

Five-Year Financial Forecast

2027 - 2031



MILWAUKEE
COUNTY

Office of the Comptroller • Liz Sumner, Comptroller • April 2026

Key Take-Aways

- 2027 – 2031 is a pivotal fiscal juncture
- The longstanding challenge reiterated in previous forecasts remains the central driver of the fiscal outlook

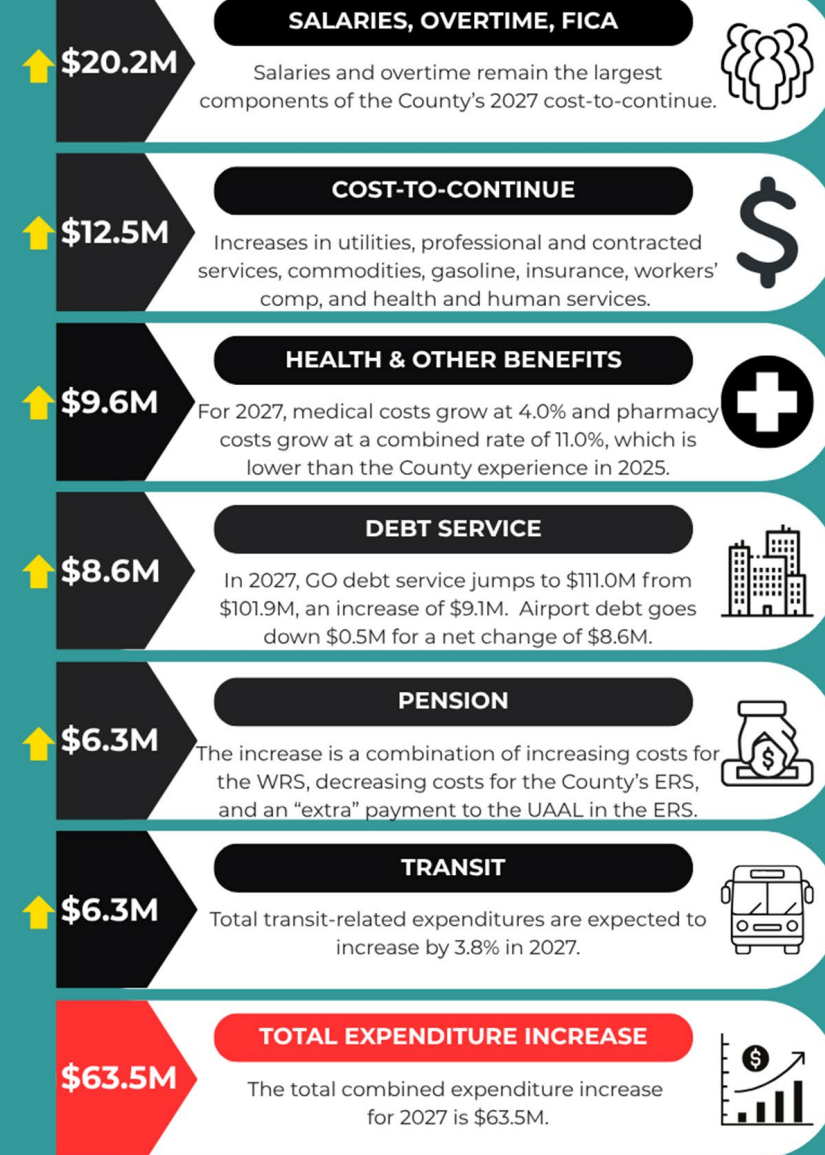
Expenditure growth (3.4%) > Revenue growth (1.0%)

- Average Structural Deficit from 2027 – 2031: \$33.7M down slightly from last year's estimate of \$34.3M
- \$50.8M 2027 Gap
- Property Tax Levy: Up \$12.3M in 2027
- Transit Fiscal Cliff: \$15.7M in 2027
- 0.4% Sales Tax: Funds the ERS UAAL, Normal Cost, and POBs at same level as 2026, and additional \$2.3M of UAAL
- Other Major Drivers: Wages, benefits, revenue growth

