



2020 Proposed Executive Budget

Presentation to the Finance
& Personnel Committee

October 4, 2019

Presentation Goals

1. 2020 Proposed Budget
2. Sales Tax Proposal
3. Looming Pension Problem

2020 Budget

1. Total Proposed 2020 Budget: \$1.6 billion
 - Proposed Tax Levy-Supported Budget: \$1.2 billion
 - General City Purposes (GCP) Budget: \$636.6 million
2. Total Proposed Tax Levy of \$290.8 million
3. Non-Tax Levy-supported Budget: \$425.0 million
 - Enterprise funds: \$310.6 million
 - Grant & Aid Fund: \$94.9 million
 - County Delinquent Tax Fund: \$8.0 million
 - Development Fund: \$11.5 million

2020 Proposed Budget “Bottom Line”

1. General City Purposes Budget: +0.4% (\$+2.5 million)
 - Department expenses: +3.7% (\$+17.6 million)
 - \$3.9 million increase (+3.2%) to Employee Health Care Benefits and Workers' Compensation appropriations
2. Total tax levy: +3.5% (\$9.8 million); proposed tax rate = \$10.58 (- 1 cent)
3. Proposed non-property tax revenues: +1.4% (\$+7.1 million)
4. Expenditure Restraint Program (ERP) operating expense limit for 2021 aid eligibility affects 2020 Budget decisions
 - ERP Aid = \$10.1 million in 2020 Budget
 - There is an estimated ~ \$5.4 million difference between 2020 proposed ERP expense budget and the estimated ERP limit for 2021 aid eligibility
 - ERP threshold will be finalized in October
 - Operating expense total over the limit (regardless of funding source) would disqualify City from 2021 ERP aid

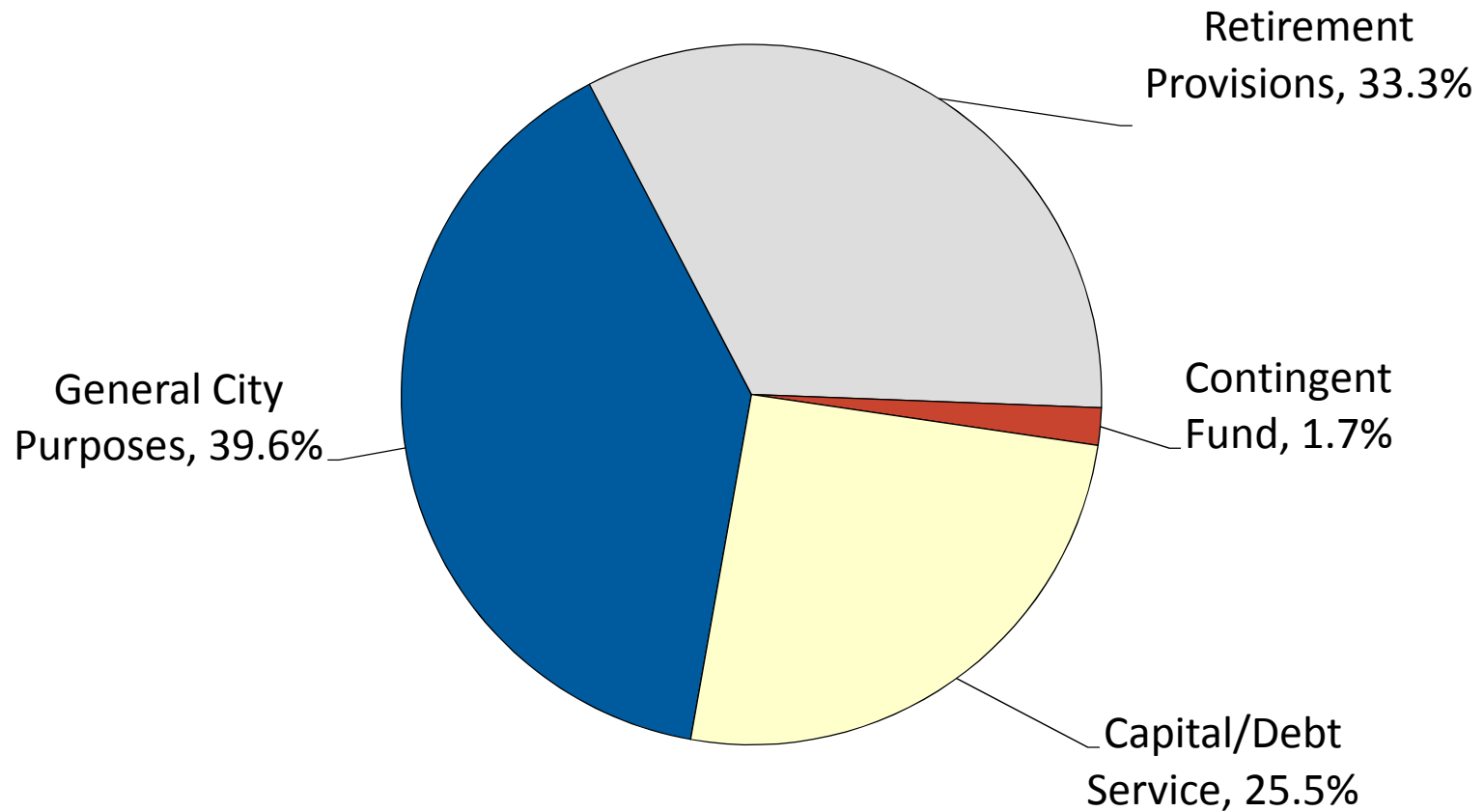
Proposed 2020 Budget Impact on Typical Household

