

COUNTY OF MILWAUKEE Inter-office Communication

DATE: 6/24/2026

TO: Marcelia Nicholson-Bovell, Chairwoman, Milwaukee County Board of Supervisors

FROM: Joe Lamers, Director, Department of Transportation
Steve Fuentes, President & CEO, Milwaukee County Transit System
Nick Sinram, Acting Director, Office of Strategy, Budget and Performance

SUBJECT: From the Acting Director, Office of Strategy, Budget and Performance (SBP), the Director, Milwaukee County Department of Transportation (MCDOT), and the President and CEO, Milwaukee County Transit System, providing a report on MCTS funding considerations, including information responsive to 2026 Budget Amendment 06 (Vehicle Registration Fees) and 2026 Budget Amendment 01 (Transit Advocacy).

FILE TYPE: Reference File Report

POLICY

2026 Budget Amendment #06: The Office of Strategy, Budget and Performance working in collaboration with the Office of the Comptroller and the Department of Transportation (DOT) shall submit a report to the County Board of Supervisors by the July 2026 meeting cycle evaluating options for the Vehicle Registration Fee (VRF), consistent with the authority granted under Wisconsin State Statute 341.35(1). The report shall include projections of MCTS's future revenue needs and assess how potential changes to the VRF would affect transit operations, service levels, and fare structures. The report should also examine the broader fiscal impact of VRF adjustments on the overall County budget, including potential effects on levy-supported services, and the County's long-term financial stability.

2026 Budget Amendment #01: Amend the budget narrative for Agency 103 – County Executive – Office of Government Affairs to add the following language: The Office of Government Affairs funding will be utilized to continue efforts to secure additional state and federal funding for Milwaukee County. The Office's highest priority shall be to advocate for increased and sustained funding for the Milwaukee County Transit System.

BACKGROUND

This report provides information related to Budget Amendment 01 regarding transit advocacy and Budget Amendment 06 regarding Vehicle Registration Fees. For background information, the report will first provide details regarding the Five-Year Financial Forecast for MCTS, and other relevant transit financial and budget background information. Additionally, this report provides information regarding 2027 MCTS budget planning considerations.

MCTS Five-Year Financial Forecast Information

Dating back to 2022, within the Five-Year Financial Forecast for 2023-2027 and in each annual update since then, the Office of the Comptroller has projected that a looming “fiscal cliff” is approaching in the MCTS budget due to rising costs, the projected spend down of federal stimulus funding dedicated to transit, and a flat revenue base that does not grow with inflation.

In April 2026, the Office of the Comptroller presented an updated Five-Year Financial Forecast for years 2027-2031 (File 26-374). The forecast estimates an MCTS budget deficit of \$15.7 million in 2027, growing to \$37.0 million by 2031. The following chart with projected MCTS revenues and expenses is included in the Comptroller’s forecast document.

Transit Expenditures and Revenues					
2027 - 2031					
	2027	2028	2029	2030	2031
Estimated Expenditure Growth	1.40%	1.70%	1.80%	1.80%	1.80%
Total Expenditures	\$ 199,642,274.21	\$ 204,599,777.71	\$ 209,687,944.14	\$ 214,910,512.59	\$ 220,032,408.76
Tax Levy	\$ 28,928,791.00	\$ 28,928,791.00	\$ 28,928,791.00	\$ 28,928,791.00	\$ 28,928,791.00
5307 Funds	\$ 31,000,000.00	\$ 31,000,000.00	\$ 31,000,000.00	\$ 31,000,000.00	\$ 31,000,000.00
Federal Stimulus Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Passenger Fares	\$ 23,645,954.58	\$ 23,824,214.48	\$ 24,007,999.95	\$ 24,196,137.20	\$ 24,389,253.98
Other MCTS Direct Revenues	\$ 8,630,598.82	\$ 10,769,151.42	\$ 8,698,722.00	\$ 6,733,618.69	\$ 6,755,561.63
Other Revenues	\$ 74,457,476.64	\$ 74,479,687.41	\$ 74,521,310.28	\$ 74,563,349.38	\$ 74,605,808.88
VRF Revenues	\$ 17,262,266.00	\$ 17,262,266.00	\$ 17,262,266.00	\$ 17,262,266.00	\$ 17,262,266.00
Total Revenues	\$ 183,925,087.03	\$ 186,264,110.30	\$ 184,419,089.23	\$ 182,684,162.27	\$ 182,941,681.49
Estimated Gap	\$ (15,717,187.17)	\$ (18,335,667.41)	\$ (25,268,854.91)	\$ (32,226,350.32)	\$ (37,090,727.28)

**Note: State revenues in above chart are reflected in the “Other Revenues” category which also includes other private funding and miscellaneous revenues. Further information on State revenue is shared below.*

2027 represents the most challenging fiscal year in the upcoming five-year forecast period for MCTS (\$15.7M gap), primarily due to the exhaustion of federal stimulus funds. From 2028 to 2031, the budget gap in MCTS continues to grow by an average of \$5.3 million per year, due to a flat and declining revenue base. MCTS expenditures are projected to grow by just 1.4% to 1.8% per year between 2027 to 2031. However, during this same timeline, total revenues are projected to decline from \$183.9 million to \$182.9 million, due to the following factors:

- State and Federal revenues, tax levy, and Vehicle Registration Fee revenues are projected to remain mostly flat throughout the five-year forecast. Combined, these revenue sources reflect more than 80% of the MCTS revenue budget.
- Federal stimulus funds are budgeted to be fully spent in 2026, and no longer available in 2027 and beyond. MCTS received approximately \$192 million of federal stimulus funds combined through the CARES Act, CRRSA Act, and ARPA. These funds have been fully allocated between 2020 to 2026. The final remaining allocation of \$9.4 million was included in the 2026 budget, creating a gap in the 2027 budget. Federal relief funds were allocated to transit systems nationwide to provide emergency relief to the industry, avoid imminent service cuts, and cover operational expenses resulting from the COVID-19 pandemic.

