



MILWAUKEE COUNTY

2023-2025 State Biennial Budget Priorities

Office of Government Affairs

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MILWAUKEE COUNTY 2023-25 STATE BUDGET PRIORITIES

Partnership between the State of Wisconsin and Milwaukee County will ensure Milwaukee remains an economic asset to the state.



Milwaukee County has cut \$320M in its past 9 budgets. Despite sound fiscal management, the structural deficit will grow and require eliminating a budget gap of \$300 million over the next 15 years. Without state partnership, critical services will be reduced or eliminated annually.

FISCAL RESPONSIBILITY

Milwaukee County has used every tool currently available to address its budget crisis.

- Reduced physical footprint by nearly 3 million square feet
- Implemented public-private partnerships in largest service areas to reduce costs and improve outcomes
- Improved earned revenue and efficiencies in key areas
- Deferred maintenance to maintain service, but resulting in nearly a billion dollar infrastructure backlog
- Overhauled pension and benefit systems to maintain fiscal solvency

Milwaukee County's 2023-25 budget request focuses on increasing partnership with the state to address key issue areas, supported by broad coalitions, to help counties statewide.

UNFUNDED MANDATES

As a subdivision of the State, the county is mandated to administer certain important services. Costs to provide those services have skyrocketed, while revenues have remained stagnant.

CRITICAL SERVICE PROVISION

Milwaukee County provides critical, non-mandated services, including public safety, housing, and transportation, which are critical to remaining a globally competitive metropolitan region.

The cost to provide state and local services is rising more than twice as fast as local revenues.

*By 2025, Milwaukee County will face an annual structural deficit of **\$87 million**.*

*By 2027, state-mandated services will consume the **entire** local tax levy.*

*Currently, **\$173 million** (of **\$312 million** total) in local levy dollars are required to support state-mandated public safety services.*



COUNTY REVENUE DIVERSIFICATION

REQUESTED ACTION

Provide Milwaukee County the authority to implement a local option sales tax, provide increased county and municipal funding, and provide the reinstatement of the 2 percent minimum floor for annual local property tax levy increases.

BACKGROUND

Responding to declining state aid, state-imposed property tax levy limits, and a lack of alternative funding mechanisms, local governments increasingly rely on property taxes to fund local and State-mandated services. In 2006, 6 communities approved referenda to increase property tax levies to meet service needs. Since then, roughly 50 more communities have successfully done the same. Overleveraging property taxes to pay for state and local services is unsustainable and overly burdensome on homeowners.

Over the last decade, Milwaukee County has implemented significant reforms to address the County's budget crisis. Despite these ambitious reforms, which closed a \$340 million budget gap over the last decade, by 2027 Milwaukee County will face an annual structural deficit of \$87 million. Pension costs currently consume one-third (\$106 million) of the entire local levy and will continue to grow over the next 20 years. Costs for local and state services are increasing nearly three times as fast as local revenues.

By 2028, state mandated services will consume Milwaukee County's entire local levy. Further state action supported by additional revenue is essential to avoid dramatic impacts on critical services including public safety and prevent long-term, negative economic consequences for the region and state. Over the last two decades, due to a series of difficult state budgets and competing priorities, State aids to local government have decreased in both nominal terms and when adjusted for inflation, while the costs of state-mandated services have grown. To compensate for the revenue shortfall, local governments have been forced to rely on local property taxes to fund the increased cost of state and local services.

with the result that Wisconsin is the 6th most expensive state for property owners. At the same time, Wisconsin has the lowest combined sales tax rate in the contiguous U.S., which reduces local government's ability to share the cost of services with visitors. Multiple state commissions, led by Republican and Democratic governors, have concluded that local governments are in need of revenue increases and diversification.

Milwaukee County's economic output over the last decade has continued to grow, providing significant increases in sales and use taxes, income taxes, and corporate income taxes to the state. At the same time, state aid has remained stagnant while the costs for providing state mandated services continue to increase nearly three times as fast as local revenues that are subsidizing the cost of those state services. Providing Milwaukee County a local tool to diversify revenues, preserve critical services including public



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safety, and eliminate legacy obligations ensures Milwaukee County can continue being an economic asset to Wisconsin and compete globally for talent and investment.

