



The **2016** State of Wisconsin's Cities and Villages

A report and tracking survey prepared annually for members of the League of Wisconsin Municipalities by the nonpartisan Wisconsin Taxpayers Alliance.



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The League of Wisconsin Municipalities advocates for Wisconsin's cities and villages, provides legal services to our members, and training and networking opportunities. The League was established in 1898 and is a nonpartisan organization.

www.lwm-info.org

The Wisconsin Taxpayers Alliance (WISTAX) is a nonprofit, nonpartisan organization dedicated to citizen education. Founded in 1932, WISTAX is Wisconsin's oldest and most respected statewide public policy research organization.

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The 2016 State of Wisconsin's Cities and Villages

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EXECUTIVE SUMMARY

This is the first in a series of reports that will, on an annual basis, review the state of the state's cities and villages. Fiscal health, service levels, and employment conditions are among the key issues examined, using state and federal data along with results of a custom WISTAX survey of city and village officials.

Prepared by researchers at the Wisconsin Taxpayers Alliance (WISTAX) for the League of Wisconsin Municipalities, The study is important because our 597 cities and villages are home to 71% of Wisconsin's population; almost half of which lives in the largest 54 municipalities, those with 15,000 or more residents.

Revenue and Spending Trends

Wisconsin cities and villages rely to a great degree on the property tax. Of \$4.8 billion in city-village revenue, 57% came from property taxes, and another 13% from local fees. Various state aids comprised 21% of the total.

Given that, the effects of state-imposed levy limits and state-aid retrenchment are evident. City and village property taxes increased 5.2% from 2011 to 2014 (or about 1.7% per year). State aids fell a total of 7.5%. Adjusted for inflation, levies were down 0.8% and aids fell 12.8%.

Thus, total 2014 revenues were sufficient to fund only about 95% of municipal services provided in 2010, had costs grown at the rate of inflation. Savings from Act 10 helped close some of the gap, generating up to \$100 million in savings, but that amounted to only about 1.5% of total spending.

With revenues under pressure, spending priorities shifted. Public safety (31.4% of spending) and streets (13.8%) were the two areas that held their expenditure shares over 2009-14. General government administrative costs (9.1%) and spending for parks and related programs (8.2%) showed some erosion.

The most noticeable shift, however, was in debt service. From 14.4% of spending in 2000, it reached 19.6% in 2009 and peaked at 25.7% in 2012. By 2014, that percentage had retreated to 21.7%.

Infrastructure and Investment

Expenditures suggest municipal priorities but do not necessarily lead to conclusions about service quality. On this score, information on street quality is illustrative.

Last year, 68% of city and village streets were rated in "good" or better condition. However, the percentage is declining somewhat, as it stood at 72% in 2011. While 37% of municipal streets were rated "excellent" or "very good" in 2010, that percentage had fallen to 31% by 2015. Likewise, those rated "fair" or "poor" increased from 29% to 32%.

If street quality is one indicator of how attractive a municipality is to future development, another one is overall new construction. Median rates of increase in municipal property values due to new construction declined steadily from 2.2% in 2005 to 0.4% by 2011. In more recent years these rates have begun to rise again, but they had still reached only 0.7% by 2014.

Much of that increase was due to commercial development. Though such properties accounted for only 27% of total city-village values, they represented over half of all new construction during 2012-14.

By municipal size, growth in new construction was 1.0% or more in cities and villages with populations above 5,000 but lagged in smaller communities. The median increase in the smallest communities (<1,000) was 0.3% in 2014, the same as in 2010.

Survey Findings: Finances, Personnel, Service Levels

To dig deeper into current municipal conditions, WISTAX researchers surveyed 497 municipal officials, with 148 (30%) responding. Response rates were highest (74%) in cities and villages with 15,000 or more people. Questions explored financial health, service and staff

levels, community employment growth, and civic engagement.

Comparing 2015 with 2010, 41% of respondents rated the financial condition of their municipality somewhat or much better, while 30% provided a rating of somewhat or much worse, for a net positive difference of 11%. The remainder saw no change. While net ratings were positive for communities of varying sizes. The populous (15,000+) municipalities were more upbeat (net +24%) than the smaller ones (+8%).

Financial problems, it was thought, might be reflected in staffing and benefit decisions. Overall, 27% of municipalities said they had more full-time equivalent employees in 2015 than 2014, while 16% said fewer—a net +11 points. Again, there was a noticeable difference between populous (+31) and less populous (+2) cities and villages.

Health insurance is a major cost for public and private employers alike. The survey of municipal officials showed a significant shift in employee cost-sharing since 2010. Then, they reported that 46% of employees were paying 5% or less of the total premium. By 2015, that share had dropped to 24%, while 57% replied that premium-sharing was 10% or more.

Shifts in speed or frequency of key service offerings were not major but noticeable in several cases. Net improvements in response times were reported for police (+5 points, 10% faster vs. 5% slower) and fire (+10). However, service frequency declines were reported for lawn mowing (-3 points, 5% more – 8% less), snow plowing (-10 points), and street repair (-11). The latter corroborates earlier findings on street quality.

Warning Signs

Though survey findings were generally encouraging, two areas prompted concern, particularly for less populated cities and villages.

The first is employment growth. On the plus side, 53% of all municipal officials said community job numbers had grown in the past year compared to only 13% who said they had declined, a net difference of +40. However, net perceptions were far more positive for large municipalities (+77) than small ones (+27).

This difference was even more pronounced when 2015 and 2010 were compared. Over the period, 69% of large communities reported net job growth compared to only 19% for small ones. Indeed, 24% of “small-town” officials reported fewer total jobs last year than five years prior.

A second area of concern was civic engagement, specifically, the number of candidates for village boards and city councils over the past three years. Regardless of population, only 4% to 5% of municipalities reported two or more candidates for each board seat. In 52% of communities, there was one or no candidate for each seat. That percentage was 21% in the larger municipalities but a troubling 64% in those with fewer than 15,000 residents.

Taken together, survey results on employment trends and electoral choice suggest a Dickensian “tale-of-two-cities” situation. In the larger municipalities where most Wisconsinites reside, job growth is occurring and civic engagement exists, at least to some degree. In small communities, however, job trends are weak and civic health, anemic. □

I. THE STUDY

In the summer of 2015, officials from the League of Wisconsin Municipalities (LWM) approached nonpartisan researchers at the Wisconsin Taxpayers Alliance (WISTAX) about studying the “state” of Wisconsin cities and villages. After initial discussions relating to approach and content, the study was approved in November.

This study is the first in a series of annual reports assessing the health of Wisconsin’s cities and villages. The goal is to identify areas where municipalities are succeeding and those where they face challenges.

The study is divided into several sections. The next two provide an overview of Wisconsin’s cities and villages—population, funding, and services provided—and; discuss some of the challenges and opportunities they face. The two main sections of the report then examine the “state” of Wisconsin’s cities and villages using two types of information. First, available state and federal data are used to highlight patterns and trends in municipal revenues, spending, borrowing, road quality, and economic development. The second section analyzes responses from a survey of local officials covering, among others, municipal finances, service provision, staffing, and public perceptions. The survey was sent to 498 city and village officials, with 134 responding.

2. MUNICIPAL OVERVIEW

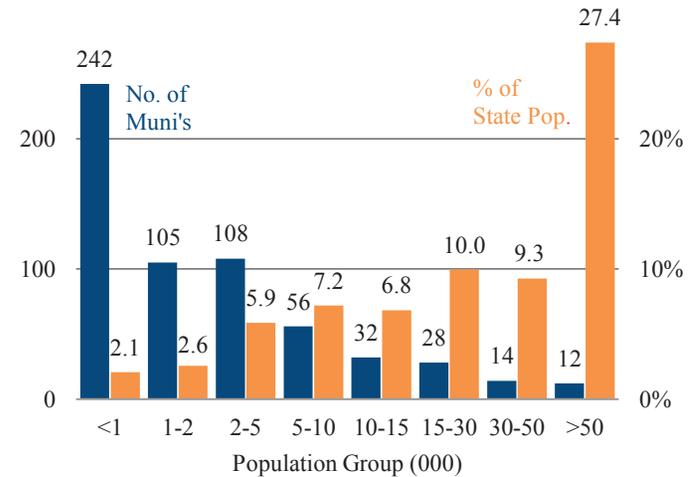
Wisconsin’s has 597 cities and villages (municipalities) that are home to more than four million citizens, or 71% of the state’s 5.8 million population. These municipalities range in population from nearly 600,000 in the state’s largest city, Milwaukee, to just 57 in the Village of Big Falls in Waupaca County.

