**Fiscal Facts: Despite Pandemic, Milwaukee County Budget Avoids Program Cuts in 2021**

*By Wisconsin Policy Forum*

While a confluence of welcome developments may help Milwaukee County’s 2021 budget avoid painful reductions or substantial tax or fee hikes for another year, they have not erased an array of long-term challenges that may become more difficult to manage in future years.

The financial hit from COVID-19, while serious, was not as dire as feared earlier this year, when the pandemic fueled projections that the county’s 2021 budget hole could top $40 million. Instead, recently elected County Executive David Crowley’s proposal averts major program cuts or unreasonable demands on taxpayers, thanks in part to federal coronavirus relief dollars, better-than-expected sales tax revenues as the economy partially reopened, and lower projected health care costs.

Nevertheless, the budget does project more than $15 million in revenue losses attributed to the pandemic, including a projected $7.4 million reduction in sales tax revenue. Although the fiscal damage could have been worse, county leaders may not be as lucky in the coming years. Difficult choices loom for several longstanding problems — including aging infrastructure, declining transit ridership, and a lingering structural imbalance — that will not simply go away.

In addition, county departments are asked to absorb more than $20 million of increased “costs to continue” and small levy reductions in 2021, which they are largely able to accomplish by identifying new sources of outside revenue and eliminating vacant positions. Those strategies may not be available in 2022, and it is similarly unlikely that future budgets will be able to rely on lower health care spending, large infusions of federal dollars, and increased draws from reserves. An even bigger problem is that costs for larger infrastructure project requests vastly exceed the county’s borrowing capacity for each of the next four years. Ultimately, the 2021 Milwaukee county budget should be seen as a temporary reprieve for a government that is bound to face much more difficult budgetary decisions in coming years.

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