

**COUNTY OF MILWAUKEE**  
INTEROFFICE COMMUNICATION

DATE : 10/5/2022

TO : Supervisor Marcelia Nicholson, Chair, County Board of Supervisors

FROM : Joe Lamers, Director, Office of Strategy, Budget and Performance

SUBJECT : 2023 Balancing Act – Budget Engagement Results

**BACKGROUND**

Balancing Act is an interactive online budgeting tool created by a public policy strategy firm called Engaged Public. Balancing Act is designed to be an easy to use and easy to understand online tool for public sector organizations to generate public feedback related to budget decisions. The simulation breaks down public budgets into categories of revenues and expenditures. Within each category, users can manipulate revenue streams and expenditures and submit a balanced budget based on their priorities. Organizations can use the data collected as a tool to see the breakdown of where the public holds preferences related to the budget.

**OVERVIEW**

Milwaukee County used Balancing Act as a tool to engage the public in the budget process for the first time in 2018. For the 2023 budget process, the tool was opened to the public in late July. Users are asked to submit budget priority areas while also being tasked to close a \$12.6 million budget gap which was projected for the 2023 Budget due to the County’s ongoing structural funding deficit, limited ability to raise revenues under State law, combined with negative financial impacts of COVID-19. Balancing Act users must close the budget gap prior to making a submission.

The 2023 Milwaukee County Balancing Act page has received approximately 5,000 page views and 821 total budget submissions. The average participant spent approximately 10 minutes on the site. This report provides a summary of the results, based on Balancing Act user submissions. The administration plans to keep Balancing Act open to the public for further input throughout the budget process, including into the County Board phase of the budget.

**RESULTS**

For the 2023 budget process, Balancing Act participants selected revenue and expenditure options to close a \$12.6 million projected budget gap. To submit a budget in Balancing Act, participants were required to close the gap. On average, participants chose to increase revenue by an average of \$7.1 million. In addition, participants chose to reduce expenditures by an average of \$8.4 million.

## Revenues

Of the participants who chose to close budget gap by \$7.1 million through revenue increases, revenue options included:

- Increasing the property tax by up to \$3 million, reflecting the estimated amount of net new construction in the County, which is the amount allowed under State law
- Borrowing from reserves, up to \$10 million
- Increasing the sales tax by 0.5% or 1.0%, for up to \$10 million of revenue to offset the County's budget gap. As indicated in the Balancing Act tool, these sales tax increases would require change in State law.
- Increasing Wheel Tax fee collections by \$15/year up to \$7.5 million

Amongst revenue categories, sales tax was the most selected option. 44% of participants chose to increase sales tax by an average of \$3.4M. 32% chose to increase property taxes by an average of \$843,137. 31% chose to increase the Vehicle Registration Fee for an average of \$2.3m. 10% chose to increase the amount borrowed from County reserves for an average of \$631,127.

*Table 1: Revenues*

<b>Description</b>	<b>Average Increase per change</b>	<b>% Of Submissions Increased</b>
<b>Increase Sales Tax</b>	\$ 3,376,225	44%
<b>Increase Property Tax</b>	\$ 843,137	32%
<b>Increase Wheel Tax</b>	\$ 2,306,985	31%
<b>Borrow from County Savings Account</b>	\$ 631,127	10%

## Expenditures

Within the 2023 Balancing Act simulation, users reduced expenditures by an average of \$8.4 million. In addition to the amount reduced, Balancing Act data shows the amount and percent of users that chose to increase or decrease department funding, by any nominal amount.

As shown in the chart below, expenditure decreases came from across multiple departments. For example, reductions came from County Administration (almost 60% of respondents reduced Administration by \$6.9M on average), Prisons and Jails (53% of reduced by \$3.1M), Pension and Healthcare (37% reduced by \$1.5m) and Elected Officials (58% reduced by \$486k).

Balancing Act users also can also increase funding for a department. The average user chose to increase funding for Mental Health Services (\$1.4M), Housing, (\$1.0M), Parks (\$1.0M), Aging services (\$232k), 911 and Emergency Medical (\$203k).

