



Milwaukee County Five-Year Financial Forecast

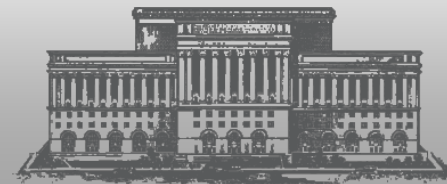


A presentation from the
Office of the Comptroller



Summary

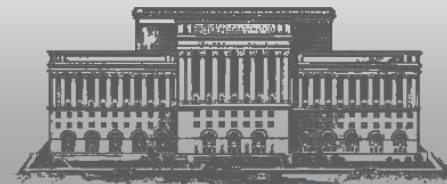
- 2017 projected gap is \$36.9 million.
- Long-term, annual costs-to-continue will average \$14.1 million plus any additional one-time revenues and expenditure abatements used the previous year.





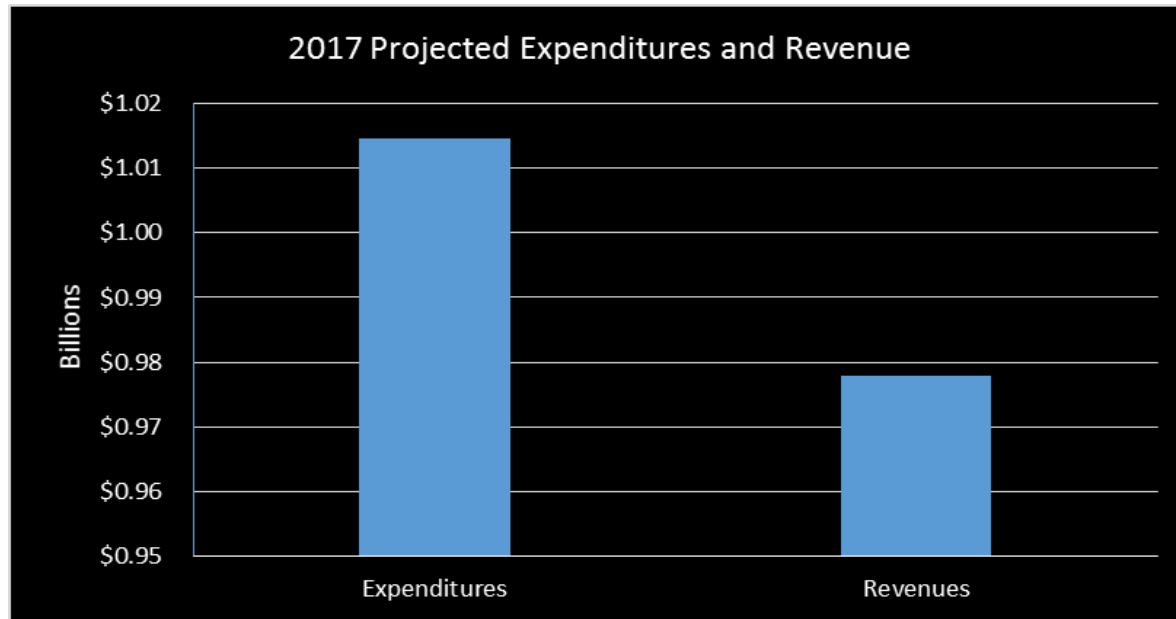
The Structural Deficit

1. Cost-to-continue increase
 - Expenditures increase by 2.2% annually
 - Revenues increase by 0.7% annually
2. One-time revenues and expenditure abatements utilized in previous year.
 - Debt service reserve contributions
 - “General” expenditure reductions

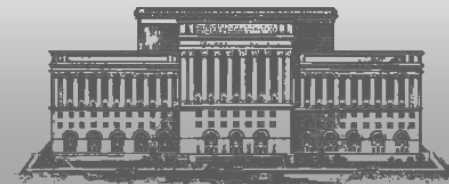




2017 Projected Structural Deficit



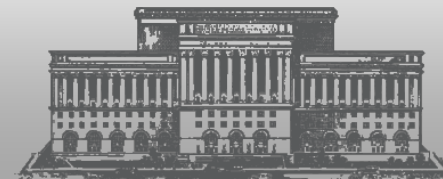
\$36.9 million





2017 Structural Deficit

Expenditure Type	Dollar Change
Healthcare	\$ 6.1
Pension	\$ 6.0
Expenditure Reductions	\$ 7.3
HHS Service	\$ 3.8
Salaries & Overtime	\$ 3.4
Transit Expenditures	\$ (2.9)
Expenditure Change	\$ 23.7
Revenue Type	
One-time Revenues	\$ 12.0
Transit Passenger Revenue	\$ 5.0
Fees & Permits	\$ 2.0
Doyne Hospital Sale	\$ (1.3)
Sales Tax	\$ (1.6)
Property Taxes	\$ (2.9)
Revenue Change	\$ 13.2
Projected 2017 Gap	\$ 36.9

