

City of Milwaukee
Comparative Revenue and Expenditure Report



Martin Matson
Comptroller

2017

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Introduction

The City of Milwaukee continues to rank lower than the comparable city average for total revenues, \$1,881 per capita versus the average of \$2,133. In the local taxes category, when all taxes (property, sales, income, lodging, etc.) are taken into consideration, the City of Milwaukee ranks lowest among comparable cities, \$481 per capita versus the average of \$968. On the expenditure side, Milwaukee's per capita total expenditures of \$2,027 are slightly higher than the average of \$1,950.

Audited comprehensive annual financial reports (CAFR) for calendar year 2016 or fiscal year 2015/2016 were used to compile this report. The data in this report deals only with city government revenues and expenditures. Note that averages of the comparable city data do not include City of Milwaukee figures. The report's methodology is further explained on page 16.

Revenue Sources

Unlike most other states, Wisconsin’s tax system was designed to assess all sales and income taxes at the state level and redistribute these tax collections back to local governments. The result of this tax structure is a limited ability to raise revenue at the local level.

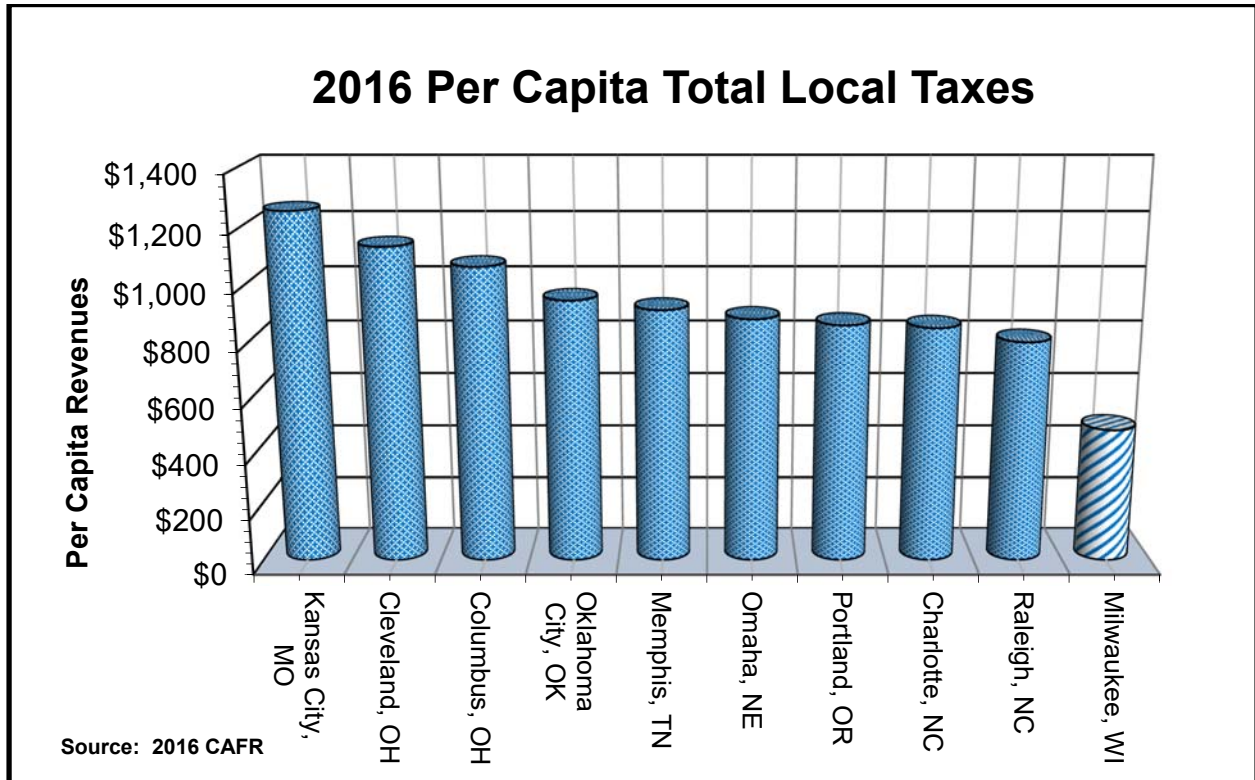
In total, locally generated municipal tax revenues in Milwaukee are much lower than those raised in comparable cities, due to the fact that the State of Wisconsin prohibits local governments from assessing local sales and income taxes except as specifically authorized by State legislation. These sales taxes are quite limited in scope, including sales taxes imposed for specifically legislated premier resort area tax districts or sports stadium districts. For local governments in Wisconsin, the property tax is the only significant, on-going source of tax revenue. Therefore, State aids are a critical component of the City of Milwaukee’s revenue structure, given its limited local revenue options.

2016 Per Capita Municipal Revenues				
	City of Milwaukee	Average of Comparable Cities	Variance Milwaukee versus Comparable City Average	
Property Taxes	\$481	\$362	\$119	33%
Other Local Taxes	0	606	(606)	-100%
Total Local Taxes	\$481	\$968	(\$487)	-50%
Intergovernmental Aids	604	297	307	103%
Total Local Taxes and Aids	\$1,085	\$1,265	(180)	-14%
Charges for Services	653	830	(177)	-21%
Other Revenues	143	38	105	276%
Total	\$1,881	\$2,133	(\$252)	-12%

Source: 2016 CAFR

Total local per capita taxes in Milwaukee of \$481 are 50% less than the comparable cities average of \$968. City of Milwaukee per capita local taxes combined with intergovernmental aids of \$1,085 are 14% lower than the peer city average of \$1,265. Total per capita revenue for the City of Milwaukee is \$1,881, which is 12% less than the comparable cities average of \$2,133.

