

CITY OF MADISON



2025

EXECUTIVE SUMMARY  
**EXECUTIVE OPERATING BUDGET**

Satya Rhodes-Conway, Mayor

# 2025 Executive Operating Budget

## Executive Summary

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## 2025 Executive Operating Budget

Today I release my 2025 Executive Operating Budget. The operating budget funds the many services, programs, and skilled staff that sustain our high quality of life in Madison and help keep Madison's economy strong. The operating budget complements my 2025 Executive Capital Budget, released in September, which funds our infrastructure, buildings, and other capital investments.

City services and infrastructure are the foundation that underpin Madison's success. Our libraries, parks, public events, bikeways, greenspaces, transit service, and police and fire protection all help make Madison such a desirable place to live, work, and play. Like every year, I am proposing an operating budget that supports vital programs and services to help build a resilient and sustainable economy and community, while also spending taxpayer dollars as efficiently as possible.

But unlike other years, our community must choose between two potential paths forward. On November 5, Madison voters will be asked to support a municipal property tax levy referendum to increase revenues for City services. My executive budget anticipates passage of the referendum and includes the revenue from it. It also includes a five-year plan for balancing the operating budget without returning to referendum. And finally, it includes a list of cuts that will be made should the referendum fail. With this backdrop, I present a 2025 operating budget that prioritizes the vital public services that make Madison thrive and supports all Madisonians in our fast-growing community.

### State Budget Restrictions

To be clear, there is no rational reason for the City's revenue sources to have the type of restrictions that would force us to seek a referendum. The City has a thriving economy with ample revenue being generated from sales, income, and property taxes. But austerity policies put in place during the Walker era and exacerbated under the current State Legislature have resulted in a system where the sales and income taxes generated in Madison largely flow to other levels of government and are not returned to the City. And the property taxes that the City does receive are constrained to levels that don't represent the growth of our population or the impacts of inflation over time. The result is that the City has had an ongoing structural deficit for over a decade: every year, our costs to continue the same services increase substantially more than the revenues to provide those services. These unrealistic, constrictive state policy limitations are starving Madison – and other cities in Dane County and around the state – of the revenue they need to pay for the workers and services that people rely on every day.

"Shared revenue" from the state is how Wisconsin cities are intended to receive their fair share of the sales and income taxes generated in their communities. But, for every dollar that Madisonians pay in

state taxes, our community only receives 18 cents in return. And while the average city in Wisconsin receives shared revenue amounting to \$195 per person, Madison's amounts to \$29 per person. This forces us to rely heavily on property taxes. Although the City benefits from strong growth, with an average annual population growth of 3% since 2021, the property tax levy is restricted by state law to around 2% growth per year. This allowable increase doesn't even keep up with the City's growth, let alone the rate of inflation, which has averaged about 5% over the same time period.

To address the annual budget gap this creates, the City has found efficiencies and increased fees year over year. After thirteen years, the budget has stretched to a breaking point. And so, like many other Wisconsin cities hampered by state policy, we must ask voters for their support for additional property tax revenues to continue maintaining the high-quality services we provide and our residents expect.

## 2025 Executive Budget Proposal

While the State Legislature has implemented policies to push cities to austerity, I believe voters are willing to pay a little bit more to maintain our public safety, public works, libraries, transportation, and other city services that help make Madison great every day. That's why my proposed executive budget is designed for a future where the funding referendum passes in November. It also recognizes that, even in the best scenario, we will not be able to hire to keep up with population growth and must serve a fast-growing city with roughly the same number of employees we have today. In truth, we've already been doing this for a long time. We have 10% fewer employees per capita than we did in 2011, and we continue to have service demands that cannot be met because we do not have sufficient staff. In this budget, we continue to find ways to prioritize what matters most and to manage our budget as efficiently as possible in order to maintain existing service levels.

Highlights of this budget include:

- Requiring every department to reduce their budgets by 1 percent, even as we serve a growing city. This measure will save taxpayers \$3.4 million. This mandatory reduction was first implemented in 2024. Departments will need to continue to find efficiencies to meet this target.
- Adding two new Street Machine Operators for garbage and recycling pick-up to meet the needs of a growing population. The City is adding around 800 new garbage and recycling customers each year, and after more than seven years of stretching resources and finding efficiencies to meet this growing demand with existing operators, we finally have to expand to meet the need.
- Reducing the budget of the Office of the Independent Monitor by \$195,000 to reflect lower-than-expected activity and reallocating that money to the library system for Reindahl Imagination Center start-up costs.
- Eliminating Sunday drop-off hours at the Olin Avenue drop-off site for garbage, yard waste, and recycling, which saves money from hourly employees and fleet costs.
- Reallocating funds in Public Health from less critical programs to violence prevention work.
- Maintaining current investment levels in public safety and vital community services.

There are other investments that Madison deserves, and that I would have liked to support in the budget, such as piloting a model to shorten ambulance response times or increasing support to deeply needed community services. Many of the vital community services we support have also struggled to maintain the same level of services in the face of escalating costs from inflation. But the City is not in a position to make even modest increases to the services we provide – even in a scenario where voters approve a property tax referendum.



## Alternative, Austerity Budget Proposal

Alongside my executive budget, I have also developed an alternative budget to be proposed to the Common Council if the City referendum does not pass in November. In that scenario, the City would have to close the \$22 million state-imposed budget gap by cutting \$5.6 million in services from the operating budget this year while introducing \$10 million in new special charges and using \$6.4 million in fund balance to cover the costs of some City services. This approach is not desirable, nor is it the most equitable. But if the referendum fails, we must work with the options available to us.

Identifying almost \$6 million in budget reductions is difficult – in large part because it comes after more than a decade of making cuts, finding efficiencies and doing more with less. The easy options have been taken already. This year, reducing the budget largely means reducing valuable services the City provides to the community. In making decisions about what reductions to propose, I held numerous factors in balance. I asked agency heads for their input, I used data about what services meet the greatest needs of our residents, and I considered community feedback about what people value. I prioritized maintaining our most core services that protect public safety and health. I took into account mandates from the State Legislature that further penalize local governments for reducing police and fire services. I aimed to protect as many City workers as possible by focusing staffing reductions to vacant, rather than occupied, positions wherever possible. I propose to spread reductions across all but the smallest City agencies, and I propose proportionately larger cuts to the Mayor’s Office and Common Council Office. The full list of proposed reductions follows this message.

Many of these cuts result in service reductions to the community. The proposal eliminates at least 18.2 full-time equivalent positions (this may grow based on final decisions from Metro, Police, and Fire) and funding for hourly positions. These changes come at a time when the City is growing rapidly and should be hiring staff, not cutting them. While our employees will unfortunately feel the sting of diminished capacity as the City does not hire to replace staff who have left, I also strived to link staffing reductions with service reductions to maintain realistic workloads for our employees. If adopted, the Madison community will see and feel these reductions in the following ways:

### **Community Services**

- All libraries except the Central Library will be closed on Sundays. Additionally, funding for library programming such as family story times, teen engagement programs, and job- and computer-training sessions, will be reduced by \$329,000.
- Over \$500,000 in funding will be cut for community-based organizations that provide critical services like restorative justice programming, employment training, and funding assistance for early childhood programs.
- Grant support for the arts will be reduced and grants for neighborhood projects will be eliminated.
- City funding to the downtown Business Improvement District will be reduced by \$62,000, which would lead to fewer events downtown.
- Reductions of currently vacant positions in Building Inspection will likely lengthen wait times and require more automated interactions when contacting the agency.
- Funding for city-operated ice rinks will be eliminated.

