Milwaukee's Budget System

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A municipal corporation is a body corporate, separate and distinct from the state, deriving, however, its vitality and power from the state legislature. In its governmental capacity on the one hand, it acts as an agent for the state, while in its proprietary capacity on the other hand, it acts the same as any other corporation. Local government is thereby more effectively preserved and life and property more effectually safeguarded, while work or service can be performed for the general welfare of the community, which can be better and more cheaply done collectively than individually.

As a city grows in population, its community problems multiply, its fields of activity widen and its public business becomes more complicated.

The City of Milwaukee has had a steady, normal growth. Its population today is estimated to be over five hundred thousand. For a number of years the city operated under a tax budget. This was adopted within one month after the commencement of the fiscal year and determined the purposes and amounts for which taxes could be levied during such year. It did not constitute an appropriation of money, but the Common Council made appropriations from time to time as the needs arose. When the city was small and its municipal problems were few, a tax budget was sufficient, but as the city grew in population the necessity of making separate appropriations for each purpose delayed or otherwise interfered with the work of the city, because many of the purposes for which the city expended money had become routine in character. Moreover, under the tax budget, the business of the city suffered because by not having a program for a complete year’s work before it, the Common Council could not appropriate the funds among the various enterprises in just proportion to the importance and necessity thereof. Some activities had too much money, others did not have enough. To correct this condition, a budget of contemplated expenditures was substituted in place of a budget of taxes to be levied. A law was passed by the 1913 state legislature providing for an expenditure budget in place of a tax budget. It was difficult to operate
under this law, because it did not provide sufficient elasticity. A budget must be sufficiently elastic to avoid hampering the proper operation of the various departments, yet, at the same time it must be sufficiently rigid and detailed to insure the carrying out of the program adopted by the Common Council. In 1915 the budget law was repealed and Sections 925q-160 to 162 were enacted, which likewise required the adoption of an expenditure budget, but provided the necessary elasticity.

Before going into the mechanics of the budget, it will be well to get an idea of the principal things the City of Milwaukee does for its people and the money annually provided therefor.

Following is a synopsis of the budget for the year 1919:

1. **General Government — Executive, Legislative and Judicial Group**:

<table>
<thead>
<tr>
<th>Position</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mayor</td>
<td>$11,491.00</td>
</tr>
<tr>
<td>Common Council</td>
<td>$66,349.00</td>
</tr>
<tr>
<td>City Clerk</td>
<td>$12,804.00</td>
</tr>
<tr>
<td>City Attorney</td>
<td>$48,895.00</td>
</tr>
<tr>
<td>Courts</td>
<td>$51,994.00</td>
</tr>
<tr>
<td>City Service Commission</td>
<td>$15,169.00</td>
</tr>
<tr>
<td>Board of Election Commissioners</td>
<td>$28,009.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 234,711.00</strong></td>
</tr>
</tbody>
</table>

2. **General Government — Finance Group**:

<table>
<thead>
<tr>
<th>Position</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comptroller</td>
<td>$34,440.00</td>
</tr>
<tr>
<td>Treasurer</td>
<td>$57,990.00</td>
</tr>
<tr>
<td>Tax Commissioner</td>
<td>$52,535.00</td>
</tr>
<tr>
<td>Public Debt Commission</td>
<td>$7,480.00</td>
</tr>
<tr>
<td>Central Board of Purchases</td>
<td>$22,026.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 174,471.00</strong></td>
</tr>
</tbody>
</table>

3. **Protection of Life and Property**:

<table>
<thead>
<tr>
<th>Position</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Fire and Police Commissioners</td>
<td>$1,901.00</td>
</tr>
<tr>
<td>Fire Department</td>
<td>$1,095,521.00</td>
</tr>
<tr>
<td>Police Department</td>
<td>$1,083,063.00</td>
</tr>
<tr>
<td>Fire and Police Alarm System</td>
<td>$72,174.00</td>
</tr>
<tr>
<td>Sealer of Weights and Measures</td>
<td>$14,504.00</td>
</tr>
<tr>
<td>Bureau of Building and Elevator Inspection</td>
<td>$56,530.00</td>
</tr>
<tr>
<td>Board of Examiners — Stationary Engineers</td>
<td>$5,363.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 2,329,056.00</strong></td>
</tr>
</tbody>
</table>
4. Public Health and Sanitation:

Health Department ............. 316,797.00
Johnston Emergency Hospital .... 41,620.00
Bureau of Smoke Suppression ..... 6,586.00
Bureau of Street Sanitation—(Department of Public Works) .... 1,238,958.00
Bureau of Plumbing Inspection—
(Department of Public Works) ..... 23,850.00
Bureau of Sewers—(Department of
Public Works) .................. 84,887.00
Sewerage Commission ............ 790,072.00