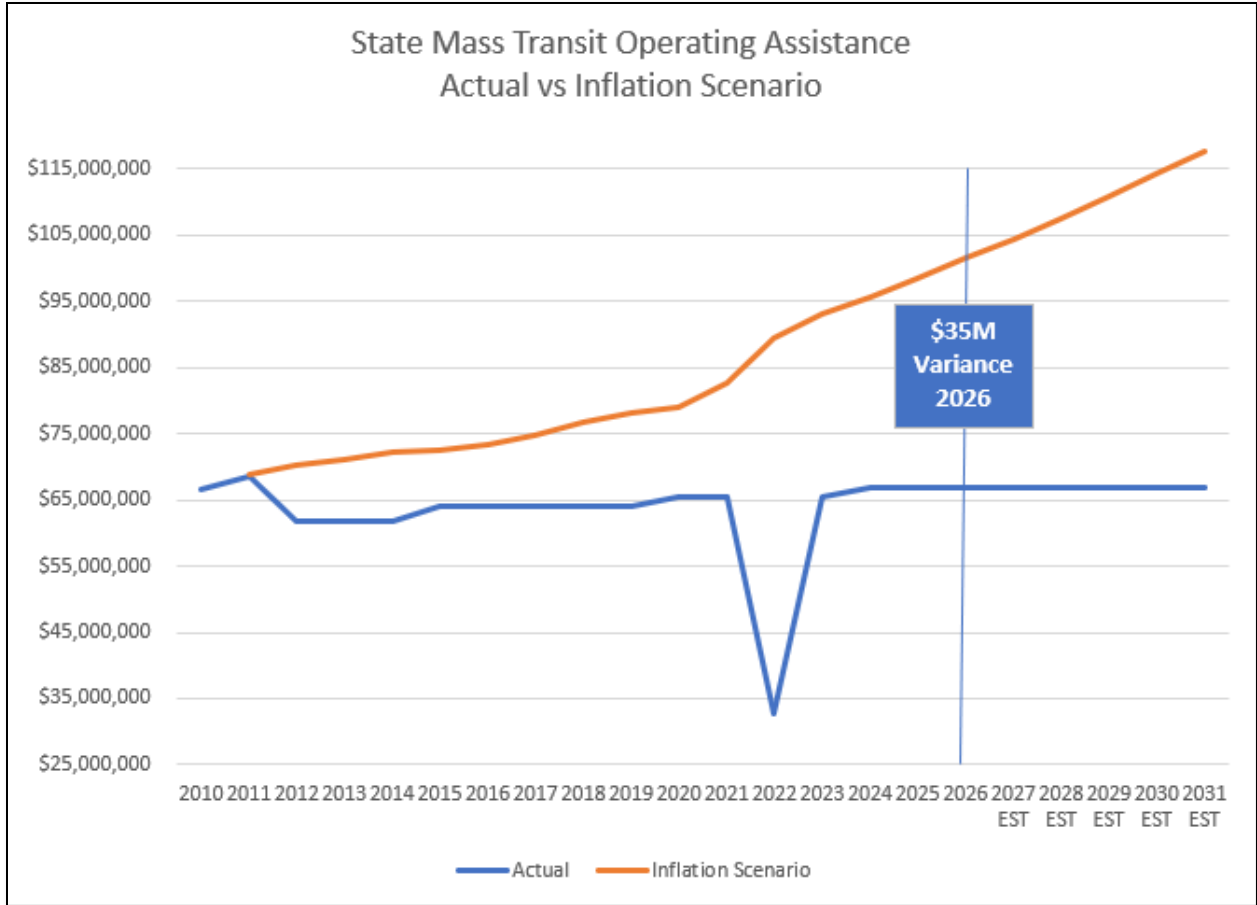
- Passenger fare revenues are projected to slightly increase by 0.7% per year. This amount is subject to change on an annual basis as the budget for farebox revenue is adjusted annually based on current trends, and any changes in fare structure.
- Other Direct Revenues received by MCTS are projected to decline from \$8.6 million in 2027 to \$6.7 million by 2031. This category includes advertising revenue, fixed asset sales, other miscellaneous revenues, and direct grantee revenues received by MCTS. The projected decline in this category is due to an estimated reduction in direct grantee revenue MCTS will receive from the State of Wisconsin for Interstate-94 (I-94) East-West mitigation purposes across fiscal years. The amount of I-94 mitigation funding reflected in each year of the fiscal forecast is an estimate, while the actual amount allocated is subject to change on an annual basis. These funds will no longer be available after the I-94 East-West project is completed, which is currently projected in 2033. I-94 mitigation funds were allocated to MCTS to offset traffic impacts related to the I-94 construction project. The funding covers the increased cost of modified routes and bus frequency changes that are necessary due to the project.

State of Wisconsin Mass Transit Operating Assistance (85.20)

State of Wisconsin Mass Transit Operating Assistance (85.20) represents the largest funding source for MCTS, at an amount of \$66.7 million in 2026. Historically, one of the most significant funding challenges for MCTS has been that this revenue source has remained mostly flat for numerous years and in some years the funds have been reduced. In 2011, Milwaukee County's allocation for Mass Transit Operating Assistance was \$68.5 million. In 2026, the allocation is \$66.7 million, a reduction of \$1.7 million, without accounting for inflation. If this allocation had increased for inflation dating back to 2010, Milwaukee County's allocation would be approximately \$102.2 million in 2026. Between 2010 to 2026, lack of inflationary revenue growth in State Mass Transit Operating Assistance has created a funding gap of approximately \$34.6 million gap for MCTS to address.

In the 2021-23 State Budget, the State Legislature reduced Mass Transit Assistance to MCTS by 50% or \$32.7 million on a one-time basis. Governor Evers reappropriated \$19.7 million of State ARPA funds to MCTS to offset a portion of this reduction. These combined actions necessitated the use of \$13.1 million of federal stimulus funding earlier than previously anticipated.