Over the last decade, Milwaukee County has implemented significant reforms to address the County's budget crisis. Additional details can be provided upon request, but examples of reforms include:

- **Staff reduced by 60 percent.** 1990 County workforce roughly 8,100 and reduced to 3,450 in 2022. Parks alone reduced staff by roughly 1,000 positions within last two decades.
- **Reduced Footprint by 3 mil sq ft.** Reduced footprint to decrease capital expenditures, streamline operations, and increase energy efficiency. Executed through public private partnerships, land sales, eliminating outdated facilities, and securing long-term lease tenants and operators.
- **Deferred Maintenance.** Diverted funds to address pension and operations. Capital infrastructure backlog has reached approximately \$870 million over next 5 years.
- **Redesign Behavioral Health System.** Overhauled behavioral health system by leveraging private sector partners to improve access, streamline services and decrease costs. Moving away from long-term inpatient care at large government facilities has decreased inpatient hospital admissions, improved patient outcomes, reduced operational costs, and facilitated elimination of outdated capital assets.
- **Pension Reforms.** Between 2011-2018, implemented series of reforms that generated significant short-term costs but controlled cost growth and significantly improved long-term fiscal health.

Despite these efforts, the growing cost of state services will consume our entire local levy by 2028 eliminating local funding for senior services, public safety, emergency services, parks, disability services, transit, roads, youth services, and more. Contributions to Milwaukee County's pension will reach \$122.3 million by 2028. Annual expenditure reductions of at least \$20 million are unsustainable and additional revenue is critical.

Local Option Sales Tax

Wisconsin counties are permitted through state statute to impose 0.5 percent county sales and use tax, for a total sales and use tax rate for Milwaukee County of 5.5%. Compared to surrounding states, Wisconsin allows for the lowest permitted sales tax (Indiana 7%, Minnesota 6.875%, Illinois 6.25%, and Michigan and Iowa 6%).¹

Increasing the allowable county sales and use tax would allow Milwaukee County to use local dollars to fund local solutions, while also diversifying revenue streams to ensure relief for property owners within the county.

County and Municipal Funding

In 1987, state aids accounted for nearly 50 percent of county revenues and by 2019 they were roughly 25 percent of the county revenue mix. From 2008 to 2019, state aid to counties accounted for only 20 percent. Between 2010 and 2020, expenses for state services administered by counties increased over 20 percent while state aids remained flat, which required additional local dollars to support state

¹ Informational Paper #5: Sales and Use Tax (2023). Legislative Fiscal Bureau, State of Wisconsin. [Informational Paper 5](#)
Retrieved February 21, 2023.



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services. In 2023, Milwaukee County's public safety costs for state mandates required \$173 million local dollars to subsidize state services (e.g. Sheriff, Medical Examiner, DA, Courts and more).

The county and municipal aid program is the largest local assistance program for counties.¹ Municipal aid provides general, unrestricted aid to counties and municipalities. Unrestricted aid can be used utilized however local governments deem appropriate. Since the revenue is not tied to any particular function, it can assist in supplanting other revenues that would be necessary to fund local government's functions.

Local Property Tax

Since the 2006 property tax year, the Department of Revenue (DOR) has administered a levy limit program that restricts the annual increases in county property tax levies. Before 2011, counties were able to increase their levy by an amount greater than, or equal to, the percentage change in net new construction or 2 percent. However, in 2011, the minimum 2 percent floor was removed, eliminating any increase for property taxes except for increases due to net new construction or through a referendum.

While county levy limits assisted in controlling tax bill increases, those same levy limits prevent county governments from generating the necessary revenue to meet the increased costs from inflationary pressures on services, labor, and materials. A minimum growth factor for levy limits provides revenue capacity near the average inflationary growth.

Regardless of the mechanism, to prevent significant negative economic consequences to the region and state, a partnership with the state to provide local revenue tools to enable further local reforms is critical. This solution provides critical assistance to Milwaukee that is at scale with the problem, addresses acute problems to improve our long-term fiscal health, and generates revenue through a sustainable mechanism at no budgetary cost to the state.

The 2023-2025 Proposed Executive Biennial Budget proposed providing Milwaukee County the authority for a local option sales tax for Milwaukee, additional shared revenue, and a minimum growth factor of 2 percent for levy limits.



PARATRANSIT AIDS

REQUESTED ACTION

Increase § 85.205 and § 85.21 Paratransit Aids by 20 percent each year of the 2023-25 biennium.

BACKGROUND

Paratransit Aids (§ 85.205). Paratransit is a state mandated service and critical component of the mass transit system. It ensures all Wisconsinites can access jobs, grocery stores, and health care – especially those who face mobility challenges. User fees cannot be more than twice MCTS’s fixed route fare per ride but the cost per ride is substantially higher. 85.205 funds to Milwaukee totaled \$1,644,785 in 2022, which was only 10 percent of Milwaukee County’s paratransit budget expenditure. To cover the full cost of the service, any funding gap is filled by Milwaukee County’s local levy to cover the full cost of the service.