### **Government Services**

- Reductions to vacant IT Media Team positions will require the City to reduce the number of meetings that are broadcast publicly for remote viewing.
- Training budgets, intern opportunities, and membership fees to professional organizations for the Common Council and Mayor’s Office will be reduced, and a 0.4 FTE will be reduced in Mayor’s Office staffing.
- Shifting salaries for members of the Sustainability Office to grant funding would result in less direct support for sustainability projects in our community.

### **Public Safety**

- Recently enacted state laws significantly restrict cities from making local decisions about public safety service levels. We value the services provided by our highly professional and trained police department – that is why we have prioritized maintaining policing service in both budget scenarios. But we also recognize they are the largest share of the City’s budget. In order to equitably distribute cuts while maintaining service, I am asking the Police Chief to take \$300,000 in reductions, including reductions in civilian positions, that do not jeopardize public safety or eligibility under maintenance of effort requirement mandated by the State Legislature.
- State maintenance of effort requirements also impact the Fire Department. As with Police, I am asking the Fire Chief to identify \$200,000 in reductions that do not impact core services.
- The popular CARES program, which provides mental health emergency response, will be slower to expand its limited coverage to meet full demand by leaving a CARES medic position vacant.
- All funding for the Office of the Independent Monitor and the Police Civilian Oversight Board will be eliminated.

### **Public Works**

- The special charge paid by property owners for the City’s State Street “mall maintenance” program will increase from 50% of expenses to 75% of expenses. This reduces the overall City burden for expenses that benefit property owners.
- All hourly staffing in the Streets department general fund budget will be cut. This will significantly reduce weekday hours at the city’s drop-off sites, in addition to the reduction of Sunday hours proposed in the main budget option.
- Curbside brush collection will be reduced from five times per year to three times per year. In addition, this budget will eliminate brush drop-off at drop-off sites and eliminate the city’s free woodchip program for residents.
- Eliminate the use of overtime to clear snow from arterial multi-use (bicycle and pedestrian) paths. This will lead to slower snow removal from paths.

### **Transportation**

- Metro will reduce service hours to save \$500,000. Exact changes are being determined but service reductions will apply to early morning, evenings, weekends, or a combination of schedule changes. This service reduction will be annualized to \$1.0 million in 2026. Metro will also be required to identify another \$500,000 of one-time reductions, such as less driver training, to achieve a total budget cut of \$1.0 million in 2025. These reductions will add to the total number of FTE position reductions.
- Eliminating a vacant Traffic Engineering position will lead to longer wait times for the implementation of traffic safety improvements.

In total, the community will experience a less responsive, less trained and educated, and less innovative city government that will be increasingly just trying to get by. In short, Madison will begin a long slide from a City that provides best in class services to one that struggles to cover the basics.

We were able to avoid making deeper cuts to public safety, park services, street repair and more this year, and were largely able to avoid laying off workers by focusing reductions on currently vacant positions. But that won't be true in the future. Without a referendum, the City will be facing years of austerity budgets at time when we should be expanding out workforce to meet the demand of our growing populace.

Madison is the economic engine for the entire state, and we are growing fast. City services like libraries, parks, public safety, and environmental protection are the foundation that underpins our success. Madisonians expect and deserve a city government that provides excellent services. I hope and believe the people of Madison will support a better path forward. One that keeps us whole, providing the supports we rely on, and allowing us to build to a future where we have a chance to negotiate with a changing state legislature, in coalition other Wisconsin communities, for a more realistic revenue policy from the state. We all deserve the services and supports for a strong Madison economy and a thriving community.

Respectfully submitted,

Mayor Satya Rhodes-Conway

# Operating Budget Overview

## What is included in the Operating Budget?

The City of Madison’s Operating Budget is a planning and financial document that pays for daily services for City residents. The operating budget appropriates funding to City agencies (departments and divisions) to pay staff salaries, fund community-based organizations that deliver services on behalf of the City, and pay for other costs such as supplies and equipment. Core services funded by the operating budget include police, fire, emergency medical services, library and park programs, garbage and recycling collection, snow and ice removal, and more.

## How is the budget funded and paid for?

The City of Madison’s budget is divided into funds. The **general fund (including the library fund)\***, is the main operating fund. The general fund is primarily supported by property tax revenues. Other funding sources include charges for services, user fees, and state aid.

\*The library fund is also primarily funded by the property tax. For the purpose of the budget summary, the library fund is included in general fund numbers unless explicitly stated otherwise. Information on the City’s other funds is included in the “Budgetary Fund Structure” section.

**How much is the 2025 General Fund Budget?**

**\$431.7 million**  
*Total Expenses*

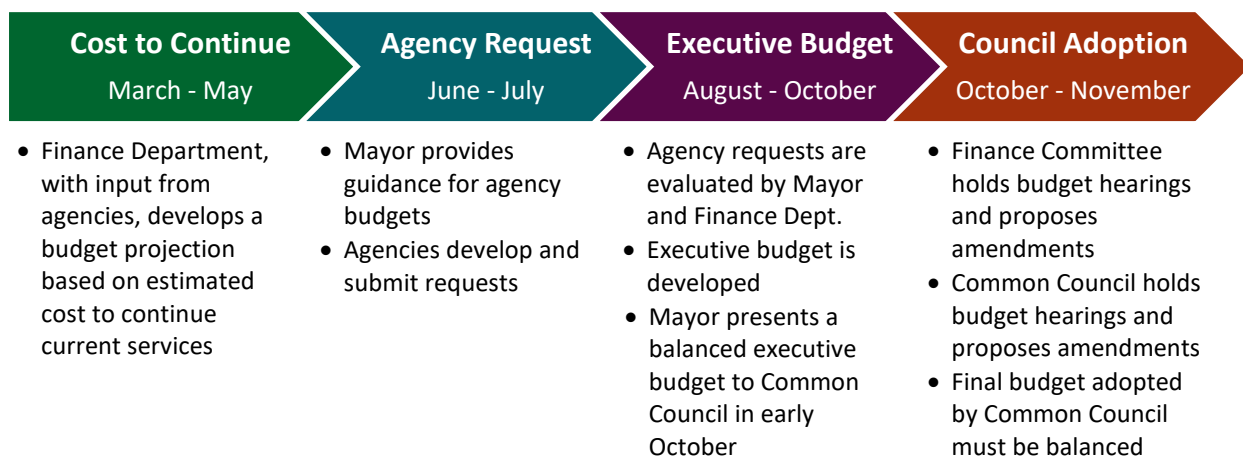
**61.9%**  
*Expenditures for personnel*

## Requirement for a Balanced Budget

Under state law, the City’s annual operating budget must be balanced. This means revenues (money coming in) must be equal to or greater than expenditures (money going out).

## Annual Budget Development Timeline

The budget development timeline follows the same basic steps ever year.





## 2025 Budget Outlook: Addressing a significant structural deficit

Madison has faced a budget deficit since 2011 when the Wisconsin state legislature placed strict levy limits on municipalities, which significantly restricted the City’s ability to raise revenues to keep pace with growth. This gap has been in place for over a decade and was made worse by the economic effects of the recent pandemic. Federal fiscal relief funding and other City funding helped maintain City services over the past few years. But these were short-term measures – longer-term action is now necessary to address the deficit.

