



WISCONSIN POLICY FORUM

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Act 12 Benefits Continue in 2025, But Fiscal Challenges Loom for Milwaukee County *Annual budget brief finds the county's brief era of largely pain-free budgets likely to be short-lived*

Despite a mid-year budget deficit that emerged this summer, Milwaukee County's 2025 budget proposal largely avoids harmful service cuts, while boosting spending on public safety and limiting withdrawals from reserves.

The budget shows the county has made considerable progress in reducing its structural budget deficit, thanks largely to a new state law, 2023 Act 12, that significantly increased the county sales tax as well as its state aid allotment.

The sizable upfront impact of Act 12 notwithstanding, it may dissipate more quickly than expected. Milwaukee County faces mounting public safety costs, a looming fiscal cliff for transit, and perhaps most concerning, a capital projects backlog with a price tag that may soon approach \$1 billion. Future options to address these challenges remain limited, according to the Wisconsin Policy Forum's annual brief on the Milwaukee County Executive's 2025 recommended budget.

In last year's budget brief, the Forum said Act 12 heralded "the dawning of a new day for Milwaukee County." The historic legislation authorized the county to increase its sales tax from 0.5% to 0.9% and linked the state's shared revenue appropriation to one-fifth of its sales tax collections, providing an immediate – and an ongoing – increase in aid to counties, municipalities, and towns.

"A year later, we are not ready to declare the new day already over, but it is now evident that a return to difficult budgets will come sooner rather than later," our 2025 budget brief finds.

The Act 12 infusion of new dollars created a \$51.1 million surplus for Milwaukee County's 2024 budget, but an \$11.5 million deficit re-emerged for 2025 and has grown throughout the year. The county executive proposes to address the projected deficit by eliminating one-time expenditures made possible by federal pandemic relief aid, drawing \$7.5 million from reserves, limiting departmental spending increases, and increasing out-of-pocket health care expenses for county employees. The following are keys to understanding County Executive David Crowley's budget plan:

Public safety challenges chew up Act 12 benefits: Juxtaposed against the influx of new revenue from Act 12 is Milwaukee County's mounting fiscal pressure in the area of public safety. The 2025 budget plan would increase such spending by \$10.8 million, or 7.1%.

Much of this spending growth comes from the Milwaukee County Sheriff's Office, for which spending would rise by \$5 million, or 8.3%. The increase would support nine new deputy sheriff positions to serve as bailiffs for Milwaukee County courts, and an additional \$2.1 million for overtime expenses.

Ultimately, unless new strategies are developed to control annual cost increases in public safety, the future impact of Act 12 in helping to resolve the county's structural deficit may be eclipsed.

BRT decision reflects challenges beyond transit: For years [it has been apparent](#) that the Milwaukee County Transit System (MCTS) is approaching a fiscal cliff that would pose a serious threat to bus services, and potentially to other county services. This stems from the impending exhaustion of a \$191 million allotment of federal pandemic relief aid for transit. For the time being, the revenue infusion from Act 12 has helped to delay this cliff – and in the 2024 budget, it allowed the county to more than double MCTS' property tax levy allocation, from \$11.6 million to \$25.3 million.

However, larger forces affecting the overall county budget created a \$19 million mid-year deficit for 2024. As part of their response, in August, county leaders made the decision to indefinitely delay a major planned investment in a new North-South bus rapid transit (BRT) line. This in turn allowed \$15 million in federal pandemic aid to be redirected to ongoing transit operations. While these actions slightly delayed a transit budget reckoning, it is likely that MCTS service cuts, an increase in the county's vehicle registration fee, or both will be back on the table in the next two years.

Pressure on the property tax builds: This budget includes an \$8.3 million (2.8%) increase in the property tax levy, the highest percentage increase in 15 years. This should be viewed, however, in the context of a \$24 million (7.7%) levy decrease in 2024. While the amount by which the county can annually increase its levy is tightly limited by state caps, there are exemptions for emergency medical services and for debt service. This means that county leaders are permitted to turn to property taxpayers to pay for escalating debt service costs.

While the proposed capital budget for 2025 is relatively routine, it masks the magnitude of the county's upcoming challenges. In future years, a growing capital projects backlog – including commitments to huge projects such as a new county courthouse, new forensic science center, and new public museum – threaten to produce a large increase in debt service obligations that could be borne by property taxpayers.

Structural challenges take a turn for the worse: Since the adoption of Act 12, the infusion of \$84 million in extra sales tax revenues in the 2024 budget (plus an extra \$7.6 million in state shared revenue) created a painless budget this year, and also allowed the county to better prepare for future challenges. The county's annual structural challenge now is in the range of about \$15 million per year – a significant reduction from the \$30 to \$50 million annual holes that once were common.

Yet growing public safety and employee health care costs, lower-than-anticipated sales tax collections, and escalating debt service pressures have caused the benefits of Act 12 to be somewhat less lasting than previously expected. These circumstances may require county leaders to step up the search for budgetary savings, including measures such as liquidating physical assets, internal consolidation, or intergovernmental service sharing with the city or other jurisdictions.

“The county is likely to return to budget-cutting mode as soon as 2026 and almost certainly by 2027,” the budget brief predicts. “Moreover, the continued build-up of the capital backlog and the imminent need to initiate the criminal courthouse project create huge looming obstacles to its long-term fiscal stability.” [Click here](#) to read our 2025 Milwaukee County budget brief.

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