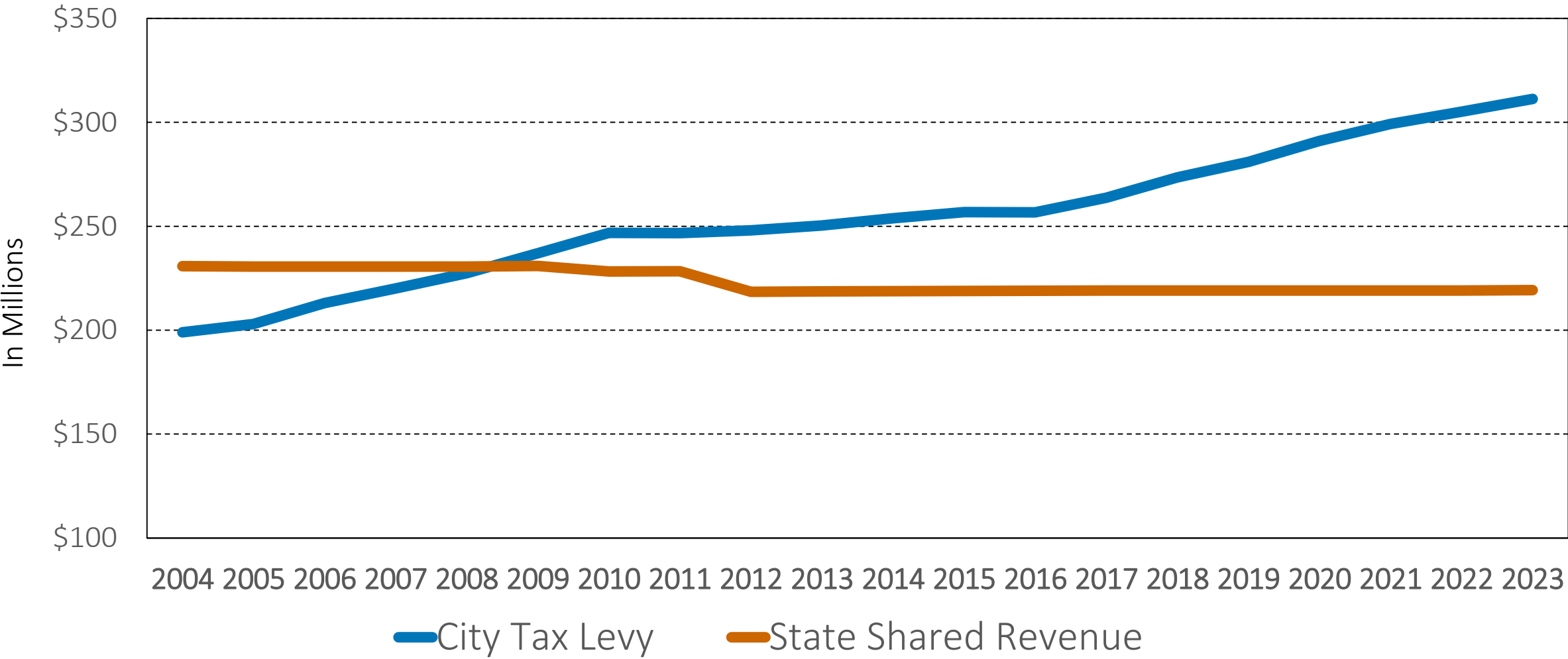
Shared Revenue from State Stagnant Since 2000

State Shared Revenue/ERP Payments to Milwaukee 2000 and 2023



Source: US Bureau of Labor Statistics: CPI-U Tables; City Budget Documents;
WI Legislative Fiscal Bureau.