The Balancing Act tool included limitations on reductions that can be made for several departments. For instance, the Airport is a revenue generating department without any tax levy funding. Reducing funds in the airport would not close the County’s budget gap. As such, the Balancing Act tool did not allow users to reduce funds in the Airport. Similarly, the budget for Mental Health Services could not be reduced because it is funded at an amount mandated in State law. Many County departments provide services which are mandated by State and Federal law, and in many instances State or Federal reimbursement is provided for these mandated services. For departments providing mandated services, the 2023 Milwaukee County Balancing Act tool limited reductions to approximately 10% of the budget, given that reductions beyond this amount could result in non-compliance with State and Federal law, and/or lost State and Federal revenues which would have a negative impact on efforts to close the budget gap. Within the Balancing Act tool, an information bubble provided descriptions of these issues and limitations.

See table below for additional details on expenditure changes submitted by departmental area.

Category Name	Average Submission Change	% of Submissions Increased	% Submissions Decreased	% Submissions Unchanged
Bus System	(\$127,406)	26.19%	27.04%	46.77%
Pension and Healthcare	(\$1,496,988)	8.65%	37.64%	53.71%
Prisons and Jails	(\$2,317,418)	6.82%	52.74%	40.44%
Airport	\$0	0%	0%	100%
Court System	(\$450,426)	10.23%	31.18%	58.59%
County Administration	(\$6,982,733)	2.31%	59.68%	38%
Parks	\$1,024,808	40.93%	15.23%	43.85%
Housing	\$1,029,261	27.89%	19.85%	52.25%
Highways	\$0	0%	0%	100%
Child Support Services	\$0	0%	0%	100%
Sherriff Operations	(\$326,069)	10.96%	47.75%	41.29%
Zoo	(\$210,770)	11.94%	34.59%	53.47%
Elected Offices	(\$486,602)	1.58%	57.86%	40.56%
911 Call Center and Emergency Medical Services	\$203,289	16.93%	6.94%	76.13%
Medical Examiner	\$40,761	9.74%	18.03%	72.23%
Aging	\$232,521	16.81%	19.24%	63.95%
Mental Health Services	\$1,434,113	17.30%	0%	82.70%

### Outreach

Balancing Act’s goal is to encourage the public to provide input on the 2023 budget. Objectives were to reach residents throughout Milwaukee County with mediums that were highly trafficked and would produce participation. Initially, a press conference and press briefing was held to introduce the budget tool and its accessibility to the public. An introductory video from the County Executive was included in the release. After the press meetings, a Virtual Media Briefing was held to encourage local news outlets to share the news of the budgeting tool.

After the Balancing Act tool went live, it was promoted on numerous outlets both in person, online, and in social media. Sources included the Milwaukee County website, social media platforms Facebook and Reddit, search engine Google and news sites such as TMJ4 and Urban Milwaukee. Facebook ads were directed towards Milwaukee County zip codes. Use of Balancing Act was promoted at County Executive Budget Town Hall meetings and at other public events. The various sources promoted accessibility of the budgeting tool for the public.

Demographics

After submitting a balanced budget in Balancing Act, users were asked to self-identify demographic information such as municipality, age, ethnicity, and education level.

<b>Education Demographics</b>	<b>Count</b>	<b>Percentage</b>
Associates Degree	70	9%
Bachelor's Degree	279	36%
High School	32	4.13%
Master's Degree	202	26.13%
PHD, Law or Medical	47	6.08%
Some College	100	12.90%
Some High School	1	0.13%
Some Postgrad	42	5.40%

<b>Age Demographics</b>	<b>Count</b>	<b>Percentage</b>
<18	1	0%
>70	42	5%
18-29	143	18%
30-49	386	50%
50-69	207	27%

<b>Racial/Ethnic Background Demographics</b>	<b>Count</b>	<b>Percentage</b>
American Indian or Alaskan Native	7	1%
Asian	6	1%
Black or African American	89	12%
Native Hawaiian or Other Pacific Islander	1	0%
Prefer Not to Say	125	16%
White	534	70%

<b>Top 10 Municipalities</b>	<b>Count</b>	<b>Percentage</b>
Milwaukee	507	69%
Wauwatosa	35	5%
Greenfield	22	3%
West Allis	22	3%

Shorewood	18	2%
Glendale	15	2%
Brown Deer	14	2%
Franklin	14	2%
Oak Creek	12	2%
Whitefish Bay	12	2%

## RECOMMENDATION

This report is provided for informational purposes only. No action is needed.

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