Despite almost 600 cities and villages, Wisconsin’s population is concentrated in relatively few. Twelve cities each have more than 50,000 residents and, combined, are home to more than one-quarter of the population (see Figure 1, two columns at right). Another 26 cities and villages with populations above 30,000 are home to nearly 37% of all residents.

A large number of cities and villages have relatively few residents: 242 have populations under 1,000, while another 213 have between 1,000 and 5,000 residents. Combined, these 455 cities and villages (76% of the total) are home to just over 10% of Wisconsinites.

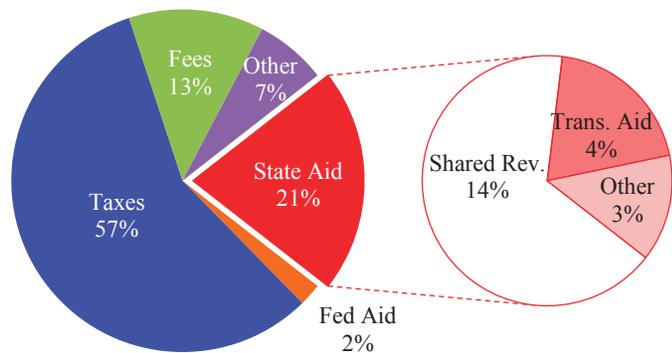
► **Wisconsin’s has 597 cities and villages that are home to more than four million citizens, or 71% of the state’s 5.8 million population.**

Figure 1:
State Has Many Small Municipalities
Num. of Cities, Villages and % of State Pop., by Pop., 2015



► **The property tax is the largest municipal revenue, averaging 57% of the total. Cities and villages also rely on the state to help fund local services.**

Figure 2:
Cities/Villages Rely Mostly on Property Taxes, State Aid
 Municipal Revenues, \$4.8 Billion Total, 2014



Services

The number and method of providing municipal services varies widely, though some are mandated by state law. For example, cities and villages provide law enforcement and fire protection services in a variety of ways. The most populous municipalities generally have their own departments, while “smaller” cities and villages often share services with neighbors (joint departments) or contract with other departments.

While larger cities and villages typically provide recreation programs, smaller ones lack the population to support them. Similar patterns hold for transit and the arts. These service variations provide important context for the coming discussion of municipal “health.”

Funding

Revenue sources in municipalities, regardless of size, are similar. The property tax is the largest revenue, averaging 57% of the total. However, the most populous (30,000 or more) cities and villages rely slightly less on property taxes than the least populous ones (fewer than 5,000).

Cities and villages also rely on the state to help fund local services (see Figure 2). State shared revenues are the largest of these aid programs, accounting for 14% of municipal funding in 2014. Transportation aids comprised another 4%, while smaller aid programs totaled 3% of total funding. Combined, state aids comprise 21% of revenues, with less-populous municipalities slightly more reliant on them than their more-populous counterparts.

Fees and charges, which account for another 13% of local revenues, vary the most between large and small municipalities. They are more than 13% of revenues in the most populous cities and villages, but only 9% in the smallest ones. More populous cities are have more programs funded by user fees.

Federal aid accounted for just 2% of municipal revenues in 2014. However, while small, that percentage has varied in recent years. After accounting for 2.4% of revenues during 2007-09, federal stimulus dollars helped increase that percentage to more than 3.0% in 2010-11. Since then, it has returned to near its pre-2010 average. It is important to note that this percentage varies widely for individual municipalities as specific projects become eligible for federal assistance.

3. EXTERNAL FORCES

Local governments in Wisconsin are affected by state and federal decisions, economic volatility, and demographic trends beyond their control. Some significant ones are detailed below.

State Policies

Revenues. Many policy changes affecting municipal finances can be traced to state fiscal problems that began during the 2001-03 recession and continued thereafter. The reason is clear from Figure 2; state aid represents about one-in-five dollars of municipal revenue.

Even before 2000 but especially in response to state budgets after 2001, lawmakers reduced shared revenues to local governments on multiple occasions. Stagnating gas tax revenues after 2007 (following repeal of gas tax indexing) led lawmakers to cut local transportation aids. Both are important municipal revenue sources. On a smaller scale, the 2011-13 state budget reduced recycling grants by about \$13 million.

Prior to 2006, local governments could limit the impact of state aid cuts by offsetting them with higher property taxes. However, state-imposed levy limits beginning in 2006 restricted that ability. Levy limits are tied to economic development; that is, the percentage change in full-market property values due to new construction. While municipalities were allowed a guaranteed levy increase initially, that flexibility was eliminated in 2011. Thus, if a municipality has no new development, it cannot levy additional property taxes.

Spending. State mandates require specific actions by municipalities, and are often not funded. A recent example, included in the 2009-11 state budget, precluded cities and villages from reducing spending on police or fire protection unless local officials could show service levels would be unaffected. With shrinking state aids and tightening levy limits, this provision limited municipal budget flexibility. It was repealed two years later.

Sometimes, the state provides local governments with more fiscal flexibility. In early 2011, lawmakers approved Act 10, giving local governments opportunities for cost savings. The act required most state and local government employees to pay the employee share of state retirement contributions which, in most cases, had

► **Many policy changes affecting municipal finance can be traced to state budget problems that began during the 2001-03.**



► ***Shifting population trends mean some communities are growing, while others are losing residents. Both create challenges.***



Madison fire department circa 1872

previously been paid by employers; proscribed collective bargaining on benefits; and limited bargaining on wage increases to inflation. Police officers, firefighters, and certain transit workers were exempt from most Act 10 provisions.

These changes helped reduce municipal costs. However, with police and fire exempt from much of the law, city and village savings were less than those realized by other local governments, especially school districts.

Economic Volatility

Like the rest of the country, Wisconsin suffered through the 2007-09 recession and real estate crash. Employment declined nearly 7% from the third quarter of 2007 to the same quarter in 2009. The number of business establishments fell almost 3% from the end of 2007 to the end of 2010. Since then, recovery has been uneven, though statewide private sector employment has grown an average of 1.4% per year, and the number of private business establishments has risen an average of 1.6% annually.

Real estate in Wisconsin fared better than elsewhere during 2007-10, but its decline affected municipalities. Particularly hard hit were tax incremental finance districts (TIDs). These districts are created to encourage development in a specific part of a municipality, with property taxes from new construction used to repay municipal borrowing for infrastructure. The real estate recession slowed construction in these districts, limiting property tax growth, and hampering the ability of municipalities to repay debt.

Even as the economy rebounded, real estate continued to lag. With little new construction, and municipal levies tied to that measure through levy limits, local governments have had minimal ability to generate new revenues in recent years.

Demographic Trends

Both here and nationally, “baby boomers” are retiring. Since this group comprises a significant share of state population, its aging creates challenges for municipalities. Public service demands of seniors can be much different from younger age groups. As retirees become a larger share of the population, the demand for some municipal services is likely to shift.

Shifting population patterns mean some communities are growing, increasing the need for police, fire, and public works services. Other communities are declining

in population, leaving the costs for public services to be paid by fewer individuals and families. That can become a significant problem if most residents are retired and living on fixed incomes.

4. FINANCES, STREETS, AND DEVELOPMENT

This first look at Wisconsin municipalities uses state and federal information to examine trends in municipal revenues, spending, road quality, and development. The timing of data release limits most of this information to 2014 and before. Street information is current through 2015.

Revenues Increase Little

In 2014, the municipal revenue situation improved slightly. In aggregate, 2012 and 2013 general revenues¹ for Wisconsin cities and villages were nearly unchanged from 2011; they declined 0.1% in 2012 and rose by that same percentage in 2013 (see solid bars in Figure 3, page 4). In 2014, they increased 2.0%, the largest gain since 2010 (3.5%). About half of the increase was due to higher property tax collections. While municipal revenues rose a total of 2.1% during 2011-14, state general fund revenues increased nearly four times faster (8.0%).

However, the revenue picture changes when the effects of inflation² are recognized. Inflation-adjusted revenues reflect purchasing power, and “real” total revenues rose just 0.1% in 2014, after falling between 1.8% and 2.0% in each of the three prior years (see light bars in Figure 3, page 4).

The small changes in nominal revenues, and decline in inflation-adjusted ones, are directly related to two “headwinds” already discussed. During 2011-14, state aids to cities and villages declined 7.5%. With limits on property taxes in place, collections rose just 5.2% over the three years. But, after accounting for inflation, state aids fell 12.8% and property taxes were down 0.8%.

