

**COUNTY OF MILWAUKEE**  
**INTEROFFICE COMMUNICATION**

DATE : 9/22/20

TO : Supervisor Marcelia Nicholson, Chair, County Board of Supervisors

FROM : Joe Lamers, Director, Office of Performance, Strategy, and Budget

SUBJECT : 2021 Balancing Act – Budget Engagement Results

## **BACKGROUND**

Balancing Act is an interactive online budgeting tool created by a public policy strategy firm called Engaged Public. Balancing Act is designed to be an easy to use and easy to understand online tool for public sector organizations to generate public feedback related to budget decisions. The simulation breaks down public budgets into categories of revenues and expenditures. Within each category, users can manipulate revenue streams and expenditures in order to submit a balanced budget based on their priorities. Organizations can use the data collected as a tool to see the breakdown of where the public holds preferences related to the budget.

Approximately 60 local governments across the nation have used Balancing Act, including Milwaukee County. Milwaukee County has used the tool since 2017, during the 2018 budget process. Of the local governments using Balancing Act, Milwaukee County has been documented to the highest number of participation and responses.

## **OVERVIEW**

Milwaukee County has been using Balancing Act as a tool to engage the public in the budget process for the past three years. For the 2021 budget process, the tool was opened to the public in mid-July. Users are asked to submit budget priority areas while also being tasked to close a \$42.5 million budget gap which was projected as a result of the County's ongoing structural funding deficit, combined with negative financial impacts of COVID-19.

As of September 22, 2021, the 2021 Milwaukee County Balancing Act page received 2,740-page views and 653 total budget submissions. The average participant spent approximately 13 minutes on the site. This report provides a summary of the results, based on Balancing Act user submissions as of September 22. The Administration plans to keep Balancing Act open to the public for further input throughout the budget process, including into the County Board phase of the budget.

## **RESULTS**

For the 2020 budget process, participants selected revenue and expenditure options to close a \$42.5 million projected budget gap. In order to submit a budget in Balancing Act, participants were required to close the gap. On average, participants chose to fill approximately 44% of the gap by increasing revenues and 56% by reducing expenditures.

### Revenues

The average participants closed 44% or \$20.6 million of the budget gap through revenue increases. Revenue options included:

- Increasing the property tax by up to \$3 million, reflecting the estimated amount of net new construction in the County, which reflects the majority of the property tax increase which is allowed under State law
- Borrowing from reserves, up to \$10 million
- Increasing the sales tax by 0.5%, 1.0%, or 1.5%, for up to \$30 million of revenue to offset the County's budget gap. As indicated in the Balancing Act tool, these sales tax increases would require change in Stat law.
- Increasing Vehicle Registration fee collections by up to \$11 million

Amongst revenue categories, sales tax was the most commonly selected option. 62% of participants chose to increase sales tax by an average of \$13.5 million. 49% chose to increase property taxes by an average of \$1.2 million. 44% chose to increase the Vehicle Registration Fee for an average of \$3.97 million.

*Table 1: Revenues*

<b>Description</b>	<b>Average Increase/ Decrease</b>	<b>% Of Submissions Increased</b>
Increase Property Tax	\$ 1,281,646	49%
Borrow from Reserves	\$ 1,811,709	25%
Increase the Vehicle Registration Fee	\$ 3,976,266	44%
Increase Sales Tax	\$13,583,861	62%

### Expenditures

On average, users closed 56% of the budget gap by reducing expenditures. As seen in the below chart, decreases came from across multiple departments. The highest reductions came from administration (\$12.7m), followed by reductions to pension and healthcare (\$2.9m), prisons and jails (\$2.6m), the bus system (\$2.3m), and elected offices (\$1.8m).

It should be noted that the Balancing Act tool included limitations on the amount of reductions that can be made for several departments. Many County departments provide services which are mandated by State and Federal law, and in many instances State or Federal reimbursement is provided for services. For these departments, the 2021 Milwaukee County Balancing Act tool

limited reductions to approximately 4% of total budget, under the premise that reductions beyond this amount could result in non-compliance with State and Federal law, and/or lost State and Federal revenues which would have a negative impact on efforts to close the budget gap.

In addition to showing the average value of submissions, the Balancing Act results show the percent of submissions which decreased or increased spending for each department. The results show that 79.7% of respondents chose to decrease funding for County Administration, 69.9% reduced funding for Elected Offices, 68.9% reduced funding for Prisons and Jails, 60.1% reduced funding for Sheriff Operations, 53.6% reduced funding for the Zoo, 50.9% reduced pension and health care funds, and 50.4% reduced Courts funding.

While participants were asked to close a \$42.5 million budget gap, some respondents chose to increase funding for departments. 20.0% of respondents submitted funding increases for Parks, 15.8% increased funds for Housing, 15.3% provided additional funding for Economic Development, and 14.24% of respondents submitted increased funding for Mental Health Services.

See table below for additional details on expenditure changes submitted.

Category Name	Average Increase / (Decrease)	% of Submissions Decreased	% of Submissions Increased
Mental Health and Community Support Services	(257,350)	39.24%	14.24%
Housing	(197,550)	33.07%	15.82%
Bus System	(2,314,197)	40.82%	12.97%
Parks	(673,060)	31.33%	20.09%
Zoo	(1,373,855)	53.64%	6.33%
Prisons and Jails	(2,694,561)	68.99%	3.32%
Highways	-	0.00%	0.00%
Airport	-	0.00%	0.00%
Child Support Services	(63,431)	28.01%	10.60%
Court System	(581,738)	50.47%	3.64%
County Administration	(12,769,661)	79.75%	0.63%
Pension and Healthcare	(2,920,048)	50.95%	5.54%
Economic Development	79,120	28.96%	15.35%
Senior Services	59,834	26.27%	8.23%
911 Call Center and Emergency Medical Services	(65,424)	14.40%	8.23%
Medical Examiner	(89,799)	28.64%	4.11%
Disability Services	(167,260)	23.73%	7.91%
Elected Offices	(1,842,420)	69.94%	1.11%
Sheriff Operations	(98,353)	60.13%	8.23%

## Demographics

After submitting a balanced budget in Balancing Act, users were asked to self-identify demographic information such as municipality, age, ethnicity, and education level.

Top 10 Municipalities	
Milwaukee	51%
Wauwatosa	7%
Shorewood	4%
Oak Creek	3%
Whitefish Bay	3%
Franklin	3%
Greenfield	3%
West Allis	2%
Fox Point	2%
Glendale	2%

Education Percent	
associates Degree	8%
Bachelors Degree	36%
high school	1%
Masters degree	27%
phd, law or medical	7%
some college	13%
some postgrad	8%

Ethnicity Percent	
american indian or alaska native	0%
asian	1%
black or african american	9%
Hispanic/Latinx	9%
prefer not to say	20%
white	61%

Age Rang Percent	
20 and under	1%
21-30	14%
31-40	29%
41-50	20%
51-60	17%
61+	19%

## RECOMMENDATION

This report is provided for informational purposes only. No action is needed.



Joe Lamers, Director  
Office of Performance, Strategy and Budget  
Department of Administrative Services

Cc: David Crowley, Milwaukee County Executive  
Jason Haas, Chair, Finance and Audit Committee  
Willie Johnson Jr., Co-chair, Finance and Audit Committee  
Steven Cady, Research and Policy Director, Office of the Comptroller  
Judy Landry, DAS Director  
Mary Jo Meyers, Chief of Staff, Office of the County Executive  
Kelly Bablitch, Chief of Staff, County Board  
Dan Laurila, DAS-PSB, Operating Budget Manager