The Finance Department has been engaging with the Common Council and public on the challenges facing the 2025 budget since February 2024. Informational materials, presentations, and frequently asked questions on this issue can be found on the 2025 Budget Outlook webpage: <https://www.cityofmadison.com/finance/budget/2025/outlook>

**How much is the 2025 general fund deficit?**

**\$22 Million**

*This amount reflects the gap between expenses (the cost to provide services) and revenues (money received from property taxes and other sources to pay for services).*

*Note: The projected deficit has been updated throughout the year as information became available. Some informational materials on the City website may reflect numbers from preliminary estimates.*

### What is a structural deficit?

The City budget is facing a structural deficit. This means it will cost more to provide services than it will bring in through taxes and other revenues. The deficit is “structural” because there is a persistent gap between expenses and revenues that is not caused by external factors in the economy. In other words, we have a deficit even though Madison has a strong local economy with low unemployment and relatively high property values. Some of the causes for the deficit include:

**Revenues:** In 2011, the State Legislature placed strict limits on how much cities and other local governments can raise through property taxes and other revenues. These limits prevent our revenues from keeping pace with the cost to continue current services to residents. In addition, City revenues have not fully recovered from the economic effects of the COVID-19 pandemic.

**Expenses:** Costs go up every year because of cost-of-living adjustments, higher healthcare costs, and increasing costs of services and supplies (inflation). In addition to maintaining existing services, the budget reflects the fact that Madison is the fastest growing city in Wisconsin. The City needs to hire new staff each year to provide basic services, like public safety and public works, for a growing city.

### What has Madison done so far to address the structural deficit?

Madison has used many of the limited options allowed under state law to maintain funding for current services. Some of the measures used to balance the budget since 2011 include:

- Increasing certain charges and fees (e.g. ambulance fee, building permits, room taxes, vehicle registration fees);
- Implementing special charges for city-wide services such as urban forestry and recycling; and
- Reducing expenditures through higher employee contributions to benefits and modest across-the-board reductions to agency budgets.

## How does the recent change in State Aid impact the City Budget?

Wisconsin finances local government services through a combination of local property taxes and “sharing” of sales and income taxes collected by the state. Under this model, Wisconsin cities have very few local general revenue options and are under strict control by the State for the funding necessary to provide services to residents.

Starting over 20 years ago, the State Legislature made a series of cuts to “shared revenue” that totaled over \$100 million. These reductions, along with other measures over the past decades, have increased Madison’s reliance on property taxes, particularly those paid by homeowners and renters. Today, all state aid to the City, including “shared revenue”, represents less than 12 percent of the City General Fund budget. Property taxes represent almost 75 percent of the budget.

Recently, the State Legislature chose to use a small portion of a historic \$7 billion state budget surplus to increase “shared revenue” to Wisconsin cities. A total of \$207 million was provided to municipalities state-wide. Madison received less than \$3 million, or about 1.5 percent of that total (for comparison purposes, Madison’s population is about 5 percent of Wisconsin’s population). In distributing this increase in “shared revenue”, the State Legislature devised a formula that ensured Madison received the lowest amount on a per resident basis – about \$10. In total, Madison receives about \$29 per resident in “shared revenue” – the statewide average for cities is about \$195 per resident; Milwaukee receives about \$400 per resident.

As a condition for receiving this increase in “shared revenue”, the State Legislature mandated a “maintenance of effort” for police, fire and emergency medical services. Municipalities across the state, including Madison, are required to provide at least the same level of these services as in the prior year or lose 15 percent of “shared revenue.” Maintenance of effort requirements effectively limit local decision making on protective service budgets, which puts additional pressure on expenditures.

## Property Tax Levy Referendum

One of the few options the City has to increase revenues to close the structural deficit is through a referendum to increase the property tax levy. On July 16, Mayor Rhodes-Conway introduced a resolution ([RES-24-00520](#)) to schedule a referendum on the November 5 general election ballot to exceed the property tax levy by \$22 million to continue City services. The Common Council approved this resolution on August 20. Voters will decide on the outcome of the referendum on November 5.

Below is a summary of key dates, presentations, and guidance related to the decision to approve inclusion of the referendum on the general election ballot. Copies of all presentations and materials can be found on the City’s [2025 Budget Outlook webpage](#) and [Referendum webpage](#).

- **February 13:** Common Council was briefed on key issues facing the budget and potential options for closing the budget gap. This presentation included broad options for reducing expenditures and increasing revenues through special charges or a property tax referendum.
- **March 3:** Common Council had a discussion as a Committee of the Whole to discuss priorities and strategies for the budget.
- **April 16:** Based on the discussion on March 3, the Common Council adopted a resolution ([RES-24-00266](#)) that established guidance for staff developing the budget and outlined the Council’s values and priorities

## Common Council Guidance on the 2025 Budget (RES-24-00266)

### Values and Priorities for the 2025 Budget

1. Maintaining services to residents
2. Preventing layoffs or furloughs of city staff.
3. Maintaining wage parity for general municipal employees
4. Meeting the needs of a growing city.
5. Choosing the most progressive revenue options that consider housing affordability.

### Guidance on Developing 2025 Budget

1. Evaluate service levels, staffing and fiscal impact.
2. Seek ways to increase efficiencies in operations.
3. Explore a reduction in expenditures from cost-to-continue levels that does not compromise services to residents.
4. Develop referendum language to increase property tax to meet some or all of deficit, as well as options to replace existing non-property tax revenues.
5. Prepare options other than property tax, including special charges
6. Develop a multi-year plan, including options for new, or increasing existing, fees and charges.
7. Consider the level of overall general obligation borrowing in 2025 capital budget to reduce rate of growth in property taxes
8. Develop a community engagement plan to educate the public.

- **July 16:** Mayor Rhodes-Conway presented “A Sustainable Long-Term Plan for Madison’s Budget” to the Common Council and introduced a resolution authorize a municipal referendum to increase the property tax levy ([RES-24-00520](#)). The resolution proposed adding a question on the November ballot to increase the property tax levy by \$22 million to continue providing police, fire, garbage collection, parks and library operations and other City services and operations.
- **August 20:** The Common Council approved the Referendum Resolution by a vote of 17-2.
- **October 8:** The executive budget is introduced to the Common Council. The executive budget assumes passage of the property tax levy referendum and includes a detailed plan for an alternate budget if the referendum does not pass.
- **November 5:** The following question will be included on the general election ballot. Madison voters will decide the outcome of the municipal property tax referendum.

