September 7, 2022

**Position Statement concerning the City of Oshkosh Budget Analysis**

**Background**:

An analysis of the City of Oshkosh Budget, reviewing revenue and spending trends, was recently completed and is being released. The Oshkosh Chamber of Commerce commissioned a study to take a thirty-year (1990 – 2020) look back at City long-term spending and staffing trends. This independent analysis was conducted by the Whitburn Center for Governance and Policy Research at the University of Wisconsin Oshkosh on behalf of the Oshkosh Chamber of Commerce. The goal of this analysis is for stakeholders to be able to get an unbiased look at Oshkosh budgetary trends and to better inform local property taxpayers of the City’s revenue and spending trends.

**Key findings**:

1. Local government funding has been impacted by State policies surrounding shared revenues and tax levy limits. In response, the City of Oshkosh has shifted sources away from State shared revenues to greater reliance on property taxes and user fees.

2. Local taxpayers benefited by Wisconsin 2011 Act 10 that allowed the City of Oshkosh to better manage its employee health insurance and pension benefits expenditures.

3. Overall, the City of Oshkosh has experienced a 193.9% overall increase in its four major sources of revenue between 1990 and 2020. Over the last 30 years, major revenue sources have increased by an average of 6.5% annually. That increase corresponds with a 137.9% increase in the City’s operating budget, an average annual increase of 4.6%. During the same period, according to the Bureau of Labor Statistics, the average inflation rate was 2.59% per year.

4. There are clear patterns to the changing major revenue sources for Oshkosh:

• State shared revenues increased by 5.8% between 1990 and 2020.

• Total funds collected via the local property tax increased by 344.8% between 1990 and 2020, or about 11.5% annually.

• User charges for services increased by 468.7% between 1990 and 2020, or about 15.6% annually.

• Funds collected via licenses, permits, and fines increased by 282.3% between 1990 and 2020, or about 9.4% annually.

5. Since 1990, the City of Oshkosh added 198 employees. Public Safety had the largest number of additional employees with the Police Department adding 40 employees and the Fire Department adding 14 employees during this period.

6. The City of Oshkosh has also experienced changing wage patterns since 1990. Overall direct labor costs, i.e., wages, have increased by 212.7% between 1990 and 2020. Payroll benefit costs have also increased by 150.7%. However, payroll benefit costs did change dramatically between 2010 and 2020 due to 2011 Wisconsin Act 10, which limited the City’s contribution to employee benefit costs (public safety employees excluded).

**Key Findings concerning the City Storm Water Utility**:

The budget analysis did an in-depth review of the City’s Stormwater Utility. In November 2002, the Oshkosh Common Council established a Storm Water Utility. The Common Council gave the Utility broad authority to establish the equivalent run off unit (ERU) charge for all residential and non-residential property owners, including tax exempt property owners. In essence, this means that the City of Oshkosh set up a new user fee structure to charge owners of real estate to raise funds to manage its stormwater. Though the enabling ordinance did give the Common Council broad authority to set rates, it also prevented the City from subsidizing other services with profits made through the Stormwater Utility. Since the inception of the Stormwater Utility, ERU rates increased significantly.

* The initial ERU in 2003 was $19.08.
* In 2020, the ERU was $196.92, a rate increases of 932.1% between 2003 and 2020 (that corresponds to an average 55% annual increase).
* Since 2003, $98,364,038 was raised in stormwater utility fees.
* The City of Oshkosh Stormwater Utility Fund, as of 2020, had a Cash/Investment Fund balance of $17,192,653. Note, the 2020 Oshkosh operating budget reports a Stormwater Utility Fund balance of $60,192,677, but that number refers to total net position, which includes investments in capital assets and other restricted and unrestricted assets.

**Other Findings**:

The final part of this analysis is a snapshot of services funded by all property taxpayers that primarily serve residents. About 16% of the total tax levy goes directly to fund things like the library, museum, garbage collection, and GO Transit, that serve residential property owners. In other words, non-residential property taxpayers are subsidizing certain services that serve primarily residential customers, without receiving any direct benefit.

**Conclusions & Recommendations**:

The results of this analysis have shed light on and provides the Chamber a better understanding of the City of Oshkosh operating budget. It has also called attention to some opportunities that the City Council should consider as it begins the 2023 Budget deliberations.

An initial review of the budget analysis has highlighted several actionable steps the City can consider, including:

• Annual prioritization of city services to identify options for service/program cuts.

• Regular cost/benefit analyses for contracting out of services.

• Advocating uniform application of the provisions of Act 10 to all represented city

employees.

• Capping of ERU rates for the Stormwater Utility or indexing rate increases to inflation.

• Reducing the property tax levy for increases in Stormwater Utility fees.

• Removing Stormwater Utility costs from all property owners that do not contribute storm

water runoff to the City’s conveyance system.

• Applying Stormwater Utility fees to City-owned properties.

• Implementing a fee-for-service approach to garbage and recycling that removes garbage

and recycling from the property tax levy.

• A property tax credit for businesses paying property taxes but not receiving garbage and

recycling services.

• Zero-based budgeting techniques that include 2% to 3% department-level budgetary

reductions targets, flat budgets, and 2% to 3% increase targets.