5. Promotion of Economic Welfare—Public Works:

Public Works—Commissioner ..... 33,329.00
Bureau of Bridges and Public Build-
ings—(Dept. of Public Works) ..... 594,830.00
Bureau of Engineers—(Department of Public Works) ............... 54,680.00
Bureau of Street Const. and Repairs
—(Dept. of Public Works) ......... 696,725.00
Board of Public Land Commis-
sioners ....................... 13,670.00

6. Promotion of Economic Welfare—Utilities:

Bureau of Rivers and Harbors—
(Department of Public Works) ..... 32,887.00
Bureau of Power Plants—(Department of Public Works) ............. 205,221.00
Bureau of Illumination Service—
(Department of Public Works) .. 342,178.00
Water Department — (Department of Public Works) ................. 1,527,486.00

7. Public Recreation:

Park Board ..................... $ 447,900.00

8. Education:

School Board ................... 3,096,902.00
Board of Industrial Education .... 552,000.00
Public Library .................. 186,859.00
Public Museum Board .......... 159,317.00
Art Commission .................. 200.00

$ 3,995,278.00
9. Miscellaneous:

Common Council—Contingent .... 200,000.00
Common Council—Special ........ 376,150.00
City Attorney—Workmen's Com-
pensation..................... 25,000.00
Bonds—Interest and Principal..... 2,327,990.00
Financial Readjustment .......... 223,000.00
Miscellaneous Items ............. 15,600.00

$ 3,167,740.00

TOTAL APPROPRIATIONS .........$16,352,932.00
Proposed Bond Issues............... 4,010,000.00

GRAND TOTAL ......................$20,362,932.00

It can readily be seen how impossible it would be to do jus-
tice to each of the many services the city renders if a definite
financial and work program was not adopted annually. A budget
should state in detail the work or service to be performed by
each department and organization unit and the limit of funds
which can be expended for each activity. It should also state the
purposes for which bonds are proposed to be issued and the
amount of bonds required for each purpose. Without a budget
the orderly conduct of the business of a city of the size of Mil-
waukee would be impossible.

"Section 925q-160. In cities of the first class, whether
operating under a general or special charter, it shall be the
duty of the heads of the several departments of the city
government and the several boards or bodies, by whatever
name known, whether the expenditures of said departments,
boards or bodies be subject to the control of the common
council of such city or not, to make and file with the com-
troller, upon forms to be furnished by him, at the times
hereinafter specified, a report and estimate in writing and
in detail of their respective needs for the ensuing fiscal year,
including a statement of improvements to be made and the
necessary expenditures therefor. Provided, that any board
or body, by whatever name known, whose funds are not
subject to the control of the common council, may include
a sum for a contingent fund, which sum shall be such as
they may deem reasonably necessary and proper for emer-
gency or other purposes which may arise during the year
requiring the expenditure of money in addition to the sums
provided for the several purposes, or for purposes for which
no express provision is made in the budget. Whenever the
whole or a part of the taxes for any department, board or
body, by whatever name known, are levied in any year for
expenditures to be made in the succeeding fiscal year, the report and estimate for such department, board or body, by whatever name known, shall be filed with the comptroller on or before the first day of August of each year. The report and estimate of every other department, board or body, by whatever name known, shall be filed with the comptroller on or before the first day of October of each year; provided, however, that the common council of any such city may by resolution formally adopted by the affirmative vote of a majority of all the aldermen prior to the first day of July in any year, require all heads of departments, boards or bodies, by whatever name known, to file such report and estimate with the comptroller not later than August first of said year.”

The first step in budget making is to secure the recommendations of the men supervising the various activities. The theory is that the men actually engaged in the work are best able to advise as to their respective activities and suggest a program for their departments for the coming year. This is true, except that each department head is rightly imbued with enthusiasm for the accomplishments of his department, and this enthusiasm is apt to lead him into expanding his recommendations beyond what is reasonably necessary or beyond an amount which the city can afford to expend. It is the Comptroller's duty to make it possible for the reviewing bodies to discover the over-enthusiasm which department heads have injected into their recommendations. This is accomplished through the information conveyed by reports, the forms of which are prescribed by the Comptroller. The recommendations or proposed work program for each department are made on these report sheets by each department head in the form of requests for appropriations to finance the same. These requests must be stated in sufficient detail so the reviewing bodies will be able to determine whether or not they are reasonable. The report sheets are headed with the service or work which the department proposes to perform; then follow the items of expenditure which it is estimated will be needed in order to carry out the service or work. The items are listed under headings called Objects of Expenditure. The Objects of Expenditure have been classified under eight principal headings as follows:

1. PERSONAL SERVICE:
   - Permanent
   - Temporary
   - Fees and Commissions

2. SUPPLIES:
   - Botanical
   - Cleaning and Disinfecting
   - Educational
2. SUPPLIES:
   Food
   Forage and Veterinary
   Fuel
   Horse-Drawn Apparatus
   Horse-Drawn Vehicle
   Household
   Medical and Laboratory
   Motor Vehicle
   Office
   Recreational
   Self-Propelled Apparatus
   General