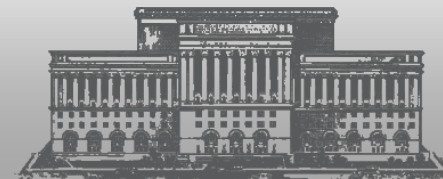




2017 – 2021 Structural Deficits

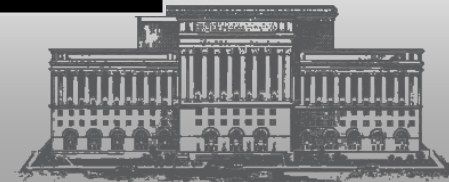
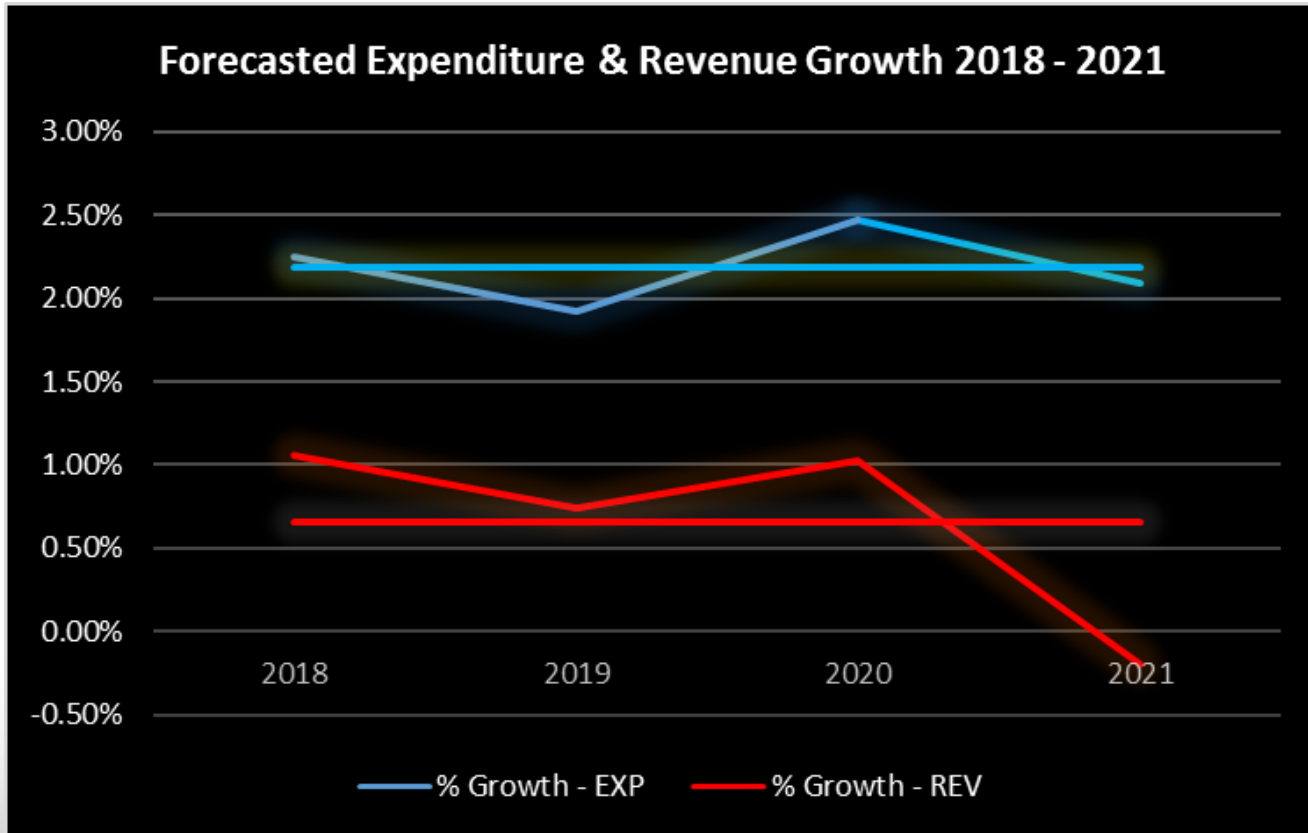
Year	Expenditure	Revenue	Structural Deficit	Cost-to-Continue*
2017	\$ 1,014,717,983	\$ 977,811,962	\$ (36,906,021)	
2018	\$ 1,037,492,423	\$ 988,133,140	\$ (49,359,283)	\$ (12,453,261)
2019	\$ 1,057,464,537	\$ 995,437,982	\$ (62,026,555)	\$ (12,667,272)
2020	\$ 1,083,570,747	\$ 1,005,683,974	\$ (77,886,774)	\$ (15,860,218)
2021	\$ 1,106,181,395	\$ 1,003,697,876	\$ (102,483,519)	\$ (15,540,887)
			Average Gap:	\$ (14,130,410)