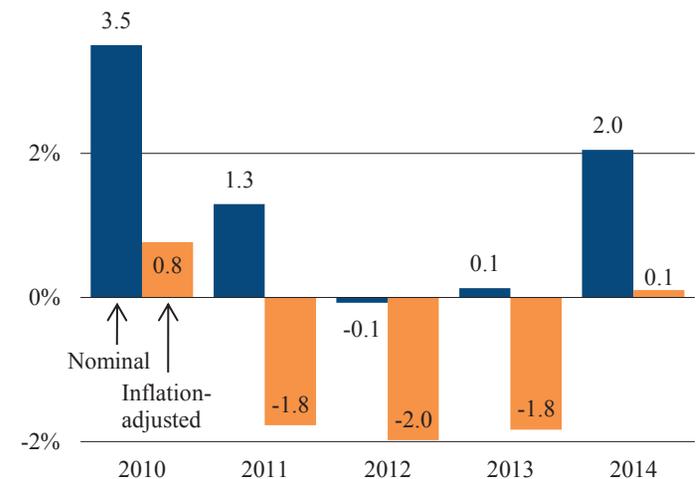
Act 10 Savings? Put simply, total revenues in 2014 were sufficient to fund about 95% of municipal services provided in 2010—if municipal costs rose at the inflation rate. However, 2011 Act 10 provided local governments with avenues to save, mostly through reduced benefit costs.

¹ To avoid double counting, excludes intergovernmental revenues; also excludes bond proceeds.

² Inflation is measured using the state and local government price deflator from the U.S. Bureau of Economic Analysis’ gross domestic product reports.

► **While municipal revenues rose a total of 2.1% during 2011-14, state general fund revenues increased nearly four times faster (8.0%).**

Figure 3: Municipal Revenues Grow Little
% Change in City/Village Revenues, 2010-14



► **Act 10 reduced municipal benefit costs by at least \$90 million. While significant, this was only 1.5% of all municipal spending.**

As mentioned, for cities and villages, potential savings were limited because police officers and firefighters were largely unaffected by the law. Although percentages vary by municipality, in aggregate, these police and fire employees comprise about one-third of all paid municipal employees.

Moreover, not all savings were realized immediately because some employees were covered by previously negotiated contracts. Available data only allow estimates of 2012 savings if full implementation is assumed.

While municipalities were able either to reduce health insurance costs or limit their increases, the bulk of Act 10 savings—between \$60 million and \$70 million—was due to employee cost-sharing of retirement contributions. Reduced health insurance costs likely added another \$30 million, bringing the total to between \$90 million and \$100 million. While significant, these estimates accounted for just 1.5% of municipal spending.

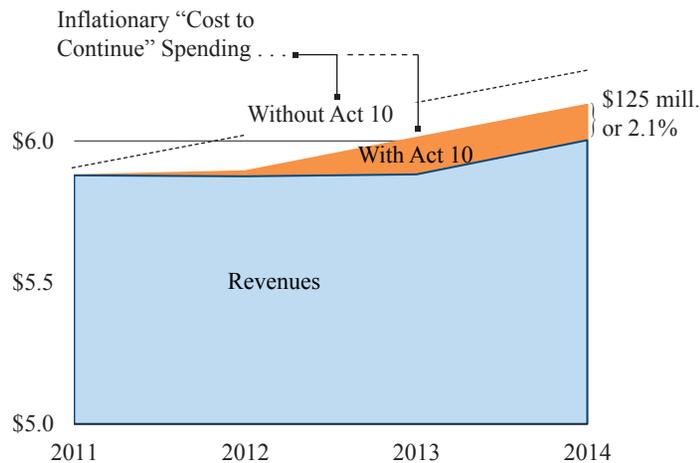
However, they assume no savings from police and fire staff. Anecdotal information suggests that some municipalities generated savings from these employees as well. Potential city/village savings from the two groups total about \$75 million.

Figure 4 combines recent revenue changes, inflation, and estimated Act 10 savings to illustrate municipal budget pressures in recent years. The red area shows revenues during 2011-14. The dashed blue line shows estimated “cost-to-continue” spending without Act 10; i.e., 2011 spending adjusted for inflation in 2012-14. By 2014, total municipal costs were estimated to be \$6.23 billion. The blue area also shows cost-to-continue, but accounts for \$100 million in benefit savings.

Even with benefit savings, the estimated cost of city and village services in 2014 was about \$125 million, or 2.1%, greater than total revenues. Some of that gap was eliminated by savings on police and fire benefits. Municipalities may have found efficiencies in other areas as well. As survey research results note, some cities and villages reduced services during these years.

Differences by Population? One- and three-year revenue changes during 2011-14 varied with population size, but with no discernible pattern. For example, in 2014, revenues increased more than 3% in the state’s smallest municipalities and in those with populations between 5,000 and 15,000 (see Table 1, page 7). However, they climbed less than 2% in cities and villages with populations between 1,000 and 5,000.

Figure 4: Municipal Revenues vs. Inflation
Est. “Cost-to-Continue” Spending and Total Revenues, 2011-14



Over three years, revenues declined in both the least-populous and most-populous cities and villages. However, the 1.6% decline in the latter group was driven largely by a 7.5% drop in Milwaukee’s total revenues, due mostly to less federal aid.

One reason for this variation in revenue changes is the amount and timing of federal aid. For example, in 2014, total revenues increased 4.8% in the 10,000-15,000 population group. However, non-federal revenues were up 3.4%. Much of the difference is explained by the \$6 million in federal assistance claimed by Marinette in 2014. It receive little federal aid in the three prior years. Excluding federal money makes revenue changes slightly more similar among population groups, though differences remain.

Changing Spending Patterns

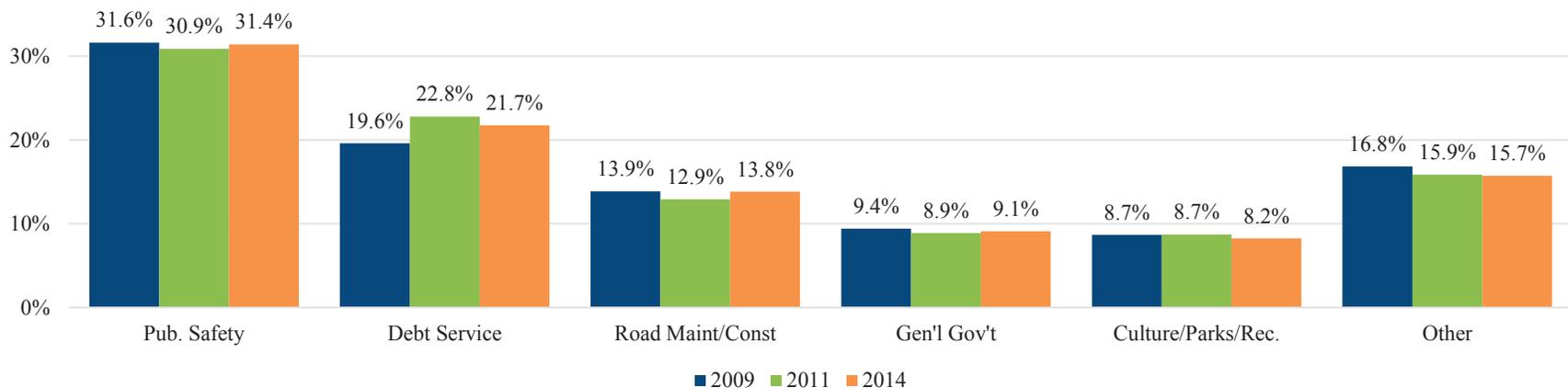
With revenues growing slowly—and “real” (inflation-adjusted) revenues declining—spending priorities shifted during 2009-14 (see Figure 5).