3. MINOR EQUIPMENT:
   Minor Apparatus
   Tools

4. MATERIALS:
   Highway
   Sewer
   Water Service
   General

5. CONTRACT OR OPEN ORDER SERVICE:
   General Repairs
   Heat
   Horse-Drawn Apparatus Repairs
   Horse-Drawn Vehicle Repairs
   Lighting
   Livery Hire
   Minor Repairs
   Motor Vehicle Repairs
   Municipal Garage Service
   Postage
   Power
   Self-Propelled Apparatus Repairs
   Shoeing and Boarding of Horses
   Storage of Vehicles
   Street Car Fare
   Team Hire
   Telephone
   Water
   General Service

6. FIXED CHARGES:
   Advertising
   Automobile Licenses
   Insurance
   Interest
   Official Bonds
   Payment of Debt
   Pensions
   Publications
   Rent

7. EQUIPMENT:
   Educational
   Horse-Drawn Apparatus
   Horse-Drawn Vehicle
   Household
   Live Stock
   Medical and Laboratory
   Motor Vehicle
   Office
   Recreational
   Self-Propelled Apparatus
   General

8. SPECIAL AND CONTINGENT FUNDS:
   Contingent
   Special
   Construction

9. MISCELLANEOUS:

These classifications are uniform for all the departments, boards or commissions, whether they are under the control of the Common Council or not.

"Section 925q-161. In all such cities of the first class there shall be a board of estimate, which shall consist of the mayor, who shall be president of the board; president of the common council, comptroller, city treasurer, city attorney,
commissioner of public works and the members of the finance committee of the common council. The secretary of said board shall be appointed by the city comptroller and shall keep a record of the proceedings of said board and perform all other duties pertaining to such office. Said board shall convene on the first day of August in each year and the comptroller shall place before said board the reports and estimates made and filed with him pursuant to law by the various departments, boards and bodies, which under the provisions of the preceding section are required to be filed with the comptroller on or before the first day of August in said year. From the reports and estimates of such departments, boards and bodies, so made and filed, it shall be the duty of said board of estimate to make and submit to the common council in writing on or before the fifteenth day of September in each year a proposed budget, setting forth in detail the various purposes for which money is to be expended during the ensuing fiscal year by each of such departments, boards and bodies, and the amounts of money which it is proposed shall be appropriated by the common council for each of said purposes. Provided, that the board of estimate shall not have power to change the purposes for or amounts of money which may be expended by any board or body, which by law is authorized to determine the purposes for which money is to be expended by it and the tax which shall be levied therefor, unless said board or body shall, by resolution formally adopted by the affirmative vote of a majority of all the members thereof, authorize such change in either said purposes or amounts. Whenever any such resolution shall have been adopted by any such board or body, it shall file with said board of estimate at least two days prior to the time the board of estimate is required to transmit that part of the budget to the common council a certified copy of such resolution, and the board of estimate shall thereupon change such purposes or amounts in conformity with said resolution.

"If in any year the common council shall not have required by resolution adopted in accordance with the provisions of the preceding section all heads of departments, boards and bodies, by whatever name known, to make and file their reports and estimates with the comptroller by August first of said year, the said board of estimate shall re-convene on the first day of October of such year and proceed to make from the reports and estimates filed by such departments, boards or bodies as shall not have been required to file their reports and estimates with the comptroller on or before August first of said year, the balance of the budget for the ensuing fiscal year in the same manner as hereinbefore provided, and shall submit the same to
the common council of said city in writing on or before the fifteenth day of December in said year.

"In addition to the purposes required to be set forth in detail, the said board of estimate shall include in said budget such sum for a common council contingent fund as they may deem reasonably necessary and proper for emergency or other purposes which may arise during the year requiring the expenditure of money in addition to the sums provided for the several purposes or for purposes for which no express provision is made in the budget. Said board of estimate shall also include in said budget the amount and purposes of the bonds and mortgage certificates which by law are required to be issued, and which it is proposed shall be issued during the ensuing fiscal year, however, omitting such bonds as are unnecessary to be included in the budget by express provision of law to that effect. If any department, board or body, shall fail or neglect to file its report and estimate with the comptroller as provided in Section 925q-160, the board of estimate shall make a proposed budget for said department, board or body, by whatever name known, specifying the purposes for which money may be expended by said department, board or body, during the ensuing fiscal year and the amounts of money which may be expended for each of such purposes. All meetings of the board of estimate shall be open to the public, and previous to the submission of the proposed budget or either part thereof to the common council, the board of estimate shall hold at least one public hearing on the same."

