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For immediate release

October 14, 2016

Proposed vehicle registration fee shows depth of County's financial challenges

MILWAUKEE – *Friday, October 14, 2016* – The Public Policy Forum's annual analysis of the Milwaukee County Executive's recommended budget focuses much of its attention on the proposed \$60 vehicle registration fee (VRF), calling this the "primary story line" in the budget and noting that it would be "quite uncommon" for a local government to enact a tax or fee of such magnitude. The analysis also notes, however, that the need for such a fee has been building for years.

"The County's long-time structural imbalance – while impressively reduced in recent years through benefit restructuring and workforce reductions – finally has caught up to it," says the report. "With the ability to squeeze additional major savings out of employee benefits or salaries no longer deemed possible and/or desirable, pension costs again on the rise, and no large infusions of federal infrastructure funding on the horizon, eliminating the 2017 budget gap will require painful expenditure cuts, sizable revenue increases, or both."

In reviewing the factors that have created the County's 2017 budget challenges, the report points to a huge backlog of infrastructure needs and a significant structural hole in the Milwaukee County Transit System as the key factors prompting consideration of the VRF. It also considers the alternatives that may be available to eliminate or reduce the proposed fee.

"Alternatives to a \$60 VRF do exist," says the report. "Proposals for major infrastructure improvements could be scrapped or delayed, transit services could be reduced, borrowing could be increased, or reserves could be depleted as a means of reducing or even eliminating the fee. County employees also could be asked – once again – to pay more for their health care or to forsake any increase in salaries."

The report also notes, however, that pursuing any of those options would "engender an equivalent set of issues or concerns."

While the proposed VRF is the most striking item in the recommended budget, the report also analyzes several additional key elements. For example, the report discusses how new spending to enhance alternatives to incarceration for delinquent youth and community-based behavioral health services reflect continued prioritization of human services programs in the budget; it explores the potential ramifications of proposed staffing modifications in the Sheriff's budget; and it analyzes issues related to the County's long-term debt and health care spending that will impact future budgets.

The report concludes by citing the County Executive's assertion that the recommended budget balances the needs of the community and the County's fiscal responsibilities, and suggesting that individual citizens and taxpayers should consider the VRF and other key provisions in the budget with that litmus test in mind.

"Ultimately, support for the proposed vehicle registration should be determined by the value that residents place on the County's existing levels of service and its existing array of physical assets," says the report. "If maintaining those assets and services is the policy objective – and if policymakers wish to refrain from another year of dodging the structural problem by raiding reserves or developing other one-time fixes – then *some* substantial new form of revenue will be required."

The county budget brief can be downloaded at www.publicpolicyforum.org. The Forum's 2017 City of Milwaukee budget brief will be released in the near future.

Milwaukee-based Public Policy Forum, established in 1913 as a local government watchdog, is a nonpartisan, nonprofit organization dedicated to enhancing the effectiveness of government and the development of southeastern Wisconsin through objective research of public policy issues.