Typical Household Impact

- Tax Levy: + \$36.81
- Municipal Services Bill: + \$21.77
- Net Impact: + \$58.58 (+3.6%)

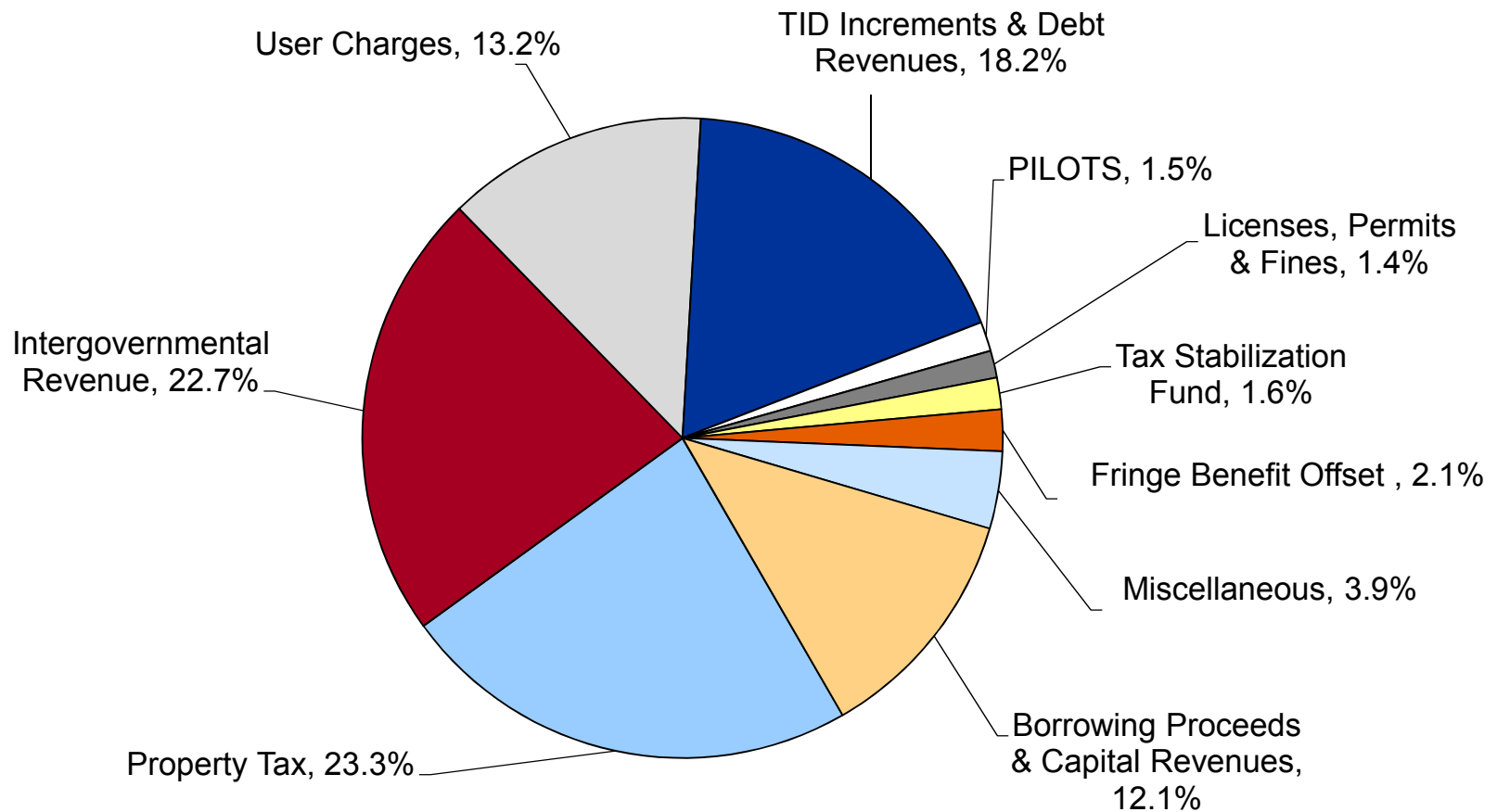
Based on the average residential value of \$113,990 for 2018 and \$117,601 for 2019