Under current state law, it is indicated that the 85.20 allocation to MCTS will continue to remain flat at \$66.7 million into the future (85.20(4m)(a)6.cm.). If there is no change to this funding level before 2031, assuming an average 3.0% inflation rate, the estimated gap between actual and inflationary funding would increase to \$51 million.



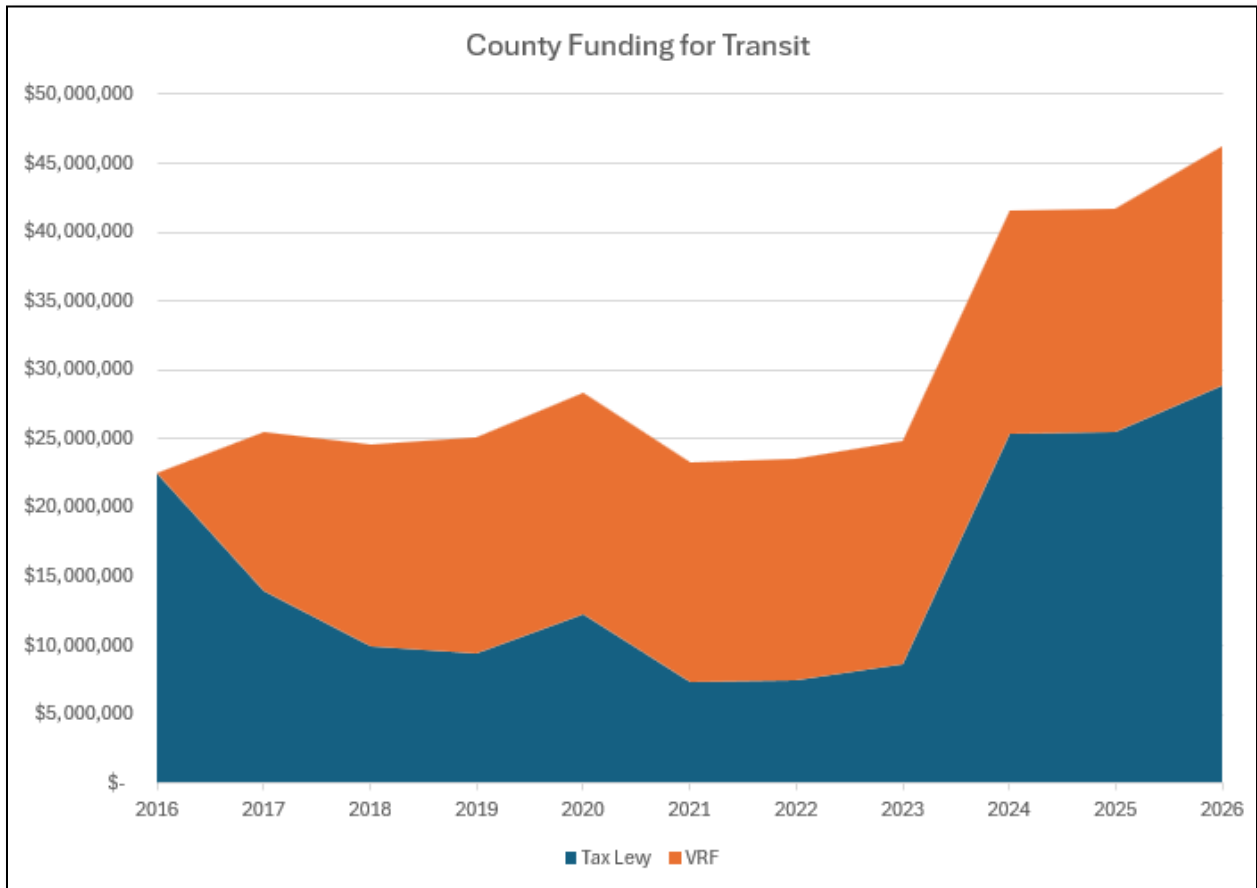
Actions Taken to Address State Funding Challenges

Throughout past years, Milwaukee County and MCTS have addressed this state funding challenge through the following measures:

- Reliance on one-time or limited term funding to sustain transit operations, particularly through use of \$192 million of federal relief funds for transit between 2020-2026.
- A \$30 VRF was implemented in 2017, which generates approximately \$17 million per year, and which provides operational funding support for transit.
- When the VRF was initially implemented in 2017, the revenue was allocated across transit operations, Highway Maintenance operations, Transportation Services capital (county trunk highways) and transit capital infrastructure. As of the 2026 Adopted Budget, 100% of VRF revenue collected is now dedicated towards supporting transit operations. While this has helped sustain transit operations, the changing allocation has adverse impacts on the capital budget and other areas of transportation operations.
- Tax levy increases have been allocated to MCTS, including a \$16.6 million levy increase in the 2024 Budget and a \$3.5 million levy increase in the 2026 Budget.
- Between 2016 and 2026, local funding support for MCTS operations (tax levy & VRF combined) has increased by a net total of \$23.7 million or 106%.
- MCTS operations have become increasingly reliant on federal 5307 funding for operational purposes (vs. capital needs). The 2026 MCTS operating budget includes

\$31.0 million in federal 5307 revenues. While this allocation supports sustaining operations, increased reliance on 5307 funds for operations could create operational funding gaps in future years and furthermore, this could have negative impacts on future capital budgets, such as increased bonding costs and/or increased challenges funding bus replacements and other transit infrastructure.

- Service level reductions have been applied due to lack of available funding. MCTS provided approximately 1.4 million fixed route service hours in 2018 compared to 1.2 million service hours funded in the 2026 Adopted Budget.
- Farebox revenue charges have increased, including an increase in the adult fare from \$2.00 to \$2.75 in the 2026 Adopted Budget, as well as increases in reduced fares and stored value fares (i.e. weekly, monthly) implemented in 2026.
- Reporting prepared by the Southeastern Wisconsin Regional Planning Commission (SEWRPC) and other sources demonstrate that MCTS operates one of the most efficient transit systems in the nation when comparing cost per trip and cost per revenue mile.