The Board of Estimate convenes on the first day of August in each year and the Comptroller places before said board the reports and estimates made and filed with him by the various departments, boards and commissions.

The reports and estimates, before being placed before the Board of Estimate, are carefully examined by the Comptroller and after errors, if any, in classification of items have been corrected, a sufficient number of copies are made by him for the use of the board.

The Board of Estimate consists of eleven members: the six officials specifically mentioned in the law, and the Finance Committee of the Common Council, at present constituted of five aldermen. In order to expedite the work of the board, a smaller body, called an examining committee, is appointed by the board. This committee usually consists of the Mayor, Chairman of the Finance Committee of the Common Council and the Commissioner of Public Works. The examining committee scrutinizes
the detailed items of each report and estimate for the purpose of ascertaining whether or not the requests are reasonable and necessary and within the limits which the city can afford to spend for the various purposes.

There are four classes of requests which require different tests.

I. The larger number of requests are tested by comparing the items requested with the items it was found necessary to purchase during previous periods for like work or service. To do this intelligently, scope of work or service and quantity and price of items must be carefully considered, as these elements vary during different periods. The forms prescribed by the Controller for this purpose, the information required to be listed thereon and the classification of the items under objects of expenditure, makes it possible to easily test such items.

II. Requests for equipment are subjected to special investigation and are granted only if the facts affirmatively answer one of the following four questions: (1) Is this equipment needed to replace worn out or obsolete equipment? (2) Is this equipment needed because of additional output? (3) Is this equipment needed to bring work up to standard? (4) Is this equipment needed to reduce operating cost?

Requests for equipment are listed on a separate report form. Because it has happened in the past that sometimes department heads omitted to purchase the equipment according to the representations made to the Board of Estimate, but purchased other equipment instead, this form has been designed so as to expose such lack of good faith. It provides in separate columns for the request, let it be assumed, for the year 1919; the amount allowed for 1918; the items purchased and cost thereof during 1918, and the items purchased and cost thereof during 1917. Such an intensive investigation of equipment requests is required because it is recognized they offer a source through which foolish and unnecessary expenditures may be made, and if they are not closely watched, large sums of public money are apt to be wasted. If a department buys more supplies or materials than are needed for the present, they can always be used at a later period, but unnecessary equipment may never be used.

III. Requests for appropriations for operations, the scope or quantity of which differ greatly each year, are tested by units of
IV. Requests for appropriations for extraordinary repairs, require special investigation to determine their necessity; for instance, replacing flues in a boiler or putting a new roof on a building.

Another class of items appear in the budget which are fixed and therefore are not subject to any test—items like Rent, Premiums on Official Bonds, Insurance, Street Lighting and Interest and Principal on the bonded debt.

Under Special and Contingent Funds are a class of items that can be based only on estimates. Appropriations to meet contingencies which may arise; appropriations for specific purposes and appropriations for work which the Common Council directs to be done from time to time.

Some of the appropriations to meet contingencies which may arise are as follows: Contingent Fund, Opening Streets and Alleys, Damages and Claims, Remission of Taxes.

The appropriations for specific purposes vary each year. Following are a few appearing in the 1919 budget: City Hall Safety Island, Soldiers’ Memorial, Artesian Well.

Following are some of the appropriations for work which the Common Council directs to be done from time to time: Street Paving, Construction of Sewers, Laying of Water Mains, Extension of Fire and Police Alarm System.

After the examining committee of the Board of Estimate has made a careful study of the appropriations requested for the various departments, their recommendations are listed on the report forms in a column provided for that purpose. The secretary of the Board of Estimate gives the head of each department an opportunity to examine the recommendations of the committee. If the head of any department believes the recommendations of the committee to be insufficient, he is afforded an opportunity to appear before it and state his reasons. The recommendations of the committee are placed before the Board of Estimate and each department head is given an opportunity to be heard before the Board.

The examining committee of the Board of Estimate having examined the details, it is unnecessary for the Board as a whole to examine each item requested unless the total for the work or service to be performed appears too high or too low, or unless
MILWAUKEE'S BUDGET SYSTEM

a department head can show that the recommendations of the examining committee are not reasonable. Thus the great bulk of the items, which cover the routine work or service, are disposed of with the least possible loss of time.

All items of administration policy, such as appropriations for purposes other than general routine work or service, items greatly in excess of previous experience, the appropriation for a contingent fund, and the purposes and amounts for which bonds are proposed to be issued, are considered in detail by the Board of Estimate.

Before reporting the budget to the Common Council, the Board of Estimate holds a public hearing for the purpose of giving the public at large an opportunity to voice its opinion on the program it is proposed to submit to the Common Council.

After the public hearing, the Board of Estimate considers the recommendations made at said meeting. A final vote is then taken on the budget as a whole and the secretary is instructed to prepare a report for the Common Council. In the report the supporting data, the items estimated it will be necessary to purchase, are omitted. The appropriations recommended by the Board of Estimate are reported in totals for each object of expenditure listed under the activities, organization units and functional divisions of each department, board or body.

