

# Five-Year Financial Forecast

2026 - 2030



**MILWAUKEE  
COUNTY**

Office of the Comptroller • Liz Sumner, Comptroller • March 2025



# Key TakeAways

- Even with a dedicated funding source to help pay for the County's pension expenses, the annual structural deficit persists because expenditures grow faster than revenues

**Expenditure growth (3.5%) > Revenue growth (1.0%)**

- Average Structural Deficit from 2026-2030: \$34.3 million
- Additional Sales Tax (0.4%): One-time property tax levy savings of \$50M depleted in 2025
- Property Tax Changes: Up \$17.6 million in 2026
- Transit Fiscal Cliff: \$17.8M in 2028
- Other Major Cost Drivers: Wages, benefits

# 2026–2030 Projected Structural Deficits

Structural Deficit and Cost-to-Continue 2026 - 2030				
Year	Expenditure	Revenue	Structural Deficit	Cost-to-Continue*
2025	\$ 1,300,198,516	\$ 1,300,198,516	\$ 0	\$ 0
2026	\$ 1,366,687,019	\$ 1,320,031,948	\$ (46,655,071)	\$ (46,655,071)
2027	\$ 1,404,697,480	\$ 1,334,899,028	\$ (69,798,452)	\$ (23,143,380)
2028	\$ 1,443,707,573	\$ 1,332,699,770	\$ (111,007,803)	\$ (41,209,351)
2029	\$ 1,492,561,506	\$ 1,353,588,593	\$ (138,972,913)	\$ (27,965,111)
2030	\$ 1,503,161,572	\$ 1,331,574,807	\$ (171,586,766)	\$ (32,613,852)
		Average Cost-to-Continue:		\$ (34,317,353)
*Cost-to-continue assumes that the prior year gap was eliminated with long-term solutions.				

# 2026 Projected Budget Gap

	Amount (millions)
<b>Expenditure Type</b>	
Pension	\$ (3.5)
Abatements	\$ 0.3
Transit	\$ 2.3
Cost to Continue	\$ 7.2
Health & Other Benefits	\$ 15.8
Debt Service	\$ 14.2
Salaries, Overtime, FICA	\$ 26.6
<b>Expenditure Change</b>	<b>\$ 62.9</b>
<b>Revenue Type</b>	
One-time Revenue	\$ 7.4
Odd Year Unclaimed Funds	\$ 3.5
Sales Tax	\$ 1.1
State Shared Taxes	\$ (1.1)
State & Federal Revenues	\$ (1.2)
Investment Earnings	\$ (1.4)
Employee Health & Pension Contributions	\$ (2.1)
Transit Revenue	\$ (2.3)
Miscellaneous Revenue	\$ (2.5)
Property Taxes	\$ (17.6)
<b>Revenue Change</b>	<b>\$ (16.2)</b>
<b>Projected 2026 Operating Gap</b>	<b>\$ 46.7</b>

# Major Cost Drivers: Salaries & Overtime

- From 2017 – 2021 salaries grew 7.1%
- From 2021 – 2025 salaries expected to grow 37.0%
- Overtime in 2024: \$26.1M – highest recorded recently
- Drivers
  - Growing workforce
  - Sizeable deputy sheriff/correctional officer increases
  - Compensation study increases
  - Higher starting wages
  - Equity issues

# Major Cost Drivers: Medical & Pharmacy

- Increasing participation in County plan
- Negative trends in 2024
  - Medical up 10.5%
  - Pharmacy up 13.0%
- 2026 trend difficult to determine based on history
  - Medical – 8%
  - Pharmacy 11%
- If trends improve, structural deficit will improve

# Major Cost Drivers: Transit

- 2024 Tax Levy Increase - \$17.8M
- Federal stimulus funding exhausted during 2027
- 5307 largely used for operations (v. capital)
- 2028 Fiscal Cliff - \$17.8M to preserve services

# Major Cost Drivers: 0.4% Sales Tax

## Allowable uses

- Must first pay the unfunded actuarial accrued liability (UAAL) payment
- Additional sales tax can fund any of the following
  - POB payment
  - Additional UAAL payment
  - Normal cost of ERS
- \$82.7M in 2026
  - UAAL payment of \$57.8M
  - POB payment \$18.9M of the \$37.0M
  - ERS Normal Cost of \$6.0M



# Conclusion

- **Only two ways to solve the structural deficit**
  - Enact unique ways to reduce expenditure growth rate from 3.5%
  - Increase revenues year-over-year at a higher rate (e.g. levy limits, state-mandated services)