### Municipal Property Tax Levy Referendum Ballot Question

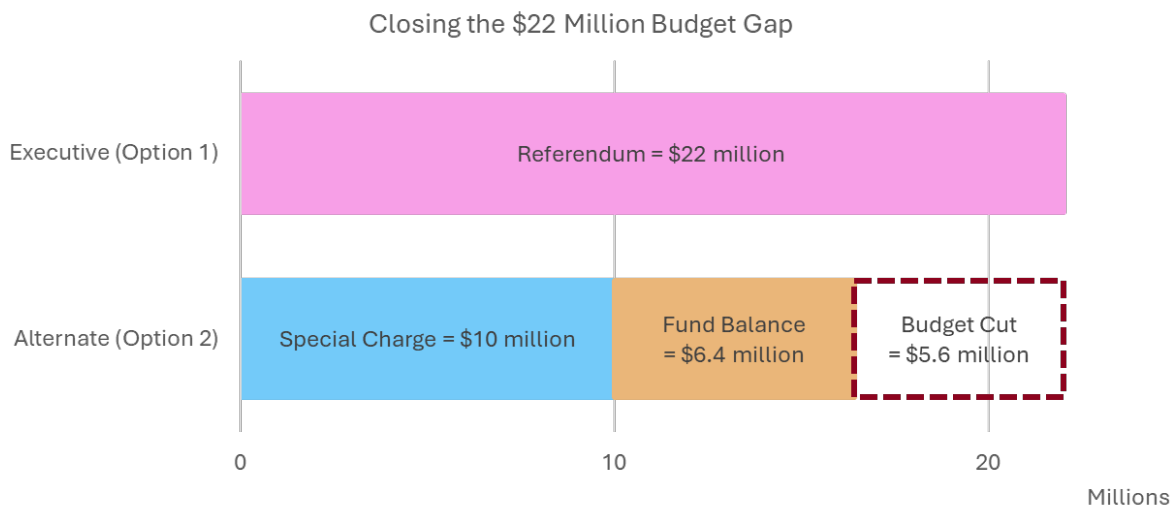
"Under state law, the increase in the levy of the City of Madison for the tax to be imposed for the next fiscal year, 2025, is limited to 2.97%, which results in a levy of \$296,149,162. Shall the City of Madison be allowed to exceed this limit and increase the levy for the next fiscal year, 2025, for the purpose of funding police, fire, garbage collection, parks and library operations and other City services and operations, by a total of 7.4%, which results in a levy of \$318,149,462, and on an ongoing basis, include the increase of \$22,000,000 for each fiscal year going forward?"

## The Executive Budget: Two Distinct Paths Forward



Due to the timing of the referendum vote in early November, the executive budget presents two options. Option 1 is the main executive budget, which assumes the property tax levy referendum passes and authorizes an additional \$22 million in property tax revenues to maintain current services. The main body of the budget, including all agency budgets presented in detail, assumes the referendum passes.

Option 2, or the “Alternate Executive Budget,” presents a plan if the referendum does not pass and results in a \$22 million gap between expenses and revenues. This plan includes a combination of new special charges, service and expenditure cuts, and the use of one-time fund balance. This option is consistent with a plan presented by Mayor Rhodes-Conway to the Common Council on July 16, 2024, “A Sustainable Long-Term Plan for Madison’s Budget” ([Presentation](#) | [Memo](#) | [Meeting Recording](#)).



### *Both Executive Budget Options Maintain a Commitment to Wage Parity*

In 2011, the State Legislature effectively banned most public employee collective bargaining, except for Police and Fire commissioned staff (protective service) and Teamsters. Wage parity ensures general municipal employees (GMEs) benefit from the same wage increases as protective service.

Since 2011, pay increases for Madison protective service staff has increased at a faster pace than GMEs. Eventually, that gap in wage increases reached 6%. In 2020, the Common Council enacted [RES-20-00638](#), which recommended the City reach wage equity by 2024. In addition, the resolution included a provision that if a protective service employee group receives a wage increase prior to 2025, GMEs would be granted an identical wage increase (“me too” clause).

The 6% wage gap was closed in the 2023 and 2024 adopted budgets. These budgets also included additional cost of living adjustments (COLAs) to maintain pace with protective service increases, per the “me too” clause. Both versions of the 2025 executive budget include a 3% COLA for GMEs to reflect the increase in protective service and maintain a commitment to wage parity.

## Option 1: Executive Budget if Referendum Passes

The body of the executive budget assumes the \$22 million property tax referendum passes in November and the City maintains core services. The executive budget funds the cost to continue budget to maintain level services, with modest reallocations based on the agency request process. These changes included 1) reallocations within an agency budget to a higher priority activity, 2) increases to revenues or charges to offset general fund expenses, and 3) reductions of lower priority services to lower the overall budget gap. Executive budget changes are detailed in the table below. This table excludes technical adjustments, such as position reclassifications that are approved under Personnel Rules.

Although agencies were not allowed to submit supplemental requests, the executive budget adds funding for three full time equivalent (FTE) positions (2 general fund FTEs, 1 non-general fund FTE). This includes one Community Development (CD) Technician 2 to support the creation of a new Finance and Compliance unit within the Community Development Division (CDD). This unit will provide financial oversight for CDD, especially around the management of state and federal funding and administration of the affordable housing fund, which has grown in size and complexity. The other positions are two Street Machine Operators (SMOs) for trash and recycling collection. These roles are needed to maintain current service levels as the City grows geographically. One SMO is funded by the General Fund, one SMO is funded by the Resource Recovery Special Charge.

<b>Major Revenue and Expenditure Changes in the 2025 Executive Budget (Table 1 of 2)</b> <i>General and Library Funds</i>		
<b>Agency</b>	<b>Description</b>	<b>Increase/ (Decrease)</b>
Building Inspection	Increase tourist room house application fee (from \$100 to \$300); increase first Certificate of Occupancy fee (from \$10 to \$50); and add \$25 application fee for sign permits to cover cost of services.	(\$50,000)
Community Development Division (CDD)	Reallocate \$10,000 for Driver's Education scholarships and \$38,000 for Northside Early Child Care Zone (NECZ) to Homeless Services and Housing Stability services.	\$0
	Reclassify the vacant Senior Center Director position to a Finance and Compliance Manager in the same comp group and range. The reclassified position will be used to support the creation of a Finance & Compliance unit.	\$0
	Add a CD Technician 2 position to support the new Finance & Compliance Unit.	\$89,339
Direct Appropriations	Cut memberships for subscriptions and networks, including: Wheeler Report (\$1,500), WI Coalition Against Homelessness (\$4,000), WI Diversity Procurement Network (\$10,000), League of Wisconsin Municipalities (LWM) (\$57,324).	(\$72,824)

**Major Revenue and Expenditure Changes in the 2025 Executive Budget (Table 2 of 2)**  
*General and Library Funds*

<b>Agency</b>	<b>Description</b>	<b>Increase/ (Decrease)</b>
Finance	Direct charge to CDA Housing for administrative support team time that is currently funded by the general fund.	(\$23,000)
Library	Reallocate funding for start-up operational costs for the Reindahl Imagination Center, a co-location of a new library and park pavilion on the northeast side anticipated to open in mid-2026. Funding is reallocated from a reduction in OIM, detailed below.	\$195,000
Mayor	Reduce funding for conferences, training, and travel.	(\$9,156)
Office of the Independent Monitor (OIM)	Eliminate a vacant 1.0 FTE data analyst position.	(\$96,954)
	Remove funding for the Police Civilian Oversight Board (stipends, childcare, training, conferences, and IT support) (\$37,600); remove funding for legal services (\$50,000); and reduce other purchased services. Maintain \$3,000 for purchased services for basic expenses and \$15,000 for custodial charges.	(\$96,100)
	Reduce supply budget from \$4,000 to \$2,000 for basic expenses.	(\$2,000)
Public Health Madison Dane County (PHMDC)	Reallocate funding for the following contracts to violence prevention activities: Wellness mini-grants (\$7,000); Narcan for business (\$15,000); Vivent Health (\$27,394).  Public Health indicated it would be feasible to reduce these programs without a significant impact to services, as there are other resources to meet these needs.	\$0
Streets	Close Olin Ave Drop Off Site on Sundays; reduction will save \$5,320 in hourly staffing and \$13,530 in fleet charges	(\$18,850)
	Add 2 FTE Street Machine Operator (SMO) positions to provide garbage and recycling services as the city grows. One position will be funded by the Resource Recovery Special Charge (RRSC).	\$72,927 <i>Reflects GF cost</i>

*Policy Changes Recommended Under the Executive Budget*

Finally, the executive budget recommends that staff pursue a policy and ordinance change in 2025 to raise the minimum thresholds for various procurement activities. This includes 1) changing the threshold for formal bids and Requests for Proposal (RFPs) from \$50,000 to \$75,000; 2) changing the threshold for purchase of service contracts from \$10,000 to \$20,000; and 3) changing the noncompetitive selection threshold from \$50,000 to \$75,000. Affirmative action thresholds for contracts may also need to be adjusted. These changes are expected to reduce the number of formal proposals by 10%. While these policy changes do not have a direct fiscal impact, it is expected that these changes will save staff time in the Finance Department and for all agencies that issue RFPs. This will create operational efficiencies and allow agencies to reallocate staff time to other priorities.



