



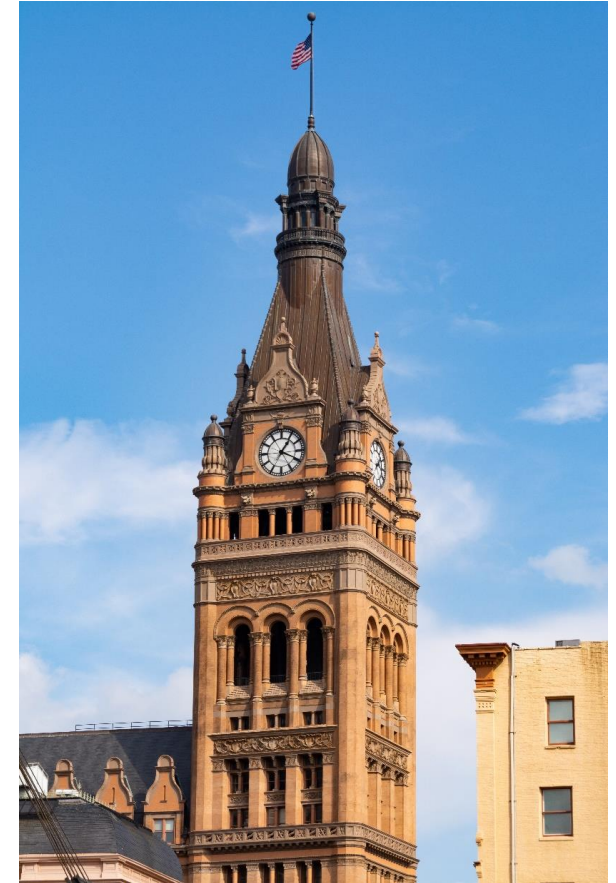
**Mayor Cavalier Johnson's
Public Hearing on the
2024 Requested Budget
August 31, 2023**

Presentation Goals

1. Give a general background on Milwaukee's finances
 - pre and post ACT 12
2. Provide information about the City of Milwaukee's budget structure & budget process
3. Summarize 2024 departmental budget requests

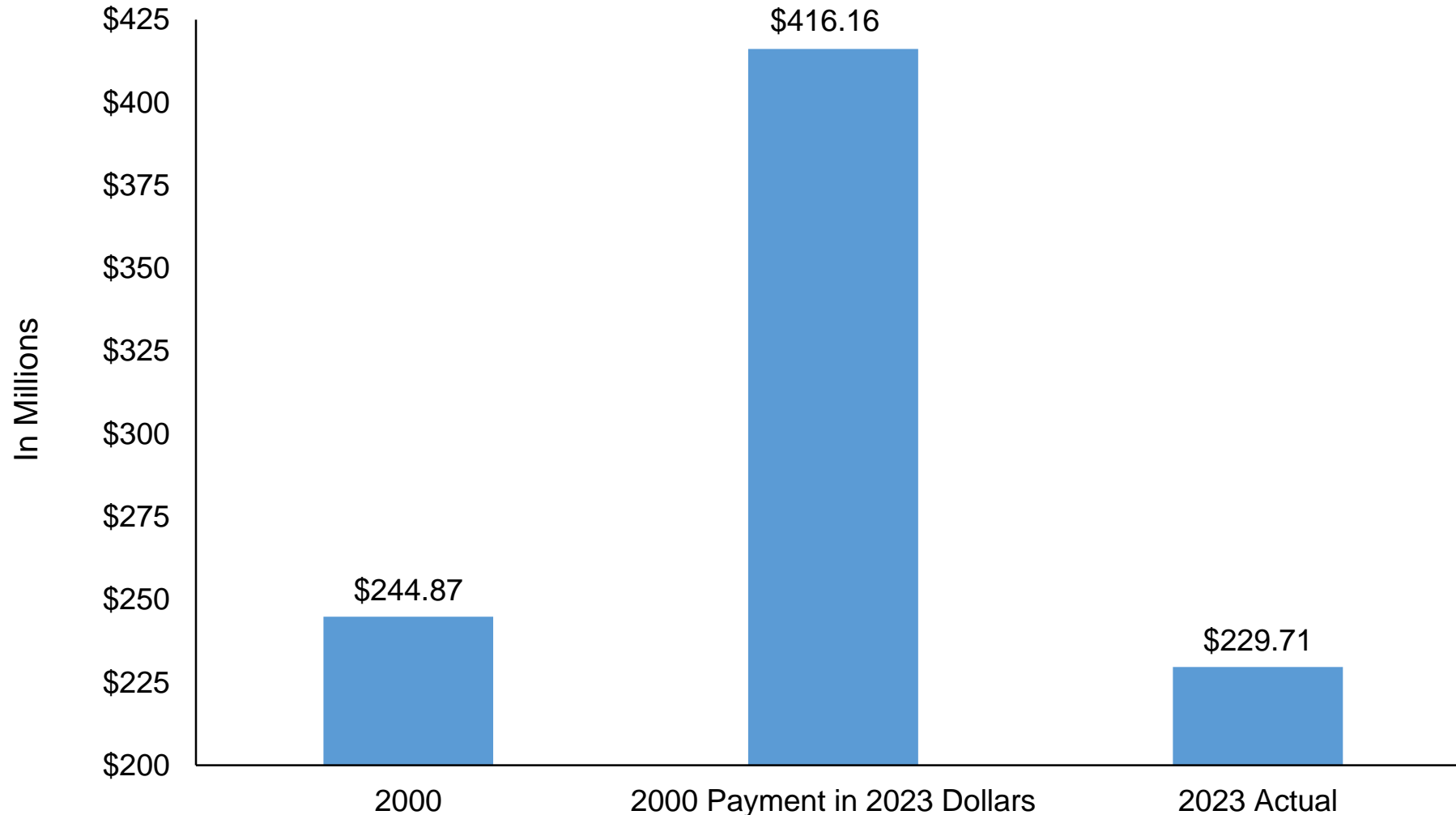
Did you know...