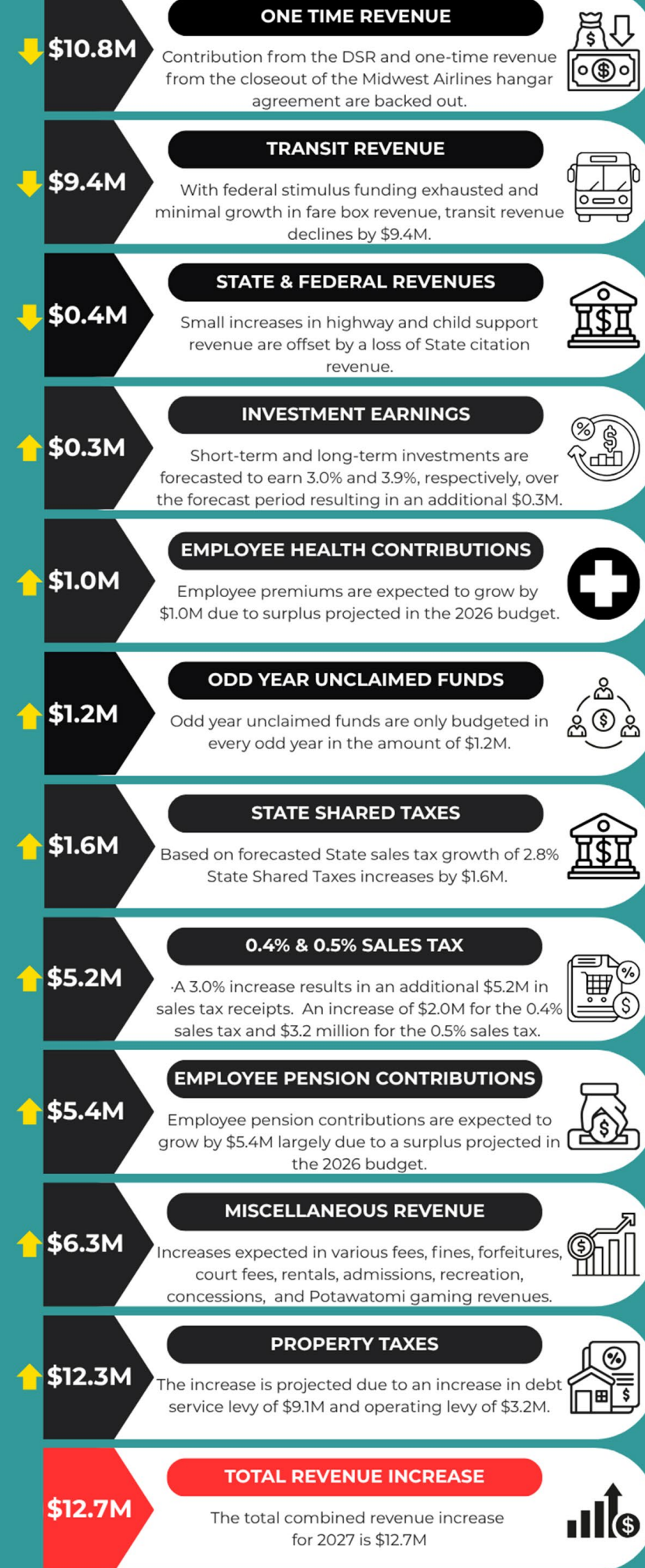
2027–2031 Projected Structural Deficits

Structural Deficit and Cost-to-Continue 2027 - 2031				
Year	Expenditure	Revenue	Structural Deficit	Cost-to-Continue*
2026	\$ 1,303,437,046	\$ 1,303,437,046	\$ 0	\$ 0
2027	\$ 1,366,985,485	\$ 1,316,137,623	\$ (50,847,862)	\$ (50,847,862)
2028	\$ 1,409,350,808	\$ 1,333,572,132	\$ (75,778,677)	\$ (24,930,815)
2029	\$ 1,444,720,719	\$ 1,340,424,479	\$ (104,296,241)	\$ (28,517,564)
2030	\$ 1,493,009,402	\$ 1,355,364,102	\$ (137,645,300)	\$ (33,349,059)
2031	\$ 1,539,414,375	\$ 1,370,702,784	\$ (168,711,592)	\$ (31,066,292)
			Average Cost-to-Continue:	\$ (33,742,318)
*Cost-to-continue assumes that the prior year gap was eliminated with long-term solutions.				

EXPENDITURES



REVENUES



\$50.8M

2027 OPERATING BUDGET GAP



Major Cost Drivers: Salaries & Overtime

- From 2017 – 2021 salaries grew 7.1%
- From 2021 – 2025 salaries grew 34.7%
- Overtime in 2025: \$27.9M; no relief in 2026 (projecting \$28.9M)
- Drivers
 - Compensation study increases
 - Higher starting wages
 - Wage compression issues
 - 3.9% annual growth reflected in salaries
 - Overtime flat at \$27.9M



Major Cost Drivers: Medical & Pharmacy

- Negative trends continued in 2025
 - Medical up 10.2% (likely closer to 22%)
 - Pharmacy up 19.3%
- 2026 – Impacts of the Inflation Reduction Act still unknown
 - Medical – 5.5%
 - Pharmacy – 24.7% (actives, pre-65s), -14.0% (post-65s)
 - Rebates?
- 2027 trend difficult to determine based on history and current trends
 - Medical – 4%
 - Pharmacy 11%
- If trends improve, structural deficit will improve

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
- \$88.6M in 2027 (3% growth rate assumed)
 - UAAL payment - \$55.9M
 - POB payment - \$21.7M of \$36.7M
 - ERS Normal Cost - \$8.8M of \$21.8M
 - Additional UAAL payment - \$2.3M

Major Cost Drivers: Transit

- 2024 and 2026 Tax Levy Increases - \$17.8M and \$3.5M
- Federal stimulus funding exhausted during 2026
- 5307 largely used for operations (v. capital)
- 2027 Fiscal Cliff - \$15.7M to preserve services

Major Cost Drivers: Revenue

- Property Tax Increases – Average 1.1% increase for general operating levy
- Vehicle Registration Fee – No increase since established in 2017
- Sales Tax – 3.0% growth
- State and Federal Revenues - Flat
- Investment Earnings – Minimal growth projected in out years
- Miscellaneous Revenues – Minimal growth projected in out years

Conclusion

- Federal and State Policy Changes
- Indirect Cost Funding
- Debt and Infrastructure Needs
- End of Federal Stimulus Funding and Economic Support
- Solving the Structural Deficit