

MCTS Funding

Budget Amendments 06 and 01



Overview

- MCTS Five-Year Financial Forecast Recap
- State Funding Challenges
- MCTS Revenues
- Vehicle Registration Fees (Budget Amendment 06)
- 2027 MCTS Budget Planning
- Update on Transit Funding Advocacy (Budget Amendment 01)



MCTS Five-Year Financial Forecast

- The most recent Five-Year Financial Forecast, prepared by the Office of the Comptroller, estimates an MCTS budget gap of \$15.7 million in 2027, growing to \$37.1 million by 2031

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)



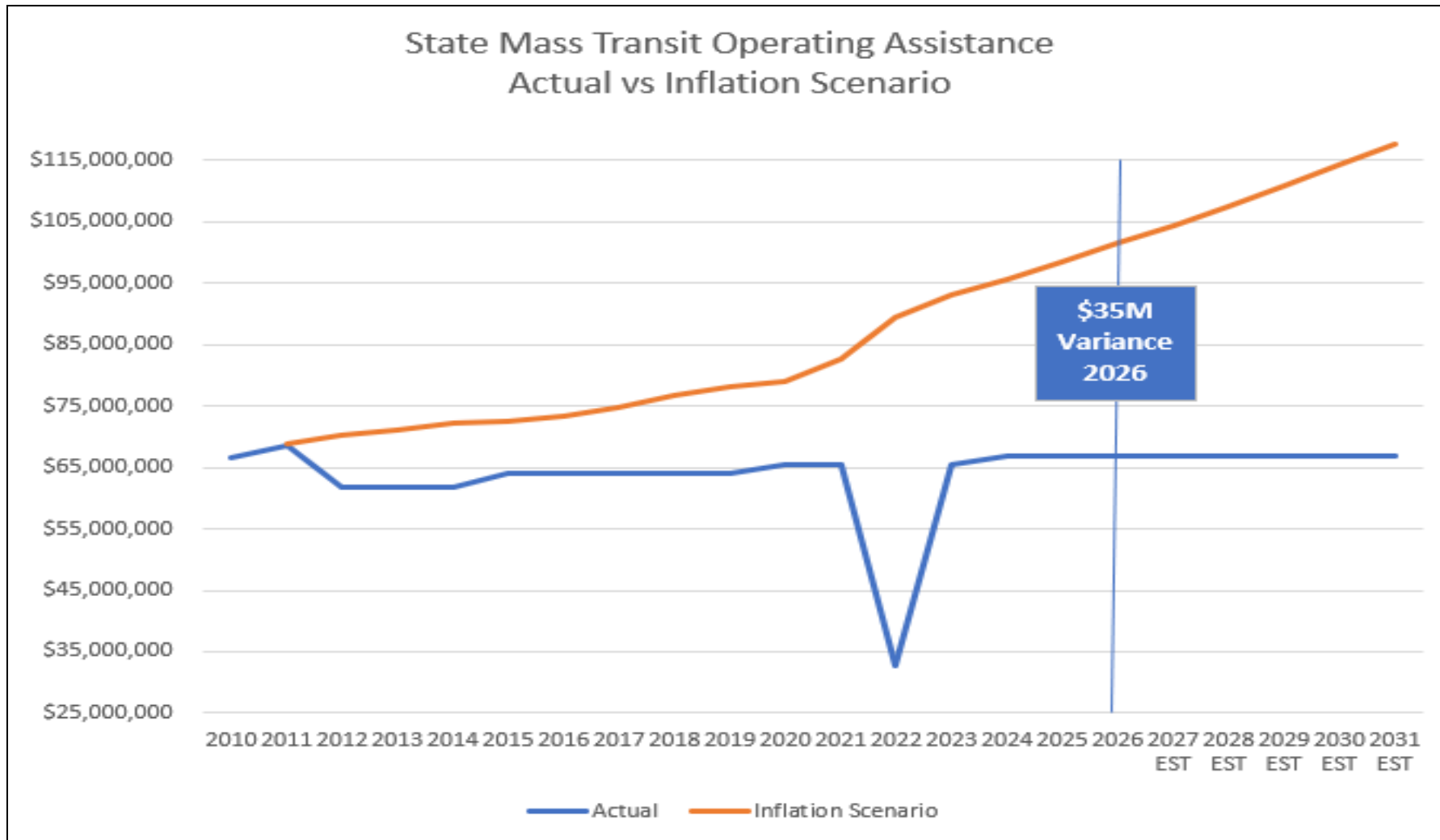
MCTS Fiscal Challenges

- MCTS received \$192 million of federal relief funds which supported operations and capital costs between 2020 to 2026. The 2026 MCTS Budget included the final remaining allocation of \$9.4 million, creating a funding gap for MCTS in 2027.