The appropriations for the boards and commissions not subject to the control of the Common Council must be incorporated in the budget as reported, however, omitting the supporting data. These boards and commissions have authority under the City Charter to determine the purposes for which the funds under their control are to be spent. In order to give them the same opportunity to eliminate the over-enthusiasm in the requests coming from their department heads, they are required to make their reports on the same forms and in the same manner as heretofore described. It is impossible to state the amount of over-enthusiasm eliminated from the budgets of the boards and commissions not subject to the control of the Common Council, as their reports list the items deemed necessary after the paring-down process has been applied. But for the departments under the Common Council, the over-enthusiasm for 1919 amounted in round figures to $1,500,000.00. Of this vast sum about one million dollars represented expansion of activities which would be of real benefit to the community, but which were not absolutely necessary for the
public welfare. The balance, five hundred thousand dollars, embraced requests for expenditures considered unnecessary and not particularly beneficial to the community.

It is only because of the analysis made possible by this form of budget that the reviewing bodies are enabled to hold down the expenditures for the public business within reasonable limits, and to safely cut out the over-enthusiasm of department heads, without danger of crippling the service necessary for the public welfare.

All provisions of law hereafter quoted are parts of Section 925q-162.

(XX.XX) "It shall not be necessary before adopting the budget herein provided to refer the said budget to any committee of the common council.

"The common council of such cities of the first class may, by affirmative vote of a majority of all the aldermen, make such changes in the proposed budget or either part thereof submitted to it by the board of estimate, either as to purposes for or amounts which may be expended and as to purposes or amounts to which bonds or mortgage certificates may be issued, as they may deem best; provided, however, that the common council shall not have power to change either the purposes or amounts of money which are provided in said budget for any board or body which by law is authorized to determine the purposes for which money is to be expended by it and the tax which shall be levied therefor, unless said board or body shall, by resolution formally adopted by the affirmative vote of a majority of all the members thereof, authorize such change either in said purposes or amounts and shall not have power to change the purposes or amounts of such bond issues or mortgage certificates which are by law required to be issued. Whenever any such resolution shall have been adopted by any such board or body, it shall file with the city clerk of the city at least two days prior to the time fixed by law for the adoption of said budget or the part thereof under consideration, a certified copy of such resolution, and the common council shall thereupon change such purposes or amounts in conformity with said resolution. The proposed budget or that part thereof submitted by the board of estimate to the common council on or before September fifteenth of any year, shall be adopted by said common council by the affirmative vote of a majority of all the aldermen,

NOTE—It was deemed advisable for this article to insert in the foregoing part of Section 925q-162 a provision marked XX.XX, which appears later in said section of the printed statutes.
either as submitted or as changed by the common council, in accordance with the foregoing provisions of this section, prior to October first of said year. If in any year the common council shall not have required by resolution adopted in accordance with the provisions of Section 925q-160 all departments, boards or bodies, by whatever name known, to make and file their reports and estimates with the comptroller by August first of said year, the common council shall adopt the balance of the budget either as submitted or as changed in accordance with the foregoing provisions of this section on or before December thirty-first of said year.

(XXX.XXX) "Provided, however, that previous to the adoption of said budget or either portion thereof by the common council, the said common council shall hold at least one public hearing on the same.

"Except as hereinafter provided, the budget submitted by the board of estimate to the common council as changed by the council prior to the dates above fixed for the adoption of the same, shall constitute the budget of such city for the following year whether or not any formal resolution or motion adopting it has been passed by the common council of such city. Within five days after the adoption of the budget or either part thereof, whether by formal action of the common council or by operation of law it shall be duly certified by the city clerk and presented to the mayor for his approval. If he approves, he shall sign it. If there be any individual item or items in the budget of which item or items he does not approve, he shall return the budget to the city clerk within five days with a statement in writing of such item or items to which he objects and his reasons therefor. Except as herein provided, the mayor shall have no power to veto the budget or any part thereof; provided, however, that this provision shall apply only to the adoption of the budget and shall not be interpreted as applying to any act, resolution or ordinance relating to any matter in the budget enacted by the common council subsequent to the passage of the budget, and in no event shall the mayor have power to veto any item or items in the budget for any board or body, by whatever name known, whose funds are not subject to the control of the common council. In case any item or items are vetoed, the common council shall vote separately upon such item or items and if the veto is sustained as to any such item, it shall affect that item only. The common council may then proceed by the affirmative
vote of a majority of all the aldermen to adopt a substitute for the item so disapproved, which shall be separately submitted to the mayor for his approval and be subject to his veto. Provided, however, that as to those items not subject to the mayor's veto and those not vetoed by the mayor the budget shall be in full force and effect."