2020 Proposed Tax Levy: Distribution by Budget Section/Purpose



The total 2020 proposed tax levy: \$290.8 million.

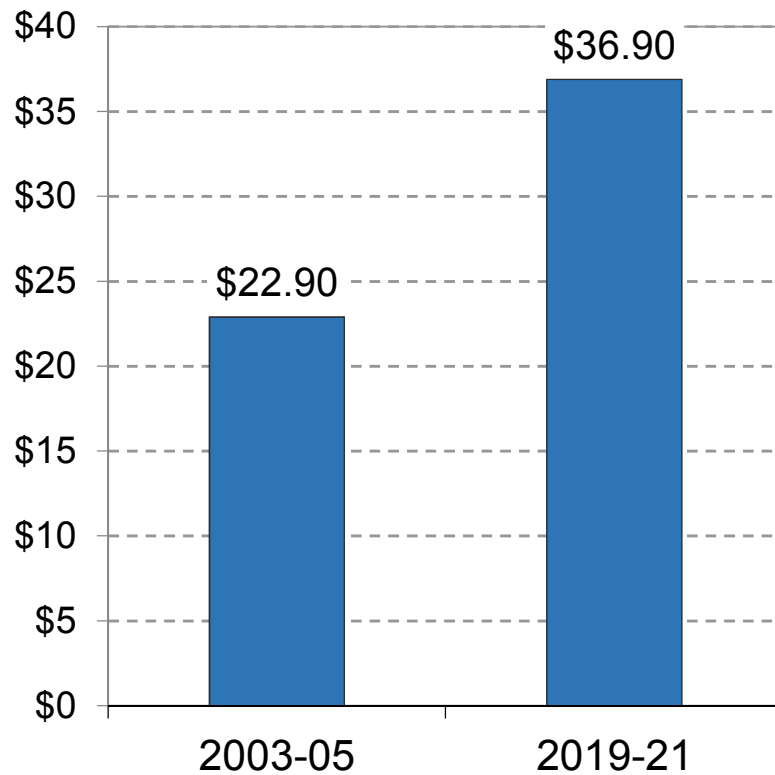
City of Milwaukee 2020 Revenue Sources: Tax Levy Supported Budget