Local Taxes

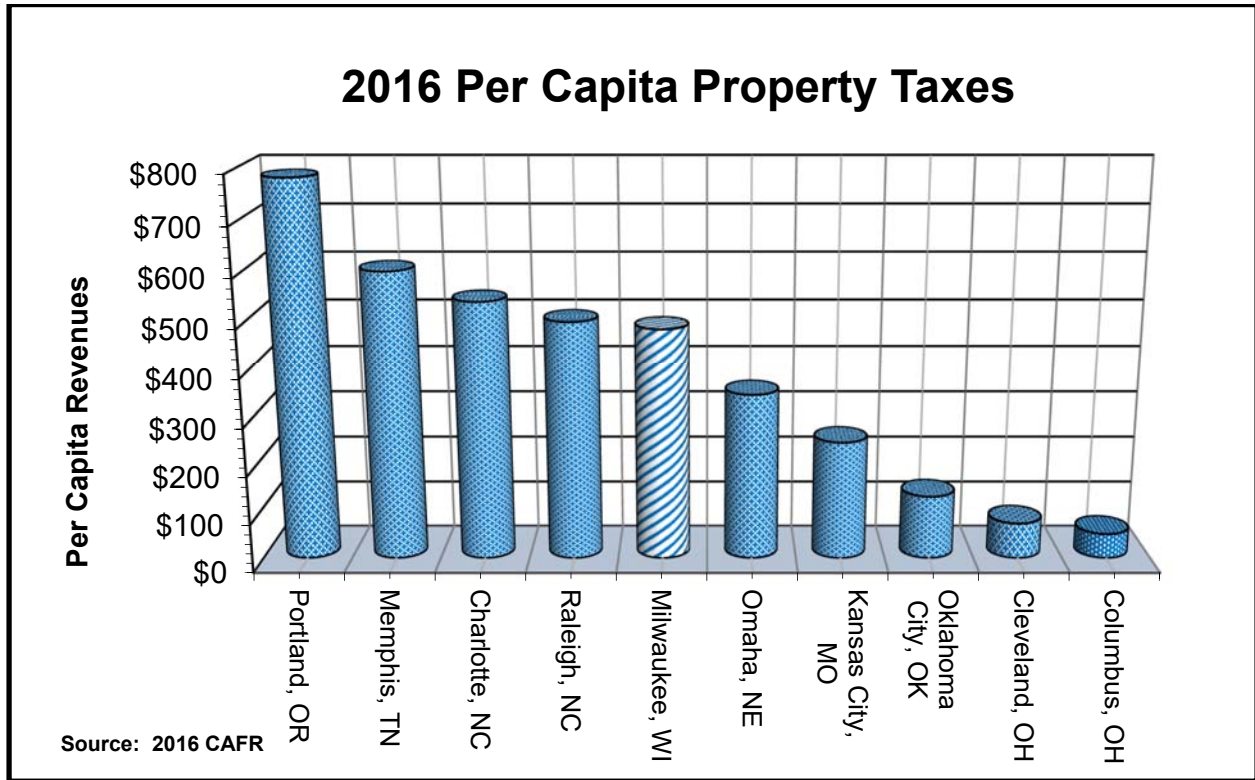


Local taxes include property, utility, sales, income and other taxes generated at the municipal level. The only local tax the City of Milwaukee can levy is the property tax. All of the nine peer cities included in this report have one or more additional local tax options available. As a result, when all available local taxes are considered, Milwaukee ranks last in per capita local taxes. Milwaukee collects \$481 per capita in total local taxes, which is 50% lower than the average of comparable cities.

	<u>Amount</u>
Kansas City, MO	\$ 1,256
Cleveland, OH	1,133
Columbus, OH	1,064
Oklahoma City, OK	947
Memphis, TN	914
Omaha, NE	882
Portland, OR	861
Charlotte, NC	851
Raleigh, NC	801
Milwaukee, WI	481
Average of Comparable Cities	\$ 968

