



Tom Barrett
Mayor, City of Milwaukee

Mayor Barrett's 2021 Executive Budget Address

September 22, 2020

As Delivered

Thank you very much, President Johnson.

Council Members, Treasurer Coggs, Comptroller Sawa, City Attorney Spencer--We all recognize that we are living in very uncertain times, and as a result this is going to be the most sobering budget we have worked on together.

2020 has emerged as the year when our budget challenges have reached a crescendo. We knew the 2021 budget would be problematic even before Covid-19 and the ensuing economic hit. Now, the challenge is much more severe.

Unfortunately, as some of you know, earlier this month S & P Global, one of our bond rating agencies, confirmed how substantial our fiscal challenges are when it cut our bond rating by not one, but two notches. This means our debt costs are higher. It also will make it more difficult for us to fund many of the initiatives that we would like to fund.

In lowering our rating, S & P Global noted that we have been drawing down our reserves. As you know, we've done so to maintain our vital services without any growing revenue.

This, of course, is a direct result of our relationship with the State of Wisconsin and legislature in particular. It is absolutely unbelievable that we have not received an increase in shared revenue in 18 years, especially when State revenue has increased by 61 percent during that time.

And to make matters worse, the State has not given us the ability to have a sales tax here, it has limited our ability to collect fees for the services we do perform, and it has created and continued policies that make it extremely difficult to manage our public safety costs. All these issues must be addressed.

Every budget I have presented to you incorporated challenges and compromise. We have tightened our belts every year. We have always pressed for efficiencies and insisted departments accomplish more. We have modified employee benefits and significantly cut the number of City employees. We have 650 fewer City employees now than we had in 2004.

We have also repeatedly called out the limitations imposed by State government.

Milwaukee is unique among U.S. cities in being forced to rely so heavily on one tax: the property tax. As I've said, our ability to raise revenue is significantly constrained by State law.

Coming into this budget year, I knew we knew we were going to face serious challenges with pension costs, employee healthcare and structural and fiscal issues. The pandemic and economic tsunami have made it much worse. Additionally, this budget demands attention to fundamental issues of racial justice and equity.

There really are very few options. We are cutting the number of employees and cutting services. Ideologues who blindly demand smaller government might be pleased, but our residents, who want neighborhood nuisances remedied and want public works issues addressed, may have to wait longer. Budget cuts do affect the quality of life in the City of Milwaukee.

We must and we will make progress on equity and inclusion. I have asked Nikki Purvis to lead a new office: the Office Equity and Inclusion. She will serve as the City's chief equity officer and will focus on equal rights and opportunity. We have to make sure more people achieve economic success. We have to open new doors to employment, education and greater participation in all aspects of Milwaukee life.

Throughout America and right here in Milwaukee, we are facing an historic challenge regarding law enforcement. Some citizens are demanding defunding of the police department, while others are seeking more funding for law enforcement. As heated as these arguments are and as important as this debate is, here in Milwaukee the fiscal realities make it even more difficult.

Adding to the importance of these issues, we must recognize that this entire debate is taking place when we have seen dramatic increases in homicides and non-fatal shootings in our city this year after four consecutive years of decreases in our violent crime rate.

There will be changes in the Police Department. The budget authorizes 120 fewer sworn positions. This is a change mandated by our current budget reality. As the cost of public safety climbs more and more, we simply cannot continue to cover these expenses.

Many people are probably wondering, how can it be that the police budget is almost as large as last year, and, at the same time 120 police positions will not be filled next year? The answer, is we cut salaries by \$8.5 million; but, police healthcare and other personnel costs have risen and chewed up those budgetary savings. Officer fringe benefits will climb six percent in 2021.

It's important to look back at what I have said in previous budget presentations over the past three years. Absent a local sales tax and/or an increase in State Shared Revenue, cuts to public safety are unavoidable and will continue in the future.

In my 2018 budget address I said, without a new tax, 33 police officer positions would go unfilled and cuts to the Fire Department would include the closing of several fire houses. The State did not respond. We didn't get the tax and those cuts occurred.

It's a theme that reappeared last year. In that speech, I said, with a new tax, we could eliminate staff reductions to the Police Department. Specifically, with the tax, we would not have been forced to eliminate 60 positions. But once again, the legislature did not work with us and those cuts occurred.

My point is, if it's not clear already, we're not blowing smoke about our fiscal situation. We're not playing games. The Wisconsin Policy Forum recognizes this. Many in the business community recognize this. Many in the labor community recognize this. Now the State legislature needs to realize this before it forces us to make even more draconian cuts.

