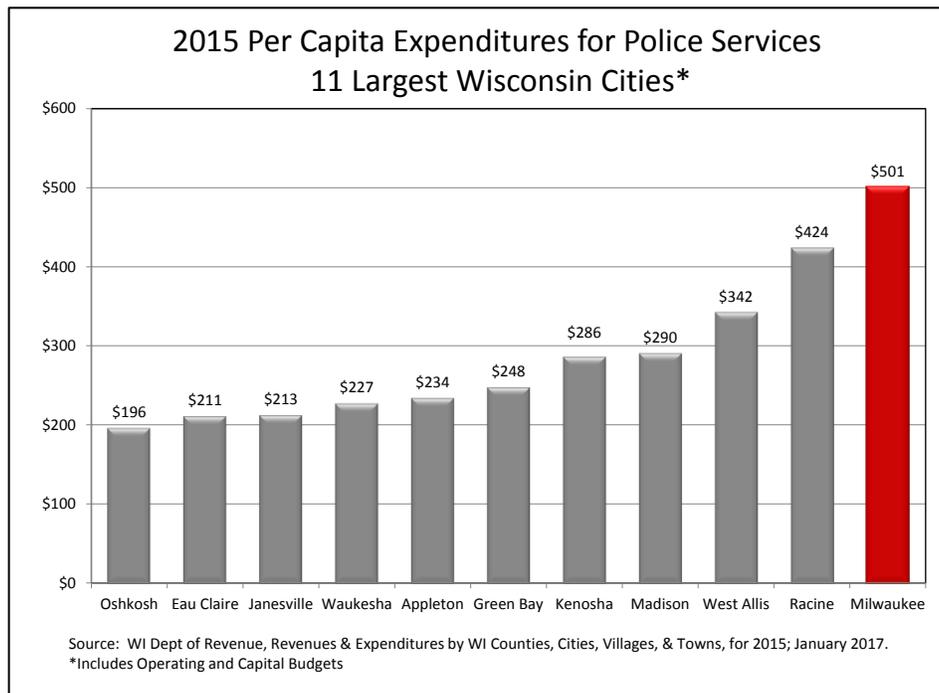


# Public Safety/Crime Prevention Sales Tax Proposal

## The Problem

The City of Milwaukee continues to face major financial challenges in delivering services - especially for public safety. The coming 2018 and 2019 budgets present a set of serious choices for city service levels and public safety services.

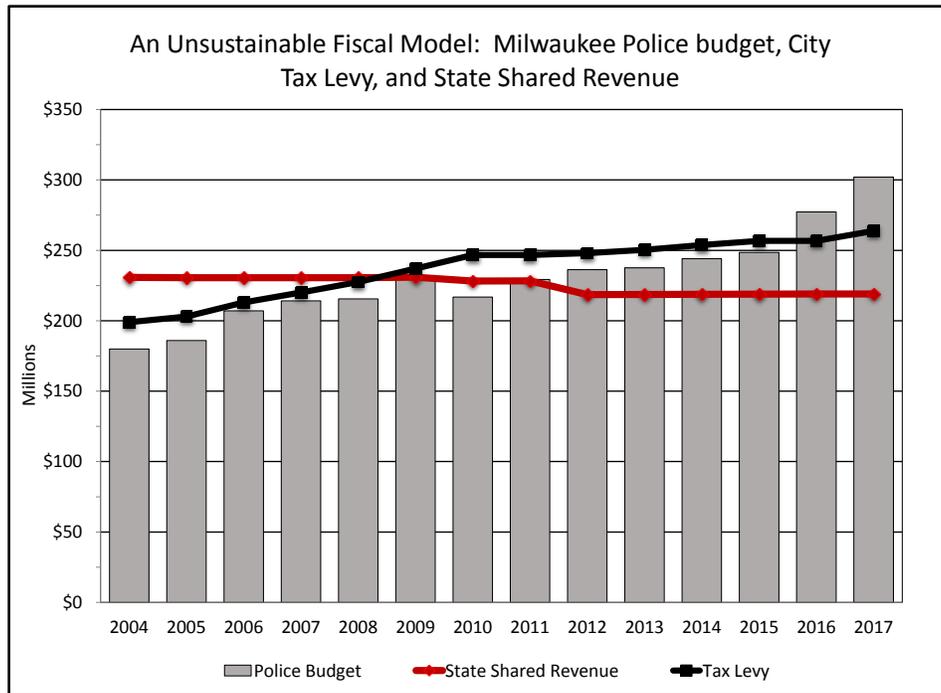
**Milwaukee's Police budget is already the highest per capita among large Wisconsin cities, and is the largest driver of annual budget increases.**



The city's revenue to pay for Police is generally limited to the property tax and State shared revenue. From 2011 to 2017 Milwaukee added \$170 million to the Police Department budget. During the same period State shared revenue to the city decreased \$71 million. Even with spending and staffing cuts to other departments and further cuts in future years, maintaining existing police staffing at 1,888 sworn officers becomes nearly impossible.