Source: 2016 CAFR

Property Taxes

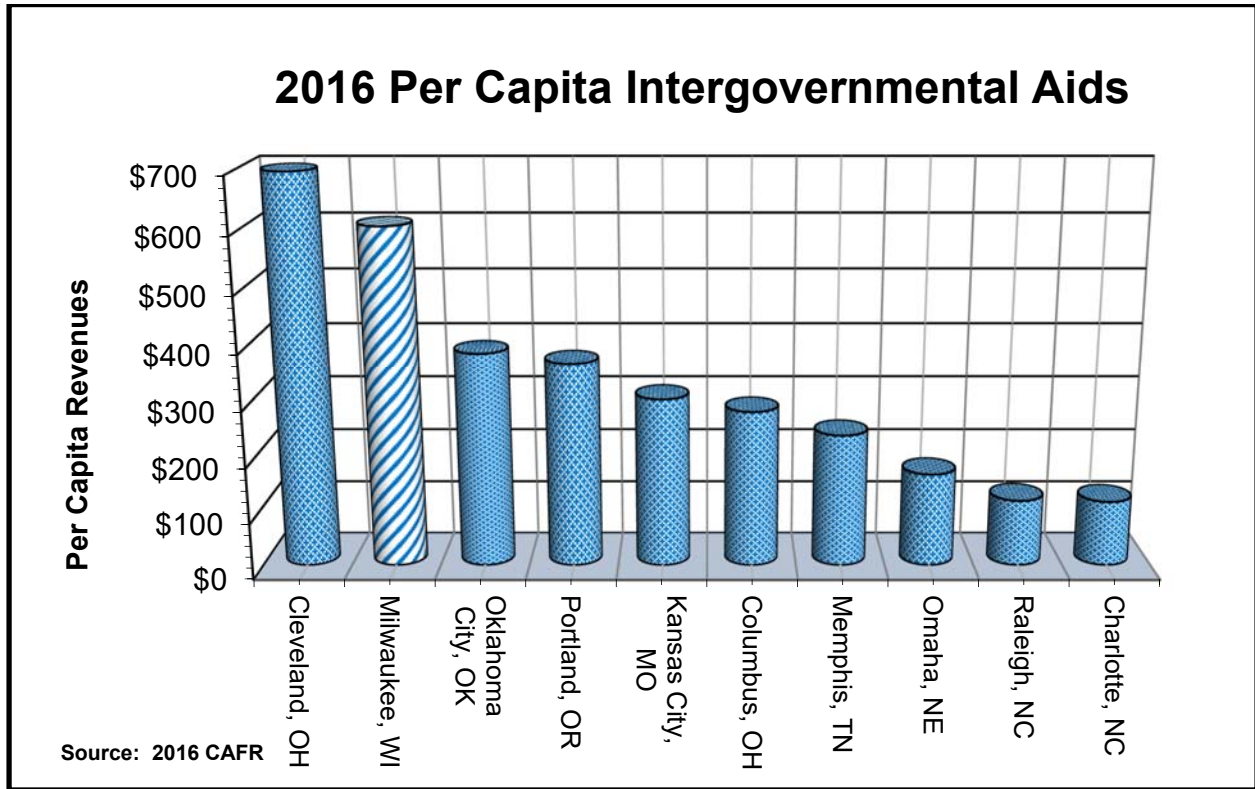


The City of Milwaukee’s local tax is the property tax. Milwaukee’s municipal property tax per capita is \$481, which is 33% higher than the peer city average. Since the City of Milwaukee cannot assess a local sales tax or a local income tax, it relies on the property tax for its local tax revenue.

	<u>Amount</u>
Portland, OR	\$ 782
Memphis, TN	598
Charlotte, NC	537
Raleigh, NC	496
Milwaukee, WI	481
Omaha, NE	345
Kansas City, MO	246
Oklahoma City, OK	131
Cleveland, OH	74
Columbus, OH	51
Average of Comparable Cities	\$ 362

Source: 2016 CAFR

Intergovernmental Aids

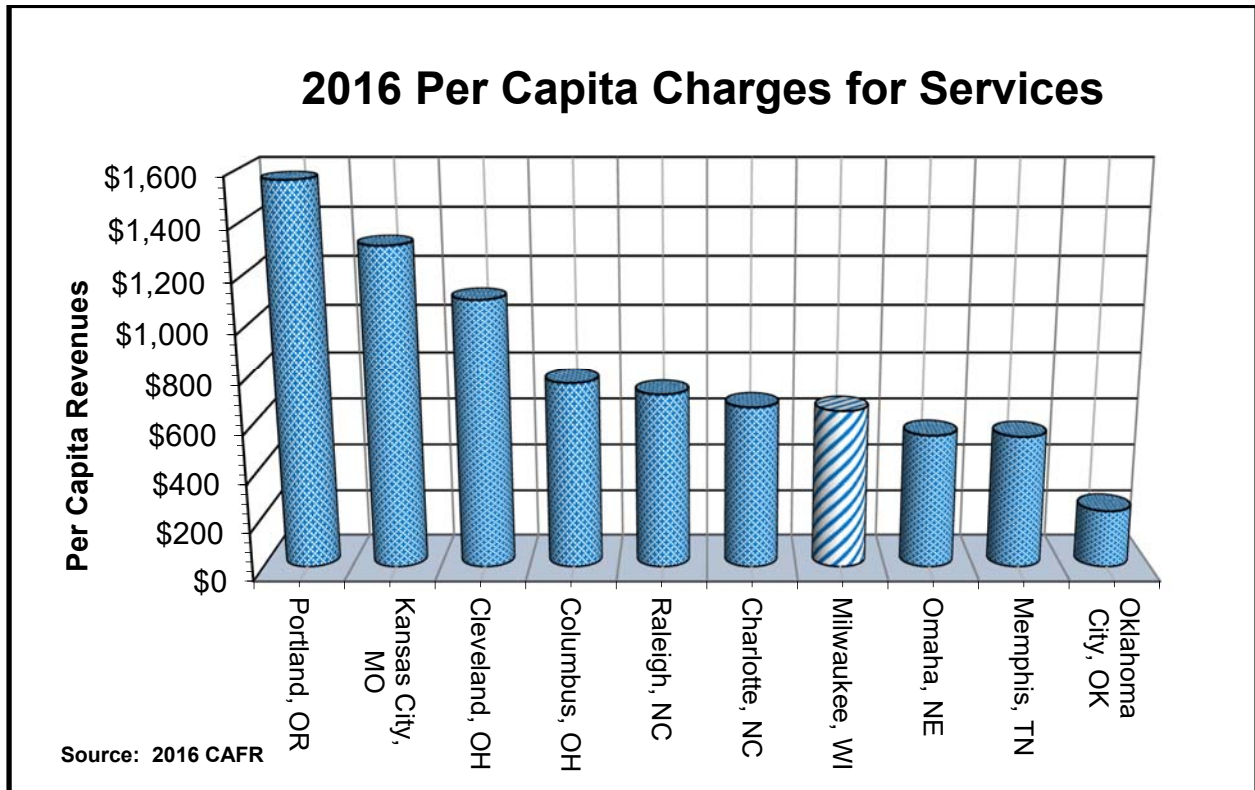


In Wisconsin, municipalities do not have the ability to institute sales or income taxes. Instead, the Wisconsin tax system was designed for these taxes to be assessed and collected by the State, with a portion redistributed back to municipalities in the form of State Shared Revenue payments. This tax system is the primary reason why Milwaukee ranks second in funding from intergovernmental revenues, 103% higher than the average of comparable cities. However, state aids received by the City of Milwaukee have declined, in real terms, over the years.

2016 Per Capita Revenues Intergovernmental Aids	
	<u>Amount</u>
Cleveland, OH	\$ 696
Milwaukee, WI	604
Oklahoma City, OK	385
Portland, OR	367
Kansas City, MO	302
Columbus, OH	280
Memphis, TN	238
Omaha, NE	167
Raleigh, NC	119
Charlotte, NC	117
Average of Comparable Cities	\$ 297

Source: 2016 CAFR

Charges for Services



The City of Milwaukee’s effort to control the growth in property taxes and accommodate decreasing State aid has resulted in a need to look for alternative sources of revenue. The City has adopted a variety of user charges to provide local revenue alternatives to the property tax. However, Milwaukee’s \$653 per capita charges for services is 21% lower than the average of comparable cities.

