# Fiscal Facts: Pre-Pandemic Issues Pose Greatest Challenge for City of Milwaukee Budget

*By Wisconsin Policy Forum*

While the global pandemic has created budgetary challenges for the city of Milwaukee in its 2021 budget, underlying structural fiscal woes are the primary cause of the difficult decisions it presents, including the possible elimination of 120 sworn police officer positions.

To a greater extent than in recent budgets, the city seeks to mitigate service cuts by raising various fees, which yield a combined total of nearly $17 million in additional revenue. These include a new street lighting fee and a $10 hike in the vehicle registration fee (VRF), as well as increases in fees for stormwater management, snow and ice removal, and solid waste.

Meanwhile, the pandemic has hit several city revenue streams and placed considerable demands on its health department and other agencies. But the use of federal coronavirus relief dollars has eased that burden for now. Further, heavy municipal reliance on state aids and property taxes — while problematic in normal times — is beneficial given the relative stability of those revenue sources.

Even in these difficult economic times, the 2021 proposed budget shows flat funding for shared revenues and a 2.8% increase ($8.2 million) in property taxes. The budget projects the impact to the typical residential property owner in the average-valued home is $25.10 for the property tax increase and $64.48 for municipal service fees (not including the VRF) for a combined total of about $90.

Yet systemic pre-COVID budget problems remain, including a growing capital debt burden, dwindling reserves, escalating fringe benefit obligations (especially for police and fire), as well as a revenue structure that is ill-suited to meet the city’s expenditure pressures. Add the possibility of state aid reductions to close a potential state budget gap, and city of Milwaukee officials may consider preparing for even larger spending challenges in the future.

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