

For immediate release:
Oct. 15, 2019

For more information:
Rob Henken (414-435-1101)
rhenken@wispolicyforum.org

Milwaukee County Budget Plan Blunts Pain in 2020, But Long-Term Picture Remains Dire
Critical Concerns Remain About Funding Transit, Public Safety, and Infrastructure

Milwaukee County's 2020 budget proposal may prove less contentious than previously expected, as a confluence of onetime revenue increases and cost savings could enable county leaders to avert painful service reductions for at least another year.

But the county's long-term budget picture remains ominous, particularly for transit, public safety, and county infrastructure, according to a new analysis from the nonpartisan Wisconsin Policy Forum.

Recent months in Milwaukee County have been marked by citizen outcry over the prospect of cutting suburban bus routes and selling assets in county parks. The ongoing structural imbalance of county finances also fueled fears about the potential impact of this year's budget.

Still, thanks to a package of revenue increases and cost reductions totaling more than \$12 million, County Executive Chris Abele has proposed a budget that largely maintains the status quo in county services.

The package includes:

- The use of \$2.9 million of newly discovered property tax levy capacity;
- Reducing health care expenditures by \$2.2 million, rather than increasing them by \$5.5 million as originally projected;
- Withdrawing \$3.1 million from the county's Debt Service Reserve;
- \$2.2 million in one-time federal funds for transit; and
- \$2 million in savings from anticipated vacant positions.

While these measures provide near-term relief, the prospect of transit route cuts and the need to abandon certain capital projects in the parks are "likely to re-emerge in the near future," the report finds. This is because many revenue and cost-saving measures proposed in this budget are unlikely to recur, creating a potential need in future budgets to revisit broad service cuts, workforce reductions, or revenue increases within the very limited framework permitted by state law.

The report finds the county's precarious long-term outlook "should not obscure recognition of its real progress in reducing the size of its structural deficit" or its "successful pursuit of responsible fiscal reforms." These include right-sizing financial assumptions for its pension fund or for park and zoo revenues, building up debt service reserves, and lowering overall capital debt.

Still, the report finds:

- Maintaining existing levels of transit service "will continue to be one of Milwaukee County's foremost financial challenges in the years to come." Barring new revenue from the state or from a local sales tax sought by county and municipal leaders or enhanced efforts to reduce the growth of employee compensation and retirement obligations, county leaders may have to choose between further service reductions or increasing the county's vehicle registration fee – despite previous strong opposition from the county board and a 2017 advisory referendum that showed little support among county residents.

- Among the most contentious items in this budget is a proposal to end the county's Huber work release program and transition all of its inmates to electronic monitoring. While doing so would provide \$1.7 million in savings, our report finds the proposal ideally would have been more thoroughly vetted by groups such as the Milwaukee Community Justice Council. The county board "should now take the time needed to more thoroughly weigh the proposal ... and to seek consensus among justice system leaders on the appropriate path forward," the report finds.
- The county's long-term financial outlook for capital projects is "deeply troubling" and has deteriorated further since a June 2019 Forum report sounded the alarm about it. This means county leaders' policy of abiding by self-imposed borrowing limits while allowing a backlog of infrastructure projects to grow "has become increasingly untenable," the report finds. While county leaders hope the state will permit them to hold a referendum to increase the local sales tax, prospects for that proposal in the state Legislature are, at best, uncertain.
- As a consequence of these budget pressures, county leaders soon will likely have to consider some combination of other measures currently within their authority, the report finds. They include increasing vehicle fees; shelving the self-imposed borrowing limits and increasing the property tax levy for debt service to support higher borrowing levels; or paring down the list of infrastructure projects while crafting strategies for coping without the lower-priority projects.

Ultimately, the report finds that it's understandable for county leaders to hail a 2020 budget that, under fierce financial pressure, averts service and workforce reductions and eschews irresponsible budgeting gimmicks.

But, the report concludes, "Milwaukee County leaders should enjoy such good news but should not lose sight of the daunting challenges that remain."

[Go here to read](#) the 2020 Milwaukee County budget brief.