- Major revenue sources for MCTS are projected to remain flat in future years, including state, federal, and local funding sources which reflect over 80% of the MCTS operating budget
- Farebox revenue is projected to grow by 0.7% per year in the fiscal forecast, while the actual amount budgeted each year is evaluated on an annual basis
- Other Direct Revenues collected by MCTS are projected to decline by almost \$2 million between 2027-2031
- MCTS is one of the only major transit agencies in the country without a dedicated source of funding that increases with inflation.
- Overall, between 2027-2031, MCTS revenues are projected to decline from \$183.9 million to \$182.9 million, while expenditures are projected to grow by just 1.4% to 1.8% per year



State Funding History

Actual vs Inflationary Funding Scenario (\$35M Gap)



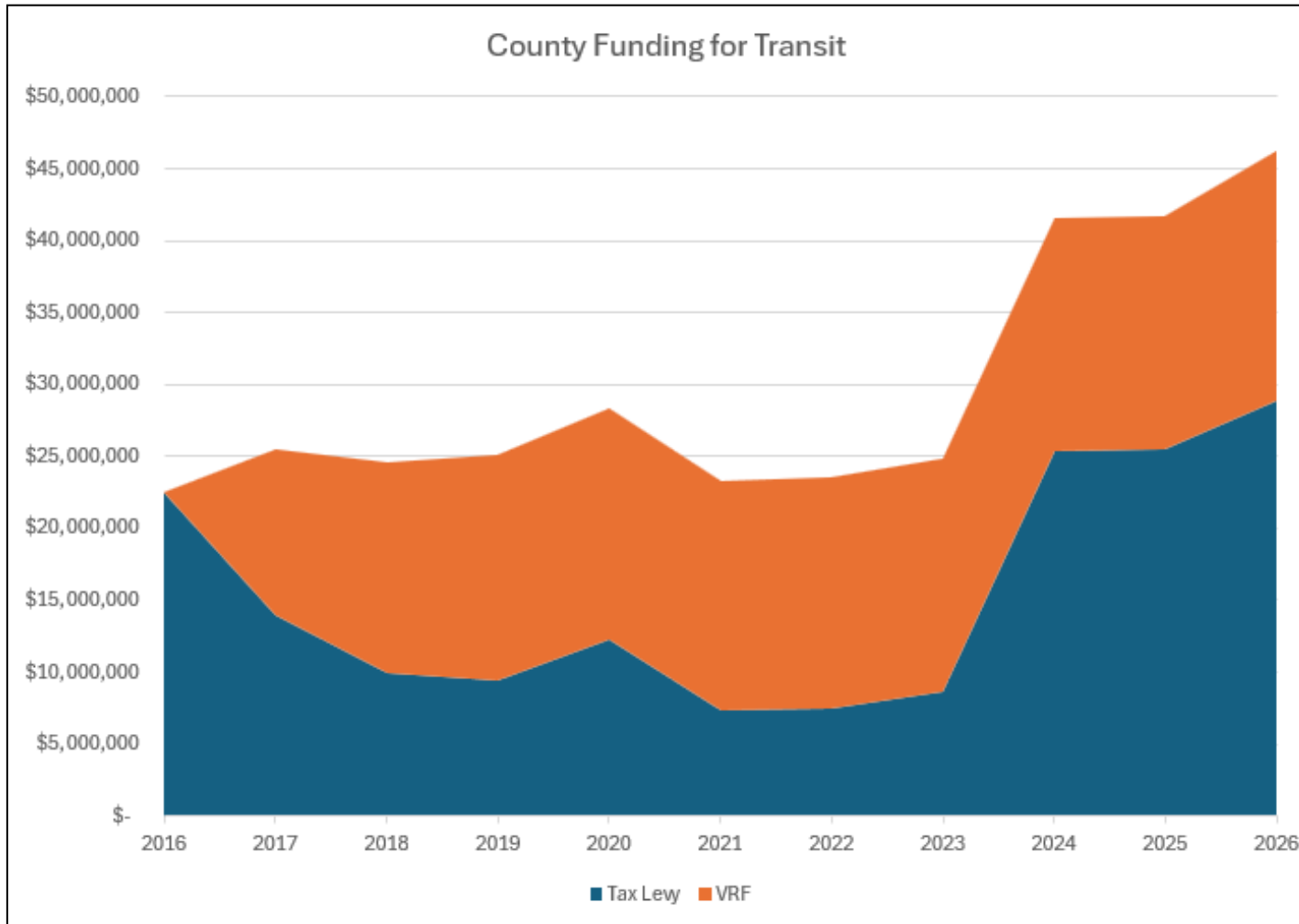
Historical Actions Taken to Address State Funding Shortfall