The report of the proposed budget submitted by the Board of Estimate is printed in full in the Proceedings of the Common Council. Any changes made by the Common Council in the proposed budget are submitted and voted upon by the aldermen in the form of amendments, in the same manner as amendments are submitted and voted upon for any other measure coming before the Common Council. Before the budget as amended is adopted by the Common Council, a public hearing is held thereon.

According to the provisions of law heretofore quoted, the budget may be reported and adopted in two separate parts on the dates specified. It is necessary that the budget be reported and adopted in two parts because the money for the expenditures of some of the departments and one of the boards has not been collected in taxes before the year in which the expenditures have to be made. Of taxes levied in the year 1918, amounting to $8,610,043.42, $6,126,702.87 represented taxes for expenditures to be made for the year 1919, and $2,483,340.55 represented taxes for expenditures for the year 1918. (See Note.) In order to have the tax roll completed and delivered to the City Treasurer on the second Monday of December in each year as provided by law, it is necessary that the tax be levied by the Common Council in October. The budget for the departments, boards and commissions for which taxes are to be levied in the current year for

NOTE—The scheme of financing the expenditures of the city years ago seems to have contemplated the payment, for expenditures made during the year, after the levy and collection of a tax therefor at the end of such year. The recital of a financial history of the City of Milwaukee would digress from the subject of this article to such an extent that its purpose would be defeated and therefore must be omitted. Bulletin of the University of Wisconsin No. 42, entitled, "A Financial and Administrative History of Milwaukee," published in 1908, chapter 87, laws of 1861 and chapter 606, laws of 1913 may be referred to for a clear view of Milwaukee's financial vicissitudes and the remedies heretofore applied and now being applied to release the tax-payers from the burdensome effects thereof.
expenditures during the year following, must therefore be adopted prior to October first of said year.

"Except as otherwise specifically provided in this act, no moneys shall be expended and no liabilities shall be incurred by said city or any department, board or body, by whatever name known, thereof, during any fiscal year for any purpose in excess of the amount provided therefor in the budget for said year nor for any purpose other than the purposes enumerated in said budget for said year."

This paragraph of the law establishes the budget. It might well be called the heart of the budget law, for around it revolve all other provisions. The provisions preceding it treat of the reporting and passage of the budget, the provisions following it provide for elasticity in its operation and for the liability of contract.

"Whenever a department, board or body, by whatever name known, shall be reimbursed for materials supplied or services performed, unless the moneys so received are required by law to be paid into or placed to the credit of some other fund or funds, the expenditure of money for such material or services shall not be deemed an expenditure within the meaning of this act but the money so received may be expended for the purposes for which the money was originally appropriated in said budget."

It occurs frequently that in order to protect life or property or abate nuisance, the city must step in and do the necessary work because the party liable therefor is unable or not permitted to have it done. Whenever a pavement is torn up for any private purpose, viz: to repair or lay house-drains or water connections or to lay pipes or conduits, the city replaces the pavement. Before a pavement can be removed, a permit must be secured from the Commissioner of Public Works. According to present practice, before issuing such permit, the Commissioner of Public Works makes an estimate of the cost of replacing the pavement and requires a deposit sufficient to pay the cost thereof.

Occasionally the city is requested to remove garbage or rubbish from business premises because it is impossible or difficult to get it removed by some other means. Frequently one department purchases material or supplies and sometimes services from another department. There are many other instances where the city or a city department does work for which it is reimbursed. The provision of law above mentioned provides the means of
replacing the money advanced and thus avoids the curtailment of the regular program of the department.

"Whenever the head of any department of such city or whenever any board or body, whose funds are subject to the control of the common council, shall find it necessary to expend a sum for one or more of the purposes for which he or it is authorized by said budget to expend money in excess of that provided for in said budget, and that it will be unnecessary to expend the amount appropriated by said budget for some other purpose or purposes in his or its department, he or it may request the mayor to call a meeting of the board of estimate, and upon such request it shall be the duty of the mayor to call a meeting of the board of estimate forthwith. At such meeting the head of the department or such board or body, by whatever name known, desiring such change in the budget shall submit the facts relating thereto, to the board of estimate and if the majority of the board approves thereof, the secretary of said board shall immediately notify the comptroller, and it shall be the duty of the comptroller to revise such appropriations in the budget to conform to such decision of the board of estimate and to notify the head of the department or the board or body, affected thereby, of such change.

"Provided, however, that when any board or body is authorized by law to determine the purposes for which money is to be expended by it and the tax to be levied therefor, the board of estimate shall not have power to change the purposes or amounts in said budget for any such board or body, but when any such board or body, shall by resolution formally adopted by the affirmative vote of a majority of all the members of such board or body, at a regular meeting of such board or body, or a special meeting called for said purpose determine it to be necessary to spend a larger sum for one or more of the purposes for which it is authorized by said budget to spend money than is provided for in said budget and that it will be unnecessary to expend the amount provided in said budget for some other purpose or purposes, the secretary, clerk or other similar officer or employee of said board or body, shall make and file with the comptroller of such city, a certified copy of such resolution and it shall be the duty of the comptroller to revise such amounts in the budget to conform to such resolution of said board or body, and to notify said board or body of such change."

