

# Milwaukee = 'Donor' or drain?

By Dan Benson

Mayor argues for more shared revenue but doesn't count all state aid and ignores proposed increases

Milwaukee Mayor Tom Barrett's argument that his city is a "donor" to the state of Wisconsin and therefore deserves more shared revenue hasn't much chance of making it into the 2017-'18 biennial budget under consideration in Madison. "Zero chance," says Rep. Dale Kooyenga (R-Brookfield), a member of the Legislature's Joint Finance Committee.

"We (in the Legislature) have shown so much support for Milwaukee — for more transportation or the lakefront project, MPS and the Bucks arena — and then there's these requests that they are victims of some huge injustice in forms of funding. ... Zero chance" that Milwaukee will see an increase in shared revenue, he says.

But that prospect hasn't kept Barrett and Milwaukee politicians from trying.

Earlier this year, Barrett and Common Council President Ashanti Hamilton made the case that Milwaukee is a "donor" to the state and is often unfairly characterized as a drain on the state.

In a *Milwaukee Journal Sentinel* op-ed, the two said the state benefits



# Shared Revenue

from a “Milwaukee dividend,” meaning the city gives more than it gets back. They cited a Wisconsin Department of Revenue report showing that the city gets back 66.26 percent, in the form of shared revenue, of what it pays to the state. They made the same pitch to the Greater Milwaukee Committee, and Barrett made it a major part of his State of the City address on March 6.

“If anyone tells you that Milwaukee is a drain on the state, correct them immediately,” Barrett said. “The city of Milwaukee is a donor. The state benefits by having Milwaukee here. And I want to change that narrative.”



**Barrett**

Barrett made the pitch just as Gov. Scott Walker and legislators began wrestling with the 2017-'19 biennial budget.

Later in March, members of the Milwaukee Democratic Caucus wrote a letter to the Joint Finance Committee asking that the city’s shared revenue allotment be increased, especially to help the Police Department:

“We are concerned that shared revenue has not increased for local municipalities while costs continue to rise. Public safety expenditures consume the largest part of municipal budgets and are being driven up by wage settlements and increasing costs to fund pensions and health benefits. Revenue collections cannot keep pace. ...

“The Police and Fire Departments cannot be sustained at this rate without an increase in shared revenue or some other new revenue stream.”

Rep. David Crowley, who authored the letter, says, “I’m glad the governor is putting more money into the pockets of everyone, but when it comes down to shared revenue and the services we have to provide for people, we have to make sure we fund those services.”

Shared revenue to Milwaukee has dropped in recent years, from \$230.6 million in 2005 to nearly \$219 million last year. Meanwhile, the Police Department budget has risen about \$90 million over the same span to \$277 million, city figures show.

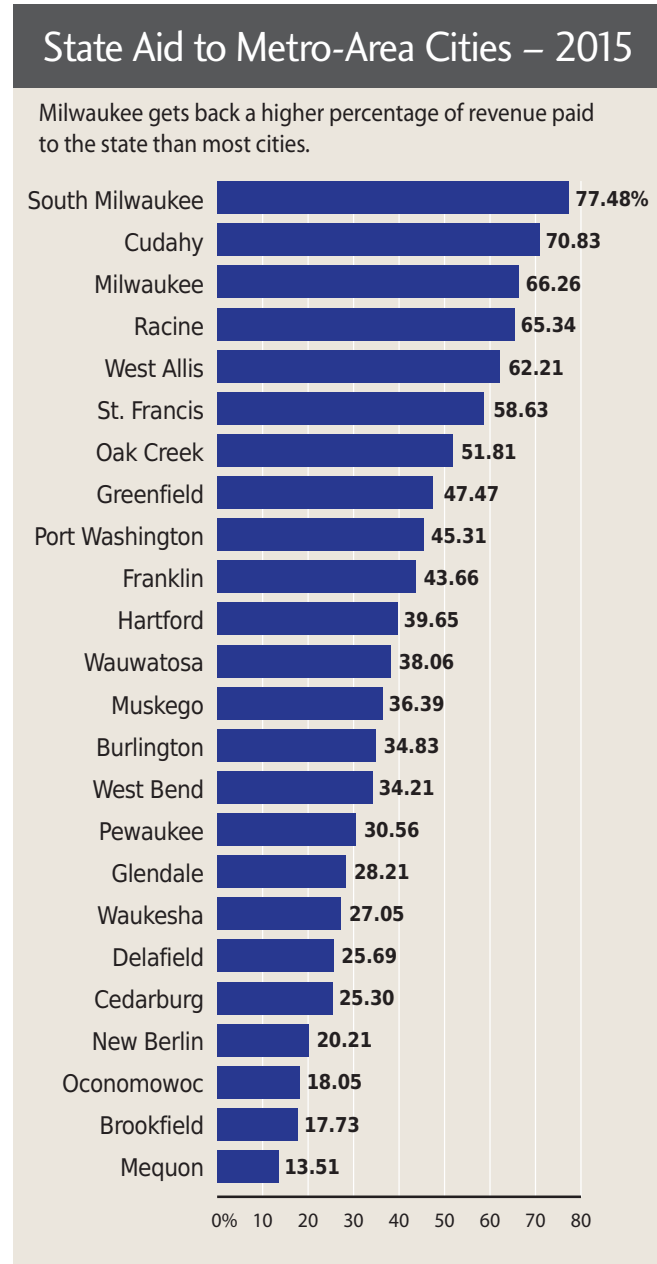
But Walker’s proposed budget is doing, at least in part, what Barrett wants, GOP legislators say. The budget calls for a \$40 million increase in general transportation aid to counties and municipalities. Walker also is proposing a \$649 million increase in school aid, with \$9 million targeted at Milwaukee Public Schools. The budget would increase the per-student payment from \$250 this year to \$450 in the 2017-'18 school year and \$654 in the 2018-'19 school year.