## Option 2: Alternate Executive Budget if Referendum Does Not Pass

If the property tax levy referendum does not pass on November 5, 2024, the following changes to the main executive budget will be proposed as an **alternate executive budget**. This alternate plan is consistent with Mayor Rhodes-Conway’s July 16, 2024 presentation to the Common Council, “A Sustainable Long-Term Plan for Madison’s Budget.” The main components of the alternate executive budget are 1) implementation of a new special charge, 2) permanent budget cuts, including eliminating funding for 18.2 FTE positions, and 3) use of one-time fund balance.

Proposed service reductions are detailed in the table below, followed by a description of the new proposed special charge and use of fund balance.

### Service Reductions and Budget Cuts

Proposed Changes if Referendum Fails (Table 1 of 4) <i>General and Library Funds (unless otherwise noted)</i>		
Agency	Description	Increase/ (Decrease)
Building Inspection	Eliminate 1.0 FTE vacant housing inspector.	\$(101,685)
	Eliminate 1.0 LTE info clerk.	\$(61,277)
Community Development Division	Reallocate 6 positions to charge time to Affordable Housing Fund in Capital Budget (reduces funding for affordable housing projects)	\$(127,000)
	Cut funding for driver’s education scholarships (\$10,000) and the Northside Early Child Care Zone (\$38,000) (Option 1 proposes reallocating these funds to homeless services).	\$(48,000)
	Reduce childcare stabilization funding for childcare centers serving low-income families	\$(10,000)
	Reduce tuition assistance for childcare at accredited centers; continue funding for families currently enrolled but do not take on new households in 2025.	\$(220,000)
	Cut funding for youth restorative justice programming with 4 contracted providers	\$(180,000)
	Cut funding for Severe Weather Hotel Program	\$(45,000)
	Reduce funding for Urban League Southwest Employment Center by 20%; continue funding 4 days of operations.	\$(55,800)
Clerk	Reduce the number of poll workers to the minimum required staffing levels. May result in longer wait times. Current target is to maintain wait times of no longer than 15 minutes. Reducing staffing could increase wait times to up to 30 minutes when there is higher voter turnout.	\$(149,969)
Common Council	Eliminate AASPIRE intern funding and Alder intern funding.	\$(11,700)
	Eliminate alder training and conflict resolution funds.	\$(21,176)

**Proposed Changes if Referendum Fails (Table 2 of 4)**  
*General and Library Funds (unless otherwise noted)*

<b>Agency</b>	<b>Description</b>	<b>Increase/ (Decrease)</b>
Common Council, continued	Eliminate all funding for Council Office staff professional development and all funding for professional memberships.	\$(5,750)
	Reduce alder expense accounts by 43% (from \$1,900 per alder to \$1,088).	\$(16,240)
DCR	Reduce a filled Hearing Officer position from 1.0 FTE to 0.6 FTE.	\$(95,451)
Direct Appropriations	Cut funding for all memberships, including Dane County Cities & Villages (\$5,515), Mayor’s Innovation Project (\$3,000), National League of Cities (\$13,400), US Conference of Mayors (\$12,242).	\$(34,157)
Economic Development Division	Eliminate city funding for the Downtown Business Improvement District’s (BID) State Street programming.	\$(62,225)
	Eliminate city funding for the Madison Region Economic Partnership (MadREP).	\$(20,000)
Engineering	Eliminate the use of overtime for snow removal for arterial multi-use paths. Snow removal on multi-use paths would only occur during scheduled shifts.	\$(15,000)
Finance	Eliminate a filled 1.0 FTE program assistant position and reassign administrative/ reception duties across other staff.	\$(70,092)
Fire	Eliminate funding for a vacant 1.0 vacant CARES medic (\$102,400) and identify other cuts to meet a total reduction target of \$200,000. The Fire Chief will have discretion in how to meet the \$200,000 reduction target without impacting maintenance of effort or response times.	\$(200,000)
Fleet <i>Note: Amounts reflect General Fund cost of Fleet services, or 80% of total amount.</i>	Eliminate a vacant 1.0 FTE Automotive Maintenance Worker 2.	\$(60,071)
	Eliminate a vacant 1.0 FTE Parts Technician position.	\$(61,700)
	Reduce autobody repair service for minor body damage (e.g. cosmetic damage that does not compromise safety but does reduce vehicle value when sold by the city).	\$(104,000)
	Reduce the GPS program by eliminating GPS for off-road equipment (e.g. mowers) and select vehicles.	\$(28,000)
	Reduce frequency of preventive maintenance for trailers from annual maintenance to every two years.	\$(17,198)
Human Resources	Reduce a filled HR analyst from 1.0 FTE to 0.6 FTE, which will impact service levels by increasing time to fill vacant positions.	\$(39,151)
	Reduce funding for conferences and training, including eliminating executive team development and HR planning retreat funding	\$(13,500)

**Proposed Changes if Referendum Fails (Table 3 of 4)**  
*General and Library Funds (unless otherwise noted)*

<b>Agency</b>	<b>Description</b>	<b>Increase/ (Decrease)</b>
Information Technology	Eliminate a vacant 1.0 FTE Media Team position, reducing the number of virtual meetings and public access.	\$(89,645)
Library	Reduce funding for programming (e.g. family story times, teen engagement programs, and job- and computer-training sessions), including reducing funding for positions (\$242,272) and contracted services and supplies (\$87,044). The Library Director has the discretion to identify full- and part-time positions to meet personnel target and may reassign duties so the reductions do not result in layoffs. Library would retain the position authority so the positions could be funded in the future.	\$(329,316)
	Eliminate Sunday hours at Lakeview and Goodman South branches	\$(40,693)
Mayor	Reduce a filled deputy mayor position from 1.0 FTE to 0.6 FTE	\$(69,679)
	Reallocate part of sustainability staff time to capital projects, reducing the amount of funding for projects.	\$(91,248)
	Reduce remaining conferences and trainings (\$15,000), memberships (\$2,250), and other services (\$5,448) budget	\$(22,698)
Metro <i>Note: Amounts reflect reduction of General Fund subsidy to Metro.</i>	Make permanent reductions to services beginning in mid-2025. Exact schedule changes are to be determined, but may include reducing early morning/ evening hours or weekend hours. Half-year reduction in 2025 will be annualized to a \$1.0 million reduction in 2026. This will likely result in reductions in FTE positions that are not included in the total position count under Option 2.	(\$500,000)
	Identify other one-time cuts in 2025 to meet a total reduction target of \$1.0 million. Reductions may include significantly slowing down hiring of new drivers or other changes. One-time reductions will be at the discretion of the Metro general manager.	\$(500,000)
Office of the Independent Monitor (OIM)	Eliminate remaining funding for the OIM. Eliminate funding for 2.0 filled FTE positions (\$251,531), supplies (\$2,000), purchased services (\$18,000) and interdepartmental charges (\$1,023). Pursue policy and ordinance changes to remove position and board.	\$(272,554)
Parks	Mall Maintenance: Remove work related to seasonal banners and fountains (\$54,000); increase the rate property owners pay for the mall special charge from 50% of expenses to 75% of expenses.	\$(464,411)
	Close all city ice rinks. Includes eliminating costs for maintenance, rentals, concessions, hourly staff, and other expenses.	\$(60,000)
PCED Office of the Director	Reduce a vacant 1.0 FTE program assistant position to 0.6 FTE	\$(33,500)