*Cost-to-continue assumes that the prior year gap was eliminated with long-term solutions. For 2021, the loss of Doyne Hospital revenue is removed as an outlier.



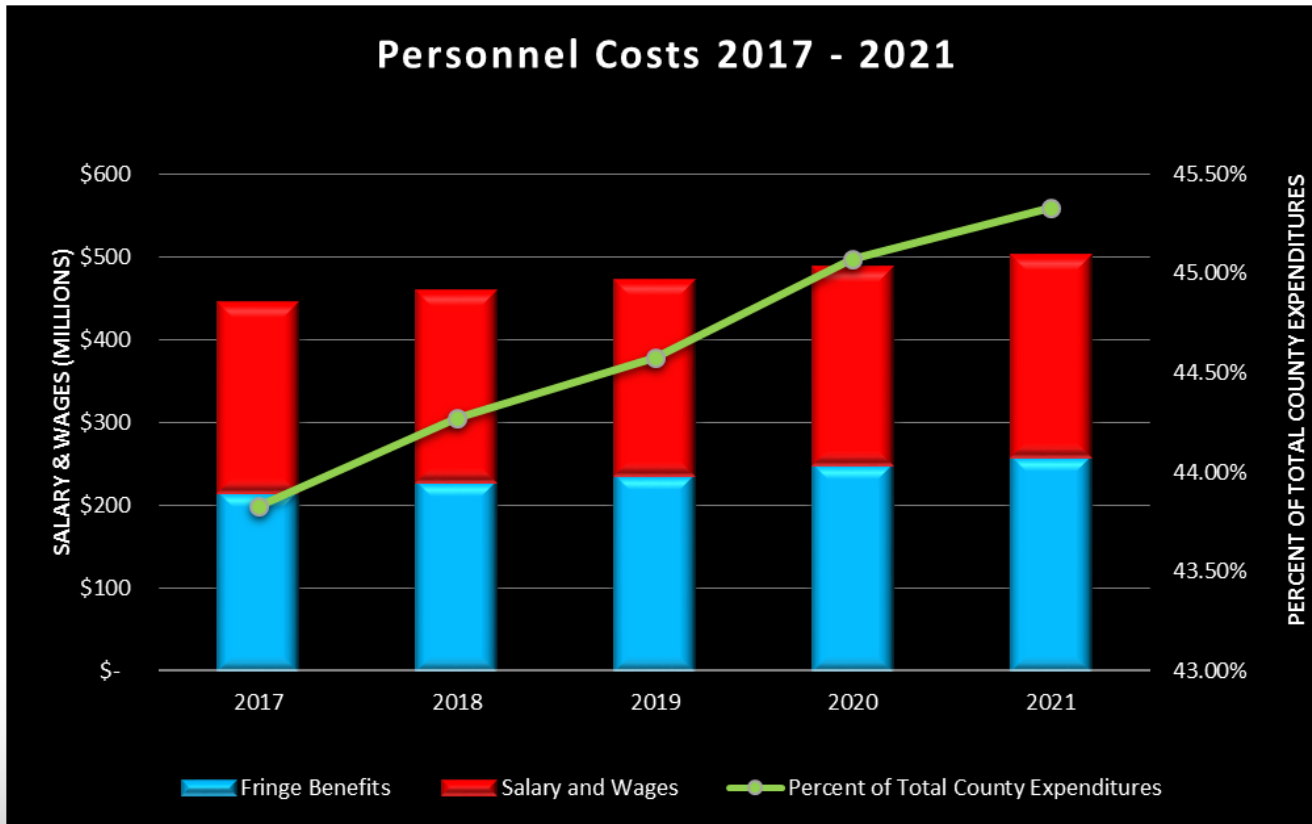


Cost-to-Continue



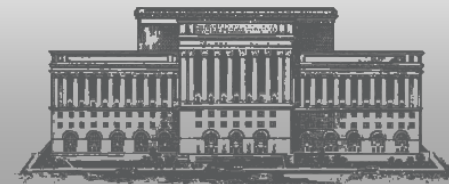
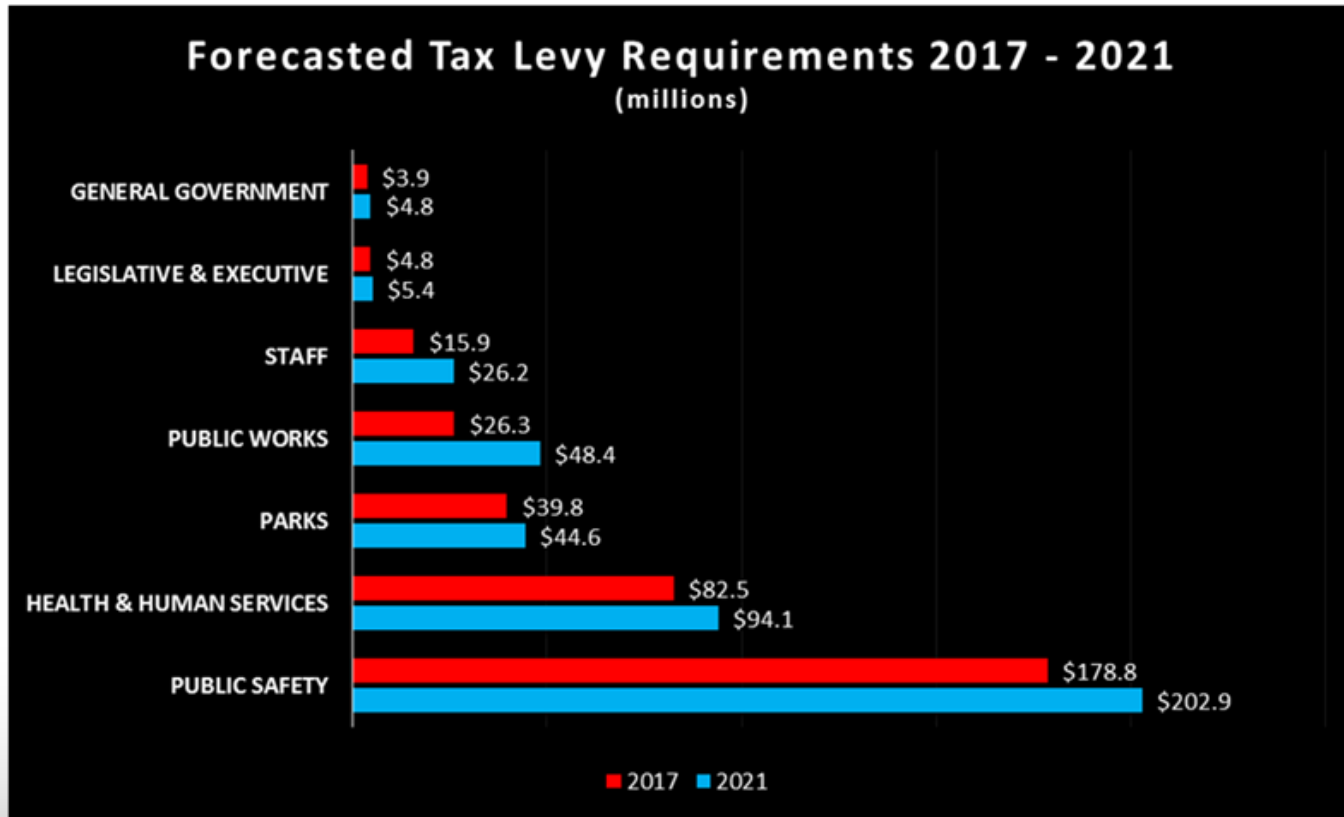