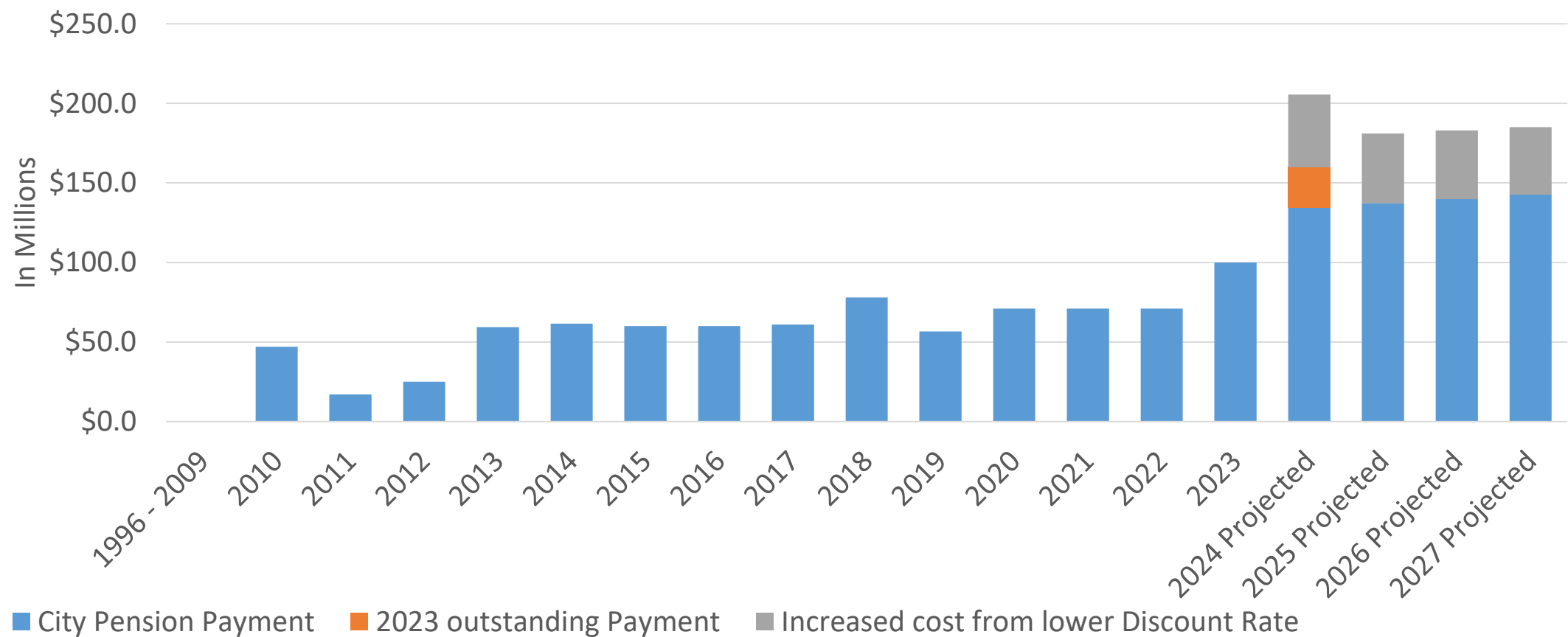
Flat State Aids Forced Increases to Property Taxes



City Efforts to Reduce Costs

- 1. Reduced over 1,000 positions since 2000**
 - Estimated annual savings of over \$80 million
- 2. Eliminated salary step system for General City Employees in 2011**
 - Estimated total savings of approximately \$40 million
 - Did not include Police & Fire – subject to negotiations
- 3. Require Employees to Contribute into Pension System**
 - \$24 million in 2022
- 4. Require Employees & Retirees to pay Health Care Premiums**
 - An average of about \$21 million annually
 - An average of \$16 to \$18 million in plan design change savings annually
- 5. Improving employee safety programs**
 - \$5 million in reduced workers compensation expenditures

Escalating Pension Costs



ACT 12 Improves City Fiscal Outlook

1) Immediate 10% increase in 2024 State Shared Revenue

- ~ **\$21.7M**
- ~ 3% annual increase in future years
- 15% penalty if public safety staffing reduced

2) Opportunity to enact 2% sales tax in City

- ~ **\$190.2M**
- Enacted by City Council and Mayor in July, will begin in 2024
- Requires new employees to be part of the Wisconsin Retirement System (WRS)

3) Reduce City of Milwaukee's Employee Retirement System (CMERS) discount rate from 7.5% to 6.8% (aligns with WRS)

- Short term, annual pension costs will increase by ~**\$45M**

What the Sales Tax changes

- It gives the City revenue options for the first time in over a generation
- Prevents drastic service cuts
- Stabilizes our pension costs long-term
- Tourists/Commuters help pay for services
- Immediate relief from the looming fiscal cliff we were facing, but still have a long rocky road ahead

Key considerations for the 2024 budget

- For the first time in decades, cost-to-continue budgets likely in all departments
- Increasing police and fire sworn personnel to ensure ACT 12 compliance
- Increasing Office of Equity and Inclusion(OEI)/Office of African American Affairs(OAAA) budgets to reflect Mayor and Council priorities
- Reversing decades long depletions of reserves and deferring of needed capital improvements
- Budgeting for more competitive wages in critical positions
- Catching up on full pension payment for 2023
- Budgeting for increased pension costs resulting from the ACT 12 mandate that lowered our discount rate

What's ahead?