The budget also would increase the Earned Income Tax

Credit by \$20 million for an estimated 130,000 poor working families. Students in the University of Wisconsin System, including UW-Milwaukee, would see a tuition freeze the first year and a 5 percent tuition cut the second year, as well as the chance to opt out of some fees.

## Revenue report cited

To make their case, Barrett and Hamilton cited a Department of Revenue report, “State Taxes and Aids By Municipality and County For Calendar Year 2015,” published last November.



Source: Wisconsin Department of Revenue

Milwaukee residents and businesses, the report estimates, sent more than \$1.37 billion in revenue to Madison in 2015 from all income, sales, utility and other taxes, while the city received \$912 million in shared revenue, about a 66 percent return. Milwaukee County got even less back on a percentage basis, sending \$2.5 billion to Madison and getting back \$1.45 billion, or 57.49 percent.

"Wisconsin's taxpayers residing outside of our county," Barrett and Hamilton wrote in the *Journal Sentinel*, "are benefiting by more than a billion dollars in tax revenue from Milwaukee. ... We are providing a robust and growing 'Milwaukee dividend' to our state's coffers."

## Hidden figures

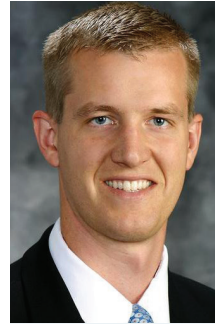
But Barrett and Hamilton weren't counting every form of state aid.

While the Department of Revenue report considered all sources of revenue paid by the city and county to the state, including those paid by individuals such as income taxes, it only counts state aid such as general shared revenue, school aid, first dollar and lottery credit, natural resources aid and transportation aid coming back to Milwaukee. It leaves out large swaths of state funding, including payments to individuals such as Medicaid and unemployment benefits, which are paid in large measure by the state.

Not included were:

- **More than \$631 million in state Medicaid payments to county residents in 2013, the most recent figures available, the state Department of Health Services estimates.**
- **\$108 million in 2015 state funding to UWM, which primarily serves residents of Milwaukee County and its neighbors, according to the university website.**
- **Nearly \$90 million in state unemployment benefits paid by the state and Milwaukee employers to county residents — almost \$62 million to city residents, Department of Workforce Development spokesman John Dipko says.**
- **\$7.8 million in salaries for 120 staffers in the Milwaukee County district attorney's office, who are state employees.**
- **More than \$6 million to the Milwaukee County Circuit Court's 47 judges, all state employees.**
- **\$4.3 million in state court support payments to Milwaukee County, including the Clerk of Circuit Courts Office, for fiscal 2017.**
- **\$600,000 in salaries for the 12 people who staff the Milwaukee County public defender's office, according to the Department of Administration.**

"How do you not count Medicaid?" Kooyenga asks. "That's a big part of the state budget. It's bogus accounting (by Barrett). He's counting what he wants, and he's not counting other things."



**Kooyenga**

Todd Berry, president of the Wisconsin Taxpayers Alliance, agrees.

"While it is true that over the last few years, as state aid has flattened and (Milwaukee's) economy has recovered, they have become a donor community compared to what they were a few years back," Berry says. "The big hitch is (Barrett and Hamilton) are only talking about shared revenue. They really suck in the money when it comes to Medicaid. A quarter of all Medicaid

dollars are spent in Milwaukee County."

Asked why Medicaid and other aid to Milwaukee residents were not counted by the mayor, Barrett's chief of staff, Patrick Curley, replied in an email:

"Seventy-two percent of the region's poor are within the city — second only to San Antonio metro for metro concentration of poverty. That's a staggering statistic that can't and should not be minimized. The fact that people are talking about state aids and locally generated revenues is good and a conversation that Mayor Barrett looks forward to having."

## Low returns

In addition to not counting all the city receives, Milwaukee's 66 percent return rate is better than that of most communities.

In Milwaukee County, only Cudahy (70.83 percent) and South Milwaukee (77.48 percent) get back a higher percentage of state aid than Milwaukee. River Hills gets back only 19 cents on the dollar; Glendale just 28.2 percent. Mequon gets the worst return, 13.5 percent, among cities in the five-county area. Brookfield and Oconomowoc each get back less than 20 percent.

Milwaukee's return exceeds most other Wisconsin cities, which average 51.03 percent. The average for all Wisconsin municipalities, including towns and villages, is 55.69 percent.

Among surrounding counties, only Racine County does better than Milwaukee County at 62.11 percent, while Waukesha County (36.8 percent), Washington County (35.98 percent) and Ozaukee County (25 percent) do worse. [WI](#)

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