General Government. When citizens are asked where governments can save money, they often speak first of “bureaucracy.” In Wisconsin municipal-finance terminology, this is mostly “general government” spending; i.e., various administrative expenditures, such as costs incurred by city or village administration (includ-

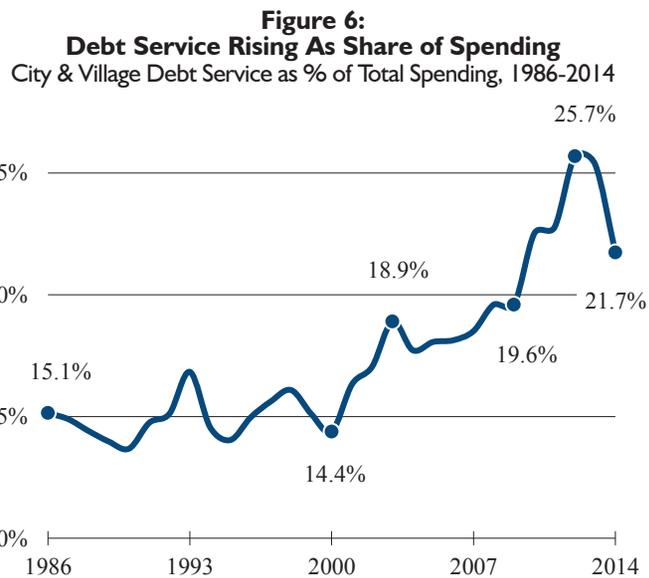
Table 1: Revenue Changes Vary by Population, Fed Aid
One- and Three-Year Chg. in Total Revenues by Pop. Group, 2011-14

Muni. Population	Total Rev's		Exc. Fed. Aid	
	13-14	11-14	13-14	11-14
Less than 1,000	3.2%	-8.2%	2.5%	-3.6%
1,000-2,000	0.4	2.3	0.4	2.3
2,000-5,000	1.7	0.0	2.0	2.0
5,000-10,000	3.6	5.0	3.9	5.4
10,000-15,000	4.8	7.9	3.4	7.0
15,000-30,000	2.4	4.7	2.4	4.9
30,000-50,000	1.3	0.1	2.1	1.7
50,000 or more	2.0	-1.6	2.5	0.3
<i>Ex. Milwaukee</i>	<i>1.4</i>	<i>2.9</i>	<i>1.6</i>	<i>3.5</i>

Figure 5: Shifting Municipal Priorities
Shares of City and Village Total Spending, Selected Years 2009-14



► **Debt service topped 20% of municipal spending in each year during the 2010-14 period. It hovered around 15% between 1986 and 2000.**



ing clerk, treasurer, business/finance director, etc.), city council, or village board. However, sometimes “savings” in these areas lead to reductions in public access, such as city hall hours.

There was a marked shift away from general government spending after 2010. In 2009 and 2010, these expenditures averaged 10.2% of total spending. During 2011-14, they averaged just 8.6%.

Public Safety. One of the most important services provided by local government is public safety—law enforcement, fire protection, and emergency services. Because many of these employees were not covered under Act 10, savings were limited. As a group, municipalities kept their public safety spending share fairly constant during 2009-14; it ranged from 30.3% of the total in 2010 to 31.7% in 2009.

Streets. In addition to providing police and fire protection, municipal residents expect their local governments to maintain city and village streets. With declining road aids from the state, that has become a challenge. Overall, spending on road construction and maintenance comprised a declining share of total city and village expenditures over the past several years. It was 13.9% of total spending in 2006 and 13.5% in 2009. Road spending dropped to 12.2% of municipal spending in 2010 and remained below 13% in each of the subsequent three years, before rebounding to 13.6% of spending in 2014.

Rising Debt Service. While local officials annually determine spending on general government, public safety, streets, and other services, they have less control over debt service, as each year’s debt service depends on borrowing decisions made in prior years. In other words, borrowing decisions made today have spending implications for 10 to 20 years.

As discussed below, the amount of outstanding municipal debt rose fairly steadily between 1986 and 2010. As cities and villages accumulated more debt, the amount they had to set aside for repayment increased.

Figure 6 shows debt service claiming increasing shares of municipal spending during 2000-09, rising from 14.4% to 19.6%. It spiked over the next three years, reaching 25.7% in 2012. Although this percentage fell in 2013 and 2014, it has remained over 20%, and in 2014 was at one of the highest levels on record.

Debt Rises, Levels

Municipalities borrow for a variety of reasons. They issue long-term bonds to pay for new buildings (e.g., a fire station, police station, or new city hall). Some borrow for new fire trucks, police cars, or plows. Other major projects, such as sewer replacement, also involve borrowing. Less well known are city and village borrowings for TIF districts.

While debt service trended higher during 2004-14, total outstanding debt has leveled off in recent years. It climbed from \$3.5 billion in 2000 to \$5.9 billion in 2010. Since then, total general obligation debt remained nearly unchanged; it was \$6.1 billion in 2014 (see Figure 7, dashed line).

State law limits municipal general obligation debt to 5% of property value, suggesting another view of debt levels. During 1999-2007, property values rose faster than debt, pushing debt ratios down (see solid line in Figure 7). Over the ensuing several years, municipalities continued to add debt, but property values fell; debt rose from 1.7% of property value in 2007 to 2.2% in 2013. That percentage fell to 2.0% in 2014 due to a rebounding real estate market and little new debt.

By Population. Both the amount of and recent changes in municipal debt vary by population (see Figure 8). At \$1,070, Wisconsin's least-populous municipalities had significantly less outstanding debt in 2014 than others (statewide average was \$1,509). This is not unexpected. The smallest cities and villages generally offer the fewest services, and often contract for police and fire services, which eliminates capital costs for vehicles and stations.

Municipalities with between 5,000 and 15,000 residents had the most debt, averaging \$1,750 per resident (see bars in Figure 8). These municipalities, along with those with 15,000 to 30,000 residents, are among the fastest-growing. Population growth can lead to infrastructure needs funded with borrowing. The most populous cities and villages have lower debt per capita as they are able to spread capital costs over more people. For example, the resulting per capita debt from borrowing \$5 million to build a fire station would be significantly different in Wausau (39,063 residents) than in Marshfield (19,186): \$128 vs. \$261, respectively.

As well as having the most debt per capita, these mid-sized municipalities were also among those with the fastest growing debt levels. On average, per capita debt

Figure 7:
Total Debt Leveling, Growing Relative to Property Values
City Village G.O. Debt, Total (\$ billions) and % of Property Values

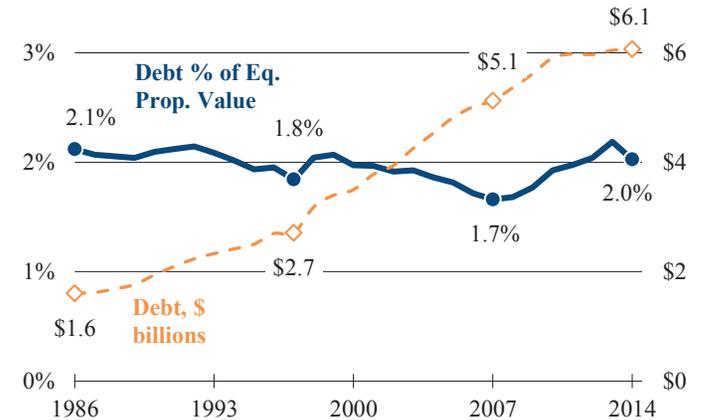
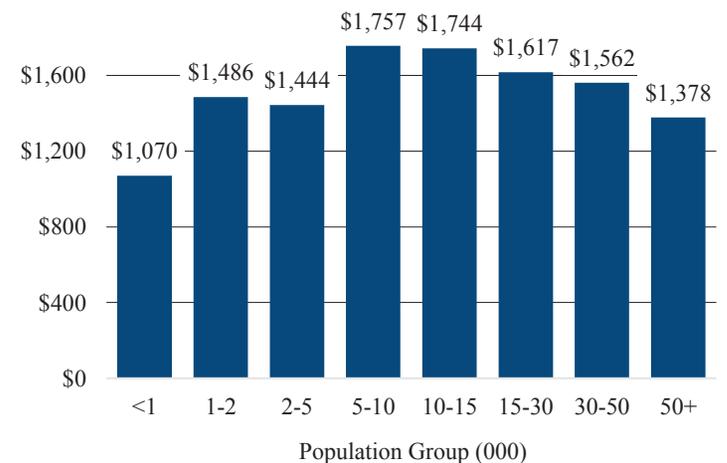


Figure 8: Debt Levels Vary by Population
Per Capita Debt, 2014



► **In 2015, 68% of city and village streets were rated “good” or better. However, this percentage topped 70% in each year during 2009-11.**

rose 9.3% among municipalities with 10,000-15,000 residents . They were surpassed only by the 30,000-50,000 group (10.5%). Per capita debt declined in the state’s largest cities, as well as in municipalities with 2,000-5,000 residents.

Street Quality

Previous discussions have focused on municipal finances: stagnant revenues, shifting spending priorities, and a recent slowdown in borrowing. While finances are related to service levels, concrete conclusions about service provision cannot be drawn from these figures. In fact, data on municipal services are nearly nonexistent.

