



WISCONSIN POLICY FORUM

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Progress Has Been Made in City of Milwaukee Finances, But Signs of Strain Grow

Tax increases have helped Milwaukee manage challenges, more fiscal help uncertain

The 2027 budget proposal shows the city of Milwaukee is managing its fiscal challenges, calling for limited service cuts and a property tax levy increase below the rate of inflation. Mayor Cavalier Johnson's proposal also would sustain a surge of spending on streets and infrastructure while reducing the city's unfunded pension liability.

This is due in no small part to increases in state aid in recent years, as well as the willingness of local taxpayers to shoulder a new municipal sales tax and an increased local vehicle registration fee.

Still, "signs of strain on Milwaukee's finances are building and on display in the 2027 budget." That's according to the [Wisconsin Policy Forum's annual brief](#) on the proposed spending and tax plan. The Milwaukee Common Council is expected to take up the proposal in the coming weeks.

The report finds city borrowing has risen in this budget, and it increasingly relies on reserves to close shortfalls and increase capital spending. Moreover, spending growth on core city costs such as wages and pension payments is exceeding the rate of increase in key city revenues such as the property tax.

In recent years, Milwaukee's fiscal woes have been helped by outside sources: first from federal aid during the pandemic, then by 2023 Act 12, the state law that boosted state aid to the city and authorized its Common Council to vote to adopt a municipal sales tax. These developments may not recur, and moving forward, the city may be forced to look within to solve its budget pressures.

Property tax levy would see modest increase

The mayor's 2027 proposed budget totals nearly \$2.3 billion, an increase of 8.9% over the previous budget of just under \$2.1 billion. Nearly all of the increased funding would go to city budget categories supported in part by the property tax levy, in addition to other sources of revenue. The remaining city spending is budgeted within special revenue funds such as Milwaukee Water Works, the sewer utility, and the transportation fund that operate more like businesses and are not supported with tax revenue.

The proposed increase in the property tax levy is 2.0%, or \$6.7 million, bringing the budgeted total to \$343.6 million. This would be half the nearly 4.0% that was adopted by the city council for the 2026 budget, but similar to the increases from 2022 through 2025.

However, 2027 revenue from the 2% city sales tax is projected to increase by 6%, or \$12.7 million, to \$218.2 million. Of the total sales tax revenues, \$58.8 million would support the general city purposes budget, while the remaining \$159.4 million would go toward the city's pension costs, as required by Act 12. The proposal also contains some fee increases, including a 3% increase in the solid waste fee and a 3.4% increase in the snow and ice removal fee. Across all service fees, the annual cost for the average home would rise by \$92.

In a sign of mounting pressure on Milwaukee's finances, the budget would draw a total of \$51.8 million from city reserves, the most since at least 2016. The larger withdrawal is possible in the short term because of the build-up in city balances in recent years due to factors such as the implementation of the city's sales tax in 2024. However, these balances could dwindle as withdrawals increase.

Police, fire spending dominate

General city employees would receive a 2.0% raise in the proposed budget. In total, the mayor's proposal includes 6,697.3 full-time equivalent positions (FTEs) for general city purposes, which would be a net decrease of 28.2 FTEs from the 2026 adopted budget.

If enacted, the budget would result in limited service impacts such as reduced Sunday hours at the city libraries. The budget does manage to avoid painful cuts to city positions that are filled. However, the city has been slowly reducing positions across city departments since at least 2010. In future years, it may become increasingly difficult to avoid eliminating filled posts and laying off staff.

Looking at the budget proposal, nearly half of spending supported by the property tax levy goes toward "general city purposes," which funds most major city departments. About 61% of the proposed spending for general city purposes would go to fund public safety services such as police and fire.

The Police Department would add 45.5 FTEs, including 34.4 officers and other support positions. The proposal would increase the police budget by \$33.8 million (10.9%) over 2026 levels, and the Fire Department by \$7.5 million (4.5%). The rise in police spending includes increases in sworn officer levels and wage payments retroactive to January 2023 following the implementation of a new union contract.

Collaboration holds promise

Milwaukee's capital budget spending would grow by 14.5% under this budget, from \$295.3 million in 2026 to \$338.2 million. This part of the budget pays for improvements to the city's infrastructure such as roads and bridges, buildings, and investments in affordable housing or other development.

Proposed funds for the Department of City Development would more than double from \$55.3 million to \$130.5 million. This would pay in part for additional infrastructure meant to increase development. Capital funding for the city's Department of Public Works would also increase by \$19.0 million, or 17.7%. While the city's physical infrastructure is in need of investment, it's worth noting that will cause the city's debt payments to rise in the future.

The report concludes that in light of its fiscal outlook, Milwaukee officials may wish to look for ways to control costs, such as working with other local governments. Two promising examples of that include the city's past efforts to work with Wauwatosa on fire and EMS services and Wauwatosa's separate plan with West Allis to merge their fire departments.

"Such efforts take time and are not a panacea, but they hold promise," the report concludes.

[Click here](#) to read the full report.

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