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

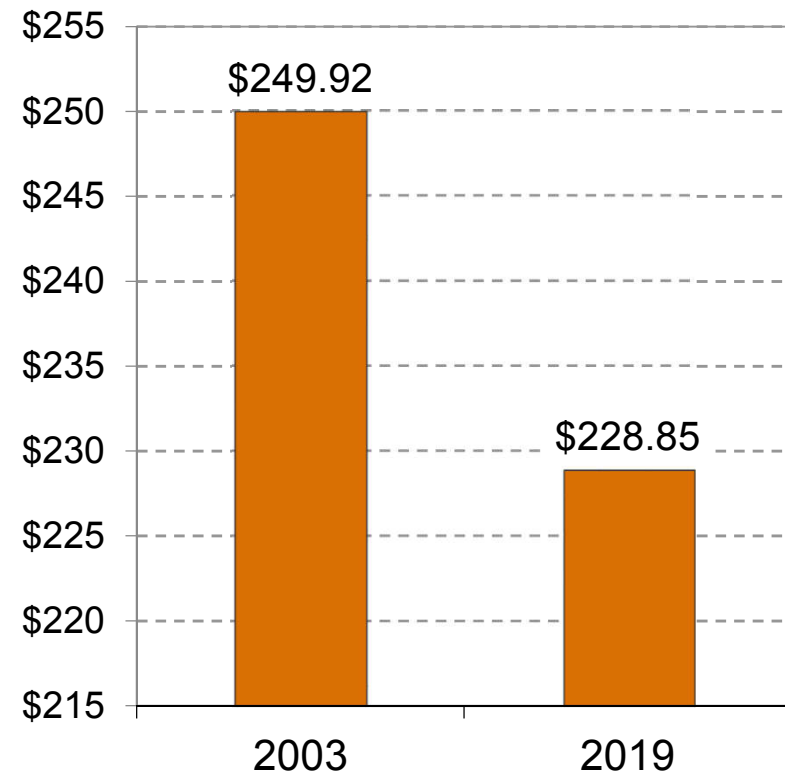
State GPR

In Billions

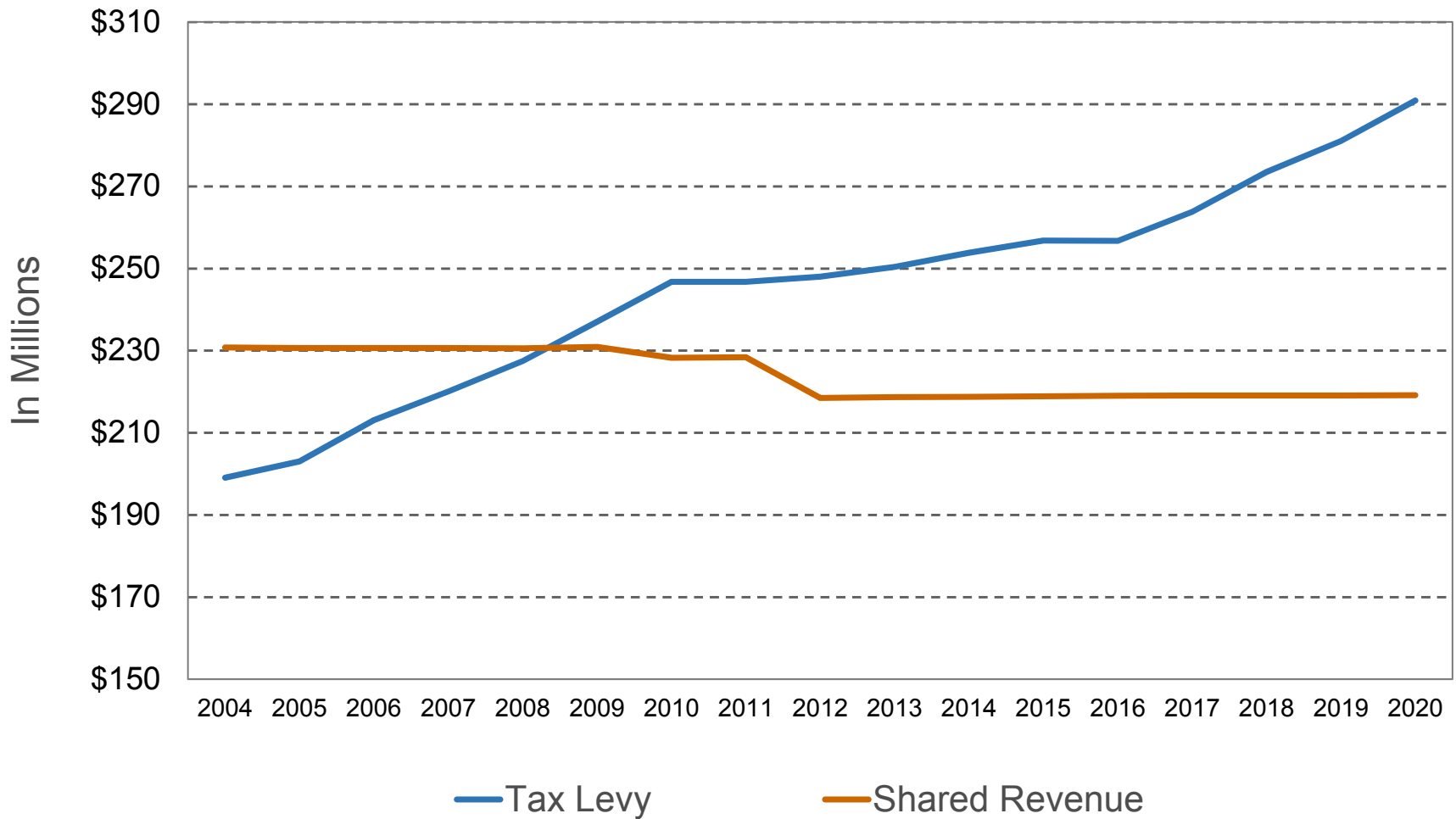