- The City of Milwaukee has an annual budget
 - From January 1 to December 31
- The City budget is required by law to be balanced
 - Expenditures cannot exceed revenues
- The City of Milwaukee was founded in 1846
 - Two years before the State of Wisconsin
- Milwaukee City Hall was the tallest occupied building in the world when completed in 1895



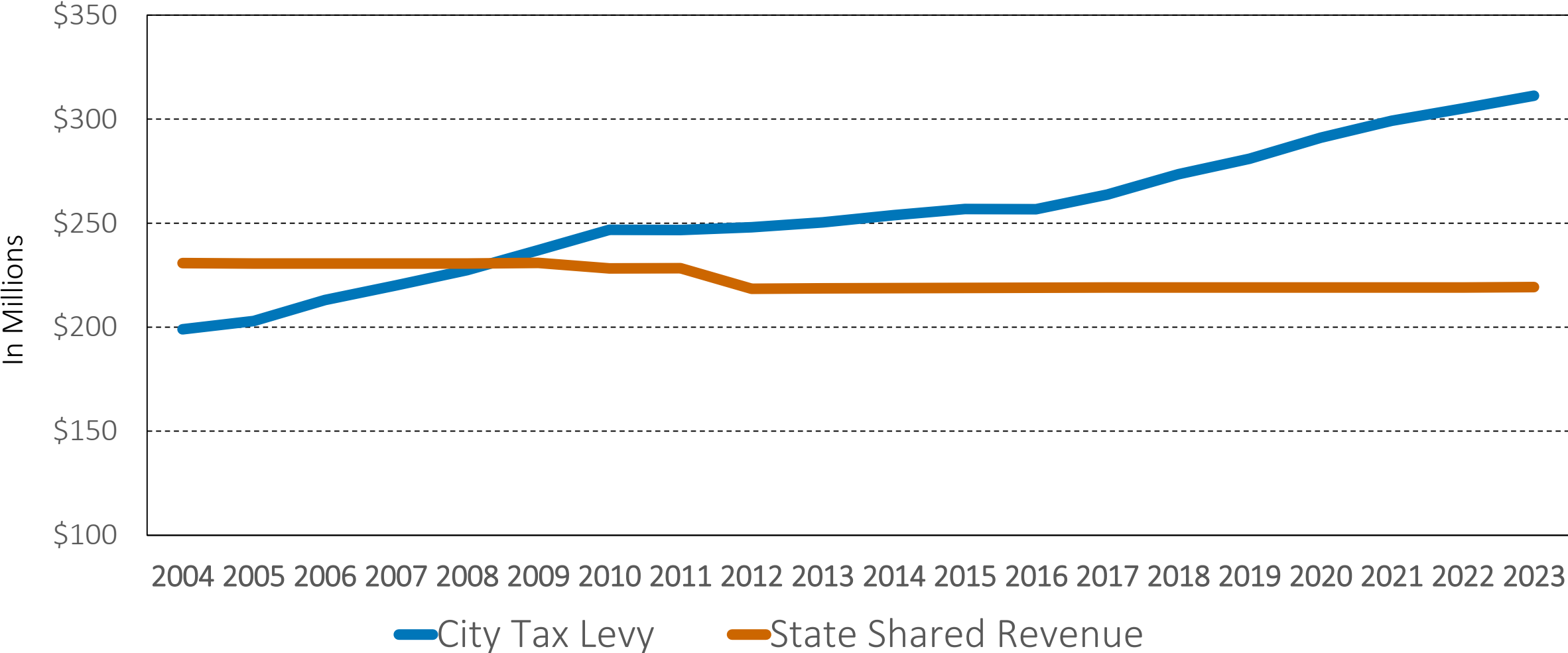
Shared Revenue from State Stagnant Since 2000