A LOOK *at the* BUDGET

2024 Budget Process Calendar

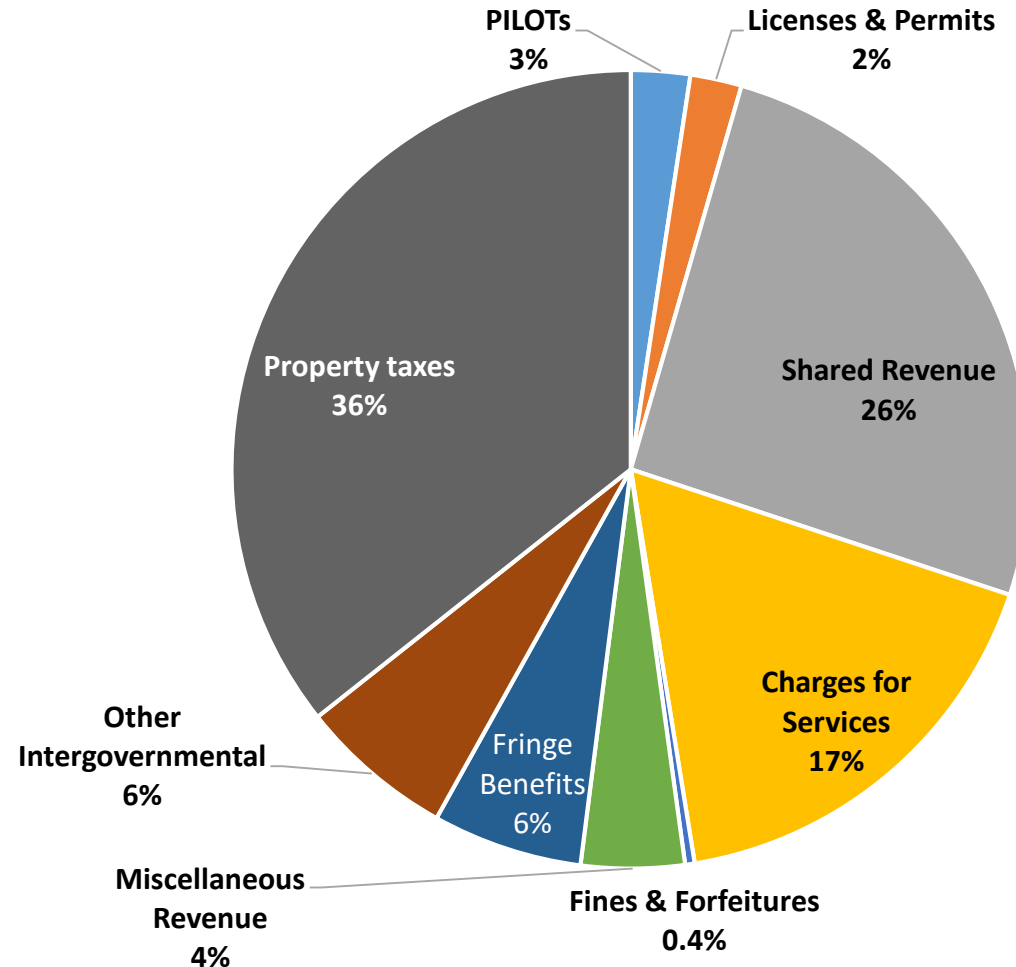
May 9	Department Budget Requests
May to September	Executive Budget Development
August 31	Mayor's Public Budget Hearing
September 19	Mayor submits Proposed Budget
September 29 – October 16	Finance and Personnel Committee reviews Proposed Executive Budget
October 2	Joint Public Hearing on the Budget
November 3	Estimated date for Budget Adoption

Where the Money Comes From

City of Milwaukee General Fund Revenues

Three Main Sources of Revenue:

