



Office of the Comptroller

W. Martin Morics, C.P.A.  
Comptroller

Michael J. Daun  
Deputy Comptroller

John M. Egan, C.P.A.  
Special Deputy Comptroller

Craig D. Kammholz  
Special Deputy Comptroller

June 14, 2006

The Honorable Mayor Tom Barrett  
And Members of the Milwaukee Common Council  
City of Milwaukee  
200 E. Wells Street  
Milwaukee, WI 53202

Dear Mayor Barrett and Council Members:

The attached *Comparative Revenue and Expenditure Report* is an analysis of the City of Milwaukee and nine other comparable cities' audited financial data. This report also includes data from the US Census Bureau's *2002 Census of Governments - State and Local Government Finances*. Like other cities, the City of Milwaukee provides a variety of services to its citizens, businesses, and visitors. The fact cannot be ignored that we are in a competitive business with other peer cities. If citizens or businesses perceive that they are not getting value for the tax dollars they are paying they can and will "vote with their feet." Likewise, if we drastically curtail the services we provide, and our competitors do not, leaving our infrastructure deteriorating, or our health or public safety efforts at a level far below our competition, we will neither attract new growth or retain the citizens and businesses we have now. The market basket of services we provide our citizens and how these services are funded can and should be compared to our competition as one measure of how effectively we are doing our jobs.

The report compares, on a per capita basis, the City of Milwaukee's revenues sources with nine similar cities to Milwaukee. An analysis is also included on the revenue structure of Wisconsin's State and local governments with the per capita averages of all US State and local governments. The report also groups City of Milwaukee's expenditures by several functional classifications compared to other peer cities.

I encourage you to contact me with any suggestions or comments that would be helpful in preparing this report in future years.

Very truly yours,



W. MARTIN MORICS  
Comptroller

WMM:cdk

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Contact: City Comptroller W. Martin Morics

(414) 286-2301

Report available at [www.milwaukee.gov](http://www.milwaukee.gov) - Click on *The City of Milwaukee*, then *Departments*, then click on *City Comptroller*, then click on *Comparative Expenditure Report 2006*

## City of Milwaukee Comparative Expenditure Report

Today, the City of Milwaukee's Comptroller W. Martin Morics released a report that compares, on a per capita basis, the City of Milwaukee's revenues sources with nine similar cities to Milwaukee. These cities include Charlotte, Cincinnati, Cleveland, Columbus, Oklahoma City, Pittsburgh, Portland, Sacramento and Toledo. An analysis is also included on the revenue structure of Wisconsin's State and local governments with per capita averages of all state and local governments in the United States. The report also groups City of Milwaukee's expenditures by several functional classifications compared to other peer cities.

Like other cities, the City of Milwaukee provides a variety of services to its citizens, businesses, and visitors. The fact cannot be ignored that we are in a competitive business with other peer cities. The market basket of services we provide our citizens and how they are funded can and should be compared to our competition as one measure of how effectively we are doing our jobs. There has not been enough discussion or analysis of what services are being provided, and whether they in fact cost too much, or too little. This report attempts to address the issue that there is much information on what we as a City spend, but little organized information as to how that compares to our peers.

The report shows the following:

- The City of Milwaukee's local tax is the property tax. Milwaukee's property taxes per capita are \$98 higher than the average of comparable cities
- In Wisconsin, municipalities do not collect sales or income taxes. Instead, the Wisconsin tax system was designed for these taxes to be collected by the State then redistributed to local governments. This results in Milwaukee ranking last among comparable cities in per capita local taxes. The local taxes collected by the City of Milwaukee are about half of the comparable cities' average. Milwaukee collects \$374 per capita less in local taxes than the average of comparable cities. When both local taxes and State and Federal Aids including State Shared Revenues are combined, Milwaukee receives \$240 less per capita than the average comparable city. In recent years, the State of Wisconsin has not only abandoned sharing the growth in sales and income taxes with municipalities, but has arbitrarily decreased the funding for state shared revenues and other local aid programs. This appears to put Milwaukee and other Wisconsin cities at a competitive disadvantage with municipalities in other States.
- The City of Milwaukee also collects significantly less than comparable cities from services charges (- \$191).

- US Census data shows municipal governments and special districts in Wisconsin have significantly less revenues (-29%) to provide public services than the national average. Also, like the City of Milwaukee's peer city analysis, other taxes and charges for services lag the national average. State aids do not compensate municipal governments in Wisconsin for the limits placed on other taxes to support municipal services. This report shows that total local taxes and State aids to local governments in Wisconsin are \$186 per capita (-23%) less than the national average. The Wisconsin's tax system was designed to centrally collect most sales taxes and all income taxes. However, the current political environment has resulted in the State of Wisconsin redistributing a declining share of these taxes to municipal governments which has significantly limited the funds needed to provide municipal services in Wisconsin compared to the average municipality in other states.
- Milwaukee spends \$248 less per capita than the average of nine comparable cities. The City of Milwaukee spends eighty five percent of the average comparable cities on general government, public works, conservation and development, culture and recreation, and interest expense. In only one category, health, Milwaukee's spending is above the comparable cities per capita average because only half of the cities report health service expenditures.