State Shared Revenue/ERP Payments to Milwaukee 2000 and 2023



Source: US Bureau of Labor Statistics: CPI-U Tables; City Budget Documents;
WI Legislative Fiscal Bureau.

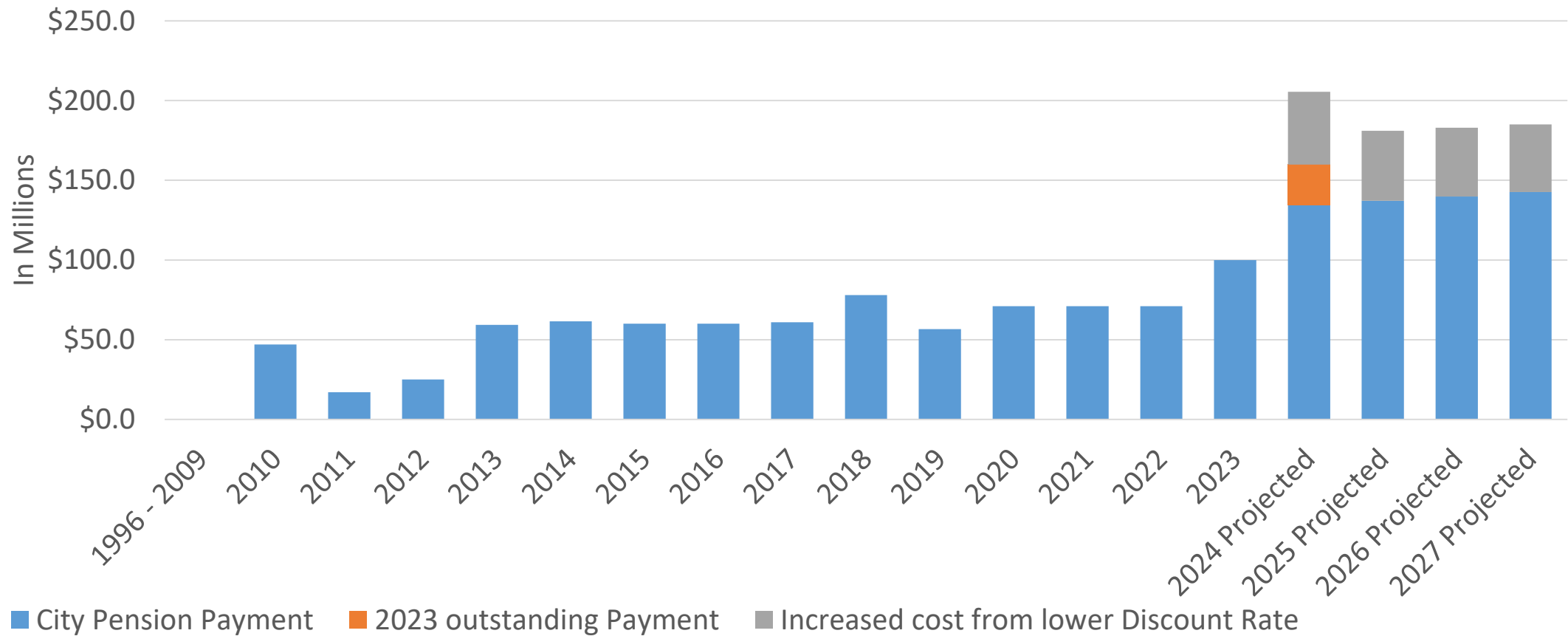
Flat State Aids Forced Increases to Property Taxes