**Proposed Changes if Referendum Fails (Table 4 of 4)**  
*General and Library Funds (unless otherwise noted)*

<b>Agency</b>	<b>Description</b>	<b>Increase/ (Decrease)</b>
Planning	Eliminate neighborhood grants program, which funds community organizations.	\$(30,000)
	Reduce funding for Arts Grants program from \$92,000 to \$11,500. Remaining funding would be used to support Wisconsin Arts Board grant match	\$(80,500)
Police	Eliminate a vacant 1.0 FTE civilian traffic position, eliminate a vacant 0.6 FTE civilian records position (\$146,050), and identify other cuts to meet a total reduction target of \$300,000. The Police Chief will have discretion in how to meet the \$300,000 reduction target without impacting maintenance of effort.	\$(300,000)
Public Health	Cut funding for wellness mini-grants (\$7,000), Narcan for businesses (\$15,000), and Vivent Health contract (\$27,394). (Option 1 proposes reallocating these funds to violence prevention).	\$(49,394)
	Eliminate funding for contracted services with the Safe Communities Coalition for injury prevention (\$20,000) and education and training on substance use, harm reduction, recovery (\$78,278)	\$(98,278)
Streets	Eliminate funding for all hourly staff in the general fund budget. Reduction will significantly decrease hours of operation at drop-off sites.	\$(125,473)
	Reduce brush collection from 5 to 3 citywide pick-ups and eliminate collection of brush at drop-off sites. Savings is generated from lower brush processing fees (\$130,000) and lower fleet costs (\$303,000) related to lower service levels.	\$(433,000)
	Eliminate a 1.0 vacant info clerk. Position is partially funded through allocations to other funds. Savings reflects general fund costs.	\$(48,825)
	Reallocate 1.0 FTE Street Machine Operator (SMO) from the general fund to the Resource Recovery Special Charge (RRSC). This reallocation is possible due to less general fund work associated with reduced brush collection. The change would eliminate the addition of 1.0 SMO funded by the RRSC, as proposed in the main Executive Budget.	\$(62,162)
Traffic Engineering	Eliminate a vacant 1.0 FTE Traffic Engineer position. The position is partially funded by Metro Transit. Savings reflects general fund costs.	\$(38,182)

### *Infrastructure Special Charge*

The City's transportation and infrastructure is served by staff in several agencies, including the Streets Division and Traffic Engineering Division. Services include bicycle and pedestrian facilities, pavement markings, traffic signals, street signing, street lighting, communications, street repair and maintenance, as well as other services such as permits. A properly maintained transportation system and corresponding support infrastructure is a foundation for the city's economy, culture, and community.

Under Wis. Stat. Sec. 66.0627 and MGO Sec. 4.09(13), the City may impose special charges against real property for current services rendered by allocating all or part of the cost of the service to the property served. The total costs of these services in the 2025 executive budget are greater than \$10 million. Under the alternate executive budget, the City would seek to recover up to \$10 million in costs for transportation and infrastructure services through a special charge ("Infrastructure Special Charge").

The Infrastructure Special Charge would be imposed against all parcels in the City, including City owned parcels and tax-exempt parcels, based upon parcel classification (residential or non-residential). Within those classifications, a trip generation methodology is applied, which utilizes parking space counts as a reasonable proxy measure for trip generation. The estimated monthly charge for a single-family home is about \$6.35. This amount would be included on the monthly municipal services bill.

If the referendum does not pass on November 5, City staff will introduce an ordinance and policy that detail the apportionment methodology for the new special charge. The alternate executive budget proposes the infrastructure special charge go into effect on January 1, 2025. The alternate budget also authorizes the Finance Director to make administrative amendments to agency budgets to cover the cost of the infrastructure special charge for city-owned properties, which is estimated to be \$146,000.

### *Fund Balance*

The remainder of the budget gap, \$6.4 million, will be closed by using one-time funding from the City's General Fund balance (also known as the "Rainy Day Fund" and "reserves"). Recent underspending in agency salary budgets due to staff turnover and retirements, along with the rapid rise in interest earnings due to Federal Reserve actions to quell inflation, have helped increase the City's reserves to \$83 million at the end of 2023, or about 21.5% of the budget. The City's policy goal is to maintain reserves at a minimum of 15% of the budget. Maintaining or exceeding this goal is a key element of the City's triple-A bond rating, which helps keep interest costs on City debt as low as possible.

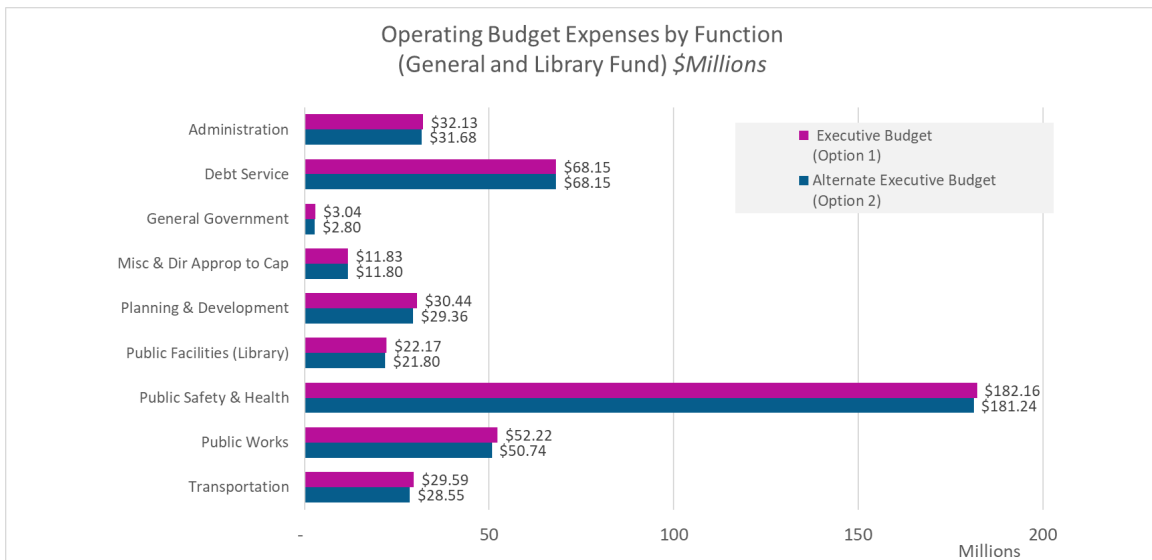
Use of reserves is a one-time source of funding. Paying for on-going operating expenses with reserves should be kept to as low a level as possible. The "Sustainable Long-Term Plan for Madison's Budget" includes the modest use of reserves above the 15% policy goal over several years.