Vehicle Registration Fees (Amendment 06)

State statute 341.35(1) allows local governments to establish and implement a Vehicle Registration Fee (VRF) in addition to state registration fees. VRF revenue may only be used for transportation related purposes per 341.35(6r). Milwaukee County first implemented a local VRF

of \$30 in 2017. The fee remains at \$30 in 2026 and the current budget projects this revenue to generate approximately \$17.2 million of revenue annually, while actual revenue collected in 2025 was approximately \$17.0 million.

2026 Adopted Budget Amendment 06 indicates that SBP, in conjunction with MCDOT and the Comptroller’s Office, are to provide a report that evaluates options for the VRF, consistent with the authority granted in State Statute 345.45. Further, the report should specifically consider MCTS operations and revenues, as well as the potential impact that the VRF could have on the broader context of the County’s budget.

The information below is intended to provide a comprehensive estimate of transportation related costs that are eligible to be funded by VRF revenues under state statute. The amounts are shared for informational purposes only, responsive to County Board Budget Amendment 06.

The chart below estimates that an additional \$67.0 million of Milwaukee County transportation related costs could be eligible for VRF revenue reimbursement in 2027, at a total rate of \$118. The chart further estimates this amount could increase to \$98.4 million by 2031, at a rate of \$174. These amounts are in addition to the existing \$30 VRF which provides \$17.0 million per year. The increase between 2027 to 2031 is due to the transit funding gap which increases each year, and additional federal 5307 transit funding considerations. Below the chart is a description with details regarding how eligible costs were estimated across each category.

Estimate of VRF Eligible Costs (2027 & 2031)		
Description	Amount	VRF Rate Increase
MCTS 2027 Budget Gap	\$ 15,717,817	\$ 28
MCTS 2026 Tax Levy	\$ 28,928,791	\$ 51
MCTS Capital	\$ 7,350,830	\$ 13
Transportation Services Capital	\$ 8,942,274	\$ 16
Parks - Transportation Capital	\$ 6,106,323	\$ 11
Subtotal - Estimated 2027 Eligible Costs	\$ 67,046,034	\$ 118
MCTS 2028-2031 Budget Gap	\$ 21,372,910	\$ 38
MCTS Federal 5307 Funding Adjustment	\$ 10,000,000	\$ 18
Total - Estimate of 2031 Eligible Costs	\$ 98,418,944	\$ 174

MCTS 2027 Budget Gap: \$15.7 million (\$28 VRF)

The most recent Five-Year Financial forecast prepared by the Office of the Comptroller estimates a \$15.7 million budget gap for MCTS in 2027. Addressing this budget gap through the VRF would require an approximately \$28 rate increase.

MCTS 2026 Tax Levy: \$28.9 million (\$51 VRF)

2026 Budget Amendment 06 states that this report “should also examine the broader fiscal impact of VRF adjustments on the overall County budget.” While the VRF is only eligible to be used for transportation-related expenditures, the broader and overall county budget could be impacted by the VRF. Particularly, if the existing tax levy in MCTS were to be replaced with VRF

revenue, MCTS tax levy could then be reallocated to other departments, which would offset the county's overall budget gap. Within the Comptroller's most recent Five-Year Financial Forecast, County's overall budget gap is estimated at \$50.8 million in 2027 and growing to \$167 million by 2031.

The 2026 Adopted Budget for MCTS included \$28.9 million of tax levy, which is equivalent to an approximately \$51 VRF rate. Notably, applying the VRF in this manner would not provide a direct offset to the existing gap in MCTS.

Capital Budget – Transportation Related Expenses

Below is a description of transportation related capital expenses that may be eligible for VRF revenue across MCTS, Transportation Services, and Parks. Applying VRF to any transportation related capital costs would have the effect of reducing bonding related expenditures. This would not directly impact the operating budget, but it could reduce bonding costs, or it could free up bonding capacity and allow for overall increase in capital project costs under the County's self-imposed bonding cap. For purpose of this analysis, capital estimates stated below are based on the annual average county cost within the five-year capital plan for years 2026-2030. However, capital costs are subject to change on an annual basis.

MCTS Capital: \$7.4 million annual average (\$13 VRF)

The Five-Year Capital Plan for 2026-2030 includes \$125.0 million in total MCTS capital project costs, of which \$36.8 million are estimated to be local county share and \$88.2 million are estimated as non-county costs (primarily federal support). A \$36.8 million county share over five years represents an average annual cost of \$7.4 million. Financing this annual local share cost through the VRF rather than bonding would require a VRF increase of approximately \$13.

Transportation Services Capital: \$8.9 million annual average (\$16 VRF)

The Five-Year Capital Plan from years 2026-2030 includes \$132.3 million in total Transportation Services project costs, of which \$44.7 million are estimated to be local county share and \$87.6 million are estimated as non-county costs (state and federal). A \$44.7 million county share over five years represents an average annual cost of \$8.9 million per year. Financing this local share through the VRF rather than bonding would require a VRF increase of approximately \$16. Note that these figures include Short-Term CTH Rehabilitation- Highway Maintenance.

Parks – Transportation Related Capital: \$6.1 million annual average (\$11 VRF)

A review of the Five-Year Capital Plan from years 2026-2030 identified 16 transportation related capital projects in Parks, which have a total cost of \$30.5 million (100% county share). Transportation related projects in Parks include parkway reconstruction and replacement projects, trail projects, and bridge projects. Financing these projects through the VRF rather than bonding or other local funding would require a VRF rate increase of approximately \$11. Note that each individual Parks project identified would require further review to confirm VRF eligibility. Additionally, there may be other projects in the Parks capital plan which have cost components that may be eligible for VRF funding. The 16 projects in this analysis only included projects that have descriptions exclusively related to parkways, trails or bridges.