City Efforts to Reduce Costs

- 1. Reduced over 1,000 positions since 2000**
 - Estimated annual savings of over \$80 million
- 2. Eliminated salary step system for General City Employees in 2011**
 - Estimated total savings of approximately \$40 million
 - Did not include Police & Fire – subject to negotiations
- 3. Require Employees to Contribute into Pension System**
 - \$24 million in 2022
- 4. Require Employees & Retirees to pay Health Care Premiums**
 - An average of about \$21 million annually
 - An average of \$16 to \$18 million in plan design change savings annually
- 5. Improving employee safety programs**
 - \$5 million in reduced workers compensation expenditures

Escalating Pension Costs



ACT 12 Improves City Fiscal Outlook

- 1) Immediate 10% increase in 2024 State Shared Revenue
 - ~ **\$21.7M**
 - ~ 3% annual increase in future years
 - 15% penalty if public safety staffing reduced
- 2) Opportunity to enact 2% sales tax in City
 - ~ **\$190.2M**
 - Enacted by City Council and Mayor in July, will begin in 2024
 - Requires new employees to be part of the Wisconsin Retirement System (WRS)
- 3) Reduce City of Milwaukee's Employee Retirement System (CMERS) discount rate from 7.5% to 6.8% (aligns with WRS)
 - Short term, annual pension costs will increase by ~**\$45M**

What the Sales Tax changes

- It gives the City revenue options for the first time in over a generation
- Prevents drastic service cuts
- Stabilizes our pension costs long-term
- Tourists/Commuters help pay for services
- Immediate relief from the looming fiscal cliff we were facing, but still have a long rocky road ahead

Key considerations for the 2024 budget

- For the first time in decades, cost-to-continue budgets likely in all departments
- Increasing police and fire sworn personnel to ensure ACT 12 compliance
- Increasing Office of Equity and Inclusion(OEI)/Office of African American Affairs(OAAA) budgets to reflect Mayor and Council priorities
- Reversing decades long depletions of reserves and deferring of needed capital improvements
- Budgeting for more competitive wages in critical positions
- Catching up on full pension payment for 2023
- Budgeting for increased pension costs resulting from the ACT 12 mandate that lowered our discount rate

What's ahead?



