

About the City Budget

The City of Madison has two budgets: the **capital budget** and **operating budget**. Both are planning documents that outline how the City will spend money from January 1 through December 31, 2025. The operating budget must be balanced. This means the city cannot spend more money than what is coming in through taxes and other revenues.

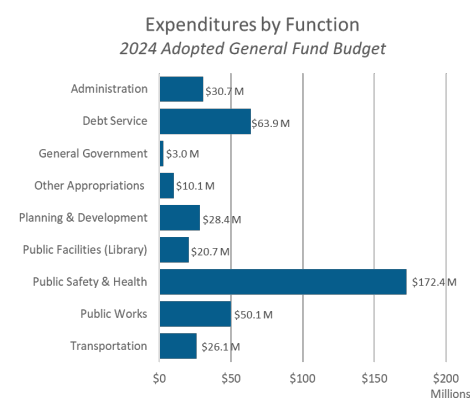
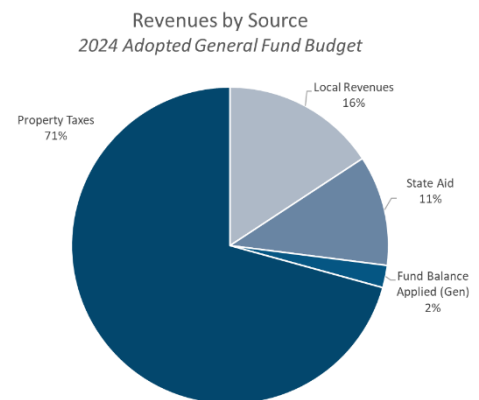
Budget Process and Timeline

Planning	Agency Request	Executive Budget	Legislative Process
<i>January - May</i>	<i>April - July</i>	<i>July - August</i>	<i>September - November</i>
<ul style="list-style-type: none"> Finance Dept. completes budget study and plans for how money will be spent Policymakers identify priorities 	<ul style="list-style-type: none"> Agencies develop budget requests Staff present requests to mayor and internal review team 	<ul style="list-style-type: none"> Mayor develops executive capital and operating budgets 	<ul style="list-style-type: none"> Finance Committee and Common Council hold public hearings and vote on changes Common Council adopts budget

Revenues: Where does the money come from?

Revenues are money received from taxes and non-tax sources to pay for services. Most of the City's revenues are from property tax (71%; \$286.5 million). Local revenues, which include licenses, permits, fines, and other charges for service, and fund balance make up 18% (\$73.2 million). State aid makes up 11% (\$45.7 million).

It is important to know that the city has limited revenue options. For example, under Wisconsin state law, the city cannot raise a local sales tax or income tax.



Expenditures:

Where does the money go?

The City uses revenues to pay for day-to-day operations and essential services. The total cost of services in 2024 is \$405.4 million. The largest expense is public safety and public health, which makes up 42.5% of the budget (\$172.4 million). This includes police, fire, emergency medical services, and public health. The second largest expense is debt service, which is how the city pays back borrowing for capital projects for long-lasting improvements in the city's infrastructure (15.8%; \$63.9 million). The third largest expense is public works, which

includes services like street and facility maintenance, trash pickup, snow clearance, parks, and more (12.4%; \$50.1 million). The budget for other city services, like administration, libraries, and planning, are shown in the "Expenses by Function" chart.

Where can I learn more?

- To review the current budget, visit the [City's Budget website](#).
- For detailed information on the budget deficit, visit the [2025 Budget Outlook website](#).

What is the City of Madison's financial outlook?

The city is facing a budget deficit. This means it will cost more to provide services than we think we will bring in through taxes and other revenues. This is also known as a “structural deficit,” which means it is an ongoing issue that is not caused by external economic factors. We expect the deficit in 2025 to be about \$27 million. This is a bigger gap than past years. One of the main reasons is because it will be the first year since 2021 that we will not have access to federal COVID relief funds. The City will have to make hard decisions about services and how to pay for them as a result.

What steps have we taken to balance the budget?

The City has taken many steps to balance the budget since 2011. These include increasing local revenues and cutting expenditures. Some of the actions used to balance the 2024 budget included:

- Cutting expenditures in all general fund agencies by 1% (\$3 million)
- Planning for a higher rate of staff vacancies and turnover (\$2.4 million)
- Using \$18 million in one-time funds from the closure of Tax Increment Districts (TIDs), City fund balance (“rainy day fund”), and federal funding from the American Rescue Plan Act (ARPA)

What is causing the deficit?

- **Revenues:** The State of Wisconsin places strict limits on how much cities can raise through property taxes and other revenues. These limits prevent our revenues from keeping pace with inflation or rising costs. The City's revenues also have not fully recovered from the COVID-19 pandemic.
- **Expenses:** Costs go up every year because of cost-of-living adjustments, higher healthcare costs, and inflation. Madison is the fastest growing city in Wisconsin. The City needs to hire new staff each year to meet basic service needs, like public safety and public works.

What are the City's options?

The city must pass a balanced budget. This means our costs (expenditures) cannot be more than the money we are bringing (revenues). The City must find ways to balance the budget by:

- **Cutting costs and reducing services available to the public.** This could include lowering the budget for all or most agencies. The result would be less staff and services offered to the public. Any proposed reductions must be within the general fund budget to impact the deficit. Reductions to capital projects or non-general fund budgets (like Water Utility) would not help the deficit.
- **Increasing revenues coming into the General Fund.** This could include increasing charges for services and fees. Another option is to ask voters if they would approve a property tax increase through a referendum. A referendum is an issue on the ballot that voters decide on. Proposed revenue increases must be legally allowed by the State. For example, the City cannot raise a sales tax.
- **A combination of expenditure cuts and revenue increases.**

How can I participate in the budget process?

- [Contact your alder](#) to share your concerns about the budget.
- [Email the City Finance Department](#) to share your concerns or ask questions.
- Submit written comments by email to the [Finance Committee](#) or [Common Council](#).
- Attend Community Meetings on the budget. The [meeting schedule](#) will be available online.
- Attend public budget hearings of the Finance Committee and Common Council in September, October, and November. The [meeting schedule](#) and links to [register to speak](#) or [watch online](#) will be available online closer to the meeting dates.