**The 2017 MPD budget of \$302 million is already greater than the city's property tax levy of \$264 million.**

# Public Safety/Crime Prevention Sales Tax Proposal



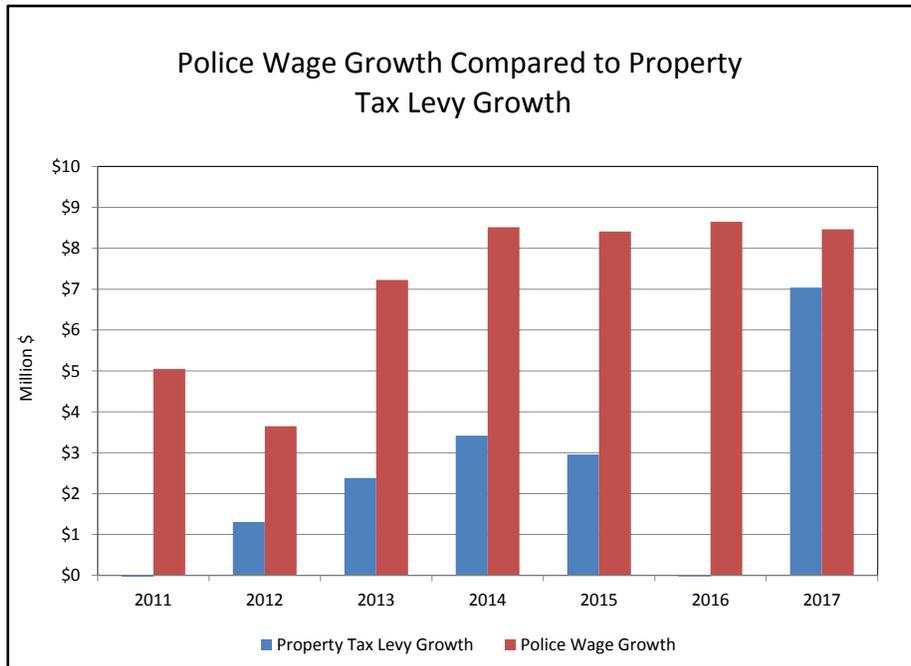
For many years, Milwaukee has worked hard to manage costs and cut expenses, bringing in spending **below** state set Expenditure Restraint Program limits every year.

- Since 2004, **cut 545** non-Police/Fire positions, and **added 102 Police Department FTE**
- Reduced employee health care costs an average of **-4.5% per year** since 2011
- Stabilized pension contributions to avoid major swings, and kept the pension plan at or near 100% funded
- Kept tax levy increases to 2.2% average since 2004
- Civilianized Police positions where appropriate to increase officer hours on the street

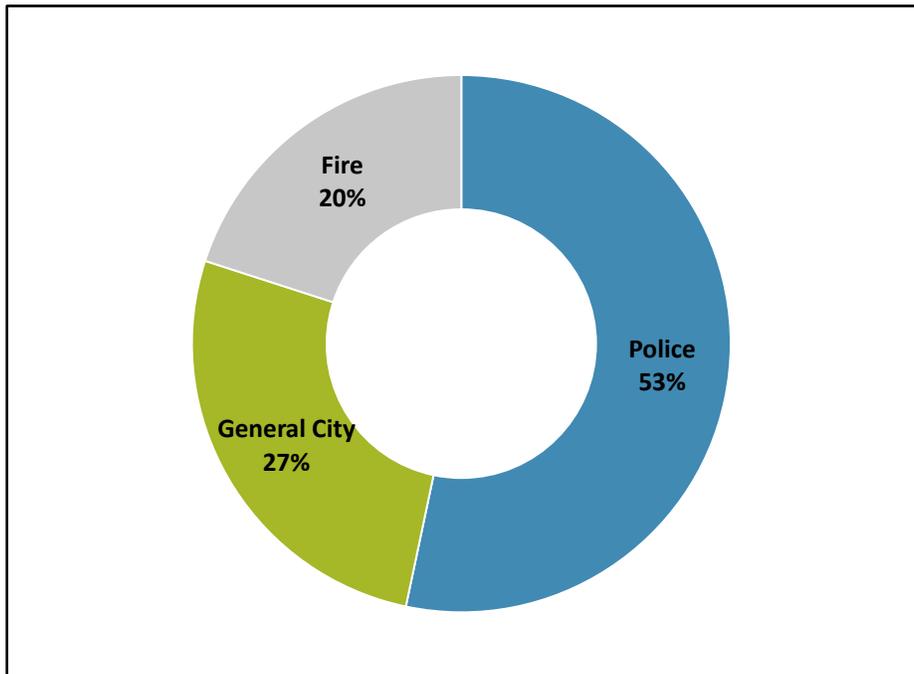
Many of these reductions are made to accommodate bargained growth in salary, benefit, and pension costs for sworn Police personnel. Pension normal costs for sworn police are \$27 million, 53% of the total pension normal cost for 2017 paid by the City. Pension costs are expected to increase \$22 million in 2018 with over 90% of that increase being attributable to Police and Fire sworn personnel. Salary and benefit costs increase by approximately \$9 million annually for employees in those unions. Since 2011, wage and benefit growth for sworn police has exceeded the growth in the property tax levy.