This provision gives the necessary elasticity to the various operations of the city. Without it the law would be too rigid and the service would be curtailed. The appropriations in the
MILWAUKEE'S BUDGET SYSTEM

Budget are based on estimates and in order to insure the carrying out of the program, the appropriations are passed in classifications, called objects of expenditure. As the work progresses, some of the estimates may prove to be too small, while others may be too large. Under this provision of law, the Board of Estimate or other Board or Commission, as the case may be, can meet on short notice and adjust the appropriations, thus providing elasticity without appreciable loss of time. As the changes are made by the reviewing bodies, the supervision over the departments is fully retained.

"However, no department, board or body, by whatever name known, shall be permitted to expend a larger sum than is appropriated by said budget for such department, board or body, except that unexpended balances from the proceeds of bonds or mortgage certificates carried over from the preceding year may be expended for the purposes for which said bonds or certificates were issued, provided that any department, board or body, whose funds are subject to the control of the common council of such city may expend sums appropriated by the common council from the common council contingent fund as hereinafter provided for the purposes for which such sums shall be appropriated.

"The common council shall have power to appropriate sums from time to time out of the common council contingent fund by resolution formally adopted by the affirmative vote of at least three-fourths of all the aldermen for any lawful purpose or purposes.

"Any board or body, by whatever name known, whose funds are not subject to the control of the common council, may appropriate sums from time to time out of its contingent fund by resolution formally adopted by the affirmative vote of three-fourths of all the members of such board or body, for any purpose for which said board or body, is authorized to expend money. Whenever any sum or sums shall have been appropriated by any such board or body, out of its contingent fund and before the expenditure thereof, it shall certify to the comptroller of said city the amount or amounts so appropriated and the purpose or purposes for which such sum or sums have been appropriated."

In case the cost of labor or material increases beyond the prices on which the budget appropriations were based, additional money must be provided or the program diminished. To diminish a program is sometimes detrimental to the public health or safety.

Contingencies which could not be anticipated, requiring the expenditure of money, occur annually.
This provision of law is necessary in order to enable the Common Council or any board or body, whose funds are not subject to the control of the Common Council, to meet such contingencies.

"The head of any department, board or body, charged by law with the construction, extension, operation and maintenance of a municipally owned public utility may in addition to the sums provided in the budget expend sums from time to time out of the surplus revenues of such public utility whenever it is deemed necessary so to do in order to maintain its service to the public when authorized by the common council of such city by resolution formally adopted by the affirmative vote of three-fourths of all the aldermen, specifying in said resolution the amount or amounts so appropriated and the purpose or purposes for which such sum or sums have been appropriated.

"Whenever such resolution shall have been adopted by the common council, and before the expenditure of any sum or sums so appropriated by it, a copy of such resolution shall be certified to the comptroller of said city."

Municipalities sometimes engage in public service enterprises, viz: the furnishing of water, light or transportation. A material interruption of such service would operate to suspend business and be a great calamity to the people of a community. The City of Milwaukee operates a water plant for the purpose of furnishing water to the people and also to business and public institutions.

Emergencies which cannot be foreseen when the budget is adopted may arise at any time. It is therefore imperatively necessary that means be provided for raising money in addition to the appropriations for purposes which were anticipated.

This provision of law enables the Common Council to appropriate money from the surplus earnings of a municipally-owned public utility for the use of such utility, if for any reason the appropriations in the budget are not sufficient to maintain its service to the public. If the surplus earnings are not large enough for said purpose, the Common Council may appropriate money from the Common Council Contingent Fund.

"Unless otherwise specifically provided by law, no municipal bonds other than those provided for in said budget shall be issued during the ensuing fiscal year, except in great emergencies when it is necessary so to do to supply the funds necessary to preserve the public health or safety, and then only when authorized by the affirmative vote of three-fourths of all the members of the common council."
This provision enables the Common Council to meet great emergencies for which no funds are available and for which no bonds have been provided in the budget, or for which there is no other authority to issue bonds.

"Nothing herein contained shall prevent the city from expending moneys or incurring liabilities for any purposes which are by law assessable against lots, parts of lots or parcels of land benefited thereby or are a legal charge against any lots, parts of lots or parcels of land."

