



WISCONSIN POLICY FORUM

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Milwaukee County Budget Balances Big Shortfall, but Tough Decisions Still Loom

County plans to lobby state for assistance, but some additional steps could be taken locally

Milwaukee County's proposal for its 2027 budget would balance one of its largest budget shortfalls in recent years by limiting spending growth, imposing new efficiencies, and keeping its proposed property tax levy increase below the rate of inflation.

But the budget also relies on the largest proposed withdrawal from county reserves in more than a decade and postpones tough decisions about transit services, according to the Wisconsin Policy Forum's annual [Milwaukee County budget brief](#). Though the capital budget would make progress on the crucial courthouse complex project, the county's backlog of other capital projects remains massive.

Milwaukee County finances changed for the better three years ago, when state leaders enacted 2023 Act 12. The law helped put the county's pension system on a better long-term path, provided more state aid, and allowed the county to adopt an additional 0.4% sales tax. But since then, state restrictions have kept the growth in Milwaukee County's revenues to less than that of its spending, leading to larger budget gaps and pushing county leaders to pursue long-term solutions in the years to come.

County leaders say early next year they will start lobbying state officials again for additional assistance, particularly to help stave off transit cuts. But the prospects for a new influx of aid are for now uncertain.

"One or more weighty actions will have to be taken in the future to bring the county's spending back into alignment with its means," the brief finds. "We still do not know what those county or state actions will be, but the proposed budget lays out the stakes."

Addressing a \$50.8 million shortfall

Earlier this year, the county forecast it would start its 2027 budget process with a potential \$50.8 million shortfall – the largest in nominal dollars in the past decade and the second-most when adjusted for inflation. Milwaukee County Executive David Crowley responded by proposing a \$1.51 billion budget, on which the County Board is set to vote next month.

The proposal bridges the shortfall while increasing the county property tax levy by 2.5%, slightly less than the previous year's increase. It also proposes a \$22.1 million withdrawal from the county's debt service reserve – the largest proposed withdrawal in more than a decade – with \$12.1 million of that going to the Milwaukee County Transit System (MCTS) to delay service cuts.

The plan would boost spending on overall county operations by 2.4%, or less than the rate of inflation. The largest percentage increase in spending within the county's operating budget would be for debt payments, which would rise by 19.5% due to previously approved capital projects and higher interest rates. The county executive's operating budget proposal would include 4,142.6 full-time equivalent

(FTE) positions, a net increase of 10.2 positions. County employees would receive a 2% raise under the plan, but would also see increases in health insurance premiums, copays, and deductibles.

Transit system faces reckoning

MCTS faces a structural mismatch between its revenues and its cost to continue current services. State and federal aids, which together account for a majority of its revenues, have remained stagnant for many years, while passenger revenue has not fully recovered from a sharp drop during the pandemic.

These ongoing problems led MCTS in 2026 to reduce service frequency on several bus routes, raise passenger fares, and initiate a planning process – the [MCTS Forward](#) initiative – to prepare for a potential 25% service cut by 2028. For 2027, the pandemic relief money that had supported the system in the early 2020s is nearly gone, while nominal state aid will be essentially the same as it was in 2010. This means the system would need \$15.7 million more next year just to maintain current services.

The budget proposal would address this problem in 2027 with a one-time withdrawal from the county's debt service reserve. The aim is to hold fixed-route service at 2026 levels while the county seeks additional state, federal, or local revenue and completes the MCTS Forward initiative.

This step would provide one year for county officials to lobby state leaders for help that will not necessarily arrive. In the meantime, a key long-term question is how to avoid a downward spiral in which service cuts lead to declining ridership and prompt more service cuts. Raising the county's \$30 vehicle registration fee remains one of few local options for county officials to increase revenue for MCTS, but doing so would add to other fee increases already made by the city and state over the past decade.

Capital needs loom

Milwaukee County's overall debt payments would increase under the budget proposal to \$110.4 million in 2027, the most since 2021. These increases reflect the borrowing done on previous capital projects such as the Milwaukee Crime Lab and the new Nature and Culture Museum.

In addition, the county's largest capital project on record – the overhaul of its downtown courthouse complex – saw its projected price tag double to more than \$800 million. This – in addition to the county's enormous capital backlog of parks and infrastructure projects, and the Mitchell Park Domes – could require the county to significantly increase its future borrowing levels.

Milwaukee County also has benefited during the current two-year state budget from a lower rate charged by the state for juveniles from Milwaukee County held in state correctional facilities. That rate could increase substantially starting in July of next year, adding to the county's list of budget pressures.

Ultimately, the 2027 budget proposal largely avoids major tax or fee increases or immediate deep service cuts, but it also gives a glimpse of potentially difficult decisions ahead. Depending on the condition of the state's own budget and the outcome of the November elections, some additional help may be forthcoming. But such changes are for now far from certain.

In the meantime, county officials may wish to also consider steps that could be taken to help control costs and increase revenues. This could include further [partnerships with other local governments](#) as explored in [past Forum research](#). [Click here](#) to read our 2027 Milwaukee County Budget Brief.

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