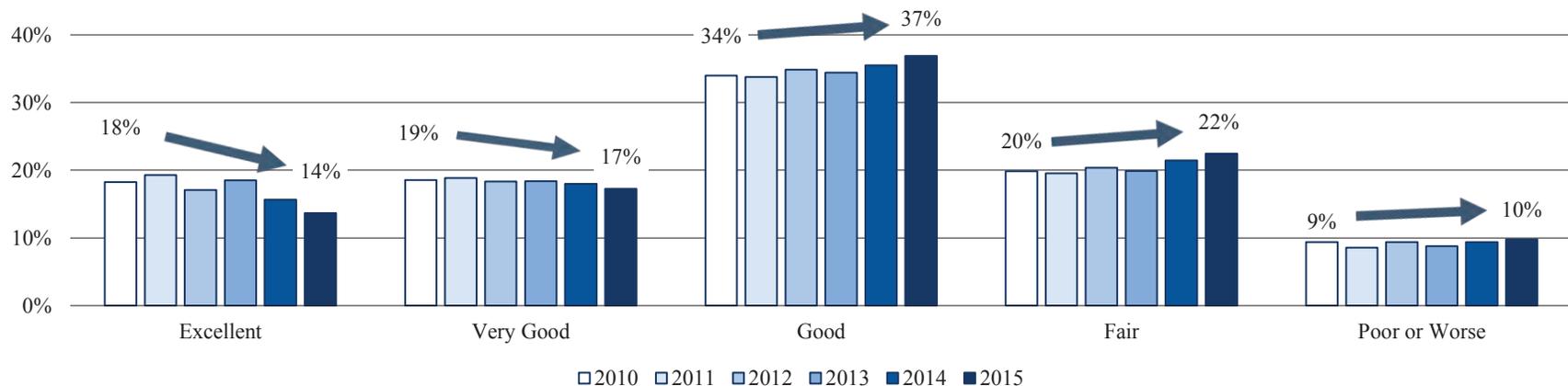
Street quality is the exception. The Wisconsin Department of Transportation (DOT) collects from cities and villages information on the quality of their streets. Pavement is rated on a scale of one through 10 (see box on page 11).

“Good” or Better. In 2015, 68% of city and village streets were rated “good” or better. In other words, more than two-thirds needed little repair; at most, they required some crack filling or possibly a sealcoat.

This percentage has been trending lower in recent years. It topped 70% in each year during 2010-13 (72% in 2011), before falling to 69% in 2014 and 68% in 2015.

Figure 9 provides more detail on the shift. The percentage of streets in the top two categories (“excellent” and “very good”) declined during this period, while the

Figure 9: Changing Municipal Street Conditions
% of City and Village Streets in Various Conditions, 2010-15



percentage rated “good” rose. Without regular upkeep, new streets begin to show wear over time, and their condition will fall from “excellent” to “very good” and then to “good.”

“Fair” or Worse. Obviously, with a declining percentage of streets rated good or better, the percentage rated “fair” or worse rose from 29% in 2009 to 32% in 2015. As the gray box shows, there are two grades of “fair,” with recommendations for the lower one requiring some type of structural overlay.

The costs of repairing streets grows significantly as maintenance is delayed. As the box on page nine shows, the average per mile cost of resurfacing is \$606,000. That cost doubles if a major reconditioning is required, and it more than quadruples if a street needs to be reconstructed.

By Population Group. As a group, Wisconsin’s 12 largest cities—those with more than 50,000 residents—had the smallest percentage of streets rated in one

► **The costs of repairing streets grows significantly as maintenance is delayed.**

Wisconsin Road Pavement Ratings		
10	Excellent	New Construction
9	Excellent	Recent overlay; like new
8	Very Good	Recent sealcoat or new cold mix; little or no maintenance required
7	Good	First signs of aging; maintain with routine crack filling;.
6	Good	Shows signs of aging; sound structural condition; could extend life with sealcoat
5	Fair	Surface aging; sound structural condition; needs sealcoat or thin (less than 2”) non-structural overlay.
4	Fair	Significant aging and first signs of need for strengthening. Would benefit from structural overlay (2” or more).
3	Poor	Needs patching and repair prior to major overlay; milling and removal of deterioration extends life of overlay.
2	Very Poor	Severe deterioration; needs reconstruction with extensive base repair; pulverization of old pavement is effective.
1	Failed	Failed; needs total reconstruction.

Per Mile Cost Estimates for Road Repair	
Wisconsin Department of Transportation	
Resurfacing	\$606,000
Rehabilitating the surface of a pavement to provide a smoother ride and extend the pavement’s structural life. This can also include pavement widening and/or shoulder paving to improve safety and reduce shoulder maintenance costs.	
Reconditioning	Minor \$657,000; Major \$1,233,000
Resurfacing and improving an isolated grade, curve or intersection.	
Pavement replacement	\$917,000
The highest type of “resurfacing” whereby the existing pavement structure is replaced with a new one. This does not include widening of the roadway.	
Reconstruction	\$2,649,000
Total rebuilding of the highway to provide a safer facility, to improve geometrics (i.e., longer passing and stopping sight distances, broader turning radii, additional lanes at intersections) and increased traffic-handling capabilities. Other benefits include a smoother ride, reduced travel time and lower maintenance costs.	

► **The greatest deterioration in street conditions during 2010-15 was in the largest municipalities, other than Milwaukee.**

of the top three categories in 2015: 63%. That percentage rises to 65% if Milwaukee is excluded, but remains the lowest among eight groups studied. However, these municipalities had that largest share of streets rated in one of the top two categories (34%, or 36% excluding Milwaukee). Thus, more than one-third of their streets needed little short-term maintenance in 2015.

At the other end of the spectrum, more than 70% of streets were rated good or better in each of four population groups: 1,000-2,000; 2,000-5,000; 5,000-10,000; and 10,000-15,000 (see Table 2, page 9). In each, less than 9% of streets were rated poor or lower; the average among all cities and villages was 10%.

The greatest deterioration in street conditions during 2010-15 was in the largest municipalities, excluding Milwaukee. There, the percentage of streets rated good or better fell five percentage points from 70% in 2010 to 65% in 2015. If Milwaukee is included, the decline is three points from 66% to 63%.

The next most populous group also had a significant shift in road quality; the 30,000-50,000 cohort saw a 4.4 percentage point decline in streets in good condition or better. With the exception of the 2,000-5,000 group, municipalities with populations under 10,000 experienced smaller declines. Streets improved slightly in the 10,000-15,000 group.

Table 2: Street Quality Varies by Population
% of Streets “Good” or Better, “Poor” or Worse

Population	Good or Better		Poor or Worse	
	2010	2015	2010	2015
<1,000	69.8%	67.0%	9.8%	11.1%
1,000-2,000	72.8	70.3	8.8	8.6
2,000-5,000	75.1	71.1	7.5	8.5
5,000-10,000	75.5	72.7	8.7	8.5
10,000-15,000	71.1	71.5	7.8	9.0
15,000-30,000	69.9	66.0	11.2	11.2
30,000-50,000	70.3	65.9	8.7	9.4
>50,000	66.2	63.1	10.6	10.7
Ex. Milw.	69.8	64.8	7.6	8.8

Economic Development

In addition to managing day-to-day operations, city and village officials also focus attention on growth—either new residential developments, business developments, or both.

Development adds to a municipality’s tax base, but also increases demand for some services. As mentioned earlier, since 2006 municipal levies are limited by net new construction, thereby limiting revenues.

Net New Construction. New construction in Wisconsin cities and villages is finally rebounding after several years of decline. It totaled

\$4.1 billion in 2014, the most since 2008 (\$4.4 billion). The real estate recession during 2008-11 took its toll on development: In 2011, new construction in cities and villages totaled just \$2.2 billion, or a little more than a quarter of the \$7.8 billion in 2005.

In 2014, new construction added 1.4% to the total city and village property tax base (see dashed orange line in Figure 10). That percentage was higher than the prior five years, and matched the 2008 gain. However, it was less than half the 2005 increase (2.9%) and significantly less than the 2006 increase (2.6%).

Because much of the new building occurred in more populous municipalities, this average significantly overstates development in many cities and villages. In 2014, the median property value increase (half municipalities lower, half higher) from new construction was 0.7% (see blue line in Figure 10). The median has been below 1.0% since 2009.

By Population. This pattern becomes clear when changes are examined by population group. Among municipalities with fewer than 1,000 residents, the median gain from new construction was just 0.3% in 2014. In fact, more than three-fourths of these communities had new construction percentages below 1%. For cities and villages with populations less than 5,000, the pattern is similar: median growth was 0.8% or less.