A LOOK *at the* **BUDGET**

2024 Budget Process Calendar

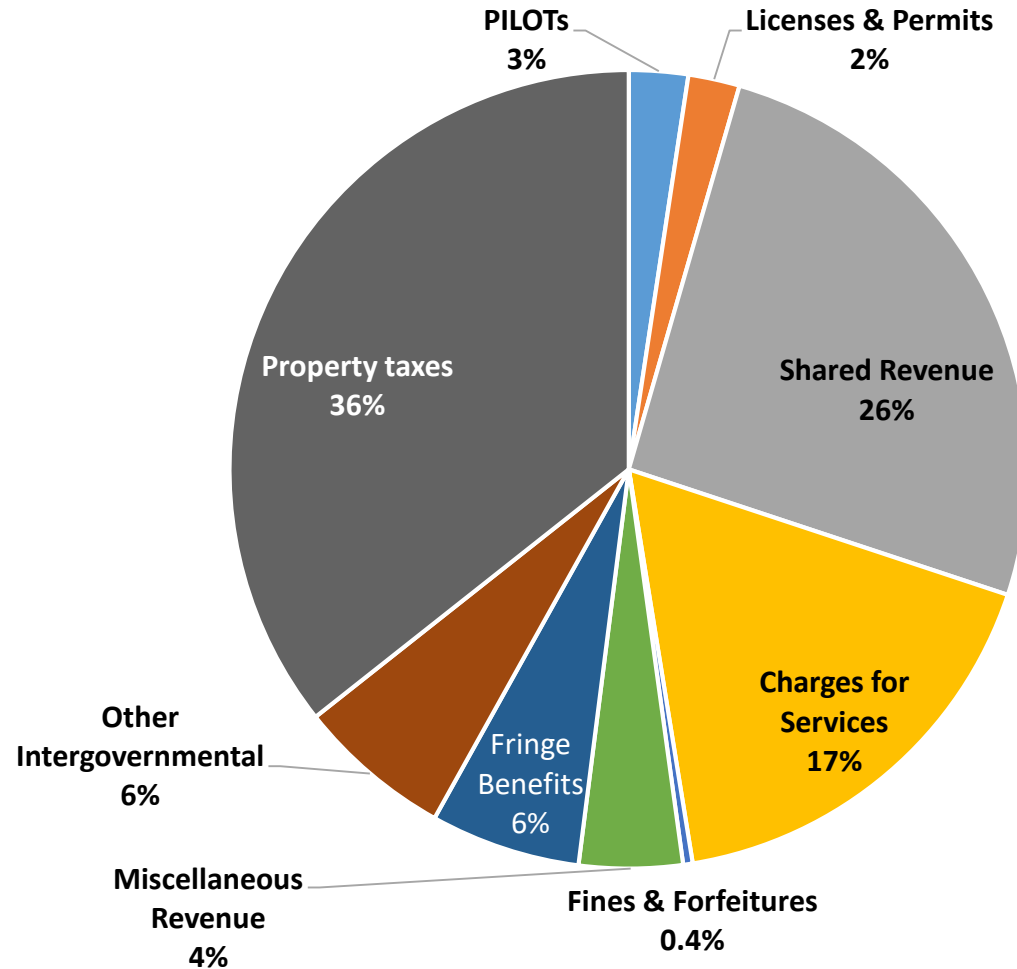
| | |
|------------------------------|--|
| May 9 | Department Budget Requests |
| May to September | Executive Budget Development |
| August 31 | Mayor's Public Budget Hearing |
| September 19 | Mayor submits Proposed Budget |
| September 29 – October 16 | Finance and Personnel Committee reviews Proposed Executive Budget |
| October 2 | Joint Public Hearing on the Budget |
| November 3 | Estimated date for Budget Adoption |

Where the Money Comes From

City of Milwaukee General Fund Revenues

Three Main Sources of Revenue:

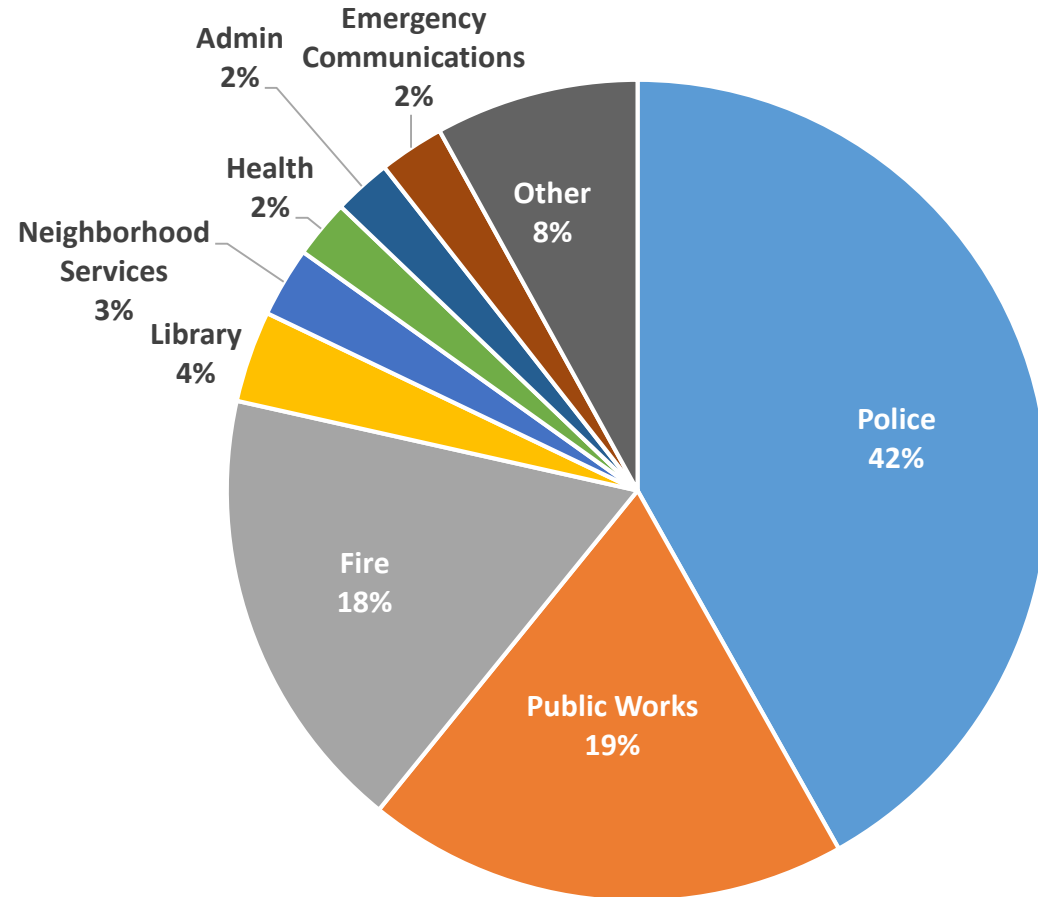
- Charges for Service
- Property Taxes
- Intergovernmental