Transit Plus is Milwaukee County’s paratransit program and is operated by MCTS. There are over 7,700 registered Transit Plus participants who are ADA paratransit eligible. MCTS contracts with two paratransit service companies to provide rides to persons with disabilities in Milwaukee County.

As demand increases, paratransit’s mobility management activities will also realize a corresponding increase for trainings in the areas of fixed route travel training, community outreach and education, mobility device training, bus operator ADA sensitivity and passenger assistance training. Ridership is expected to rebound to pre-pandemic levels (513,609 in 2019) and increase over the next few years.

Specialized Transportation (§ 85.21). Wisconsin’s Specialized Transportation Assistance Program provides critical funding for transportation services to older adults and people with disabilities who wish to remain active in their communities but can no longer drive, enabling them to remain healthy and active by reducing isolation and providing access to healthcare and recreation. Similar to paratransit, these services are costly and state funding has not kept pace with inflation.

Nearly 40 percent of older adults in Milwaukee County do not have access to a vehicle. As the population continues to age, this percentage will continue to climb. More than 70 percent (7,700) of Transit Plus’s riders are older adults.

Statewide, limited 85.21 funding has resulted in limited transportation options for older adults and people with disabilities. Other options either do not exist or have been severely reduced – such as public transit and volunteer driver programs that have not recovered from a severe reduction in revenue and volunteers during the pandemic. In the coming years, labor costs, inflationary pressures, and an aging population will significantly increase service costs and demand.



CURRENT STATUS

In the 2021, Transit Plus expenditures totaled \$13.2 million while revenues totaled \$11.74 million (including a \$1.64 million WisDOT grant). Per the Americans with Disabilities Act, WisDOT is required to provide paratransit aids to assist eligible mass transit operating assistance recipients. Funding is provided to each system's percentage of expenses and revenue miles compared to the total expenses and revenue miles of all fixed route bus systems. Tier A-1 (Milwaukee) received \$1.64 million, Tier A-2 (Madison) received \$509,200 and Tier B and Tier C received \$946,600.

To fill the 2021 funding gap, Milwaukee contributed \$1.43 million of local tax levy. In 2022, Milwaukee's tax levy contribution increased substantially to \$5.4 million. Local levy contributions are expected to increase further for 2023 for this mandated service.

MCTS faces significant challenges related to its fiscal health and sustainability. When MCTS's federal funds are exhausted in 2025, its fiscal crisis will exponentially worsen as the system anticipates a \$32 million deficit as early as 2025, growing to \$60 million by 2028.

The cost of providing specialized transportation rose dramatically due to sharp increases in fuel and labor costs and is expected to increase up to 15 percent within the next two years. At the same time, statewide 85.21 funding increased for the first time in FY21-22 and FY22-23, but only at a modest 3 percent.

The current statewide 85.21 appropriation is \$959,000. A 20 percent increase would result in a statewide increase of \$192,000 (\$787,730 for Milwaukee). 85.205 funding is currently \$3.178 million. A 20 percent increase would result in a statewide increase of \$625,000 (\$457,773 for Milwaukee).

The 2023-2025 Proposed Executive Biennial Budget proposes an 8 percent increase over the biennium in Paratransit Aids. Increasing costs for providing state-mandated paratransit services to our most vulnerable residents must be met with corresponding increases from the State of Wisconsin of 20 percent each year of the 2023-25 biennium.



CORE ADRC OPERATIONS

REQUESTED ACTION

Increase GPR funding statewide by \$32,370,000 to the Aging and Disability Resource Center program.

BACKGROUND

Aging and Disability Resource Centers (ADRCs) serve older adults and people with disabilities in need of services they are otherwise unable to obtain, providing an efficient “one stop shop” for individuals and their families to access long-term services. Milwaukee County serves the largest population with the most need and the largest number of long-term care participants in the state.

Both the aging population and the population of people with disabilities continues to grow. It is critical to increase ADRC funding to keep pace with the state’s increasing aging population. In 2010, Wisconsin had 777,314 residents aged 65 and over and by 2040, this population is expected to grow to over 1.5 million. Significant additional funding is required to ensure ADRCs can effectively meet their mission and provide residents these necessary services.

Ancillary services provided through ADRCs are also at a critical point – for example, the needs are so great that Benefit Specialists, who help residents qualify and enroll in programs like Medicare and Social Security Disability, simply cannot keep up with demand. Many residents are not receiving the help they need to secure benefits to which they are entitled.