	<u>Amount</u>
Portland, OR	\$ 1,564
Kansas City, MO	1,312
Cleveland, OH	1,102
Columbus, OH	767
Raleigh, NC	721
Charlotte, NC	668
Milwaukee, WI	653
Omaha, NE	552
Memphis, TN	547
Oklahoma City, OK	237
Average of Comparable Cities	\$ 830

Source: 2016 CAFR

Expenditures by Purpose

Like its peer cities, the City of Milwaukee provides a variety of services to its citizens, businesses, and visitors. City services are critical to supporting a quality of life in Milwaukee which meets basic resident needs and expectations. Maintaining City service sufficient to provide for a safe, clean environment is critical to the long term vitality of a city.

2016 Per Capita Expenditures by Purpose				
	City of Milwaukee	Average of Comparable Cities	Variance Milwaukee versus Comparable City Average	
Public Safety	\$940	\$696	\$244	35%
Public Works	678	734	(56)	-8%
General Government	142	196	(54)	-28%
Conservation and Development *	133	124	9	7%
Culture and Recreation**	50	104	(54)	-52%
Interest Expenses	42	72	(30)	-42%
Health ***	42	24	18	75%
Total Expenditures	\$2,027	\$1,950	\$77	4%

* Nine cities including the City of Milwaukee report Conservation & Development expenditures.
 **Eight cities including the City of Milwaukee report Culture and Recreation expenditures.
 ***Four cities including the City of Milwaukee report Health expenditures.

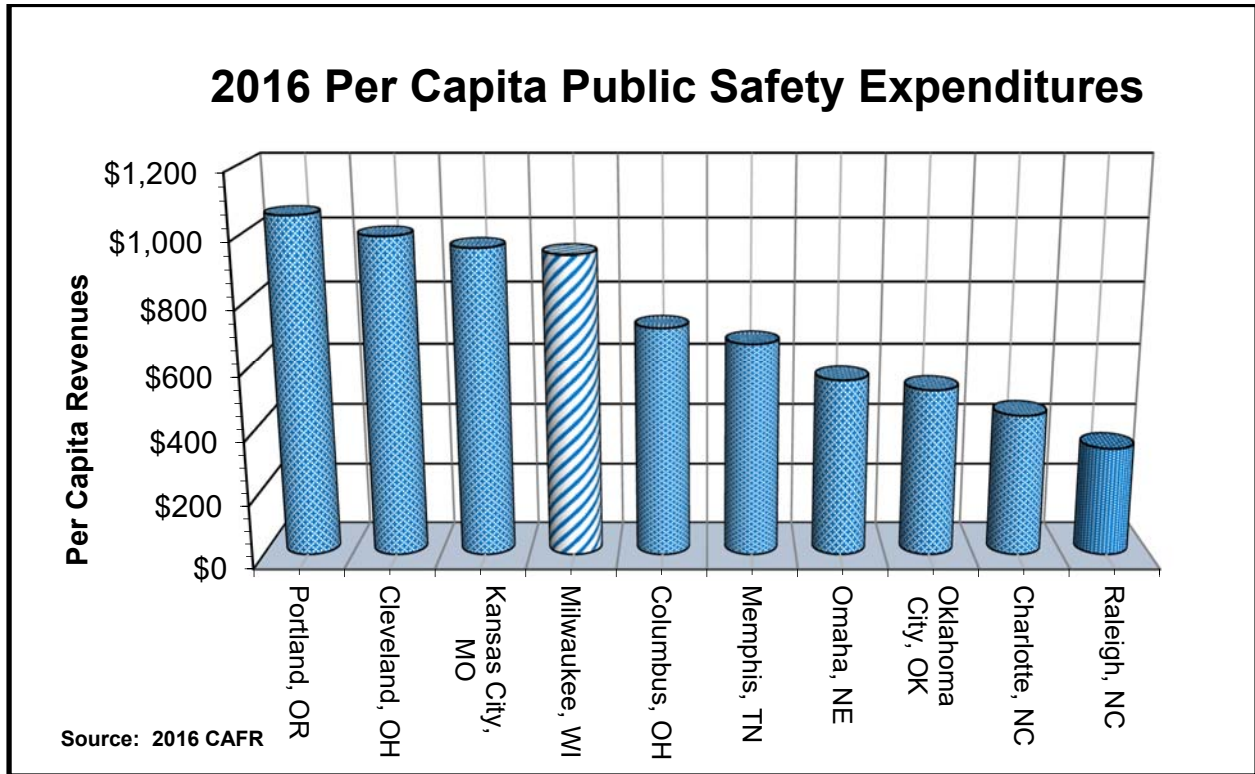
Source: 2016 CAFR

Total expenditures in 2016 for the City of Milwaukee are \$2,027 per capita. This is 4% higher than the comparable city per capita average of \$1,950.