There will be other changes in the Police Department. My budget removes the 9-1-1 operators and dispatchers, consolidating that function along with Fire Department dispatchers in a new division of the Fire and Police Commission.

The new Office of Emergency Communication is positioned to provide better service in a more cost effective way. I want shorter wait times, fewer transfers of calls, and better overall service for our citizens.

Sworn officers are more expensive when compared to civilians, so we have to find ways to civilianize more positions, putting sworn officers on the street rather than overseeing 9-1-1 dispatchers.

There are other important aspects of the Police Department that warrant change. I am concerned about the level of militarization. I want training to be modernized. I want a dramatic improvement in the department's relationship with the community. And, I would love to see more police officers and more firefighters too living in in the City of Milwaukee. I want them to be part of our community.

And, I want a thoughtful review of officer discipline. The Fire and Police Commission needs to endorse the 8 Can't Wait reform initiative. I know the vast majority of officers who serve our city are good officers and really good people who will embrace positive change.

I am also aware that the Police Department budget is going to disappoint some who want far less police spending and fewer police officers and it's going to disappoint those who want more spending and more police officers.

The projected sworn strength of 1,682 is 206 lower than it was just four years ago. The citizens of Milwaukee need to know this. The State legislature needs to know this. And, the State legislature

also needs to know that these cuts came as a direct result of laws that limit our ability to control the cost of the Police Department and not having enough revenue.

If a sales tax is enacted, we can and I will revisit public safety issues next year.

Clearly, today, thousands of residents call the police for multiple and valid reasons, most of which are not related to violent crime. When someone picks up the phone to call the police, they are calling to ask for help. We have to recognize that. In 2019, there were 173,340 calls for service. That's 173,340 times people felt they needed help.

It's not just our residents who have asked for more police service. Just three years ago, 12 of the 15 members of the Common Council sent a letter to me and the Fire and Police Commission in support of changing the Police Department's vehicle pursuit policy, a recognition of the need for more police resources, and over the years numerous members have repeatedly asked for increased crack downs on reckless driving.

In the Fire Department, reductions mean one engine company will be cut. Vacant positions will go unfilled in other City departments. We're trimming expenses in every place we can. In some cases, residents will see additional fees to maintain basic city services. A new street lighting fee will be used to upgrade our aging street lighting system improving quality of life and enhancing public safety.

Advocates for social equity have made a compelling case for more investments in housing; and, I agree. That's why I have directed new resources to support housing programs. Funds generated by high-end residential development downtown will be used to invest in housing opportunities in our neighborhoods. I have discussed this with several Common Council members and there is a clear consensus to invest these resources in programs promoting housing and home ownership. In all, \$6.5 million will be available next year.

One part of our new effort will be to support new homeowners with a down payment supplement--including new homeowners who have been at a disadvantage because of long-standing racial and economic inequities. As many as 200 residents could receive significant support that will allow them to become homeowners. Home ownership is a traditional path to build wealth and economic stability and will be a welcome addition in many Milwaukee neighborhoods.

We aim to support co-ops and community land trusts. We will also increase our contribution to the Housing Trust Fund. Since 2007, Milwaukee's Housing Trust Fund has invested resources to create high quality affordable housing opportunities, including projects for people most in need. From the historic Old Main Soldiers Home project which will provide housing opportunities for our veterans, to the conversion of the 37th Street School for elderly housing in the Washington Park neighborhood, to the work of Habitat for Humanity in preserving and promoting homeownership, the Trust Fund has been a valuable resource and a strong partner.

Our continued investment in the fund will leverage additional housing opportunities for Milwaukee's low income families and support my 10,000 Homes Initiative.

As I assemble these new efforts, a number of Common Council members have provided good ideas. Alderman Stamper, Alderman Rainey, Alderwoman Coggs and Alderman Murphy have all offered valuable input.

Our library system is a bright spot in City government, changing the lives of city residents by creating opportunity, making connections and imparting knowledge. For many, a path out of poverty can begin at a Milwaukee Public Library. Our libraries are constantly innovating and adapting to serve the changing needs of our constituents.

You've seen the new buildings, the modern facilities and the focus on early childhood learning. Progress will continue, and I'm happy to say library hours will remain the same in 2021.

Building on the work that started in the library, the Office of Early Education, which was championed by President Johnson, will get increased attention with the transfer of the office to City Hall under the supervision of my office. We have spoken to potential funders, and they see value in the move. Early Childhood Education is not just a social issue, it is an economic issue as well.

