



Introduction

Budget Reduction Scenarios

Steering & Rules Committee
Common Council File No. 221521
March 31, 2023



Introduction

Why is this exercise necessary?

- The 2023 budget gap was \$151 million
- More than half of it (\$85M) was filled with American Rescue Plan Act (ARPA) money
- Future budget gaps will be of similar scale
 - There is only \$93 million of unallocated ARPA funds remaining
- Without revenue adjustments from the state, cuts on this scale (10-25%) will likely be necessary in 2025 and beyond

Introduction

What is the purpose of beginning to describe these scenarios?

- Gives city leaders a chance to communicate these likely impacts with:
 - Milwaukee residents
 - Milwaukee visitors
 - State legislators representing residents and visitors
- This is intended to provide a broad sense of what is possible
 - And, in most cases, what isn't possible

Introduction

Summary of Methodology

- All departments (including electeds) were analyzed except for Enterprise Funds
- 2023 Adopted Budget used as a baseline
 - Excludes grant and capital funding
 - Estimated fringe benefits removed
 - FTE reductions do not lead to proportionate and immediate pension and health savings
 - 2023 across the board 2% wage increase added
 - This was budgeted outside of departments for 2023, but will be included in all future budgets

The Bottom Line

| 10% | 20% | 25% |
|--------------|---------------|---------------|
| \$54,260,845 | \$108,521,690 | \$135,652,112 |

This is too early in preparations for the 2024 budget to be a preview of that budget

- Most of these impacts are not yet implementable
- More analysis will be required to determine feasibility

This scale of cuts will not be necessary until the 2025 budget at the earliest, pending additional discussions with the state for increased revenue options.