City Shared Revenue/ERP Aid

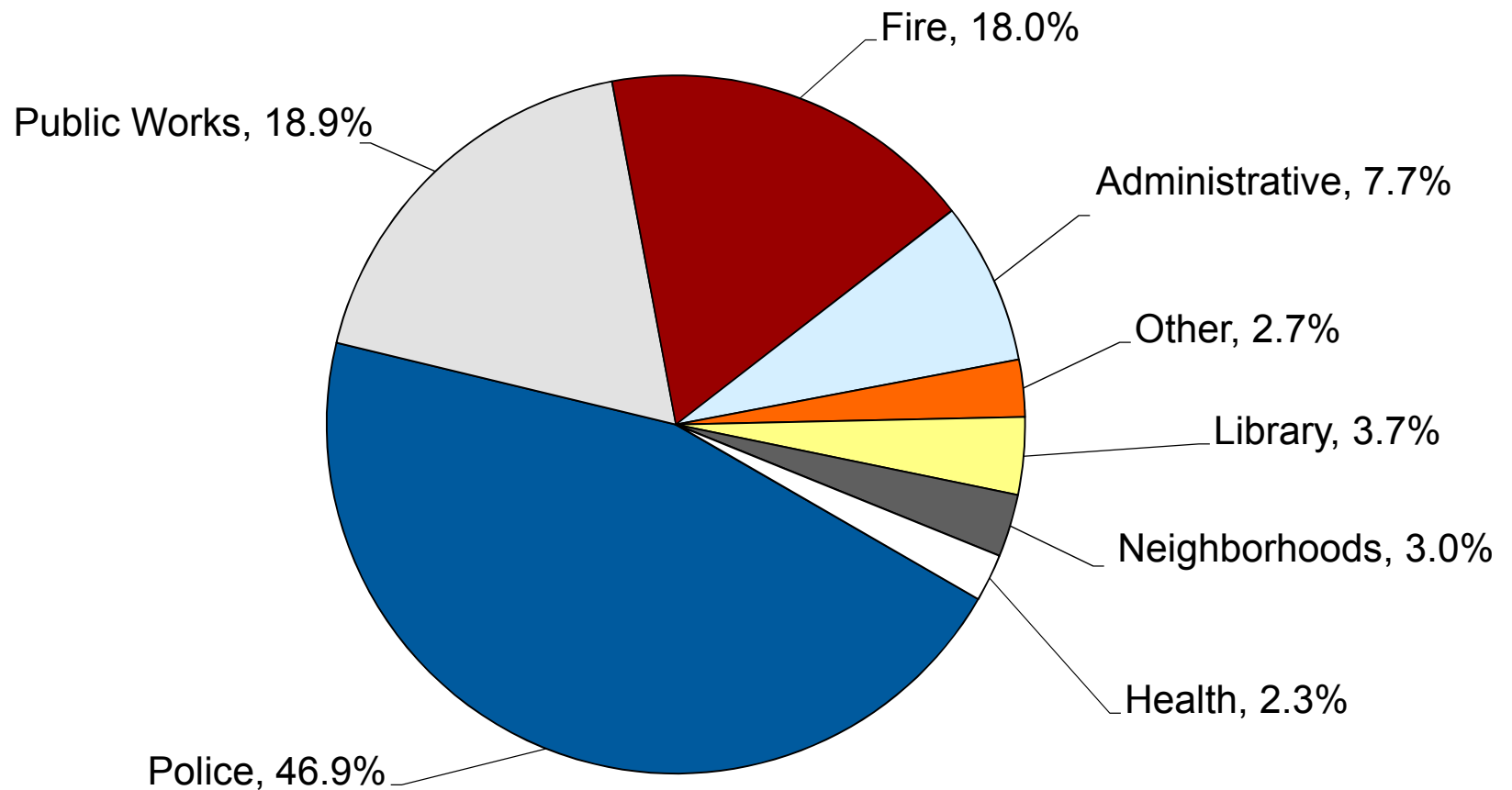
In Millions



City Tax Levy vs. State Shared Revenue



2020 Proposed General City Purposes Budget: Expenditures