- Reliance on one-time and limited term funding, particularly federal relief funds which projected to be exhausted as of 2026, creating a large gap in the 2027 budget
- Implementation of \$30 Vehicle Registration Fee (VRF) in 2017, which generates \$17 million per year
- As of 2026, county VRF is now allocated 100% to transit operations whereas it was initially allocated across transportation and transit capital, Transit operations and Highway Maintenance operations
- MCTS tax levy increases of \$16.6 million in 2024 and \$3.8 million in 2026
- Increased reliance on federal 5307 funding for operations (vs capital)
- Service level reductions, including reduction in fixed route service hours from 1.4 million in 2018 to 1.2 million in 2026
- Increases in farebox revenue charges, including an increase in the adult fare from \$2.00 in 2025 to \$2.75 in 2026, along with other changes
- Reports and analysis demonstrate that MCTS operates one of the most efficient transit networks in the country



County Funding for MCTS

Local funding for MCTS has increased by \$23.7 million or 106% since 2016 while State mass transit aids (85.20) have been flat and reduced



Vehicle Registration Fees

- Overview
 - Estimate of Eligible Costs
 - VRF Scenarios
 - VRF in Wisconsin Counties & Municipalities
 - Midwest Vehicle Fees Comparison
- **The estimate of eligible costs is intended to provide a comprehensive estimate of all transportation related expenses 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.**



Estimate of VRF Eligible Costs

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



VRF Scenarios

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

Estimated amounts above reflect fully annualized revenues, based on 2025 actual VRF revenue of \$17.0M and existing \$30 fee.

State implementation process requires 3+ months notice.

**\$11 reflects inflation on \$30 VRF retroactive to 2017 implementation date*



VRF In 14 Wisconsin Counties

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 54 Wisconsin Municipalities

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)