The city lets contracts for grading and paving streets and alleys, constructing sewers, laying water mains, house-drains and water connections, and condemns property for opening or widening streets and alleys. The city advances the money out of its general fund for these purposes. Benefits are assessed upon the abutting property and collected in the form of a special tax. The city pays the difference between the cost and the benefits assessed upon the abutting property out of appropriations annually included in the budget for said purpose. As the Common Council during the current year directs this work to be done from time to time on petitions of owners of abutting property or upon the representations of the Commissioner of Public Works, it is impossible to determine when the budget is being made, what amounts may be assessed. It is also impossible to determine when the budget is being made what sums the city will have to advance for the repairing and replacing of sidewalks, oiling streets, removing snow and ice from sidewalks, removing noxious weeds and similar work, the cost of which is by law assessable upon abutting property. The amounts provided in the budget for the payment of the city's portion cannot be based on any program, but are determined upon according to the sums the Common Council believes the city can afford to expend. When the appropriations for the city's portion have been expended, the work ceases for the current year. No budget appropriations need be made for the assessable portion of such work.

"Every officer or employee of the city who shall participate in the violation of this section shall be personally liable to the city for all loss or damage resulting from such violation."

This provision might be called the enforcing provision of the budget law, it makes any official or employee of the city personally liable for any damage sustained therefrom if he participates in any expenditure in excess of the sums appropriated in
the budget or as adjusted by the Board of Estimate or board or body as heretofore provided, or for participating in any expenditure for purposes other than provided in the budget or for purposes other than for which bonds have been issued or money appropriated from the contingent funds.

"The adoption of such budget shall be an appropriation of the several amounts of money for each of the several purposes named therein in so far as any appropriation by the common council is necessary, except the sum fixed for the common council contingent fund, and no further appropriation by the common council shall be necessary in order to authorize the head of any department or any board or body, to make such expenditure except expenditures out of the common council contingent fund, provided, however, that at any time after the adoption of such budget the common council may by resolution formally adopted by the affirmative vote of a majority of all the aldermen suspend any appropriation of money in the budget which shall not have been expended or reserved for the payment of indebtedness incurred or for services rendered, except that this power of suspension shall not apply to appropriations for boards or bodies whose funds are not subject to the control of the common council. Provided, however, that the appropriation of money by the adoption of the budget for any year shall not authorize the expenditure of money in a succeeding year, except in payment of indebtedness incurred or for services rendered during the year for which the budget was adopted.

"All moneys raised for the purposes enumerated in the budget for any year for any department, board or body whose funds are subject to the control of the common council of such city and not expended either during that year or in payment of indebtedness incurred or for services rendered during the year for which the budget was adopted shall become a part of the general revenues of said city. All moneys raised for the purposes enumerated in the budget for any year for any board or body, by whatever name known, whose funds are not subject to the control of the common council of such city and not expended either during that year or in payment of indebtedness incurred or for services rendered during the year for which the budget was adopted, shall become a part of the revenues of such board or body.

"The foregoing provisions shall not apply to the expenditure of the proceeds of bonds or mortgage certificates issued by such city nor to the surplus revenues of municipally owned public utilities."

32
This provision establishes the budget as the appropriation bill and work program for the fiscal year. It gives the department heads the authority, without further action of the Common Council, to proceed with the routine work of the municipality. However, other laws which require Common Council action on work other than routine work must be read in connection with this provision.

In case a program cannot be fully carried out or it is determined that certain work is not to be performed, the Common Council has the power to suspend the appropriations therefor.

Provision is also made for liability of contract. In case of suspension of appropriations either by action of the Common Council or by lapse at the end of the fiscal year, a sum sufficient to pay any indebtedness incurred or for any services which have been rendered payable out of each such appropriation, must be reserved for payment of such liability.

"The omission from the budget of any item or items for the payment of principal or interest on the bonded debt of such city shall not prevent the placing on the tax roll and the collection of the tax levied for such item or items, nor for payment of the money for said purposes when due; nor shall the omission from the budget of any item or items for the payment of principal or interest on mortgages or mortgage certificates prevent the levying and collection of the tax nor the payment of the money for said purposes when due; nor shall the omission from the budget of any provision for the same prevent the levy of a tax for such funds as are required to be raised by some mandatory provision of law."

There are obligations of the city which are considered so solemn and sacred that nothing must be allowed to stand in the way of discharging them promptly. The provisions of law above quoted make it possible to provide the funds and discharge such obligations even though, through neglect or inadvertence, appropriations therefor have been omitted in the budget or the sums actually appropriated prove to be insufficient. It also prevents defeating the laws which require the city to provide funds by the levy of a tax for certain purposes, by omitting to provide such funds in the budget.

ED. NOTE—The Budget Law of Milwaukee, which is considered the most comprehensive and practical Budget System for municipalities in this country, was drafted by the author of this article, assisted by former Assistant City Attorney Max Schoetz, Jr., at present the Dean of the Marquette College of Law; and former Assistant City Attorney Garfield S. Canright, now Director of Securities with the Railroad Commission of Wisconsin.