Where the Money Goes

City of Milwaukee Departmental Operating Budget Allocations

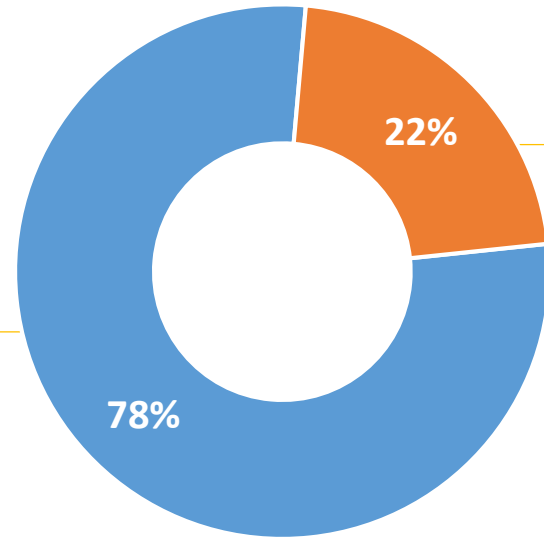
- Police & Fire combined makes up 60% of General Fund Departmental Budgets
- Each year, the cost of providing the same level of service as the year before increases
- The City must increase revenue, decrease services, or do both each year to balance the budget
 - With new revenue in 2024 from the sales tax and increased shared revenue, we won't have to decrease services for the first time in decades