# Public Safety/Crime Prevention Sales Tax Proposal

The charts below shows growth in Police wage cost compared to growth in property tax revenue, and the share of normal pension costs attributable to sworn Police personnel:



## City Pension Cost Distribution (2017 Normal Cost)



# Public Safety/Crime Prevention Sales Tax Proposal

## Solution

Authorization of a 0.5% local sales tax would relax structural pressures on the city budget. The sales tax is estimated to generate \$35 million and grow at an estimated 3.5% annually. This revenue would allow the City to:

- Increase its sworn police staffing to 1,900, by hiring 195 police officers in 2019
- Retain two of the five fire apparatus being considered for elimination in 2018
- Enable the funding for two Community Prosecution Units
- Add two additional Trauma-Informed Care Counseling units to Police stations
- Stabilize services in non-protective service departments, since public safety would consume less property tax revenue

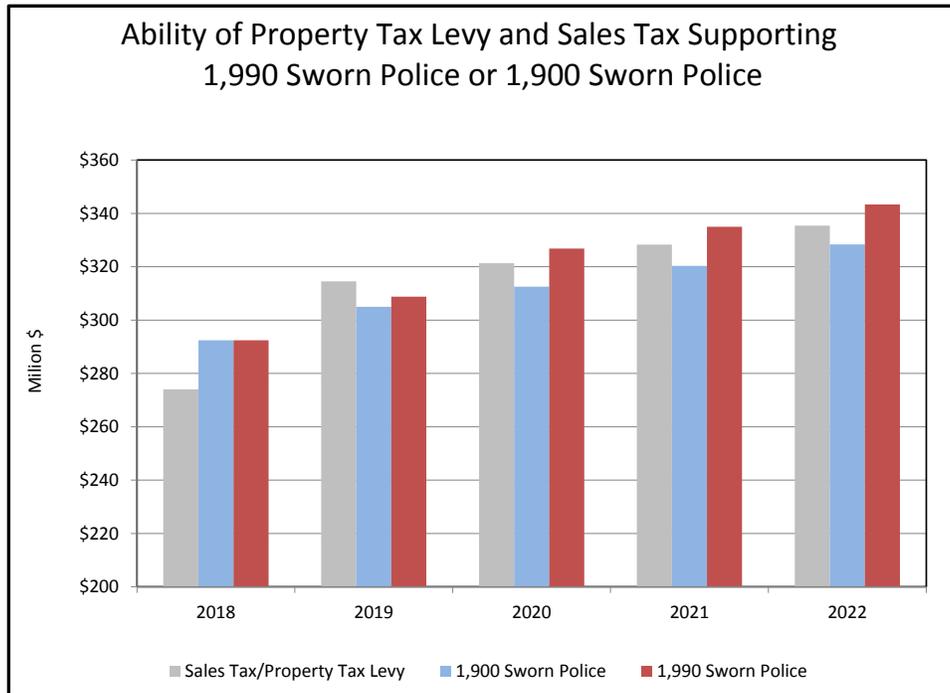
Total sales tax growth and an annual 2% growth in property tax levies should match the anticipated growth in the police department budget. The following graph shows the relationship between sales and property taxes and police sworn staffing costs. Police staffing costs will consistently fall below the revenue generated by the sales and property taxes by roughly \$8 million. That difference will provide funding for the two fire apparatus (\$4 million) and other services previously mentioned (\$4 million).

## Unaffordability of 1,990 Officers

With 1,990 officers, the Police budget will outgrow new sales and property tax revenue by \$5.5 million in 2020, and \$8 million by 2022. At that point in time the City would have no choice but to weigh additional reductions to other City Departments and City services.

**Increasing Police staffing beyond 1,900 effectively wipes out the solution provided by a sales tax for public safety.**

# Public Safety/Crime Prevention Sales Tax Proposal



## Conclusion

The 2018 budget will likely see significant decreases to sworn personnel due to the inability of the City to generate sufficient revenue to keep pace with expenditure growth. Further complicating the issue is an increased pension payment of \$22 million in 2018. **The only feasible solution to finance the hiring of 195 officers and maintain an average sworn strength of 1,900 is a local sales tax.**

City of Milwaukee voters will ultimately decide, through a binding referendum, on the implementation of the sales tax. Our request is to provide Milwaukee residents that opportunity.