Cost-to-Continue - Expenditures





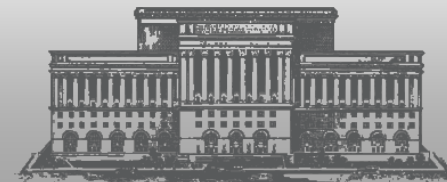
Cost-to-Continue - Expenditures





Cost-to-Continue - Revenues

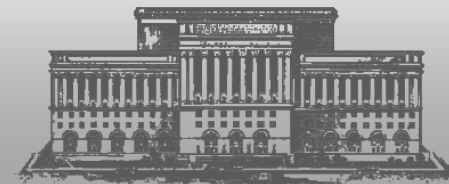
Year	% Revenue Increase
2017	
2018	1.06%
2019	0.74%
2020	1.03%
2021	-0.20%
Average:	0.66%





Cost-to-Continue

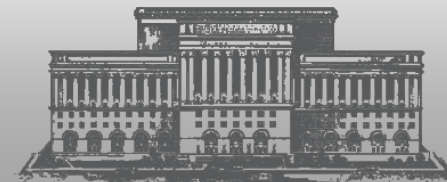
Year	% Revenue Increase	% Expenditure Increase	Difference
2017			
2018	1.06%	2.24%	1.19%
2019	0.74%	1.93%	1.19%
2020	1.03%	2.47%	1.44%
2021	-0.20%	2.09%	2.28%
Average:	0.66%	2.18%	1.52%





One-Time Revenues & Abatements

Budget Tool	Amount (Millions)
One-time Revenues	
Debt Service Reserve Contribution	10.5
POB Reserve Contribution	1.5
Expenditure Abatements	
Sheriff	5.6
Other County Departments	1.7
Total	19.3

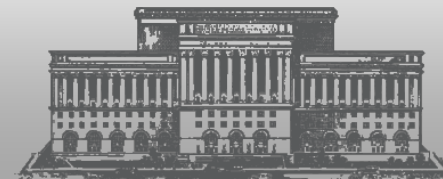




Milwaukee County Five-Year Forecast 2017 - 2021

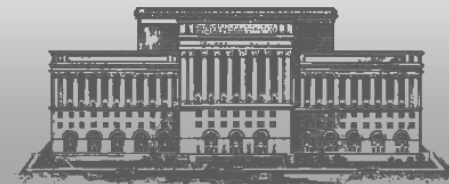
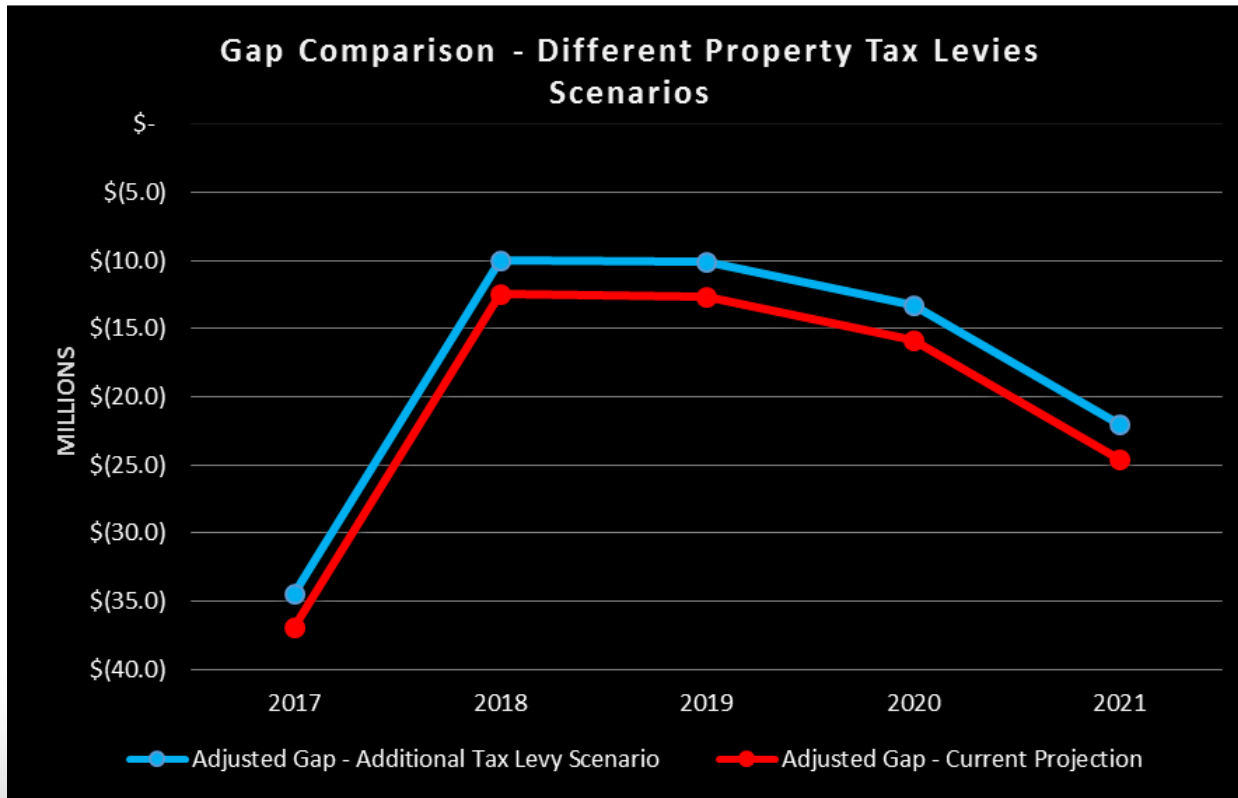
Impact of Additional Revenue