2016 Per Capita Expenditures Total Expenditures	
	<u>Amount</u>
Portland, OR	\$ 3,080
Cleveland, OH	2,778
Kansas City, MO	2,675
Milwaukee, WI	2,027
Columbus, OH	1,973
Memphis, TN	1,606
Charlotte, NC	1,484
Omaha, NE	1,394
Oklahoma City, OK	1,285
Raleigh, NC	1,279
Average of Comparable Cities	\$ 1,950

Source: 2016 CAFR

Public Safety

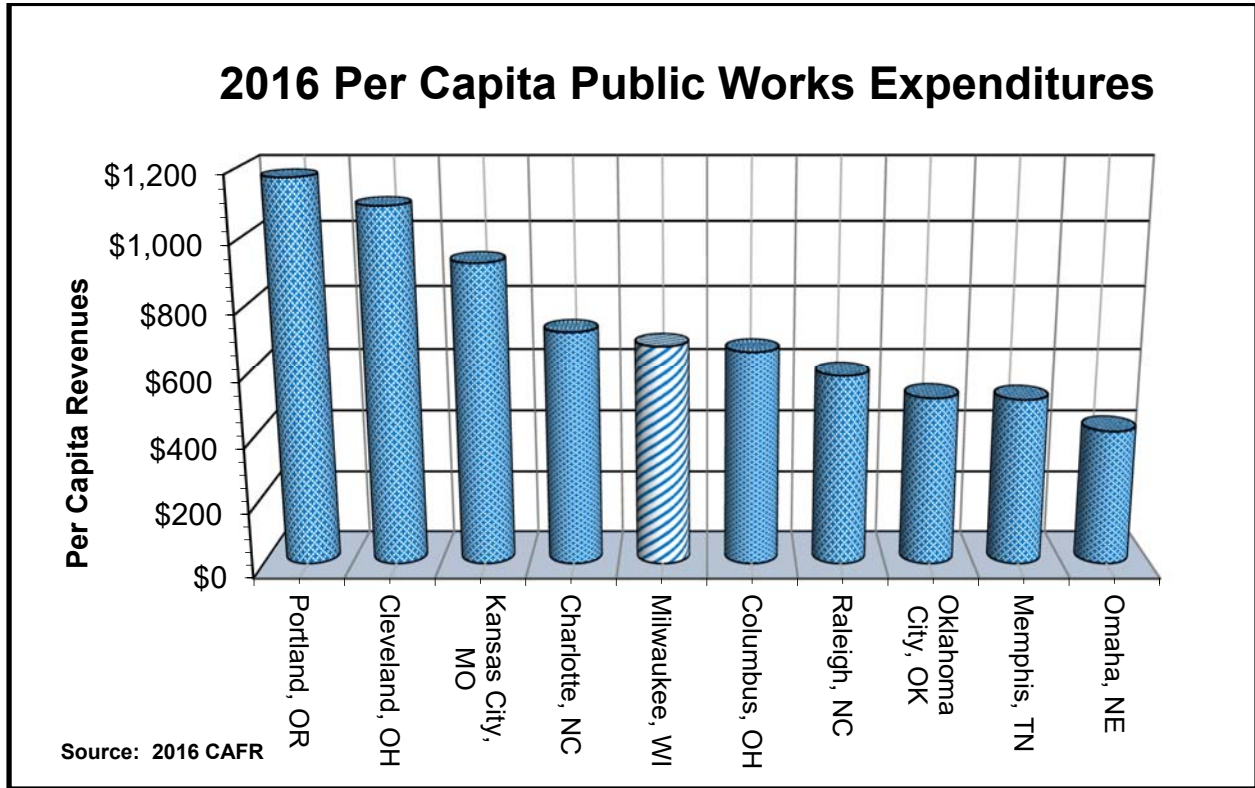


Public safety services include the protection of people and property. These services are essential to the health, safety, and well-being of city residents. Public safety includes police, fire, and code enforcement services. Milwaukee spends \$940 per capita on public safety, which is 35% higher than the per capita average of comparable cities.

	<u>Amount</u>
Portland, OR	\$ 1,056
Cleveland, OH	994
Kansas City, MO	959
Milwaukee, WI	940
Columbus, OH	719
Memphis, TN	670
Omaha, NE	556
Oklahoma City, OK	525
Charlotte, NC	445
Raleigh, NC	341
Average of Comparable Cities	\$ 696