Milwaukee County Municipalities



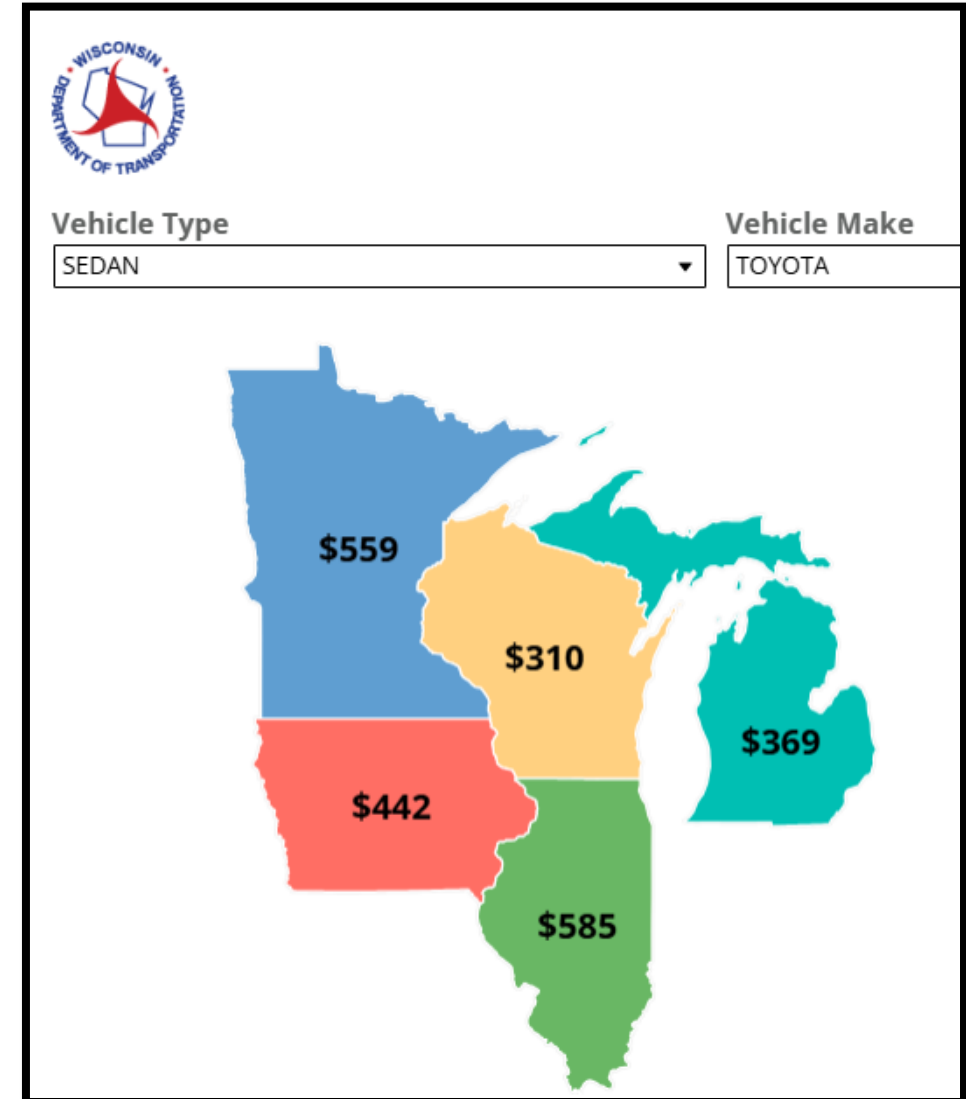
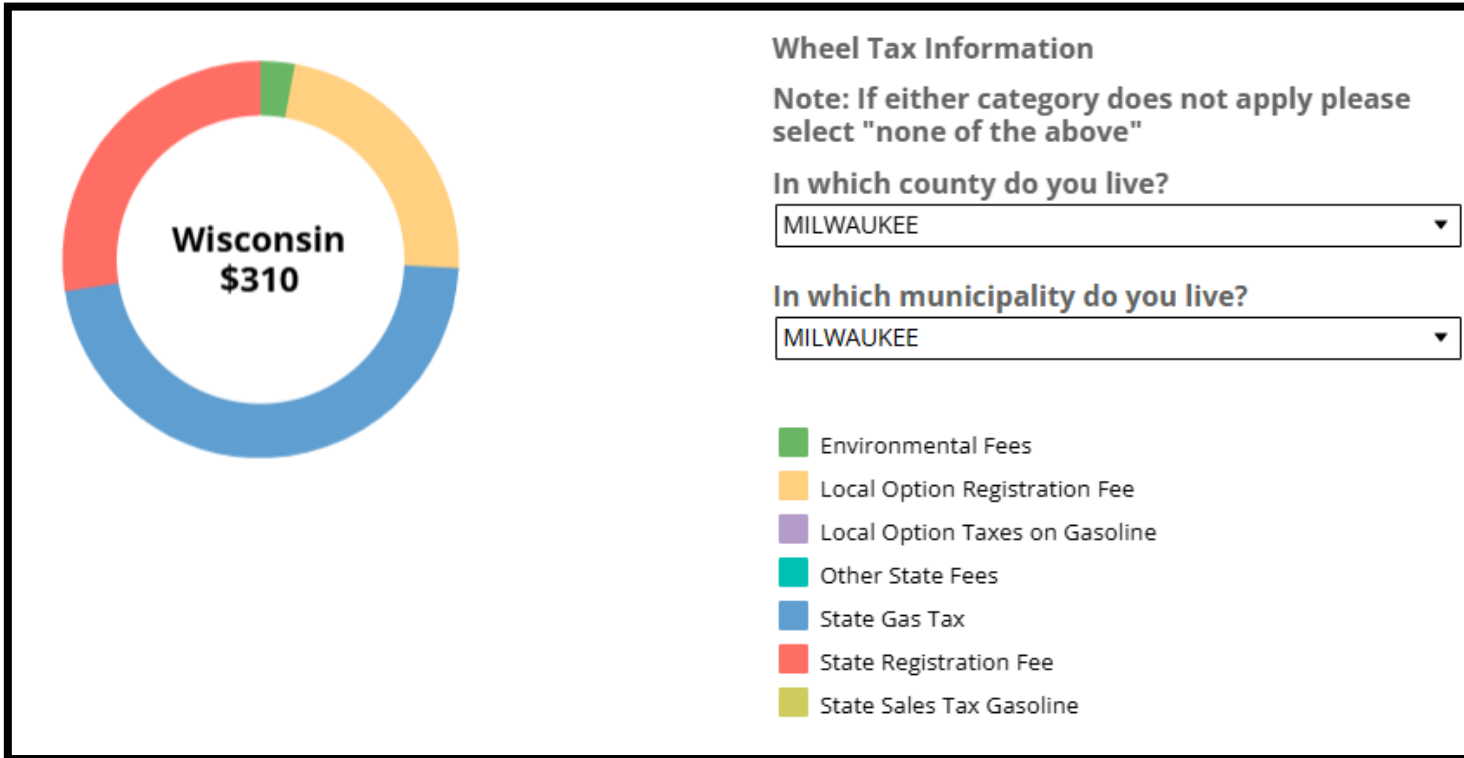
Total VRF in Wisconsin's 10 Largest Cities