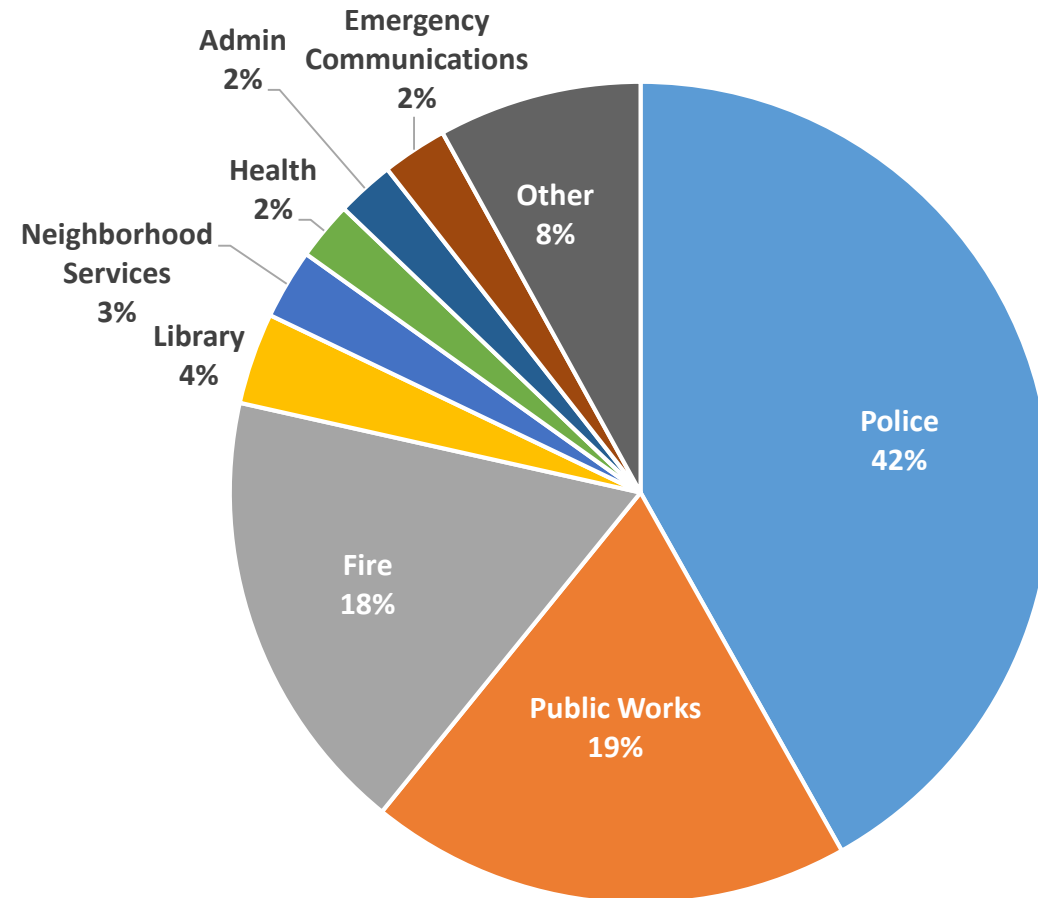
- Charges for Service
- Property Taxes
- Intergovernmental



Where the Money Goes

City of Milwaukee Departmental Operating Budget Allocations

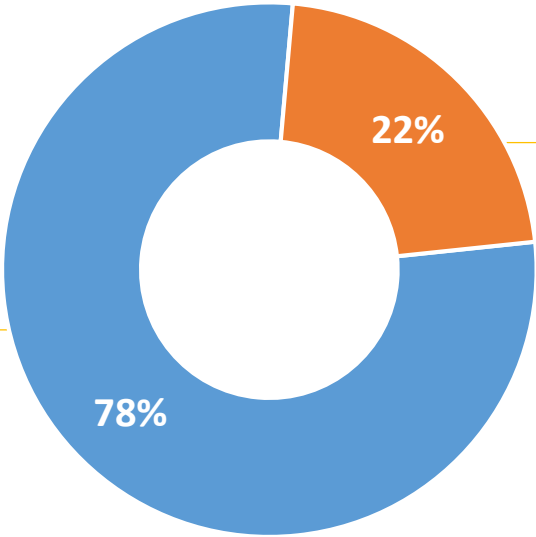
- Police & Fire combined makes up 60% of General Fund Departmental Budgets
- Each year, the cost of providing the same level of service as the year before increases
- The City must increase revenue, decrease services, or do both each year to balance the budget
 - With new revenue in 2024 from the sales tax and increased shared revenue, we won't have to decrease services for the first time in decades