Budget Structure: 2024 Requests

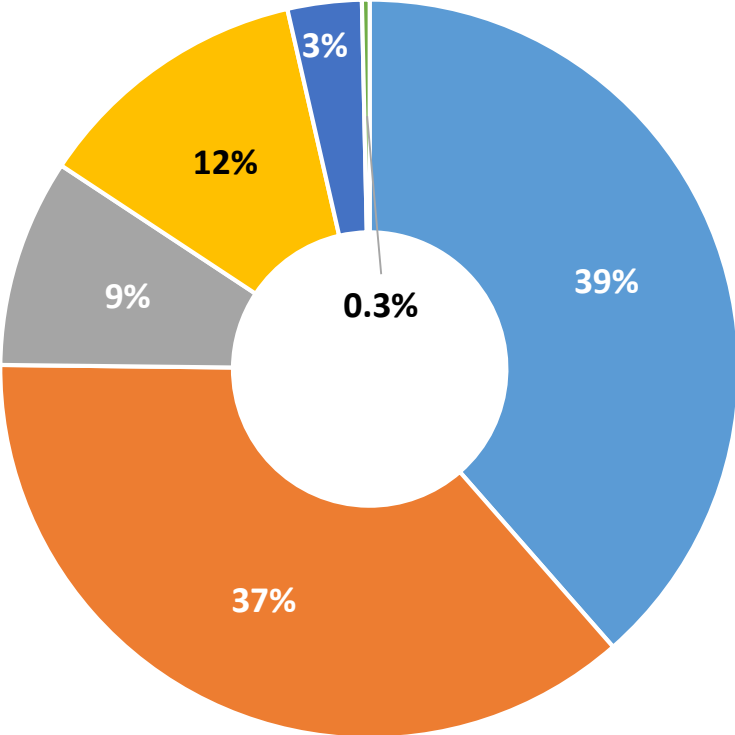
2024 Budget Request = \$1.91 billion

| |
|--|
| Property Tax Supplemented Funds \$1.49 billion requested |
| General City Purpose |
| Employee Retirement |
| Capital Improvements |
| City Debt |
| Delinquent Tax Fund |
| Contingent Fund |



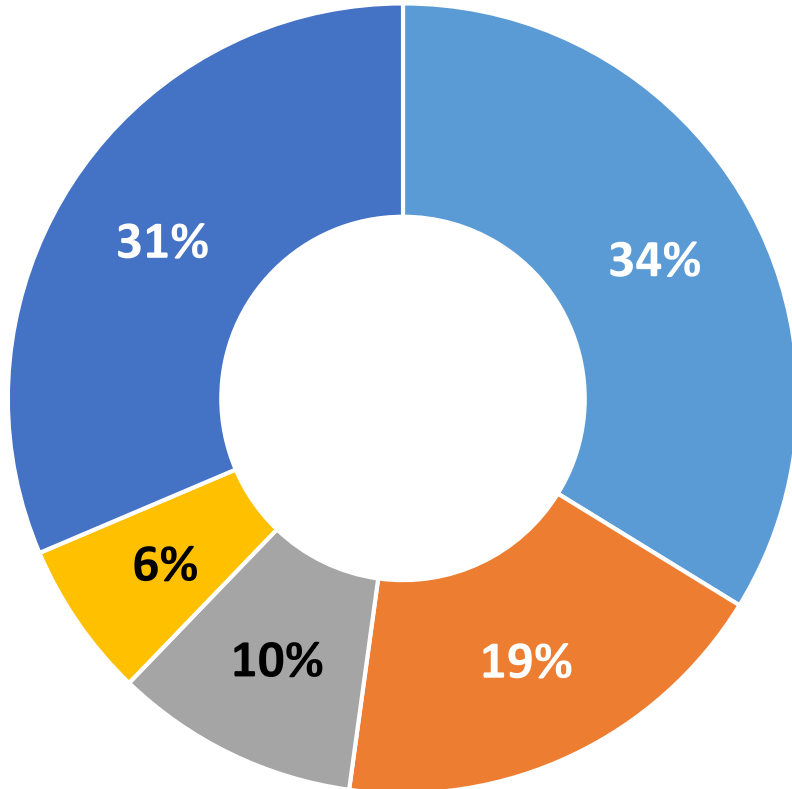
| |
|--|
| Special Revenue Funds \$419 million requested |
| Enterprise Funds: <ul style="list-style-type: none">• Water Works• Sewer Maintenance• Transportation |
| Grant and Aid |
| County Delinquent Tax |

Requested 2024 Expenditures for Property Tax Supplemented Funds



| | 2024 Request | \$ Change from 2023 Budget | % Change from 2023 Budget |
|--|--------------|----------------------------|---------------------------|
| Department Expenses (39%) | \$571.4 M | \$96.1 M | 20% |
| Capital Improvements & City Debt (37%) | \$542.9 M | \$53.8 M | 11% |
| Employee Healthcare & Worker's Compensation (9%) | \$135.0 M | -\$0.1 M | -0.04% |
| Employee Retirement (12%) | \$179.9 M | \$36.0 M | 25% |
| Special Purpose Accounts (3%) | \$48.1 M | \$18.9 M | 65% |
| Contingent Fund (0.3%) | \$5 M | \$0 | 0% |