### *Policy Changes Recommended Under the Alternate Executive Budget*

The alternate executive budget would retain the recommendation for a policy change to raise the minimum thresholds for various procurement activities. In addition, the alternate executive budget would recommend the elimination of the Joint Campus Area Committee and Downtown Coordinating Committee and associated design work. Both committees are staffed by the Planning division and generate work for other City agencies. It is expected that eliminating these committees would save staff time that could be reallocated to other priorities. The business handled by these committees may be absorbed into other committees.

### Snapshot of expenditures by function

Under both budget options, the overall distribution of expenses by functional area is similar. The largest expense is public safety and public health. 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. The third largest expense is public works, which includes services like street and facility maintenance, trash pickup, snow clearance, parks, and more. The chart below compares the budget by function under the two options.



### Distribution of reductions

The table below summarizes the proposed reductions by function to show how the \$5.6 million in cuts are distributed (“Total proposed reductions” and “Reduction as a percentage of total cuts”). It also shows the functional area’s share of the total budget, excluding debt service (“Function as a percentage of budget”). This is included as a comparison point. Public Safety and Health make up 51.8% of the total budget (excluding debt service) but account for a proportionally lower share of reductions (16.4%). This reflects a commitment to meeting maintenance of effort requirements under state law. PCED agencies make up 8.7% of the total general fund budget, but account 19.1% of total reductions. Similarly, General Government agencies (Mayor’s Office and Common Council) and Transportation agencies have a higher proportion of reductions compared to their share of the total general fund budget.

	Option 1: Executive Budget	Option 2: Alternate Budget	Total proposed reductions	Function as percentage of budget*	Reduction as a percentage of total cuts
Administration	32,134,805	31,676,997	(457,808)	9.1%	8.2%
General Government	3,037,505	2,799,014	(272,648)	0.9%	4.9%
Misc & Dir Approp.	11,831,683	11,797,526	(\$34,157)	3.3%	0.6%
Planning & Dev. (PCED)	30,438,522	29,363,535	(1,074,987)	8.7%	19.1%
Public Fac. (Library)	22,174,898	21,804,889	(370,009)	6.3%	6.6%
Public Safety & Health	182,158,977	181,238,751	(920,226)	51.8%	16.4%
Public Works	52,215,541	50,735,701	(1,479,840)	14.8%	26.4%
Transportation	29,588,622	28,550,440	(1,038,182)	8.4%	18.5%

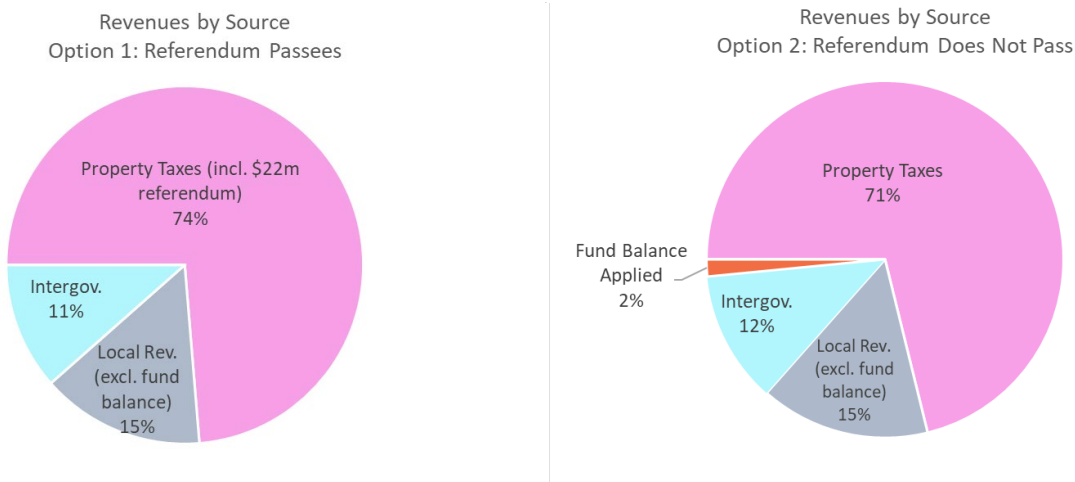
\*Excludes Debt Service from total.



## Revenues in the Executive Budget

Revenues are money received from taxes and non-tax sources to pay for services. Under both budget options, the majority (more than 70%) of revenues are from property tax. Local revenues and state aid make up the remainder. The following graphs show the revenue sources under each option, followed by more detailed tables on each source.

### Comparison of revenues by source in Option 1 and Option 2



### Property Tax Levy

The largest source of revenue in the City budget is money collected from property taxes (property tax levy). State law limits the maximum allowable increase in the property tax levy (“levy limit”). That maximum increase is calculated based on a “net new construction” (NNC) factor, which is the percentage of the total property value in the City associated with net new construction along with other adjustments. The average rate of NNC between 2019 and 2023 was 2.1%. The average rate of inflation during the same time frame was 4.0%. The fact that the levy limit grows slower than the rate of inflation is a primary cause of the structural deficit.

It is important to note that debt service, or payments for money borrowed for capital investments, is excluded from the levy limit calculation. As a result, debt service is paid through the property tax but does not contribute to the structural deficit. Increasing property taxes above the levy limit requires voter approval through a referendum.

	Option 1: Executive Budget (Referendum Passes)	Option 2: Alternate Budget (Referendum Does Not Pass)
Maximum Allowable Levy	\$318.1 million <i>Includes \$22 million referendum</i>	\$296.1 million
Increase Compared to 2024 Adopted	\$31.6 million (11%)	\$9.6 million (3.4%)
Percentage of total GF Revenues	74%	71%

### Local Revenues

Local revenues include charges for services (e.g. ambulance fees), licenses and permits (e.g. building permits), room taxes, vehicle registration fees, transfers from other funds (includes ARPA funding from Grants Fund), and investment income. Local revenues also include use of fund balance (\$9.2 million in 2024 budget and \$6.4 million in 2025 no referendum budget).

	Option 1: Executive Budget (Referendum Passes)	Option 2: Alternate Budget (Referendum Does Not Pass)
Total Local Revenues	\$64 million	\$70.4 million
Change Compared to 2024 Adopted	\$-9.2 million (-13%) <i>Uses no fund balance</i>	\$-2.8 million (-4%) <i>Includes use of fund balance</i>
Percentage of total GF Revenues	15%	17%

### State Aid

The property tax levy referendum does not change total state aid. Both versions of the executive budget assume \$49.6 million in state aid, which is comprised primarily of:

State Aid Program	2025 Estimate
County and municipal aid (shared revenue)	\$8.3 million
Expenditure restraint incentive payments	6.9 million
General transportation aid	13.0 million
Aid for exempt property	8.1 million
Municipal services payments	8.0 million

This is an increase of \$3.9 million (8.6%) compared to the 2024 adopted budget. Most of the state aid increase (\$3.2 million) is related to the state’s recent repeal of taxes on personal property. The state provided funding to offset the loss of this tax base and avoid a shift of the property tax burden to residential and commercial property owners. The allowable increase in the property tax levy (the “levy limit”) is reduced by the amount of this state aid increase. In other words, most of the 8.6% increase in state aid does not help the City’s structural deficit. Excluding the aid increase for exempt personal property, the total state aid increase compared to 2024 is \$700,000, or about 1.5%.

