



Cavalier Johnson
Mayor, City of Milwaukee

**Mayor Cavalier Johnson
Presentation to the Milwaukee Common Council
On the 2023 City Budget
Remarks as Delivered on September 20, 2022**

Good Morning. Thank you, Council President Perez, and thank you Alders. And welcome to Treasurer Coggs, Comptroller Sawa, Attorney Spencer, department heads and municipal judges. It is a pleasure to be back in this chamber and among my distinguished colleagues this morning to present my budget for 2023.

Along with the budget office, I have prepared a detailed plan for expenditures. It is founded in a commitment to the best possible service to our residents, fiscal responsibility, and a commitment to equity.

As you will see, we are tightly constrained by limited revenue. In fact, “constrained” is not the right word. We are hamstrung – forced to cut long-established services because we simply do not have the money we need. Simply put, our costs are climbing, and our revenue is flat.

Let’s take a look both at revenue and costs. On the revenue side, our property tax levy and the fees we collect cannot be raised significantly without quickly hitting state statutory limits.

Shared revenue, the partnership established more than a century ago between the state and local governments, is broken. Shared revenue has actually declined in nominal dollars since the year 2000. In that time, if shared revenue had simply just kept pace with inflation, we would have \$155-million dollars more this year.

We are deploying some American Rescue Plan Act funds from the federal government – crucial money that, temporarily, helps us to avoid draconian cuts to even the most basic city services. But, ARPA money itself is not a sustainable solution.

This budget continues the trend of fewer full-time positions. Since 2000, city government has cut more than 1,000 employees – 1,000 positions – for the most part those cuts have come among general city employees, rather than police.

Even with fewer employees, our costs continue to climb. Inflation affects us. And, the most noteworthy climbing cost is our pension obligation. Police and fire pensions drive more than three-quarters of that obligation, and in the coming year, the pension price tag will reach an unprecedented level.

Our overall financial predicament is not sustainable. In a few minutes, I will outline my approach to remedy the situation. But, first, I will share some details from the plan I am presenting for 2023.

In my proposal, the total city budget will be approximately \$1.7-billion dollars, and the total tax levy will be up by two-percent to \$311-million dollars. If approved by the Council, a typical homeowner will pay an additional 2.1% in property taxes and about 4% more in fees. For a home at the city's median value, the combination of taxes and fees will increase by about \$48 dollars and 60 cents.

I have pressed every single department receiving taxpayer money to find ways to cut back. It is not an exercise I enjoy, but it is necessary to meet our obligation to balance the budget. I have prioritized both fiscal responsibility and maintaining vital services.

It may seem incompatible, but an important part of next year's budget is a two-percent pay raise for general city employees. Yes, any increased expenditure is carefully examined, but in the case of pay for general city workers, we had to act. Remember, the functions we perform as a city rely on people – capable, experienced, dedicated people. I value their work, and we must treat them respectfully. That means compensating them with wages that are competitive. A two-percent increase moves us in that direction.

And, for general city employees who have worked here at least five years, I have proposed an additional one-percent pay increase. Experience and loyalty ought to be rewarded, so veteran workers ought to be paid more.

The city, as an employer, has not reliably or predictably increased compensation for our workers. That is not a good approach, and we are correcting that.

This budget, again, reduces the number of funded positions in city government. Inevitably, that means we have less to give our residents. Services and responsiveness diminish. That is not what I want; that is not what anyone in this room wants either. We will reach our employment targets without layoffs in the coming year through expected attrition.

There is no higher priority – and no larger investment of city resources – than the work to increase public safety. The scale of our investment is reflected in this fact: the budget of the Milwaukee Police Department is nearly the entire tax levy for the city of Milwaukee.

We are all aware of the alarming increase in fatal shootings, and that is an important determinant of the public's perception of safety. What gets less attention is the drop in other categories of serious crime compared to last year. Let's look at the facts: Robbery is down eight percent; Aggravated assault is down nine percent; Rape is down eleven percent; theft is down nine percent; burglary is down twenty-one percent; and motor vehicle theft is down nineteen percent from 2021 to 2022.

The reasons behind the lower crime numbers are many, and they certainly include good police work, stronger partnerships to reduce crime, yes, holding criminals accountable; and engaging family members, friends, neighbors, preachers, teachers, and mentors to step up. These are policies I have advanced, and we are seeing positive results.

If our financial standing were better, I would favor adding more officers to Milwaukee's police department. My proposed budget reduces sworn-in strength by one percent. At the same time, we continue the trend of having civilians perform work previously done by officers in functions such as crime analysis and dispatching. I want as many sworn officers on the streets as possible.

Our police officer numbers count positions we anticipate will be funded by a federal grant yet to be awarded. If the city does not receive that grant, overall sworn strength in the police department could be reduced by nearly two-percent next year.

