2027 Operating Budget Overview

MILWAUKEE COUNTY

2027 Budget Outlook

- Opportunities for investments in 2027 will be limited — even one time investments
- Capital needs are greater than available funding
- Departments are asked to reduce levy to help meet statutory requirement for balanced budget
- The County Executive and the County Board will have difficult decisions to prioritize services and capital projects, increase revenues/taxes/fees

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Revenue History

	2000 Budget	2000 Budget CPI Adjusted to 2026 $	2026 Budget	Variance
Shared Revenue	$57.7	$111.2	$62.6	($48.6)
Transit Aid	$46.5	$89.5	$60.9	($28.6)
Property Tax	$196.0	$377.7	$309.0	($68.7)
TOTAL	$300.2	$578.4	$432.5	**($146.0)**

- Revenues have not kept pace with inflation

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Previous County Reforms

- Reduced FTE Count from 7,337 to 4,132
- Reduced footprint by ~3 million square feet
- Closed ERS to new members
- Restructured post-retirement health benefits
- Constrained salary increases
- Increased earned revenues
- Increased Vehicle Registration Fee
- Consolidated departments for efficiency

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2027 Gap Projection

- Estimated at ~$50 million
  - Slightly up from $46 million in 2026.
  - Transit gap is ~$16 million
  - Gap from non-transit items decreasing
- Structural Deficit
  - Expenditures are increasing by 3.4%
  - Reveneues are increasing by 1.0%

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2027 Gap Projection - Drivers

- Salary, Benefits, and Overtime usage
  - Maintain ~10% vacancies
  - Comp Study substantively complete causing higher starting wages
  - 3-5% increase in medical care
  - 10-12% increase in prescription drugs
  - Medical and Pharmacy costs are very volatile and difficult to forecast

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2027 Gap Projection - Drivers

- Transit
  - 2024 Budget included a tax levy infusion of $18 million
  - $16 million additional levy needed to maintain services in 2027
    - Federal funds expire in 2027, fiscal cliff originally projected for 2028 moved up by one year
    - Operating expenses increasing
  - Options:
    - Reduce funding and service
    - Uuse short-term funding to bridge gap
    - Increase revenue

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Gap Projection

- Investment Earnings
  - Likely to see decreases in the future as ARPA funds are spent
- VRF
  - Currently $30
  - One of the few revenues County can change without state action
- Federal Policy Changes
  - Unknown impact. Any loss of funding would likely mean reduction of covered services.

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Gap Closing Options

- Cost-To-Continue
  - Departments absorb costs related to inflation and 3.5% EXP increase
  - Estimated savings: $12.5 million
- Personnel Increase
  - Departments absorb equity increases/hiring above the budgeted amount
- General Increase
  - No general increased planned for 2026. Tax Levy Savings of $2.5 million expected. Not a final decision – could be changed by CEX/CB

Gap Closing Options

- Levy Targets
  - In addition to absorbing the cost to continue, departments are issued additional levy reduction targets
  - Expected savings of $10 million
  - Departments can request funding for items removed in REQ through supplemental budget request process

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Gap Closing Options

- Sales Tax
  - June 2026 report from Comptroller's Office shows a 3.8 % year-over-year growth rate
  - Increased sales tax would decrease gap and be available to reduce debt levy
- Fringe Benefits
  - Health Care and Prescription Drugs are some of the biggest drivers in the budget gap
  - HR/SBP/Comptroller collaborating with vendors to recommend changes to plan design

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Property Taxes

- Total increase of $12 million projected
- Debt Service Tax Levy
  - Increase of $9 million largely for MPM and Forensic Science Center projects that exceeded the bonding cap
  - Future IJCC costs could potentially increase debt levy
  - Limited flexibility for 0.4% Sales Tax to offset POB debt
- Operating Tax Levy
  - Can increase by net new construction
  - Projected at $3 million

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Next Steps

- Department Requested Budgets due July 15
- Work with departments to balance the budget
- County Executive Recommended Budget submitted by October 1st

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