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Milwaukee County Budget Mostly Avoids Big Cuts, But Difficult Budgets Are Back

Recent state budget actions helped, but transit, capital projects still face structural headwinds

Milwaukee County's proposed 2026 budget avoids position cuts and service reductions in most departments, but it also shows significant cracks in the county's recent budget stability.

Milwaukee County Executive David Crowley's proposal calls for a fare increase and significant spending cuts for transit riders and notable cuts for behavioral health services. These cuts would be coupled with the largest property tax increase in at least two decades, the Wisconsin Policy Forum's annual budget brief finds.

The county's capital budget outlook is perhaps more dire, as its repair and replacement backlog – totaling more than $1 billion – would continue to grow. These and other factors point to the brief's observation that "next year may only be the first of several successive years of increasingly painful budgets."

"Circumstances that have made 2026 a difficult budget year have not been resolved," it says, and "service reductions may need to extend to other county departments in future years."

Milwaukee County's budget outlook includes some bright spots. Its fiscal picture would be vastly worse if the county had not secured huge savings and revenue increases through lobbying efforts in Madison, which helped usher in the enactment of 2023 Wisconsin Act 12 and a 2025-2027 state budget with several favorable items. The revenue infusions made possible by Act 12 – increases in the county sales tax rate and its allotment of state shared revenue aid – are providing ongoing growth, and the county is set to retain robust reserves for use in future years.

No stranger to tough budgets

Milwaukee County is no stranger to difficult budgets: at the start of all but one year since 2002, the county's projected expenditure needs have exceeded its projected revenue growth. Still, its 2026 outlook became even more concerning in March, when the county comptroller's annual forecast projected Milwaukee County would confront a $46.7 million deficit for 2026 -- the largest projected deficit in the past decade. Increased spending on employee health care and salaries, as well as escalating debt service, contributed to this larger-than-expected budget gap.

Since 2017, an overlooked fiscal boost to the county has been its ability to control its spending on employee health care costs. However, the 2025 budget increased budgeted spending in this area by 15.2%, and the 2026 budget would increase this area of spending by an additional 15.9%.

Overall, the 2026 recommended budget turned out better than expected given the comptroller's early projection of a gaping hole. This is a testament to the ability to tap into reserves that county leaders have diligently built and maintained – as well as some hard-fought victories in Madison. The county saw several wins in the 2025-27 state budget, highlighted by a new reimbursement for its full cost of providing interstate and state highway patrol services. This will provide an additional $19 million in state aid in 2026.

To balance the 2026 budget, Crowley proposes to draw down the county's debt service reserve by $9.8 million. His plan also calls for county employee cost-of-living pay raises of 1%, less than previously anticipated by the comptroller. Greater-than-anticipated growth in sales tax collections so far in 2025 also are expected to generate additional revenue.

MCTS fiscal cliff is here

For years, the Forum warned of a fiscal cliff approaching for the Milwaukee County Transit System (MCTS). That cliff has now arrived, with key contributors including ridership and passenger revenue declines, flat state aids, and the earlier-than-anticipated exhaustion of more than $190 million of federal pandemic relief aid received by MCTS. The 2026 budget proposes to eliminate six MCTS routes, modify five others, and reduce bus frequency on other routes. MCTS officials cast these proposed cuts as the start of a needed effort to "right size" the system and reimagine how transit services are provided.

The budget also would increase the base fare from $2.00 to $2.75, the first increase to the base fare since 2007. But even if these changes are enacted, operating costs are nearly certain to rise in future years. With little hope of substantial increases in other key revenues for MCTS, it is likely that the system's financial challenges will continue to mount.

The budget also calls for some of the most substantial cuts to behavioral health services in recent memory, though not all would produce service-level impacts. The cuts include the elimination of a residential detoxification program and a reduction in alcohol and other drug abuse prevention programs.

Courthouse project still looms

Crowley's capital budget plan totals $108.0 million, a 2.2% reduction from the $110.4 million budgeted in 2025. Its largest line item would provide nearly $16 million for the design of Milwaukee County's revamped courthouse complex. Finding a way to finance this project, at a total cost of nearly half a billion dollars, will pose a massive fiscal challenge to the county for years to come and increase the gap between the county's overall capital project needs and its capacity to fund them.

The county executive's 4.1% proposed increase in the property tax would be the largest on a percentage basis since 2002. While not unanticipated, and while still leaving the levy below the 2023 amount, the increase may constitute the start of a trend that will cause ongoing pain for property taxpayers. Unlike the county's operating levy, the portion of the overall levy required for debt service is not subject to a state-imposed limit. Because of this -- and the fact that the county has little choice but to finance its major capital projects with borrowing – it appears very likely that annual property tax levies for debt service (and total levies) will continue to escalate.

With Milwaukee residents also facing substantial increases in property tax levies for city services and schools, "policymakers at all levels of government will need to consider what growing property tax levies may mean for the region's economy and affordability," the report concludes. Click here to read the full report.

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