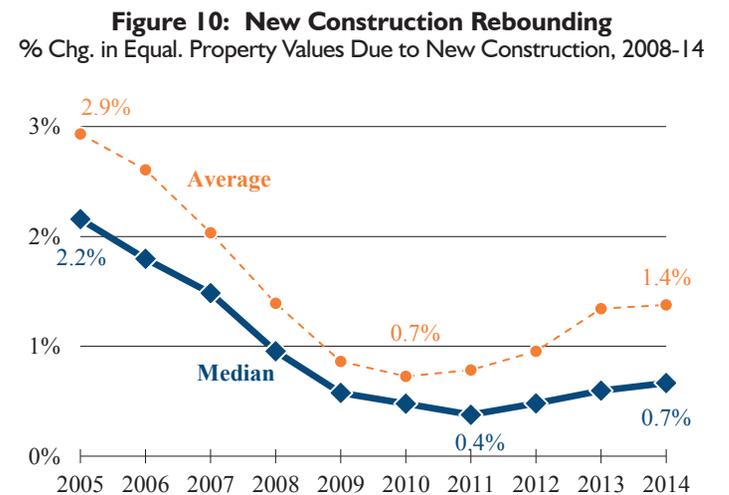
Communities with the fastest rates of new construction had populations between 15,000 and 30,000 (1.3%), followed closely by the two groups with populations between 5,000 and 15,000.

By Property Class. New commercial projects have comprised the majority of new development over the past several years. Overall, commercial properties account for about 27% of total value in cities and villages—residential property is 65% and manufacturing less than 4%. However, the value of new commercial projects accounted for 54% of all projects in 2014, 53% in 2013, and just over 50% in 2012. New manufacturing projects averaged about 10% of the total during 2012-14. The value of new residential projects averaged less than 40% of all new construction.

Summary

Data from the previous sections show tightening municipal budgets. Revenue growth has slowed and benefit savings have not fully compensated. At the same

► ***In 2014, the median property value increase from new construction was 0.7%. The median has been below 1.0% since 2009.***



► ***Municipal officials were surveyed on financial health, services, staffing, employee turnover, and other topics.***



time, debt service has risen to more than 20% of spending. Cities and villages have adjusted their spending priorities, continuing to fund police and fire and retrenching in other areas, including general government.

Declining street conditions reflect recent retrenchment in that area. That said, almost two-thirds of municipal streets are in good condition. Finally, economic development appears to be isolated in larger communities. In more than half of cities and villages with fewer than 5,000 residents, growth due to new construction has been less than 1% in every year since 2009.

5. SURVEY RESULTS

WISTAX researchers developed a survey to delve deeper into municipal fiscal health, focusing on 2015. LWM emailed the survey to 497 municipal officials, with three follow-ups to maximize response rate. A total of 148 (30%) municipal officials responded to the survey.

In addition to overall results, responses are also reported by population. The group of populous cities and villages (54 municipalities with 15,000 residents or more) are home to 2.68 million people, or 65% of the city/village population. Forty surveys (74%) were returned from this group. A total of 108 surveys (20%) were returned from smaller communities. The difference in response rates would be expected since small municipalities have limited or no full-time staff.

Questions were asked about the municipality's financial health, services it provides, staffing levels, and employee turnover. Municipal officials were also queried about how public perceptions of public services have changed. Two questions focused on public service—the number of citizens running for city council or village board, and how that number has changed. Finally, officials were asked about how local economic conditions have changed over the past year and over five years.

Financial Health

Among the most interesting results of the survey were perceptions of current fiscal health. Local officials were asked to compare financial health in 2015 with 2014 and with 2010. Since Act 10 was enacted to provide local governments more fiscal flexibility in terms of benefit costs, questions were also asked about changes in health insurance costs and employee cost-sharing of insurance.

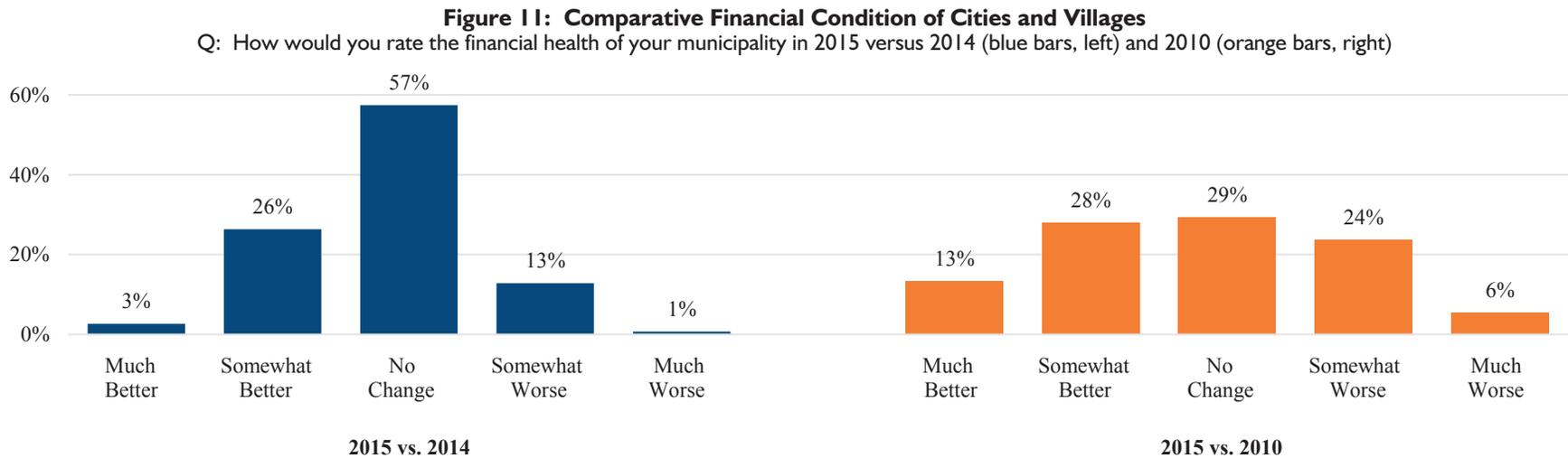
Two patterns emerge. First, when thinking about both one- and five-year changes in financial health, more respondents reported that their municipality was in better shape (“somewhat better” or “much better”) than worse (somewhat worse or much worse). Second, officials from small municipalities were less upbeat about finances than were those from more populous ones.

One-Year Changes. Just under 60% of respondents said the financial health of their city/village in 2015 was about the same as in 2014 (see blue bars in Figure 11). An additional 29% said financial health had improved over the year, while 14% said it deteriorated.

One way to simplify these results is to examine the net percentage of officials saying their finances had improved; in other words, subtract the percentage reporting worse financials from the percentage reporting improvement. This percentage is +15% (29%-14%) for one-year changes.

There is a clear difference between perceived financial health of large (15,000 residents or more) and small (fewer than 15,000 residents) communities. Among officials from the populous group, 45% believed finances had improved, while only 3% reported a decline (+42% net improvement). In the less-populated group, only 23% reported an improvement, while 18% said fiscal conditions were worse (+5%).

► **Just under 60% of municipal officials said the financial health of their city or village in 2015 was about the same as in 2014.**



► **Over the past five years, municipalities have increased cost sharing of health insurance. In 2015, nearly 60% of municipalities required sharing of at least 10% of premiums.**



Five-Year Changes. While 57% of respondents said financial conditions were unchanged from 2014, only 29% reported no change from 2010 (see orange bars in Figure 11, page 11). More (41%) reported better financial conditions than worse ones (30%), for a +11% net improvement.

Again, officials in populous communities were more upbeat with 45% reporting better conditions and 21% reported worse (+24%). This gap was reduced in small cities and villages: 40% said conditions had improved while 32% said they had worsened (+8%).

The survey also asked respondents to cite reasons for changing financial conditions. Most often cited were tightened levy limits (32), reduced/stagnant state aids (23), Act 10 (19) and growth (12).

Health Insurance Costs. Beginning in 2012, Wisconsin's Act 10 provided city and village officials with more control over benefits, especially health insurance costs. Municipal officials were first asked about average annual increases in health costs prior to 2011. Among all respondents, 60% said costs were rising 6% or more per year. That percentage was 69% in populous cities and villages and 56% in small ones.

Those percentages flipped when asked about changes in insurance costs in 2015. Among all cities and villages, 62% said costs rose 5% or less in 2015. That percentage was 71% in large and 57% in small communities. Slower growth in health insurance costs positively impacted municipal budgets.

Insurance Cost Sharing. One way local governments can limit insurance costs is to require greater employee cost-sharing. About 46% of respondents reported employees paying 5% or less of the total premium in 2010, while 23% said employees were contributing 10% or more. Those percentages shifted significantly by 2015: 24% of respondents said current cost sharing was 5% or less, while 57% said it was 10% or more.

Smaller communities were less able to take advantage of increased cost sharing than larger ones since, in 2010, nearly 30% already required sharing of 10% or more. In larger communities, only 9% were then at that level.