Source: 2016 CAFR

Public Works

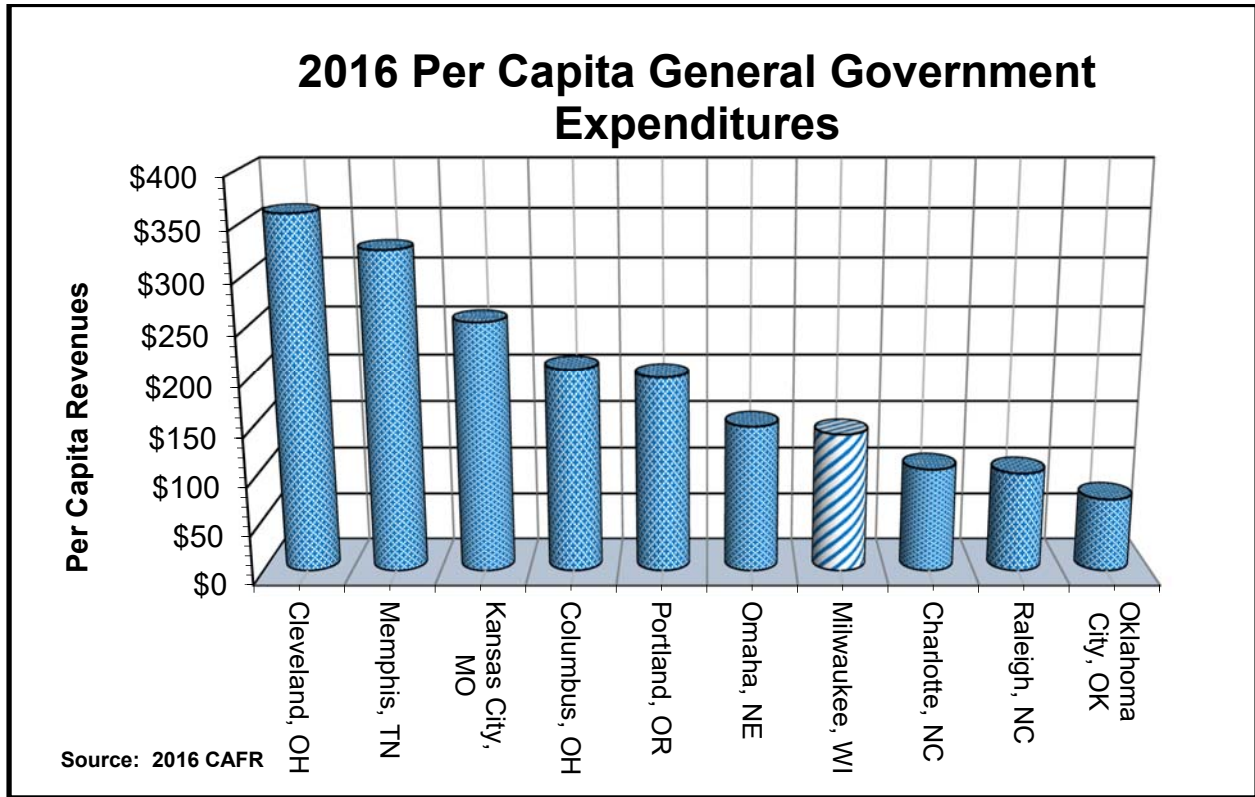


An efficient and well-maintained infrastructure is important to the economic vitality and attractiveness of a city. Maintaining safe and efficient sewers, streets, and other public ways furnish residents with access to employment, goods and services, while also providing businesses with an effective way to transport their products to customers. Milwaukee spends \$678 per capita, about 8% less than the average of comparable cities on streets, sewers, and other public works' expenditures.

2016 Per Capita Expenditures Public Works	
	Amount
Portland, OR	\$ 1,174
Cleveland, OH	1,092
Kansas City, MO	927
Charlotte, NC	721
Milwaukee, WI	678
Columbus, OH	661
Raleigh, NC	587
Oklahoma City, OK	518
Memphis, TN	513
Omaha, NE	416
Average of Comparable Cities	\$ 734

Source: 2016 CAFR

General Government

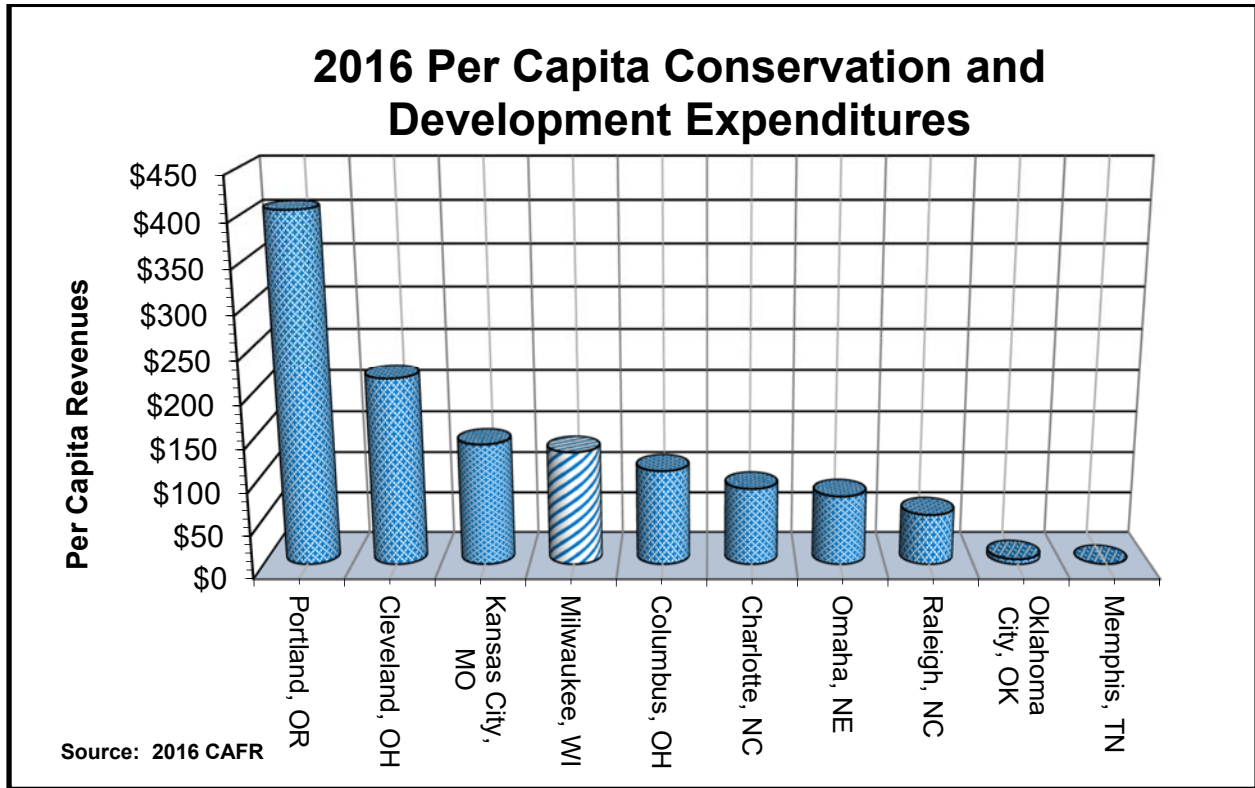


General government and administration costs are necessary for the operation of any organization. Milwaukee’s general government and administration costs are comparable to those of its peer cities. The category general government includes expenditures related to the Mayor’s Office, Common Council, Municipal Court, legal and financial services, elections, property assessments, employee relations, and other city management overhead expenses. Milwaukee spends \$142 per capita or 28% less than the average of comparable cities on general government and administrative functions.