MCTS 2028-2031 Budget Gap: \$21.3 million (\$38 VRF)

The total estimated budget gap in the five-year forecast for MCTS in 2031 is \$37.1 million. As

indicated above, the estimated 2027 gap of \$15.7 would be equivalent to approximately \$28 in VRF. The incremental increase in the MCTS budget gap between 2027 to 2031 is \$21.3 million. Addressing this additional \$21.3 million gap through the VRF would require an additional \$38 fee increase by 2031.

MCTS 5307 Federal Funding: \$10.0 million (\$18 VRF)

As indicated in the Five-Year Forecast, MCTS has become increasingly reliant on 5307 funds for operational purposes. 5307 funds are available to be used on transit capital infrastructure needs and eligible transit operating costs. The 2026 Budget includes \$31.0 million of 5307 funds for operations, which exceeds the 2026 federal 5307 funding appropriation by approximately \$3 million. The current forecast estimates that this federal 5307 funding allocation could remain in place over the next five years, although this will remain dependent on future federal allocations. Furthermore, maintaining this operational funding allocation could have adverse impacts on future capital budgets, including limiting available federal funding for bus replacements and other transit infrastructure, and/or increased bonding costs. Redirecting \$10 million of 5307 funds to capital in a future year would provide increased federal support for transit infrastructure needs, but this would create a funding gap in operations. Addressing this gap through the VRF would require an \$18 VRF increase.

Note that the entire \$31.0 million allocation of 5307 funding could be directed towards capital expenditures rather than operating. However, for purpose of this analysis, it is assumed that funds can continue to be split between operations and capital. \$10 million reflects approximately two-thirds of the federal share of the normally planned annual bus replacement program (assuming 30 bus replacements per year). The remaining federal share of transit capital expenditures could potentially be financed through other federal grant sources such as Congestion Mitigation and Air Quality (CMAQ) funding, Surface Transportation Program funding, or other federal sources. Determining a more precise allocation split will require further analysis and would need to be re-evaluated annually based on annual grant awards and spending.

Other Potential VRF Eligible Costs Not Included

The above categories reflect a best estimate of most transportation related costs in Milwaukee County that would be eligible for VRF. However, there are other expenditures potentially eligible for VRF revenue which were not included. These include but aren't limited to the following:

- Operating costs in the Highway Maintenance Division and Transportation Services are eligible for VRF revenue. However, the 2026 Adopted Budget for both Highway Maintenance Division and Transportation Services have \$0 of tax levy funding, as these departments also receive funding from outside sources. In past years these functions were partially funded by tax levy and Vehicle Registration Fees, and the departments will likely have tax levy needs again in the future which could alternately be funded by VRF.
- Fleet management costs and vehicle replacement costs which are specifically related to transportation functions were not included in this analysis. However, there are certain fleet costs, such as Highway Maintenance fleet purchases and vehicle repair costs, which could be funded by VRF.
- Parks operations costs pertaining to parkways, trails, and bridges could potentially be eligible for VRF revenue but were not included in this analysis.

- This analysis is focused on revenues needed to maintain existing service levels. It does not include new needs or service expansions which would be eligible for VRF funding.

VRF Rate Scenarios

The above information provides an estimate of the total amount of costs that are eligible to be funded by the VRF. However, the VRF can be applied at a variable rate determined by a local government in Wisconsin. Costs funded through the fee must be for transportation purposes. Below is an estimate of VRF revenue impacts at varying rates. These estimates are based on actual 2025 VRF revenues of approximately \$17.0 million at the existing VRF rate of \$30. The VRF scenarios shown below are scaled up to \$98 million only for demonstration purposes, as this represents an estimate of total costs eligible for VRF over the next five years.

Note that the amounts shown below reflect fully annualized revenues. Counties must provide notification of enactment of a new VRF to the State of Wisconsin at least 90 days prior to the first day of the month in which the ordinance is effective. If a VRF were to be approved in the annual budget process, it is expected that the fee would be eligible to become effective in March of the following year. Revenues for the initial year would be anticipated for ten months.

VRF Increase Amount	Estimated Revenue	Note
\$ 1	\$ 566,075	
\$ 5	\$ 2,830,375	
\$ 10	\$ 5,660,750	
\$ 11	\$ 6,016,944	2017 to 2026 Inflationary Impact*
\$ 15	\$ 8,491,124	
\$ 20	\$ 11,321,499	
\$ 25	\$ 14,151,874	
\$ 28	\$ 15,717,817	2027 Estimated MCTS Gap
\$ 30	\$ 16,982,249	
\$ 40	\$ 22,642,998	
\$ 51	\$ 28,928,791	2026 MCTS Tax Levy
\$ 60	\$ 33,964,498	
\$ 80	\$ 45,285,997	
\$ 100	\$ 56,607,496	
\$ 118	\$ 67,046,034	Estimate of Eligible Costs in 2027
\$ 174	\$ 98,418,944	Estimate of Eligible Costs in 2031

*VRF Inflationary Impacts

The VRF is another revenue source in MCTS which has not increased with inflation. The rate was \$30 when established in 2017 and it remains at \$30 in 2026. Changes in annual VRF revenues have only been based on changes in the number of vehicles registered. The five-year forecast estimates that VRF revenues will continue to remain flat through 2031.

If the VRF had increased for inflation dating back to its initial implementation in 2017, it is estimated that the rate would be approximately \$41 in 2026 (\$11 higher than the current rate), which would generate approximately \$6.0 million in additional annual revenue.

VRF in Wisconsin Counties

Based on information provided by the State of Wisconsin Department of Transportation, 14 of 72 counties in Wisconsin currently collect a VRF ranging from \$15 in Langlade County to \$40 in Dane County. Milwaukee County’s \$30 VRF is the third highest county VRF in the state (along with Eau Claire and Portage counties who also collect a \$30 VRF).