Services

The spending changes discussed in section four (page three) show how municipal priorities shifted as revenue growth slowed. However, reduced spending on a

particular service does not necessarily mean the municipality is providing less of it. Local officials may find ways to maintain service levels at less cost.

To assess trends in service levels, municipal officials were asked about changes in public access to municipal facilities—village/city hall, public library, and parks—and whether certain services (mowing, snow plowing, and street repair) were provided more or less frequently in 2015 versus 2014.

Access. In general, there was little change in public access to village/city halls, public libraries, or parks. For each, at least 88% of respondents said there was no change to the number of hours these buildings or parks were open (see Table 3). A small percentage increased access: 7% for village/city hall, 9% for public library, and 5% for parks. One municipality reported a slight decrease in village/city hall hours, and two reported fewer library hours.

Service Frequency/Response Times. Local officials were also asked if they were mowing, plowing snow, and repairing streets more or less frequently in 2015 than in 2014. For each of the first two services, at least 87% reported no change over the year (see Table 4). Among those with a change, most were providing less of the service rather than more (a net -3%). The difference was more striking with snow plowing, with 11% plowing less and 1% more (net -10%).

Many municipalities changed the frequency of street repair. Only 63% reported no change over the year in this service. However, 24% reported doing street repairs less frequently, while less than 13% were doing them more often (net -11%).

This was one service area where large municipalities differed from small ones. Among the populous ones, 21% were repairing streets less often and 16% more often (net -5%). Among the less populous, 26% were repairing less and just 12% more (-14%).

Municipalities reported little change in police and fire response times. At least 84% of respondents said they were unchanged from 2014. On police response, 10% reported improved times, while 5% said they were somewhat slower (+5%). On fire response, 13% said times improved, while 3% said they were slower (+10%).

Finally, when asked about bus/transit services, which are generally found only in larger cities, the vast majority of respondents (80%) said service frequency was unchanged from 2014. Increased service was reported by 11% of respondents, nearly matching the 10% reporting service declines.

Table 3: Access to Public Facilities Changed Little

Q. Think about each of the municipal facilities listed below. How does the average number of hours it was open to the public in 2015 compare with the number of hours in 2014?

	N	> in '15 than '14 by			No Ch.	< in '15 than '14 by		
		>10%	6% - 10%	0%- 5%		0%- 5%	6%- 10%	>10%
Hall	147	2%	2%	3%	92%	1%	0%	0%
Library	107	1	1	7	88	2	1	1
Parks	143	1	1	3	95	0	1	0

Table 4: Service Frequency

Q. Many municipalities provide services on some kind of regular basis. Some even use rules of thumb to determine how often they provide a service; for example, minimum number of inches before mowing or plowing; maximum response time in minutes; or time between street resurfacing or bus/transit runs. In the past two years has there been a change in how frequently you provide the service?

	N	More Freq./ Faster		No. Ch.	Less Freq./ Slower	
		Much More	S.W.* More		Much Less	S.W.* Less
Mowing	142	2%	3%	87%	7%	1%
Plowing	148	0	1	88	10	1
Street repair	144	1	12	63	18	6
Bus/Transit	65	0	11	80	8	2
Police resp.	135	1	9	85	5	0
Fire resp.	137	1	12	84	2	1

*Somewhat

► **Forty-two percent of respondents said their municipality experienced staffing changes in 2015, with 27% saying they added staff.**

Fees and Charges for Services. As section four showed, revenue growth has been minimal in recent years. Municipal officials were asked if, over the past five years, they increased or decreased fees and charges for recreation programs, transit, water, and sewer.

Most raised some fees or charges during 2010-15, with the largest increases for water and sewer. More than 60% of respondents said 2015 water rates were at least 6% higher than 2010 rates; another 22% reported rate increases of up to 5%. Thus, higher rates were reported in 83% of municipalities.

Similarly, 55% said 2015 sewer rates were at least 6% higher than in 2010, with another 26% reporting smaller increases—81% reported higher rates. Only 17% of municipal officials said sewer rates were unchanged over the five years.

Rate changes for transit (mostly bus) services show similar patterns, but with smaller increases. Among those with public transit, 56% increased rates over the past five years, with 38% raising them 5% or less. No municipality reduced transit rates.

Staffing

As shown on page four, municipalities have saved on staff costs by increasing cost-sharing in both retirement and health insurance, and sometimes by switching health providers. While staff levels may have been reduced in prior years, many cities and villages added staff in 2015. More specifically, municipal officials were asked about staffing of police, fire, parks and recreation, public works, library, and general administration and support.

Forty-two percent of respondents said their municipality experienced staffing changes in 2015, with 27% saying they added staff (see final row of Table 5). Cities and villages were more likely to add police officers (18%) than any employees in other areas. The difference between those adding and those reducing police officers was +10%.

In three other areas, the percentage of municipalities adding staff was at least five points greater than the percentage reducing: firefighters (+6%), parks and recreation (+6%), and general administration or support staff (+5%).

These responses are consistent with responses about financial health. Recall that 29% of respondents thought financial health had improved over the year, while only 14% said it had deteriorated.

Table 5: Staffing Changes Vary

Q. Now, think about the number of paid FTE employees your municipality had in 2015 compared to 2014. How does the number of FTE employees you had in 2015 compare with the number you had in 2014? By what amount was it more or less?

	N	> in '15 than '14 by			No	< in '15 than '14		
		>10%	6% - 10%	0% - 5%	Ch.	0% - 5%	6% - 10%	>10%
Police	124	1%	2%	15%	76%	4%	1%	2%
Fire	99	2	1	9	82	5	1	0
Parks/rec.	117	0	0	12	82	5	0	1
Pub. Wks.	143	1	1	7	80	8	1	1
Library	106	1	2	7	83	6	2	0
Gen'l	143	1	1	13	76	8	1	1
Total	133	2	0	25	58	12	3	1

Staffing is one area where there were large differences between more- and less-populous communities. Among the former, 47% reported adding staff, while 16% downsized (net +31%). In smaller communities, 16% also downsized, but only 18% added staff, (+2%). In comparing large and small municipalities, large differences in net employee changes were in police (+33% vs. -1%), firefighters (+18% vs. -2%), and general administration/support (+17% vs. +2%).

The pattern was reversed in public library staffing, with 11% of small municipalities adding staff and 4% downsizing (+4%). In the populous cities and villages, only 6% added while 16% downsizing (-10%).

Turnover. Employee turnover can be due to layoff, but more often it is due to retirement or job change. Survey results show the most common reason for employees leaving was retirement. Turnover was greater in large municipalities than in small ones.

Of all cities and villages, 37% reported turnover of more than 10% over the past two years, and that percentage was consistent in both small and large communities (see Figure 12, right bars). Another one in five reported turnover of 5% to 10%. However, 42% of large cities and villages reported turnover at this level, compared to only 12% for small ones.

In just over one-third of the small municipalities, turnover was minimal—less than 2%. These small communities often have very few employees, so this is not surprising. Among large cities and villages, only one in 20 had turnover that low.

Officials were asked about the reasons for employees leaving. For example, if a village had 100 employees and 20 left over the prior two years, its turnover rate would be 20%. If 10 of the 20 retired, they would report 50% (10/20) as retirement.

On average (unweighted), municipal officials said 57% of turnover was due to retirement (see Figure 13). The median (half lower, half higher) was 50%. About one in four (27%) took a job elsewhere (median was 20%). Family moves and layoffs contributed little to staff turnover.

Public Perceptions

Although the survey was designed to elicit information on municipal finances, service provision, and staffing, municipal officials were also asked about public perceptions of city and village services in 2015 compared to 2010.