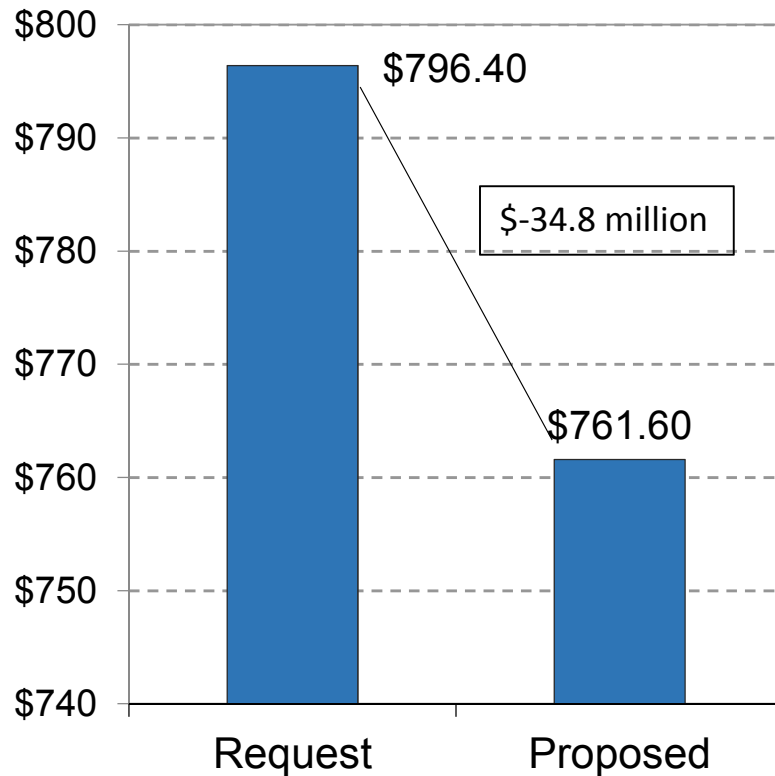


Note: Three departments (DPW, Police, Fire) comprise 83.7% of the Proposed 2020 General City Purposes Budget.