Initial 2024 Revenue Estimates for Property Tax Supplemented Funds

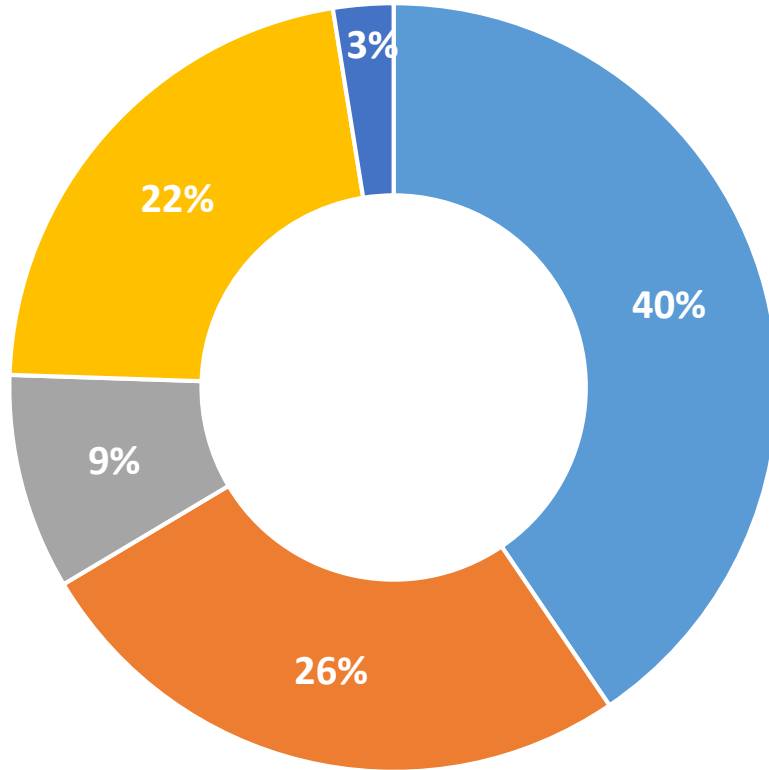


| | 2024 Requested Budget | \$ Change from 2023 Budget | % Change from 2023 Budget |
|-----------------------------|-----------------------|----------------------------|---------------------------|
| Property Tax Levy | \$500.6 M | \$189.4 M | 60.9% |
| Intergovernmental Revenue | \$272.8 M | -\$0.2 M | -0.1% |
| Charges for Services | \$148.5 M | \$0 M | 0.0% |
| Other General Fund Revenue* | \$94.9 M | -\$34.6 M | -26.7% |
| All Other Revenue** | \$465.4 M | \$50.1 M | 12.1% |

* Other General Fund Revenue includes payments in lieu of taxes, licenses and permits, fines and forfeitures, and Tax Stabilization Fund withdrawals.

** Other Revenues includes various funding sources, including General Obligation borrowing, Tax Increment financing, Delinquent Tax revenue and Debt revenues.

Special Revenue Funds: 2024 Requests



| | 2024 Requested Budget | \$ Change from 2023 Budget | % Change from 2023 Budget |
|----------------------------|-----------------------|----------------------------|---------------------------|
| Water Works | \$170.0 M | \$10.1 M | 6.3% |
| Sewer Maintenance | \$108.7 M | -\$1.2 M | -1.1% |
| Transportation | \$38.1M | -\$4.1 M | -9.8% |
| Grant & Aid | \$92.0 M | -\$24.8 M | -21.3% |
| County Delinquent Tax Fund | \$10.6M | \$1.1 M | 11.7% |

2024 Budget Request Summary

- Departments request \$115 million more than budgeted in 2023

Department Budget Requests and ARPA Replacement

Selected Departments, in millions

| <u>Department</u> | <u>Request</u> | <u>Budget Increase</u> | |
|--------------------------|----------------|------------------------|----------------|
| | | <u>Amount</u> | <u>Percent</u> |
| Police | \$311.8 | \$11.9 | 4% |
| Public Works | \$142.3 | \$6.7 | 5% |
| Fire | \$145.1 | \$13.1 | 10% |
| Emergency Communications | \$25.9 | \$7.5 | 41% |
| Library | \$28.3 | \$2.5 | 10% |
| Health | \$20.0 | \$3.5 | 22% |
| Neighborhood Services | \$21.9 | \$2.2 | 11% |
| Administration | \$19.2 | \$2.9 | 18% |

Presentation Follow-up

If you have questions or a request for follow-up information, you may contact:

Nik Kovac

Budget & Management Director

414-286-8552

NiKovac@milwaukee.gov

View the City's budget at www.milwaukee.gov/budget