Although the total amount of state aid is the same under both options, the percentage of state aid compared to total revenues does change based on the outcome of the referendum.

	Option 1: Executive Budget (Referendum Passes)	Option 2: Alternate Budget (Referendum Does Not Pass)
Percentage of total GF Revenues	11.5%	12%

## Impact on the Average Value Home

When considering the impact of these two budget options on the average Madisonian, it is important to understand the difference between property taxes and assessed values.

First, it is important to note that when taxpayers receive their property tax bill in the mail, the City’s portion of the tax bill is only around 35%. The rest of the bill goes to other taxing jurisdictions including the Madison Public Schools, Dane County, and the Madison Area Technical College.

Second, the increase in property values, or assessments, does not increase the property tax levy. Under state law, the levy can only increase by a net new construction factor or through a voter referendum. Madison benefits from a strong economy and growing property values. However, the increase in property values, or assessments, does not increase the levy capacity. Assessments do determine the tax rate and what proportion of the levy a property pays.

Finally, the property tax rate is calculated by simply dividing the total amount of taxes allowed by the total assessed value of taxable property in the city (Tax Rate = Levy ÷ Total Assessed Value).

The tax rate is often expressed in terms of dollars per thousand, or as a "mill rate." The mill rate multiplied by the value of property determines how much is owed in taxes, which is issued through a tax bill. (Taxes owed = Mill Rate x Assessed Value)

### Property Tax Assessment

The property tax levy referendum does not change the total assessed value of city property. Current year assessment data is used as the basis for the upcoming budget. As of September 2024, the total net taxable value of assessed property is approximately \$40.3 billion (\$40,282,511,400). Residential real property accounts for most of the property in the City (\$25.8 billion; 61%), followed by commercial real property (\$15.6 billion; 37%). Manufacturing and agriculture account for the remaining 2% of property. In total, the net taxable value of assessed property is 13.5% higher than the basis for the 2024 budget. This increase is driven by the continued strength in residential and commercial valuations.

### Growth in Property Taxes

The city’s growth in the property tax base can be attributed to strong net new construction and debt service to pay for infrastructure and other capital projects.

	Option 1: Executive Budget (Referendum Passes)	Option 2: Alternate Budget (Referendum Does Not Pass)
Property Taxes	\$318.1 million	\$296.1 million
Change Compared to 2024 Adopted	11%	3.4%

### 2024 Mill Rate

The mill rate is the tax rate expressed in dollars per thousand. This is calculated by dividing the property tax levy by the total net taxable property value in the City. The mill rate in 2024 is 7.11.

	Option 1: Executive Budget (Referendum Passes)	Option 2: Alternate Budget (Referendum Does Not Pass)
Mill Rate	7.28	6.77
Change Compared to 2024 Adopted	+2.45%	-4.6%

### Taxes on the Average Value Home (TOAH)

The average value home is currently assessed at \$457,300, up from \$424,400 (7.75%), in 2024. This growth continues recent trends in increased residential home assessments. The TOAH in 2024 was \$3,017.

	Option 1: Executive Budget (Referendum Passes)	Option 2: Alternate Budget (Referendum Does Not Pass)
TOAH	\$3,330	\$3,100
Increase Compared to 2024 Adopted	\$313 (10.4%)	\$83 (2.8%)

Under option 1, the additional TOAH due to the referendum is \$230 (\$3,330 minus \$3,100). This is an additional 7.6% increase compared to 2024 taxes on the average value home (11% minus 3.4%).

Under option 2, the TOAH will increase by an estimated \$83. This alternate budget would also implement a new infrastructure special charge that would add an estimated \$76 annually (\$6.35 monthly) to the municipal bill for a single-family home. The total increase in TOAH plus special charge would be approximately \$159.

## Legislative Process:



### *Finance Committee Briefings*

The Finance Committee will hold agency briefings on **October 14 and 15**. During the briefings, department and division heads will present their Executive Budget and discuss the impact of the Alternate Executive Budget if the referendum does not pass. The Finance Committee will have the opportunity to ask questions and discuss the proposals during these meetings.

The public will have the opportunity to [register to speak](#) on the first day of Finance Committee briefings and may [submit written public comment](#) to alders at any time.

### *Finance Committee Amendments*

Members of the Finance Committee, or all alders through co-sponsorships, may propose amendments to both versions of the budget. Amendments are due to the Finance Department for analysis on **October 23** and will be published on **October 25**. The Finance Committee will hold a hybrid meeting on **October 28** to deliberate on amendments. At the end of the meeting, the Finance Committee will refer **both** the “Executive Budget as Amended by Finance” **and** the “Alternate Executive Budget as Amended by Finance” to the Common Council.

### *Common Council Deliberations & Amendments*

The Common Council budget hearings are scheduled for **November 12, 13, and 14**. The Common Council will only deliberate on **one** version of the budget, depending on the outcome of the referendum vote on November 5.

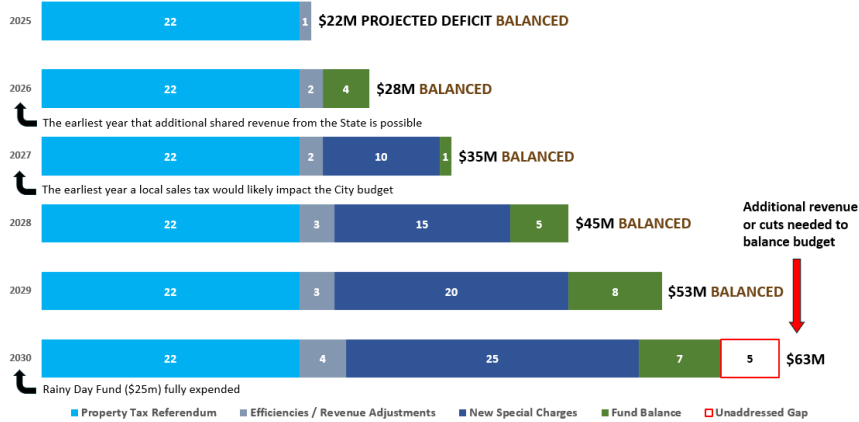
Regardless of the version that moves forward, alders will have the opportunity to propose additional amendments to the budget. Common Council amendments require two sponsors and are due to the Finance Department for analysis by November 7 (Thursday), and will be published by Friday, November 8. During the meetings on November 12 – 14, members of the Common Council will vote on amendments and adopt a resolution that authorizes the property tax levy to fund the adopted budget.

# Five-Year Operating Budget Plan

Both budget options reflect the five-year plan included in the July 16, 2024 presentation, “A Sustainable Long-Term Plan for Madison’s Budget.” The executive budget proposes adopting this five-year plan as a framework for developing future budgets.

If the referendum passes, Madison will avoid significant cuts to services while minimizing new special charges in future years. This five-year plan proposes using a moderate amount of fund balance and delays new special charges until 2027. This plan will also provide more time for the State to approve additional revenue sources before the City faces an unaddressed budget gap beginning in 2030.

## With A Referendum, Madison Can Avoid Significant Cuts or the Need for More Revenue for Another Five years



Without a referendum, Madison will increase special charges beginning in 2025 and will rely more heavily on one-time fund balance. This plan also requires additional cuts by 2027 – even with annual increases in special charges and significant cuts to services in 2025.

## Without a Referendum, the City Would Need Additional Cuts and Revenue by 2027