Budget Structure: 2024 Requests

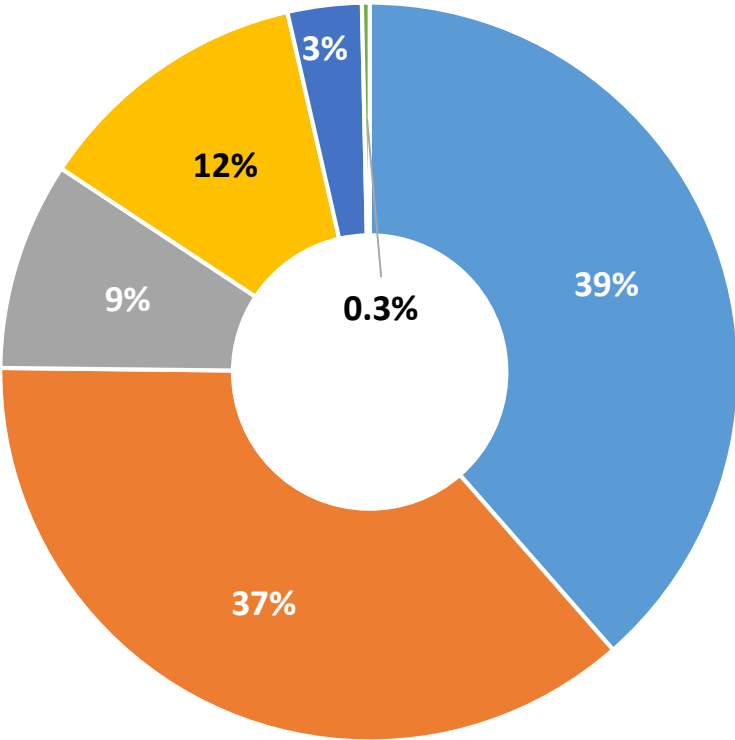
2024 Budget Request =\$1.91 billion

Property Tax Supplemented Funds \$1.49 billion requested
General City Purpose
Employee Retirement
Capital Improvements
City Debt
Delinquent Tax Fund
Contingent Fund



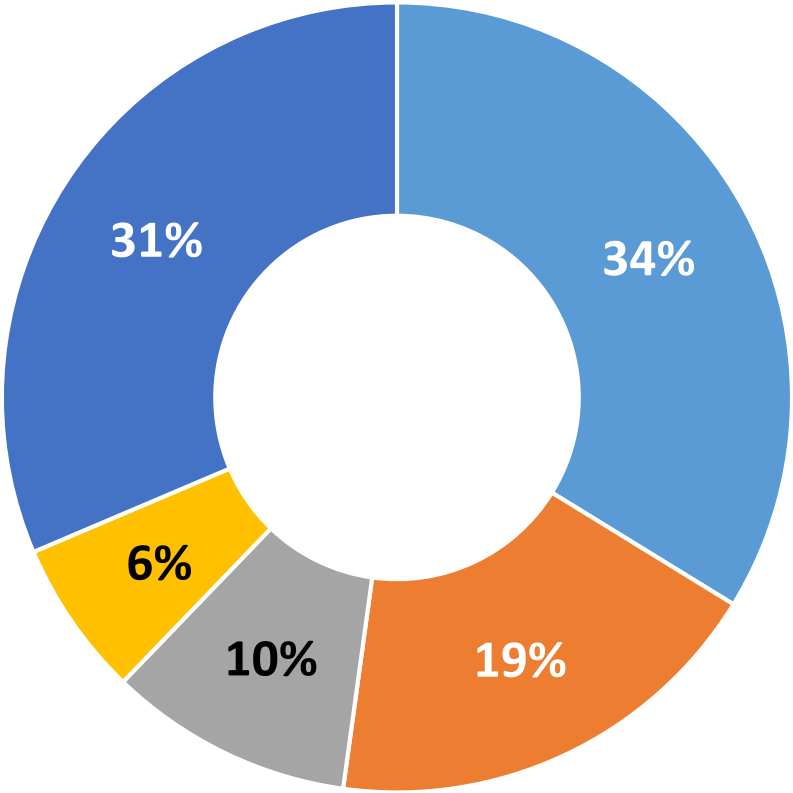
Special Revenue Funds \$419 million requested
Enterprise Funds: • Water Works • Sewer Maintenance • Transportation
Grant and Aid
County Delinquent Tax

