



Office of the Mayor

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Date: June 5, 2017
To: Department and Division Heads
From: Mayor Paul R. Soglin
Subject: 2018 Operating Budget Instructions

Madison's economy continues to outperform the state and nation. Our unemployment rate is at historically low levels, with a 2.1% preliminary rate for April 2017. Home values increased 6 percent in 2016; real property values are up 10 percent. These are clear signs of our City's economic strength.

While we see many positive signs, our City continues to struggle in certain areas. We have a limited supply of housing, making the affordability of shelter a major issue for many working families. Violence, particularly related to guns, is a concern and requires a thoughtful and effective response.

We face challenges in our community which call for clear and effective strategies that can demonstrate measureable progress toward our goals. Those strategies must be multi-faceted, be responsive to immediate health and safety needs, and institute long-term change to foster community through support services, investments in educational success, and development of family supporting jobs.

Despite the fact that we created almost two-thirds of all new jobs in Wisconsin in the past six years and significantly lowered poverty, our economic plans do not get state support. The Governor and State Legislature are major barriers toward meaningful action to improve our community. We have a comprehensive vision to better connect individuals with jobs through bus rapid transit. And it works. But the Legislature will not allow us to form a regional transit entity – an approach that nearly every major metropolitan area has adopted – to leverage federal support to build this system. We would like to reduce our reliance on property taxes – helping seniors, families, and small businesses – by diversifying our revenues. Again, unlike nearly every major metropolitan area in the country, the State Legislature bars us from taking that meaningful step that will help us in so many areas, including housing affordability.

So, we are left to fill the leadership vacuum ourselves. And, at the same time, serve as the engine for the state's economy.

We can start at the City by connecting the services we provide with measurable goals. Toward that end, we have made significant progress on the City's Strategic Management Initiative – with the executive and legislative branches working together to establish a vision for our city, City-Wide Goals that reflect that vision and guidance teams of City staff developing outcomes and indicators toward reaching those goals. Last week, we held an Outcomes Summit, where City managers and staff, the Council and the public came together to hear about these preliminary outcomes and provide feedback. We are on track to connect City services with these goals and establish measurable outcomes to best serve all of Madison, and particularly communities of color and areas with high concentrations of poverty.

Since we are almost exclusively reliant on the property tax for City services due to state law, we must strive to keep the property tax affordable. With very little growth in inflation expected over the next year, I am setting a goal of a 2% increase in taxes on the average value home for the 2018 budget.

This will not be easy to achieve, given the need to invest in our infrastructure priorities, deliver effective City services and meet our pay equity goals for all City employees. We also face health insurance cost

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increases. I continue to work with local hospitals, the State of Wisconsin Department of Employee Trust Funds, and national experts to better understand health care pricing, the skyrocketing cost of prescription drugs, and ways we can hold down the growth in health care costs for our tax payers and employees through greater price awareness, wellness efforts, and other strategies.

With this in mind, I am directing each of you to meet the following budget targets for 2018:

- No increases from the 2017 base budget, except for full funding of previously approved items.
- No supplemental requests.
- No budget savings plans.

As part of our continuing efforts to better connect our services with City-wide goals and outcomes, agencies are directed to develop service proposals, including identifying the recipients of the service, outcomes the service is seeking to affect and strategies the agency will deploy in 2018 to achieve those outcomes.

Your budget requests should also be developed with equity in mind, through use of various tools, processes and procedures developed through the Racial Equity and Social Justice Initiative (RESJI). Please contact your assigned budget analyst for more information on these budget targets and RESJI tools.

I am excited about our efforts to connect City services to outcomes toward achieving our goals, consistent with our vision. These efforts will help us all achieve what we strive for every day – the very best results for all our residents. We are a great city, and ranked high in quality of life, because of those efforts. As we seek to innovate and continuously improve, we will continue to make Madison a great place to live, work, learn, and play – for everyone.