2020 General Fund Budget Request Compared to Proposed

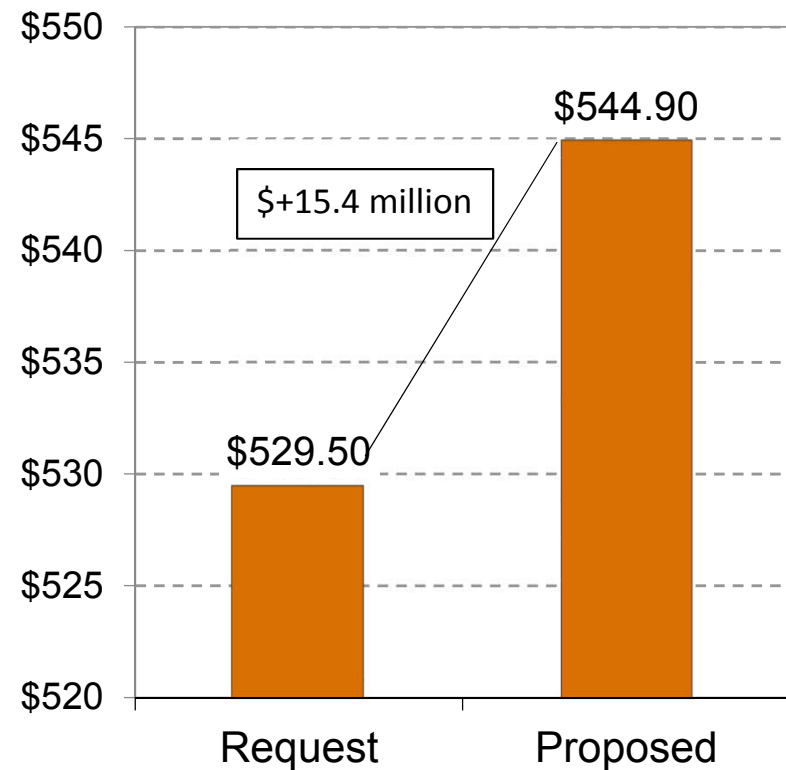
Expenditures

In Millions

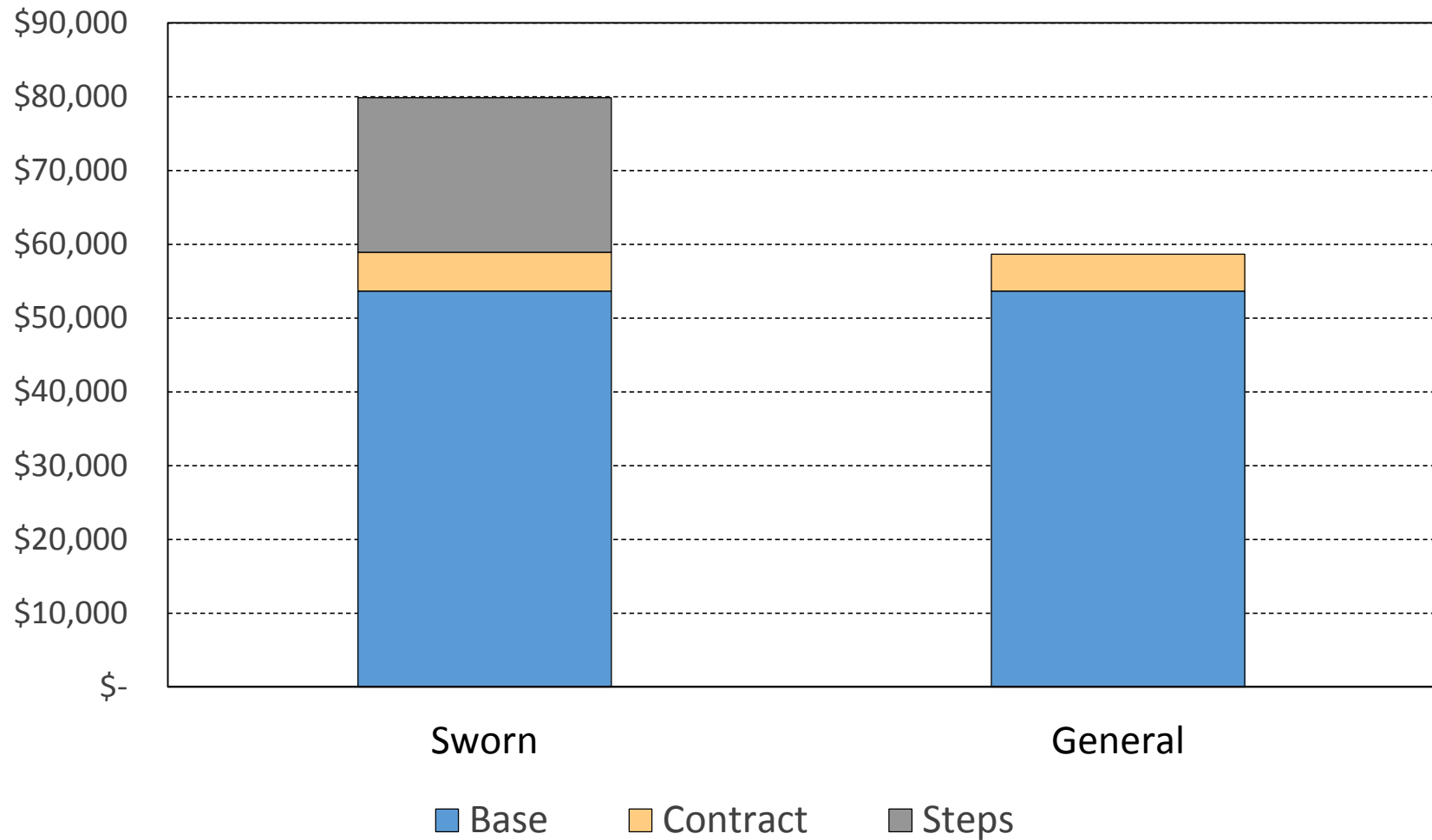


Revenues – Non Property Tax

In Millions



Wage Growth of Sworn Positions Compared to General City 2016 - 2019



Changes from the 2019 Budget

Revenues

1. Property tax levy increases 3.5% (\$9.8 million)
2. TSF withdraw down \$6 million
3. Transportation Aids increase \$2.5 million
4. Omnibus revenue file \$2.9 million
5. Municipal Service Fees see an average 5% increase (4% additional on solid waste fee to fund additional garbage packers)

Changes from the 2019 Budget

Expenditure Changes

1. Eliminate 60 sworn positions (Police salaries increase \$7.3 million)
2. Wages supplement fund \$-19.5 million – hiring freeze
3. \$8 million contribution to the Employer Pension Reserve Fund
4. Eliminated apartment garbage collection
5. \$1.6 million included to purchase 5 additional garbage packers

Proposed Sales Tax

- 1% county-wide sales tax
- 25% would go for property tax relief
- 37.5% would go to municipalities
- Municipality amount would be distributed by population
- 23.75% to the County
- 13.75% to be distributed evenly to the County and municipalities