	<u>Amount</u>
Cleveland, OH	\$ 360
Memphis, TN	325
Kansas City, MO	255
Columbus, OH	208
Portland, OR	200
Omaha, NE	150
Milwaukee, WI	142
Charlotte, NC	106
Raleigh, NC	101
Oklahoma City, OK	58
Average of Comparable Cities	\$ 196

Source: 2016 CAFR

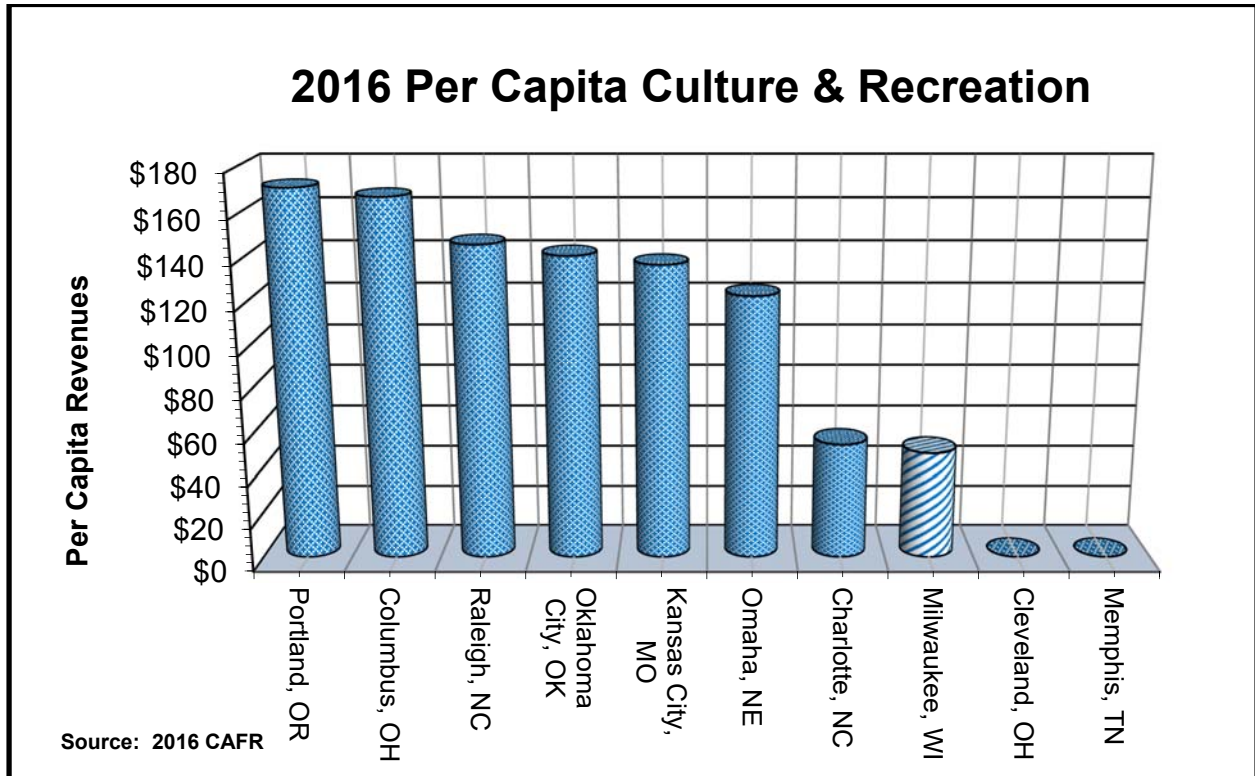
Conservation and Development



The promotion of economic development and job creation is provided under this category of expenditures. These expenditures include planning, economic development and community development activities. Milwaukee spends \$133 per capita or 7% more than the average of comparable cities on conservation and development. Memphis, TN does not report any expenditures under primary government conservation and development activities.

2016 Per Capita Expenditures Conservation and Development	
	Amount
Portland, OR	\$ 406
Cleveland, OH	218
Kansas City, MO	142
Milwaukee, WI	133
Columbus, OH	111
Charlotte, NC	90
Omaha, NE	81
Raleigh, NC	59
Oklahoma City, OK	6
Memphis, TN	-
Average of Comparable Cities	\$ 124
<small>¹ For consistency with previous tables, avg. includes cities reporting \$0.</small>	
<small>Source: 2016 CAFR</small>	