VRF In Wisconsin Counties	
County	Amount
Crawford County	\$20
Dane County	\$40
Dunn County	\$20
Eau Claire	\$30
Green County	\$25
Iowa County	\$25
Langlade County	\$15
Marathon County	\$25
Milwaukee County	\$30
Pierce County	\$35
Portage County	\$30
Richland County	\$20
St. Croix County	\$20
Vernon County	\$25

VRF in Wisconsin Municipalities

State of Wisconsin data shows that there are 54 municipalities in Wisconsin that collect a VRF, ranging from \$10 in multiple municipalities to a high of \$50 in the City of Eau Claire. Within Milwaukee County, there are four municipalities that collect a VRF, including Cudahy (\$25 effective 6/1/26), City of Milwaukee (\$41), Shorewood (\$30), and Wauwatosa (\$15).

Municipal VRF in Wisconsin		
Adams (city; \$25)	Fort Atkinson (city; \$20)	Oshkosh (city; \$35)
Appleton (city; \$30)	Gillett (city; \$20)	Platteville (city; \$20)
Arena (township; \$20)	Green Bay (city; \$25)	Portage (city; \$20)
Ashland (city; \$20)	Hustisford (village; \$35)	Port Edwards (village; \$35)
Augusta (city; \$25)	Iron Ridge (village; \$10)	Potosi (village; \$10)
Baraboo (city; \$40)	Janesville (city; \$40)	Prairie du Sac (village; \$20)
Beloit (city; \$20)	Kaukauna (city; \$10)	Redgranite (village; \$25)
Bellevue (village; \$25)	Lodi (city; \$20)	Rice Lake (city; \$20)
Berlin (city; \$25)	Lomira (village; \$30)	Ripon (city; \$25)
Boscobel (city; \$10)	Madison (city; \$40)	River Falls (city; \$10)
Chilton (city; \$20)	Manitowoc (city; \$20)	Sauk City (village; \$20)
Cudahy (city; \$25)	Milton (city; \$30)	Shawano (city; \$40)
Delavan (township; \$15)	Milwaukee (city; \$41)	Shorewood (village; \$30)
Doylestown (village; \$20)	Montello (city; \$20)	Sun Prairie (city; \$30)
Eden (village; \$30)	Neenah (city; \$30)	Tigerton (village; \$10)
Eau Claire (city; \$50)	New London (city; \$20)	Valders (village; \$20)
Evansville (city; \$40)	Onalaska (city; \$25)	Waterloo (city; \$15)
Fitchburg (city; \$40)	Oregon (village; \$40)	Wauwatosa (city; \$15)

When comparing the ten largest cities in Wisconsin, City of Milwaukee residents are charged the third highest total VRF of \$156 per vehicle including state, county and city charges. City of Madison and Eau Claire residents are both charged a VRF of \$165 per vehicle.

VRF Comparison: Total Rate in Wisconsin's 10 Largest Cities				
City (County)	State	County	City	Total
Milwaukee (Milwaukee County)	\$ 85	\$ 30	\$ 41	\$ 156
Madison (Dane County)	\$ 85	\$ 40	\$ 40	\$ 165
Green Bay (Brown County)	\$ 85	\$ -	\$ -	\$ 85
Kenosha (Kenosha County)	\$ 85	\$ -	\$ -	\$ 85
Racine (Racine County)	\$ 85	\$ -	\$ -	\$ 85
Appleton (Outagamie County)	\$ 85	\$ -	\$ 30	\$ 115
Eau Claire (Eau Claire County)	\$ 85	\$ 30	\$ 50	\$ 165
Waukesha (Waukesha County)	\$ 85	\$ -	\$ -	\$ 85
Oshkosh (Winnebago County)	\$ 85	\$ -	\$ -	\$ 85
Janesville (Rock County)	\$ 85	\$ -	\$ 40	\$ 125

Midwest Driver Fee Calculator

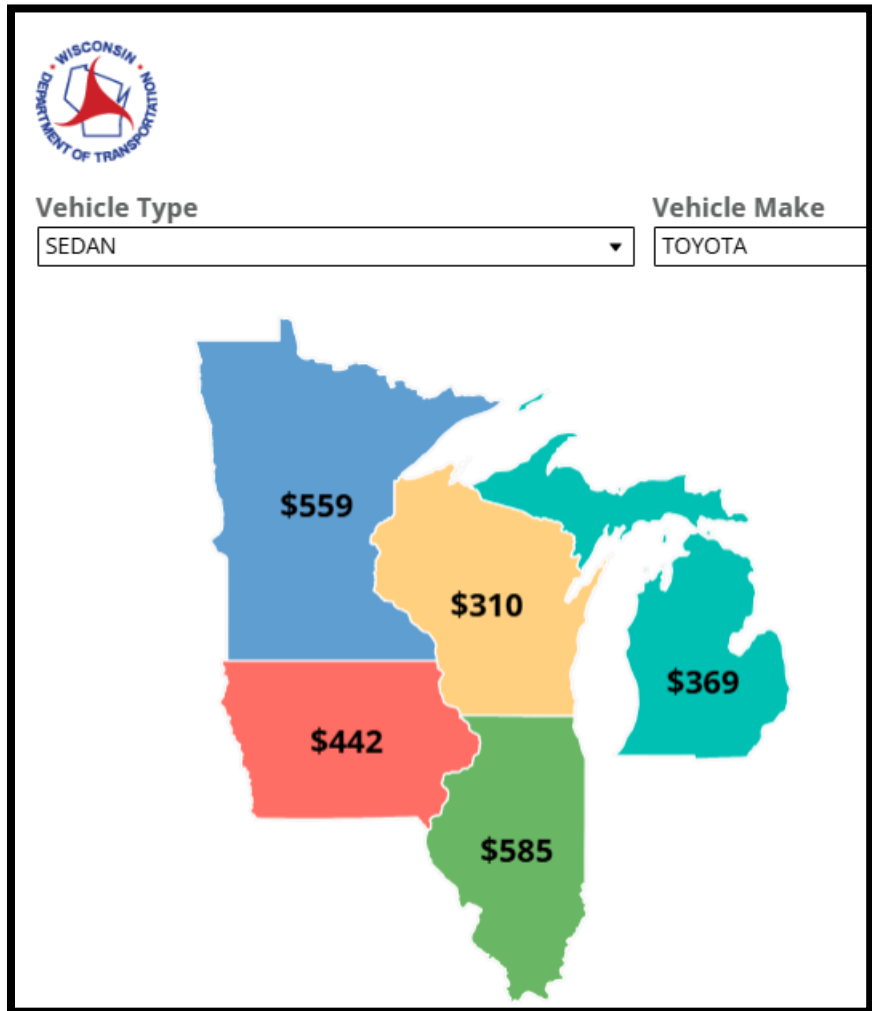
The State of Wisconsin DOT has an online “Midwest Driver Fee Calculator” which calculates the fees that Wisconsin drivers pay each year compared to drivers in other Midwest states. Within the tool, users select from dozens of popular vehicle models for comparison. The calculator produces a chart with the total estimated annual fees and taxes across Midwest states. The total amount represents state and local vehicle registration fees, gas taxes, and other fees which are charged to vehicle owners.