	Current - No Changes			Add \$30 M New Revenue			Add \$30M New Revenue & Increase Growth by 0.8%		
	0.70%	2.20%		0.70%	2.20%		1.50%	2.20%	
	Revenue (Millions)	Expenditure (Millions)	Cost-to-Continue	Revenue (Millions)	Expenditure (Millions)	Cost-to-Continue	Revenue (Millions)	Expenditure (Millions)	Cost-to-Continue
	0.70%	2.20%		0.70%	2.20%		1.50%	2.20%	
2017	\$ 980	\$ 1,010	\$ 30	\$ 1,010	\$ 1,010	\$ -	\$ 1,010	\$ 1,010	\$ -
2018	987	1,032	15.4	1,017	1,032	15.2	1,025	1,032	7.1
2019	994	1,055	15.8	1,024	1,055	15.6	1,041	1,055	7.3
2020	1,001	1,078	16.3	1,031	1,078	16.0	1,056	1,078	7.6
2021	1,008	1,102	16.7	1,039	1,102	16.5	1,072	1,102	7.9
2022	1,015	1,126	17.2	1,046	1,126	17.0	1,088	1,126	8.2
2023	1,022	1,151	17.7	1,053	1,151	17.5	1,104	1,151	8.5
2024	1,029	1,176	18.2	1,061	1,176	17.9	1,121	1,176	8.8
2025	1,036	1,202	18.7	1,068	1,202	18.5	1,138	1,202	9.1
2026	1,043	1,229	19.2	1,075	1,229	19.0	1,155	1,229	9.4





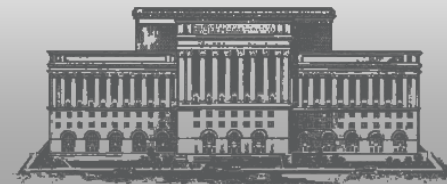
Impact of Additional Levy





Other Issues to Monitor

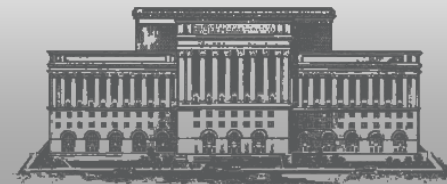
- Freezing the tax levy
- Future biennial State budget
- Debt service and infrastructure needs
- Potential changes to the Behavioral Health Division





Conclusion

- Annual inflationary cost increases will not be offset by projected revenue increases.
- Every one-time revenue or expenditure abatement will have a negative impact on the following year's structural deficit.
- More meaningful discourse on a long-term sustainable strategy to match revenue and expenditure growth is needed.





Milwaukee County Five-Year Forecast 2017 - 2021

QUESTIONS?