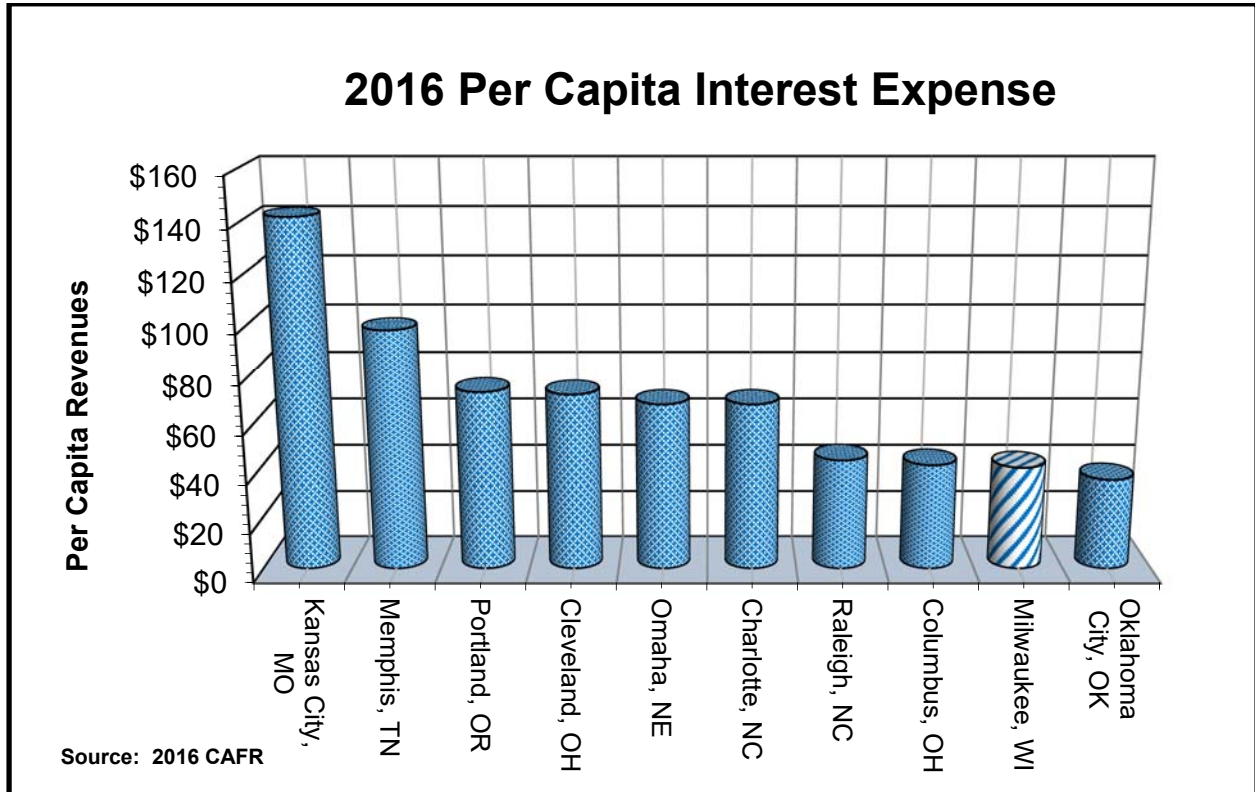
Culture and Recreation



The services provided in the culture and recreation category vary significantly by city. Milwaukee spends \$50 per capita or 52% less than the average of comparable cities on culture and recreation. Neither Cleveland nor Memphis report any expenditures under primary government culture and recreation activities.

2016 Per Capita Expenditures Culture and Recreation	
	Amount
Portland, OR	\$ 171
Columbus, OH	167
Raleigh, NC	146
Oklahoma City, OK	141
Kansas City, MO	137
Omaha, NE	123
Charlotte, NC	54
Milwaukee, WI	50
Cleveland, OH	-
Memphis, TN	-
Average of Comparable Cities	\$ 104
<small>¹ For consistency with previous tables, avg. includes cities reporting \$0.</small>	
<small>Source: 2016 CAFR</small>	

Interest Expense



Milwaukee has long been recognized by bond rating agencies for its effective debt management program. Milwaukee currently has a manageable debt burden and spends \$42 per capita or 42% below the average of comparable cities on interest expense.

	<u>Amount</u>
Kansas City, MO	\$ 142
Memphis, TN	98
Portland, OR	73
Cleveland, OH	72
Omaha, NE	68
Charlotte, NC	68
Raleigh, NC	45
Columbus, OH	43
Milwaukee, WI	42
Oklahoma City, OK	37
Average of Comparable Cities	\$ 72

Source: 2016 CAFR

Appendix I

Data Source and Limitations

Data used in this report comes from Comprehensive Annual Financial Reports (CAFR) from the City of Milwaukee and nine comparable cities. This data consists of actual revenue and expenditure figures, and unlike budgeted figures, revenues and expenditures for each of the reported governments may not be equal. The Appendix of this report titled Comparable City Methodology explains how the comparable cities were selected. Local governments use similar classification of expenditures and revenue in their CAFR but there may be some differences in the categorization of this financial data between cities. An example is some cities categorize infrastructure expenditures as Public Works while other cities call this category Public Services. Also, some cities directly finance and administer activities or services that in other municipal governments are undertaken by county government, state government, or the private sector. However, CAFR data is the best and most currently available audited financial data and provides a reasonable basis for comparing cities to get a general understanding of differences between spending and funding of city services. In this report, the Comptroller's Office compares revenue data (local taxes, property taxes, charges for service, etc.) and expenditure by type (administration, public safety, public works, etc.). This report, to the best of our ability, excludes data from the following categories to enhance the comparability of other cities to the City of Milwaukee:

Electric Power Generation, Public Transit, Airports & Aviation, Cemeteries, Convention Centers, Golf Courses, Sport Facilities, Pass-Through Costs for Employee Retirement Systems, and Public School Education & School Capital Contributions.

The City of Milwaukee provides services that are not provided by all other comparable cities. The largest of these expenditures, included in the City of Milwaukee's data but not all other cities' data, are health services and the Port of Milwaukee.

This report utilized 2016 population figures to calculate per capita values for 2016. The population data is from the U.S. Census Bureau.

Appendix II

Comparable City Methodology

For multi-year evaluation purposes, this report used the same cities for comparison that were selected in previous years. The following discussion describes the methodology used in 2012, when these comparable cities were selected.

In selecting comparable cities to Milwaukee all US cities with 2012 census populations between roughly 400,000 and 800,000 were chosen. The cities were then classified as either “sunbelt” or “snowbelt”. “Sunbelt” cities are predominately located in the South and Southwest, while “snowbelt” cities are predominately located in the Northeast and Midwest. An anomaly is Portland, which is neither a “sunbelt” nor “snowbelt” city. Located in the Northwest, Portland made the final selection of comparable cities when classified as either “sunbelt” or “snowbelt”. The importance of the classification process is that it allows a variety of cities to be compared to Milwaukee and also ensures that comparable cities are not clustered in one region of the Country.

After assigning “sunbelt” and “snowbelt” classifications, each city’s population figure was compared to the population figure of its Metropolitan Statistical Area (MSA). For instance, Milwaukee had a 2012 census population of 598,916 and a MSA population of 1,566,981. This means that the City’s population comprises 38% of the MSA population. Four of the closest “sunbelt” cities and five of the closest “snowbelt” cities (with Portland counted as “snowbelt”), in terms of city to MSA population were chosen. Cities that have municipal governments with combined county and city functions, and therefore would not provide good spending comparisons to the City of Milwaukee, were excluded from this comparison.

Overall, the methodology used generates a list of comparably sized cities located throughout the US that are the population centers in terms of their city to MSA populations and are similar in terms of their government function. The comparable cities to the City of Milwaukee included in this report are as follows: Charlotte, NC; Cleveland, OH; Columbus, OH; Kansas City, MO; Memphis, TN; Oklahoma City, OK; Omaha, NE; Portland, OR; and Raleigh, NC.