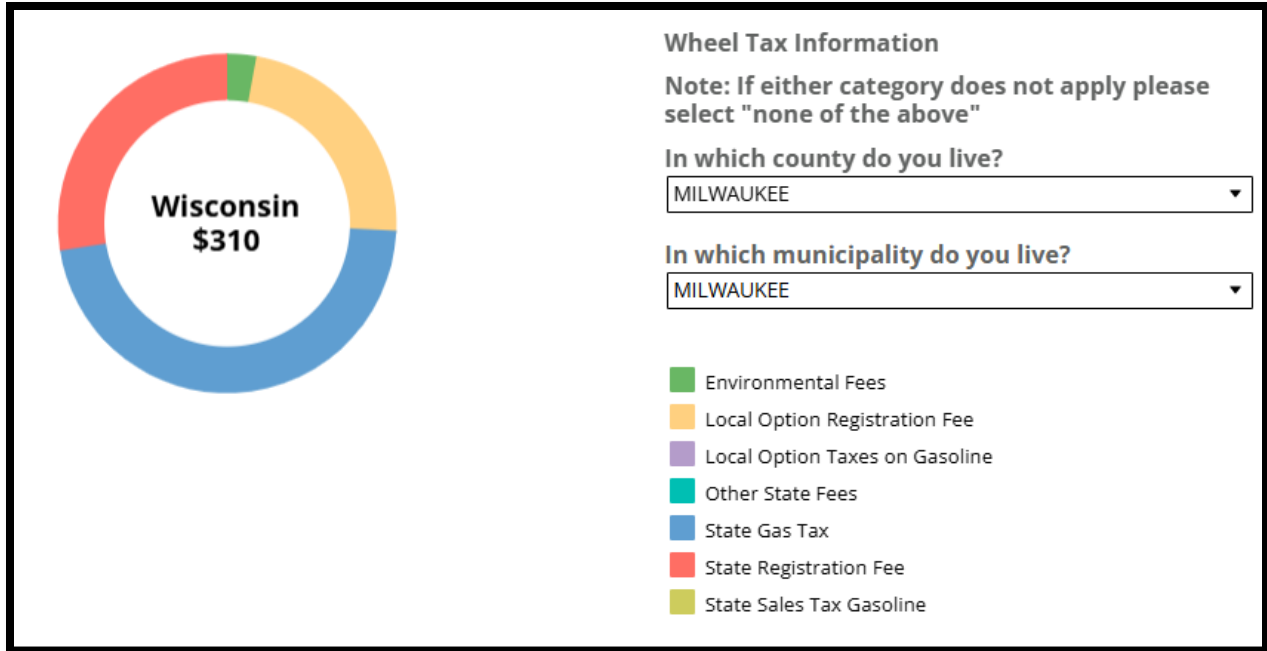
For this report, MCDOT sampled several of the most popular vehicle models including Ford F-150, Honda CRV, Toyota Camry, and several others. In every instance sampled, combined driver fees in the State of Wisconsin are lower than all Midwest comparison states on the tool including Illinois, Iowa, Michigan and Minnesota.

The below screenshots from the Midwest Driver Fee Calculator tool reflect a sample of overall fees for a 2023 Toyota Camry owner in the State of Wisconsin, residing in the City of Milwaukee, compared to fees in other Midwest States.

Source: <https://wisconsindot.gov/Pages/projects/data-plan/cost-to-drive.aspx>

Estimated Annual Fee Comparison
SEDAN - TOYOTA - CAMRY - 2023 - 15,000 Miles
County: MILWAUKEE - Municipality: MILWAUKEE





2027 MCTS Budget Planning

As indicated above, MCTS is facing an estimated \$15.7 million budget gap in 2027. The gap could be addressed through a combination of the following:

1. Service Reductions. Without additional revenues, MCTS estimates that fixed route service level reductions of approximately 20% would be necessary to close a \$15.7 million gap in 2027. This would result in service hours being reduced from approximately 1.2 million in 2026 to 960,000 in 2027.
2. VRF Increase. Milwaukee County could increase the VRF to address the gap in transit. Fully addressing the \$15.7 million transit gap in 2027 through VRF would require a rate increase of approximately \$28.
3. Tax Levy Increase (Ongoing or One-Time). The \$15.7 million MCTS budget gap estimated in the Five-Year Financial Forecast assumes that tax levy will remain flat in 2027. Any increase in tax levy would provide an offset to the MCTS gap. However, further increasing tax levy for MCTS would be a significant challenge given that Milwaukee County overall is facing an estimated \$50.8 million budget gap in 2027. While ongoing tax levy funding increases would be particularly challenging, one-time funding could also be considered. A one-time funding option would also be challenging to obtain and would require difficult trade-offs such as one-time reductions in cash-financed capital projects, prioritization of supplemental funding towards MCTS vs other departmental needs, or potential use of one-time funding such as reserves. One-time or limited term increases would increase gaps in future years.
4. Other:

- a. Fare revenue changes may be considered on an annual basis. However, given that the fixed route fare increased from \$2.00 to \$2.75 in 2026 along with other changes, major changes are not expected in this area in 2027.
- b. MCTS is currently projecting a modest surplus in 2026 and has also achieved savings through a renegotiated and amended paratransit services contract. If there are any surplus funds in 2026, federal funding may be extended into 2027, which would partially offset a portion of the 2027 budget gap.
- c. MCTS is currently evaluating expenditures and revenues across all areas as the 2027 Requested Budget is being prepared. This effort is expected to continue throughout the Recommended Budget process while MCTS works with the County Executive and SBP on the budget.
- d. Under the Americans with Disabilities Act (ADA), public transit agencies operating fixed-route systems are federally mandated to provide complementary paratransit services. While paratransit services are mandated, there are some paratransit services provided by MCTS which exceed mandated service requirements. For example, MCTS paratransit services are provided border-to-border throughout Milwaukee County, which exceeds the mandate to provide service within a ¾-mile radius of any regular fixed route. The Transit Plus Same-Day Pilot Program is not a mandated service. Ideally, MCTS will secure sustainable funding and maintain the ability to provide both mandated and non-mandated paratransit services. However, if increased revenue is not available and service reductions are needed across MCTS, savings options across fixed route service, non-mandated paratransit services, and other costs will be considered.

Any combination of the above options may be considered to address the 2027 MCTS budget gap.

Additional 2027 Budget Considerations

MCTS recently contracted with an outside consultant on a Transit Network Redesign project which will evaluate current MCTS service and deliver a detailed, actionable report recommending changes. The recommendations will help align transit service with available financial resources as MCTS addresses future funding gaps. This project is expected to last 12 to 18 months and be completed in mid to late 2027. Any recommendations from this study pertaining to the 2027 Budget would be preliminary recommendations, far in advance of completion of the project. The County Board will be updated and consulted throughout this project.

Identification of sustainable funding for MCTS has been identified as the top advocacy priority for MCTS (County Board 2026 Budget Amendment 01 signed by the County Executive). However, it is expected that the next opportunity to advocate for significant state level funding changes for MCTS will likely be in the 2027-29 State budget process (after the County's 2027 budget is completed).

Update on Transit Funding Advocacy

MCDOT and MCTS are partnering with the Office of Government Affairs on State and Federal

funding efforts, with particular focus on planning for the 2027-2029 State of Wisconsin budget process. Activities include but are not limited to the following:

- We are monitoring activities at the federal level with our partners at the Wisconsin Public Transportation Association (WIPTA) and the American Public Transportation Association (APTA).
- MCDOT and MCTS participated, along with WIPTA, in the APTA Legislative Conference in Washington D.C. in April 2026. This included participation in APTA Capital Hill Day, where MCTS and MCDOT attended meetings with the offices of all eight members of the U.S. House of Representatives from Wisconsin, and the offices of both of Wisconsin's U.S. Senators. These meetings focused on promoting MCTS and the need for sustained and increased federal funding for transit, in alignment with APTA priorities.
- We are engaging with statewide coalitions on transportation and transit funding. The Wisconsin Counties Association (WCA) is working on their biennial transportation funding campaign, in partnership with the Transportation Development Association (TDA). We are continuing efforts to include transit as a part of this campaign, which historically has been focused on highways and roads.
- In May 2026, the County Board adopted a resolution urging the Governor of Wisconsin and the State Legislature to enact a comprehensive, sustainable transportation and transit funding solution (File 26-306). This resolution will be shared with the Governor's Office and with all members of the State Senate and Assembly representing districts within Milwaukee County, and the WCA.
- \$1 million has been secured for MCTS through the FFY26 federal appropriation process for MCTS buses.
- \$2.5 million has been requested for MCTS Underground Fuel Tanks by Congresswoman Moore to the House Appropriations Committee for potential inclusion in the House's Fiscal Year (FY) 2027 appropriation bill. The House Appropriations Subcommittee on Transportation, Housing and Urban Development has reduced the proposed amount to \$500,000. This does not ensure the project will be funded.
- Active work groups have been formed between MCDOT, MCTS, Government Affairs and others which aim to build coalitions in support of funding for transit, with separate workstreams focused on system sustainability, data & communications, and advocacy.
- In May 2026, the Southeastern Wisconsin Regional Planning Commission (SEWRPC) provided a draft report on "The Value of the Milwaukee County Transit System" which was presented to the Committee on Transportation and Transit (File 26-396). The draft report estimates that MCTS provides \$345 million in avoided regional cost savings per year (\$2.9 billion over ten years) related to reduced congestion and delay, reduced vehicle operating costs, avoided crash costs, and savings from emissions and health. Additional economic benefits such as local wages, vendor spending, and outside investments related to transit are also reflected in the draft report. A full report is expected to be shared later in 2026, and information included in the report is planned to be shared throughout transit advocacy efforts.
- MCTS and MCDOT are collaborating with "Transit is Milwaukee" which is a grassroots advocacy coalition launched by the transit organization MobileSE. The President and

CEO of MCTS and Director of MCDOT participated in the MobileSE Spring Summit in May 2026 where the Transit is Milwaukee campaign was unveiled, and staff from both MCTS and MCDOT are active participants in this ongoing coalition.

- MCTS launched its Transit Network Redesign project with an outside consulting firm and is planning to engage with key stakeholders throughout the process, including stakeholders who are expected to be active participants in ongoing and future advocacy efforts.

FISCAL EFFECT

This report is provided for informational purposes.

VIRTUAL MEETING INVITES

Nick Sinram, Acting Director, Office of Strategy, Budget and Performance

Joe Lamers, Director, Dept. of Transportation

John Rodgers, Deputy Director, Dept. of Transportation

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PREPARED BY:

Joe Lamers, Director, Department of Transportation

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Steve Fuentes, President and Chief Executive Officer, Milwaukee County Transit System



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ATTACHMENTS:

PowerPoint

cc: Kelly Bablitch, Chief of Staff, Milwaukee County Board of Supervisors
Janelle M. Jensen, Director of Legislative Services, Office of the Milwaukee County Clerk