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



WISDOT – Midwest Driver Fee Calculator

Sample Data



Online tool demonstrates that Wisconsin drivers pay lower vehicle fees compared to other Midwest states when considering registration fees, gas tax, and other fees

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

2027 MCTS Budget Planning

- Report identifies potential options to address 2027 MCTS Budget Gap of \$15.7 million
 - Without additional revenues, resolving the gap through fixed route bus service levels would require a reduction of approximately 20%
 - VRF of \$28 would be necessary to fully close gap
 - Tax Levy increases (ongoing or one-time) would offset the MCTS gap will be challenging as county overall faces a \$50.8 million budget gap
 - Other considerations may include fare adjustments, extension of federal funds into 2027 (if possible based on 2026 results), non-mandated paratransit service considerations, review of all other expenditures
- Combinations of the above may be considered to address the 2027 MCTS budget gap



2027 Budget Planning Considerations

- MCTS launched a Transit Network Redesign project in the spring of 2026 with an outside consultant with expertise in transit planning. The study is expected to take 12 to 18 months with recommendations provided in mid to late 2027. Any recommendations provided for 2027 Budget purposes will be preliminary.
- Through Budget Amendment 01, the County Board has identified increased funding for MCTS as the #1 priority for policy advocacy purposes. This amendment was signed and is supported by the County Executive.
 - It is anticipated the next opportunity to advocate for sustainable revenue reform is likely in the 2027-2029 State budget process, which is takes place after the adoption of the County's 2027 budget where MCTS faces a \$15.7 million funding gap.



Update on Transit Advocacy Efforts

- Partnership with WIPTA and APTA on federal funding efforts, including MCTS and MCDOT participation at APTA Capital Hill Day
- Engaging with statewide coalitions on transportation funding, including collaboration with the Wisconsin Counties Association and Transportation Development Association on the biennial transportation funding campaign
- County Board Resolution 26-306 urging the Governor and State Legislature to enact a sustainable transit and transit funding solution
- Working groups focused on communications, advocacy, data & communications pertaining to transit
- SEWRPC preliminary report on “The Value of the Milwaukee County Transit System” presented to the County Board T&T Committee (File 26-396)
- MCTS and MCDOT collaboration with “Transit is Milwaukee” grassroots advocacy coalition launched by MobileSE
- Launch of Transit Network Redesign project which will include engagement with the County Board and key stakeholders throughout the process





**MILWAUKEE
COUNTY**