

2025 Milwaukee County Operating Budget Planning

May 16, 2024



Strategic Plan Alignment

- County Strategic Objectives:
 - 2C: Apply a racial equity lens to all decisions.
 - 3A: Invest “upstream” to address root causes of health disparities.
 - 3B: Enhance Milwaukee County’s fiscal health and sustainability.
- SBP Performance Targets (File 24-473):
 - Racial equity lens applied to budget decisions.
 - Reduce the structural deficit.
 - Reduce deferred capital infrastructure.



Annual Budget Timelines

- Jan-April: SBP prepares budget system, technical guide
- April-May: County Executive issues strategic budget instructions
- July 15: Depts submit REQ
- July 15-Oct 1: SBP/County Executive review budget
- Oct 1: County Executive submits Recommended Budget
- 2nd Week of Oct: Finance Committee Budget hearings
- Oct-Nov: Finance Committee amends budget
- Early Nov: County Board adopts budget
- Mid-Nov: County Executive vetoes budget (if needed)
- Mid-Nov: County Board override vetoes (if needed)
- Dec: SBP publishes adopted budget



Racial Equity Budget Tool

- Annual document where each departments evaluate their progress on racial equity.
- Share successes/challenges.
- Request additional funding in line with strategic plan.
 - 2024 Budget funded ten requests.
 - \$1.9 million over 6 departments.
 - Does not include other targeted investments toward strategic plan.
- All REBTs available on SBP website after July 15th.



2025 Budget Projections

- Comptroller's Five-Year Forecast (File 24-369) projected 2025 deficit of \$11.5 million.
- SBP is including additional budget assumptions for 2025 that decrease the gap \$13.0 million – for a net \$1.5 million surplus
 - Assume removal of \$10.5 million one-time items included in 2024.
 - Assume increase in sales tax for ERS normal cost.
- Based on this outlook, the CEX has issued flat levy targets to departments



2025 Budget Issues – Tax Levy Capital

- 2024 Budget included \$26.4 million of capital projects funded by levy instead of bonding. Current forecast is \$0 in 2025.
- Capital Improvement Committee meets in summer to recommend capital projects for 2025 Budget.
- Any tax levy funding would help address deferred capital infrastructure.



2025 Budget Issues – Tosa Fire

- County previously had a liability for fire protection charges at County Grounds.
- 2024 Budget included one-time funding to retire liability.
- Projected 2025 Budget: \$0.
- Example of 2024 Budget strategy to use one-time funding to decrease structural deficit.



2025 Budget Issues – Transit

- 2024 Budget included significant ongoing tax levy increase to support existing transit services.
- Transit budget for 2025 is projected flat due to this tax levy and federal funding.
- When federal funding expires, a significant gap in transit funding is expected – projected in 2027.



2025 Budget Issues – Pension

- As of 1/1/25, new employees are members of WRS. \$1.5 million employer contribution projected.
- Due to timing, decrease in County ERS costs not expected until 2026 budget.
- ERS Employee contribution increases in 2025 as expected
 - 2023: 6.1%
 - 2024: 4.3%
 - 2025: 5.2%
- WRS Employee Contribution: 6.9% in 2024



2025 Budget Issues – Compensation

- 2025 Budget assumes 2% general increase and pool of funding to support ongoing Compensation Transformation Project.
- SBP and Comptroller are monitoring vacancy rates. Filled positions increased from 3200 to 3500 since Jan 2023.
- Additional filled positions are largely corrections officers, but all departments are seeing more success hiring.
- County is seeing increases in salary, social security, overtime, health care, and other costs impacted by the number of employees.
 - March 31, 2024 Fiscal Projection (File 24-73) shows 2024 deficit projection largely driven by excess overtime.



2025 Budget Issues – 0.4% Sales Tax

- 0.4% Sales Tax must be used to fund the County's unfunded pension liability payment
- Excess sales tax may be allocated to:
 - Pension Obligation Bonds
 - ERS normal cost
 - Additional unfunded liability payments
- 2025 projection includes \$2.5 million of the 0.4% sales tax allocated to ERS normal cost, which offsets 2025 deficit.



2025 Budget Issues – Misc Issues

- Resident medical/food costs
- Health Care utilization
- Overtime costs
- Investment earnings





**MILWAUKEE
COUNTY**