Most ADRC funding is derived from state GPR, with some additional matching federal Medicaid funds. However, the Medicaid matching funds may only be used for services for Medicaid-eligible individuals.⁷ This existing state GPR funding formula is based on adult population numbers from nearly 20 years ago and does not account for the current nor projected growth in the population of older adults and people with disabilities. Specifically, it does not consider the disproportionate number of people living in poverty in Milwaukee County. As a result, the state’s current funding is insufficient to support core functions for Milwaukee County’s ADRC.

CURRENT STATUS

The current funding formula for ADRC investment has not been revised and does not consider factors such as racial and ethnic minority status, income level, and population of residents aged 75 or older, factors which often correspond with health and social inequities. These factors have significant impacts on the costs of services.

⁷ Medical Assistance and Related Programs: BadgerCare Plus, EBD Medicaid, Family Care, and Senior Care (2023). Legislative Fiscal Bureau, State of Wisconsin. [Informational Paper 45](#) Retrieved February 21, 2023.



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Given these issues, the Wisconsin Department of Health Services (DHS) established an advisory group in 2017 to identify the gap to fully fund ADRCs statewide. The recommendation would fully fund core ADRC operations and caseload needs, equalize funding and create an equitable distribution across the state, accommodate a growing population of people with disabilities, and provide ancillary services for residents to prevent poverty. The proposed revision to the formula and funding increase would increase Milwaukee's allocation from \$5.5 million to \$13.3 million.

In 2021, the advisory group's recommendation was not included in the state's biennial budget. The 2023-2025 Proposed Executive Biennial Budget proposes a \$7.5 million GPR base increase to counties as well as \$9.4 million in part-time caregiver support positions over the biennium.

Without a change to the formula and an increase in funding, Milwaukee County will be unable to provide these critical services to our aging and disabled populations.



ADULT PROTECTIVE SERVICES

REQUESTED ACTION

Provide a statewide increase of \$3 million GPR to counties for Adult Protective Services.

BACKGROUND

Formed in 2020, Milwaukee County Adult Protective Services (APS) serves individuals at risk ages 18 through end-of-life, helping older adults and adults at risk who have been abused, neglected, or financially exploited.

APS is also responsible for Guardianships and annual reviews for people in need of protective placement. Milwaukee County has designed its program to make services easier to access, connecting residents to resources more quickly and efficiently.

During the pandemic, assessments to evaluate the adequacy of supervision and services being received for individuals with disabilities increased significantly in 2021 and 2022.

State funding for APS was significantly impacted as the state now requires counties to provide Maintenance of Effort for Long Term Care, funding which had previously been utilized in part to support APS. Each county's contribution is based on a percentage of the county's 2006 Basic County Allocation under the Community Aids program. Family Care has increased from 35,058 enrolled in 2012 to 52,915 enrolled in 2022 (50.9 percent increase).⁸

Referrals for Adults/Elders at Risk to the Adult Protective Services program increased 84 percent in 2021, while the number of APS incidents for adults with disabilities rose 38 percent.

Milwaukee County has experienced a 20 percent increase in calls regarding abuse and neglect in skilled nursing and assisted living facilities, due to facility staffing shortages and closures. In 2020 APS added an online referral process which increased access to the APS program, but in turn reduced the amount of APS team members who are in the field responding to the referrals. APS experienced a 10 percent increase in referrals for customers that have long term care services in place.

The average caseload for APS team members has increased significantly. In the past year, average caseloads and case closure rates have more than doubled. With the population of individuals with disabilities and adult residents age 60+ projected to continue to increase significantly in the next decade, State GPR funding —which has remained flat since 2006 – will be critical to support our older adults and adults-at-risk.

⁸ Medical Assistance and Related Programs: BadgerCare Plus, EBD Medicaid, Family Care, and Senior Care (2023). Legislative Fiscal Bureau, State of Wisconsin. [Informational Paper 45](#) Retrieved February 21, 2023.



CURRENT STATUS

Since the shift in the long-term care system, State funding for APS has remained flat with Milwaukee County's allocation at just slightly over \$1 million.

The 2023-2025 Proposed Executive Biennial Budget proposes a \$13.6 million increase over the biennium to increase base funding to the allocations for adult protective services, elder abuse, and domestic violence.

This requested action is necessary given the increased enrollment in Wisconsin's Medicare Home and Community Based services for long term care. In August 2022, 5,862 Milwaukee County residents were enrolled in one of these publicly funded long-term care programs, which is 23 percent of all Wisconsin participants.