Figure 12: Two-Year Turnover Rates

Q: What percentage of employees left over the past two years? (Blue=All Muni's, Green=15K or more, Orange=Less Than 15K)

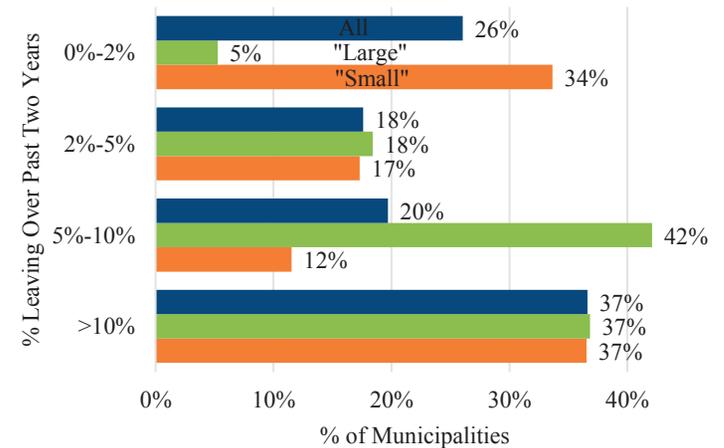
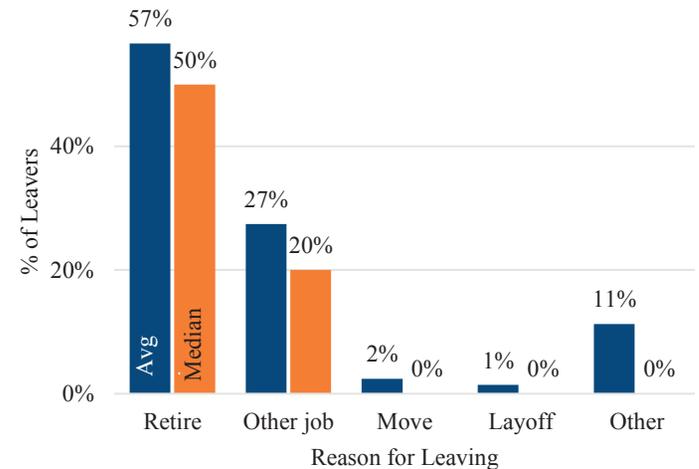


Figure 13: Retirement Main Reason for Turnover

Q: What percentage of all employees leaving left for each of the following reasons? (Blue=Average, Orange=Median)



► **Over the past five years, public perceptions of municipal services improved in four areas: libraries, parks, fire, and police.**

Table 6: Public Perceptions of Local Government and Taxes

Q. Municipal resident, voters, and taxpayers are familiar with local government taxes and services because they can “see and touch” them. They sometimes communicate their feelings to city and village officials. How did resident attitudes in 2015 compare to five years ago?

	N	NA	Favorable		No Ch.	Favorable	
			Much More	S.W. More		S.W. less	Much less
Parks	143	5%	8%	29%	48%	9%	1%
Snow	142	4	2	16	68	9	1
Streets	145	4	4	23	43	19	6
Transit	107	62	1	7	23	5	2
Library	128	18	6	27	45	5	0
Police	141	11	4	25	50	9	1
Fire	142	10	3	22	62	4	0
Prop. Tax	146	1	2	14	51	29	2

Public perceptions improved significantly in four areas over the five years. Officials in 33% of municipalities said perceptions of the local public library improved (see Table 6), while only 5% felt they were less favorable (+28%). The net favorable rating for parks (+27%) was similar. Public perception of fire (+21%) and police (+17%) protection also showed significant gains. While the magnitude of net positive ratings varied, net improvement is found in both large and small communities.

Public perceptions of street maintenance were mixed. While officials in 27% of municipalities thought public perceptions were more favorable in 2015, officials in 25% thought the opposite.

One area where perceptions worsened is property taxes. In 31% of cities and villages, property taxes were viewed less favorably by the public. In 16%, perceptions have improved, for a net -15%. While surveys consistently show the property tax to be Wisconsin’s most disliked tax, recent state action to limit growth in levies appears to have done little to change that view.

Public Engagement

City and village officials were asked about competition for the municipal board and how that competition has changed. Survey results show little interest in running for village board or city council; the situation is particularly worse in small communities.

Among all respondents, just over half reported the average number of candidates for a board seat was one or less. In other words, incumbents often were uncontested or open seats had no candidates. That percentage rises to nearly two-thirds in cities and villages with fewer than 15,000 residents (see Figure 14, page 21). Forty-four percent of municipalities reported an average of between one and two candidates per seat; that figure rises to 74% in large cities and villages. In total, only 4% of respondents reported “vibrant” competition of at least two candidates.

The most commonly cited reasons for the lack of candidates was citizen apathy, lack of time (particularly among younger residents), and satisfaction with current municipal operations.

What is more troubling is that the situation is not improving. Forty-six percent of respondents said the number of candidates has declined over the past five to 10

years, and that percentage did not vary by population: 44% in populous cities and villages and 47% in less populous ones. Only 11% of officials thought the situation was improving somewhat.

Economy

Finally, municipal officials were asked to compare the state of their local economies in 2014 and in 2010. Officials generally believed economic conditions were improving, though small-town officials were less upbeat.

Among all respondents, 53% believed the local economy had improved over the year, while 13% felt it got worse (net +40%). There was, however, a significant difference by population. Among large cities and villages, 82% saw improvement and just 5% felt the economy lagged (+77%). Among small communities, 43% reported improvement and 16% retrenchment (+27%).

In looking back over the past five years, the pattern shifts slightly, and in an unexpected way. In 2010, Wisconsin and the nation were beginning a slow climb out of the “Great Recession.” Since then, statewide economic conditions have improved. Unemployment was nearly 9% then, but under 5% now.

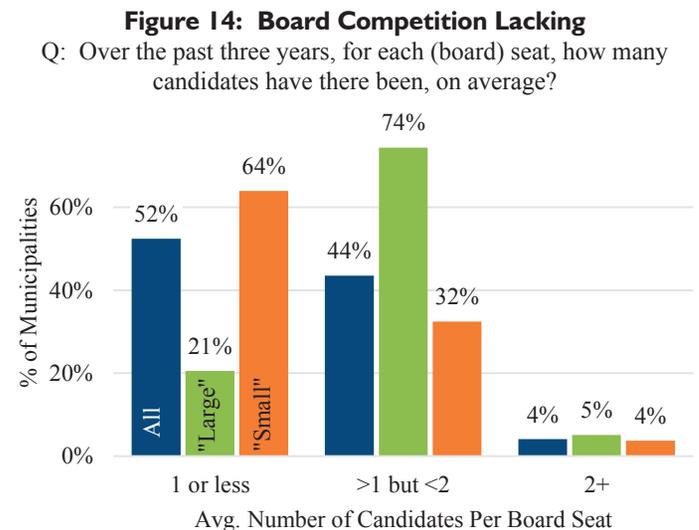
Yet, 24% of respondents from small municipalities and 13% from large ones reported weaker economic conditions in 2015 compared to 2010. If those reporting no change in economic conditions are added, those percentages rise to 57% and 18%, respectively. In other words, officials from more than half of small communities believe their city or village has not benefitted from an improving state economy.

For both large and small communities, net improvement percentages fell. Eighty-two percent of large communities reported improved economic conditions, for a net improvement of +69%. Among officials in small communities, 43% cited improved conditions, for a net improvement of just +19%.

CONCLUSIONS

The information just presented paints a mixed picture of the health of Wisconsin’s cities and villages. For many years, municipal governments have had state aid payments frozen or cut. More recently, tightened property tax limits have put additional strain on local finances. During 2001-14, municipal revenues rose a total of 2.1% while state revenues climbed 8.0%.

► **More than half of survey respondents reported the average number of candidates for a board seat was one or less; i.e., incumbents often were uncontested or open seats had no candidates.**



► ***Compared to their large community counterparts, officials from less populous municipalities reported worse finances, fewer job opportunities, less new development, and little or no competition for board seats.***



Newton famously remarked that “for every action, there is an equal and opposite reaction.” While referring to physical phenomena, his observation is also applicable to Wisconsin state-local finance. Data show that local governments responded in several ways to recent recession and slowing revenue growth. First, many have made choices to try to maintain public protection services. In 2015, more cities and villages added police and fire personnel than cut them. Public perceptions of these services have actually improved in recent years.

One less fortunate area was streets. The share of local revenues devoted to street construction and maintenance declined in 2010-13, before rebounding in 2014. This spending shift was reflected in street conditions. While municipal street conditions are generally good, they have eroded in recent years. Public perception of street conditions was mixed.

While borrowing by cities and villages has slowed in recent years, the debt run-up during 2000-09 is now affecting municipal finances. Debt service costs in 2014 were near record highs; and, at more than 20% of city and village spending, they are crowding out spending on current services.

Despite the fiscal challenges they have faced in recent years, most local officials believe the financial health of their cities and villages has not declined over the past five years. Indeed, 29% believed it improved in 2015 compared to 2014 and 41% believed it was better than in 2010.

The economy continues to be a concern locally and at the state level. More than half of survey respondents believed that local job prospects improved in 2015. Surprisingly, that same percentage believed job prospects were better than five years earlier, when the state was just emerging from recession.

New construction continues to grow, albeit slowly. As a percentage of the value of all property in the state, new construction increased from 0.7% in 2010 to 1.4% in 2014. That was still less than half the rate in 2005 (2.9%).

Finally, one of the most striking findings is the different experiences of large and small municipalities. Compared to their large community counterparts, officials from less populous municipalities reported worse finances, fewer job opportunities, less new development, and little or no competition for board seats. □

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