I want Milwaukee to be a national leader, taking full advantage of philanthropic and government resources, including a state Preschool Development Grant of \$10 million and \$1.4 million from the 53206 Initiative. Bringing this initiative into the Mayor's Office will allow coordination across all levels of city, state, and federal partners.

When I was elected Mayor, the City government's contribution to the pension fund was zero. Yes, zero. It remained that way for five years. We got our first real jolt regarding the pension fund when we were required to contribute \$49 million in 2010. In 2013 it was \$60 million. This year, it's \$71 million. It's \$71 million this year. Shocking as it may sound to some, we're looking at a potential annual payment of \$160 million in 2023, requiring us to set aside scarce tax levy funds in the pension reserve to cushion the impact.

We are facing an unsustainable demand driven primarily by the pensions for public safety employees. We must begin preparing now, setting aside money to blunt the impact of the massive payments coming due in just two years. We also need to have a real partnership with the State to help address this problem.

My budget includes an \$8 million contribution to the pension reserve fund. This is no slush fund. This is not money that we can or should transfer for other expenses in 2021. This is money we have to set aside for 2023's pension reckoning.

While Milwaukee is resilient, we need to be concerned about the threats of extreme storms and flooding increasing due to climate change. We need to reduce our reliance on fossil fuels and continue our work to reduce pavement. We also have to add green infrastructure to manage storm water.

Construction has begun on the largest solar energy project in the history of Milwaukee, located on a landfill in Alderman Spiker's district near Mitchell Airport. We will use the annual revenues

from this project to create a Climate Action Plan for the City. It will recommend ways to dramatically cut our greenhouse gas emissions while creating green jobs.

As limited as our fiscal situation is, we still have an obligation to take care of our assets; and, our capital budget addresses a wide-range of infrastructure needs. We will be investing in streets, bridges, alleys, buildings, trees, equipment and our invisible infrastructure.

The 2021 proposed capital budget includes \$4 million to provide eligible property owners with financial assistance to replace lead service lines. In 2021, Milwaukee Water Works will replace 1,100 lead service lines.

The Milwaukee Health Department will reinforce the City's lead poisoning prevention, remediation and water filter distribution. We all know how important it is to keep lead from harming our children.

As the Health Department continues its commitment to lead, we all recognize its challenges became enormous with the pandemic earlier this year.

The Health Department has been at the forefront in the battle against COVID-19. It is the Health Department that has worked tirelessly to coordinate our community response, to manage the enormous task of contact tracing and to mobilize its laboratory. The people of the Health Department have stepped up in so many important ways to protect our community. In all, our Health Department will spend more than \$25 million next year on prevention, response, interventions and, yes, addressing racism as a public health issue.

My health budget continues the work of the 414 LIFE initiative. Violence interrupter training and implementation is designed to increase safety, particularly in neighborhoods hardest hit by violence. There will be a new site on the South side of Milwaukee next year serving Alderwoman Zamarripa and Alderman Perez's districts.

The 2021 Budget includes \$250,000 to pilot an initiative for outreach and access to mental health treatment. Working with the County, we will reach more residents who are in need of mental health services. Over the past few months, people have legitimately asked the question: Are police the appropriate responders to a mental health crisis?

Mental health professionals are the ones who bring the greatest knowledge and understanding of those who are dealing with mental health challenges. But, it is important to understand, County mental health workers expect assistance from police and sheriff deputies.

So, as we look at the police budget, changes in mental health responses, vary warranted, do not directly lead to cost savings.

For four consecutive years, the Council has added to the borrowing beyond what I have put in my budget. Council members have seen the concern I expressed in numerous veto messages. That added borrowing added \$500,000 per year in debt service, scarce tax levy funds that could have been available now for critical services.

The change this week in the City's bond ratings should drive home this point even more forcefully. Any decision you make adding additional borrowing in this budget will simply make it more difficult for us in the future.

We are faced with many important tasks, issues that are so important to our residents.

In the coming weeks, as you, the members of the Common Council, review this budget, the concerns I raised today will be repeated and repeatedly reinforced. Limited revenue, growing costs, looming obligations, and public expectations for basic city services all come together in a way that leaves us few, if any, alternatives.

I will continue to work for change from Madison. The dynamic the State has created is unsustainable.

But right now, we have to face the immediate fiscal reality – a reality that none of us relishes. We all want so much more for our constituents in 2021. But we must budget with constraint. We have no other option.

Thank you very much.

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