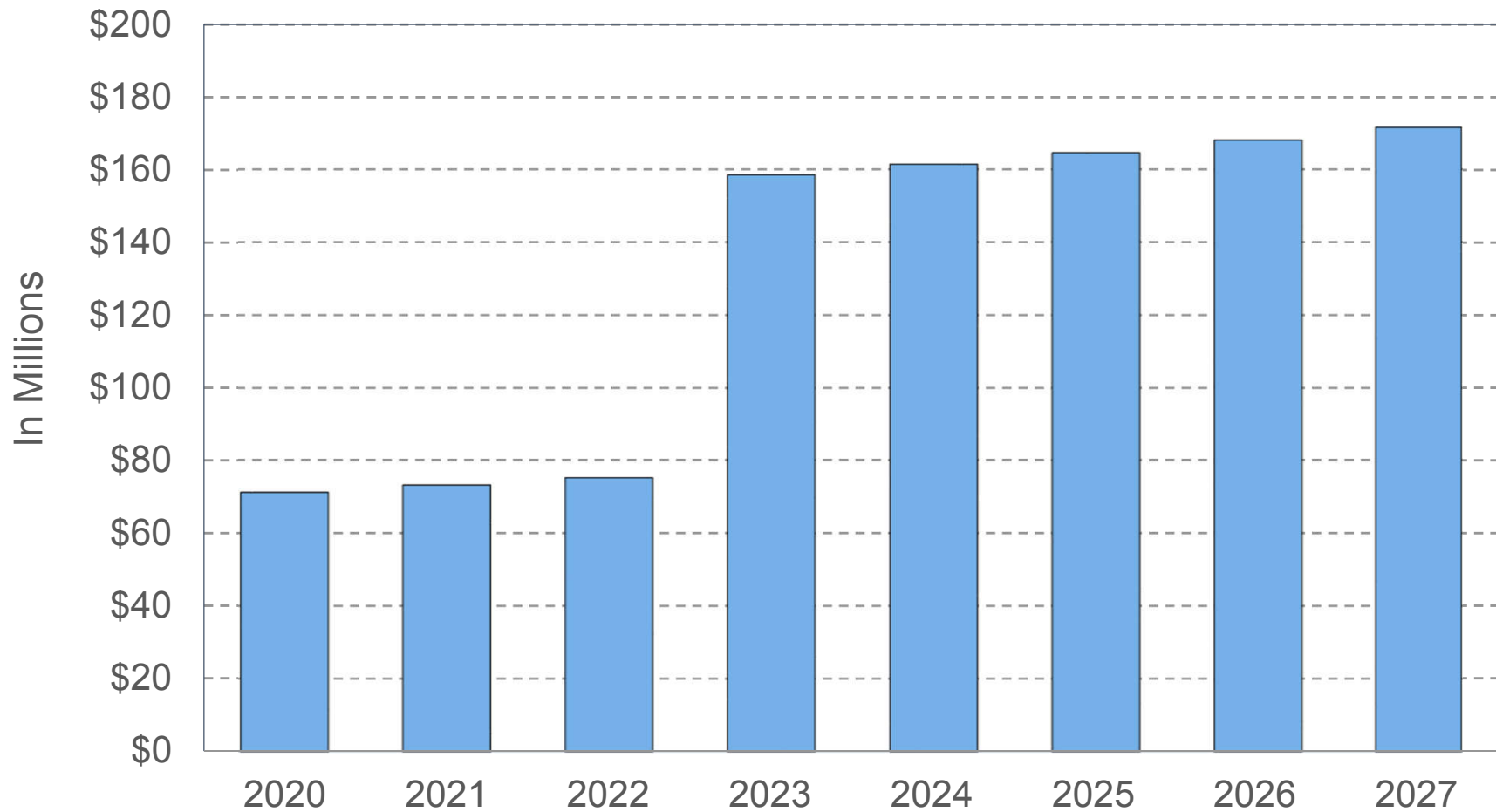
Proposed Sales Tax

- Stabilize the City budget by reducing the annual need to cut expenditures and services
- Provide \$11 million for an enhanced lead paint and lead service line replacement program
- Provide property tax relief
- 2020 impact - allow the City to restore the police sworn personnel cuts, repair more streets, add a fire med unit and eliminate the need for the hiring freeze

Pension Contribution Outlook

- Budgeted a payment of \$71 million in 2020 based on the current stabilized contribution plan
- An additional \$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 \$30 million
- Build up pension reserve balance to \$95 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