Our Fire Department, too, will see reductions. One apparatus will be decommissioned in January and, possibly, a second taken off line in July. Again, in this case, I would prefer to add resources to the Milwaukee Fire Department, but that simply isn't possible. It's clear, the culprit is revenue constraints.

The Fire Department has earned our admiration. Firefighters and paramedics, they work hard, demonstrating skill and dedication, providing service in difficult situations. They have my confidence and my appreciation.

The Milwaukee Public Library has responded to the fiscal challenges by rethinking its approach. The library has a renewed focus on outreach, particularly to our youngest citizens, our youngest patrons. The library is looking beyond the walls of its branches – connecting with schools, early childhood locations, and other community agencies – to bring library services right to the community. Yes, several branch libraries will see reduced hours, but the goal of expanded outreach is to increase the role our libraries play for our residents.

As library staffing models change, there will be savings – another example of Milwaukee tightening its belt. At the same time, you will see more pop-up libraries bringing resources, services, and wi-fi to targeted communities and events. Online and virtual resources will see a revamp and expansion. And we are moving forward with a new Martin Luther King Drive library.

Every year we direct resources to infrastructure. We work to maintain and improve the roadways, the pipes and the wires essential for a functioning city. This coming year, some of the investments we will make will make roadways safer with physical changes designed to reduce

reckless driving. We are expanding our focus on bicycle infrastructure, including protected bike lanes, that make our streets safer for everyone.

To fulfill our obligation to the city's pension system, this budget includes a \$100-million payment to the fund. That is almost \$30-million more than the pension system required just last year. Our 2023 payment is a good-faith estimate of the amount we will owe with the new periodically adjusted required contribution.

Our pension costs are driven, largely, by the benefits earned by police officers and firefighters. We have no ability to reduce what we owe, and we are in no position to ask the pension system to trim the bill.

\$100-million, \$100-million is a remarkable reversal of fortune. Just fourteen years ago, the city budget included no pension payment; it just wasn't needed. Since that time the tab has increased -- \$20-million, then \$40-million; \$60-million to \$70-million, and now \$100-million. We pay our bills, but it's getting increasingly challenging to do so.

Basic city services remain an essential priority in my proposed budget. We still have to collect the garbage, we still have to plow the snow, we still have to fill the potholes, and respond to pandemics. We still need to conduct elections, attract business, and enforce our building codes. We have a city to run.

So, I am looking to sustainable revenue solutions for the city's fiscal predicament, and those solutions are only possible with action from Madison. That is where my attention has been focused.

Let's put this into perspective. As the State of Wisconsin amasses surpluses in the billions of dollars, Milwaukee's shared revenue is stuck with funding levels typical of the last century.

Limited revenue is not a problem unique to Milwaukee. Municipalities from Brookfield in Waukesha County to Tomahawk in the north woods, they also have raised similar concerns. When a community with the wealth of Brookfield feels the system is not working, then it clearly, it clearly is not working for communities all across the state.

I am making the case directly to legislators and their leaders in the State Senate as well as the State Assembly. We are talking about shared revenue, and we're discussing additional revenue options.

I am pointing out Milwaukee is an outlier among major U.S. cities with just one tax source – the property tax. And we are further constrained by statutory caps on how much money we can raise. Unlike other cities, we don't have access to a hotel tax, don't have access to an income tax, and don't have access to a sales tax that we are able to raise.

My point to leaders in Madison is simple: there are options to address our situation.

I am raising another important issue: city government's work is essential to our residents and our businesses; it is also essential to commuters and visitors. Milwaukee is vital to the region and to the state. In the end, choking our revenue has a ripple affect far beyond the city limits.

I appreciate those who have joined me in pushing for change in local government revenue. Milwaukee County and the Metropolitan Milwaukee Association of Commerce have been thoughtful and active partners along with many others. Unions, including the Milwaukee Police Association and the Milwaukee Professional Firefighters, Local 215, they have joined the conversation. While not involved in advocacy, the Wisconsin Policy Forum has objectively reviewed the facts and presented reports that illuminate the situation before us.

I remain hopeful the legislature will take up changes in funding for Milwaukee and other municipalities promptly. I will continue to state Milwaukee's case and do it with those in a position to make a difference.

The decisions we make in this budget, and in all our work, reflect the values that we all share. I am focused on the people of Milwaukee and their expectations of city government. I am committed to equity, inclusion, and respect. I embrace the trust our residents have placed in us with a commitment to integrity and honesty.

With the delivery of the 2023 budget, I turn the work over now to the Common Council for the checks and balances required by law. Fundamentally, we all agree to provide basic city services, we all agree to prepare our city for the future, and we all agree to maintain a quality of life all of Milwaukee deserves. Nevertheless, in the budget process, we must face the facts. Insufficient resources have forced cuts and limited our ambitions for city government. This coming year we will work through the financial restrictions, and I am optimistic the future will bring the change we need.