Requested 2024 Expenditures for Property Tax Supplemented Funds



	2024 Request	\$ Change from 2023 Budget	% Change from 2023 Budget
Department Expenses (39%)	\$571.4 M	\$96.1 M	20%
Capital Improvements & City Debt (37%)	\$542.9 M	\$53.8 M	11%
Employee Healthcare & Worker's Compensation (9%)	\$135.0 M	-\$0.1 M	-0.04%
Employee Retirement (12%)	\$179.9 M	\$36.0 M	25%
Special Purpose Accounts (3%)	\$48.1 M	\$18.9 M	65%
Contingent Fund (0.3%)	\$5 M	\$0	0%

Initial 2024 Revenue Estimates for Property Tax Supplemented Funds

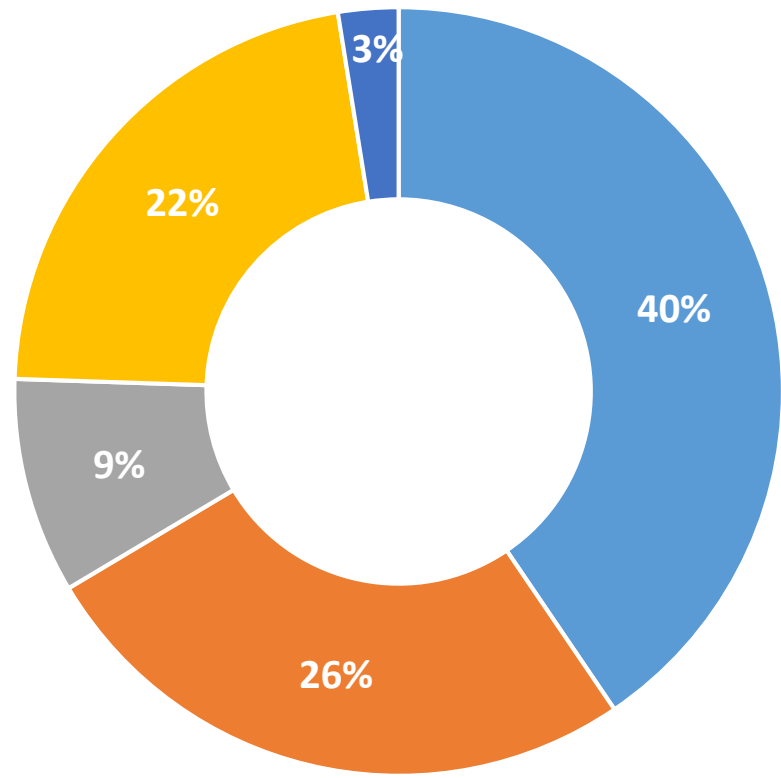


	2024 Requested Budget	\$ Change from 2023 Budget	% Change from 2023 Budget
Property Tax Levy	\$500.6 M	\$189.4 M	60.9%
Intergovernmental Revenue	\$272.8 M	-\$0.2 M	-0.1%
Charges for Services	\$148.5 M	\$0 M	0.0%
Other General Fund Revenue*	\$94.9 M	-\$34.6 M	-26.7%
All Other Revenue**	\$465.4 M	\$50.1 M	12.1%

* 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.

Special Revenue Funds: 2024 Requests



	2024 Requested Budget	\$ Change from 2023 Budget	% Change from 2023 Budget
Water Works	\$170.0 M	\$10.1 M	6.3%
Sewer Maintenance	\$108.7 M	\$-1.2 M	-1.1%
Transportation	\$38.1M	-\$4.1 M	-9.8%
Grant & Aid	\$92.0 M	-\$24.8 M	-21.3%
County Delinquent Tax Fund	\$10.6M	\$1.1 M	11.7%

2024 Budget Request Summary

- Departments request \$115 million more than budgeted in 2023

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>
Police	\$311.8	\$11.9	4%
Public Works	\$142.3	\$6.7	5%
Fire	\$145.1	\$13.1	10%
Emergency Communications	\$25.9	\$7.5	41%
Library	\$28.3	\$2.5	10%
Health	\$20.0	\$3.5	22%
Neighborhood Services	\$21.9	\$2.2	11%
Administration	\$19.2	\$2.9	18%

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