

Alder Latimer Burris Floor Amendment-updated version

Establishing Guidance for Developing the 2025 City Budget

WHEREAS, the City of Madison has faced a structural deficit each year in its budget since 2011 ~~with the growth in costs to continue current services to residents exceeding the allowable rate of growth in City revenues under state law~~; and,

WHEREAS, the costs-to-continue current services to residents exceeds City revenues; and,

WHEREAS, state law ~~places severe limits~~ how much Wisconsin cities may increase or use potential revenue sources ~~and the diversity of revenues sources amount of and to have sufficient and diversified revenues used to pay for services to residents~~; and,

WHEREAS, Wisconsin cities have the highest reliance on property taxes to fund services than any other Midwestern state; and,

WHEREAS, the City has already utilized ~~most~~ many of its limited options over the past 14 years, including such as spending reductions, ~~and~~ charge and fee increases, to address the structural deficit; and,

WHEREAS, despite strong economic growth in the city, City revenues remain nearly 10 percent (\$33 million) below pre-COVID levels, due to in part State prohibitions on a local sales or income tax, combined with strict State limits on growth in property taxes, and other issues; and,

WHEREAS, despite the largest increase in shared revenue from the State to municipalities in decades, Madison received the smallest amount per capita of any community in Wisconsin; and,

WHEREAS, the economic effects of the COVID pandemic, the strict state law limits on increasing revenues, ~~under state law~~, and the costs-to-maintain services to a growing city, and other choices made ~~and placed value on~~ are projected to create a \$27 million deficit for the 2025 budget; and,

WHEREAS, currently, there are limited options to increase City revenues to address the 2025 structural deficit ~~as-is currently there are State prohibitions on a local sales or income tax, combined with strict State limits on growth in property taxes~~; and,

WHEREAS, addressing the budget deficit with expenditure reductions would result in significant service reductions to residents, vulnerable populations, families and, businesses ~~and would result in as well in as unprecedented layoffs of staff~~; and,

WHEREAS, these cuts would result in unprecedented layoffs of staff; and,

WHEREAS, in March of this year, the Finance Department engaged the Common Council in a pre-budget ~~the Council has engaged in a briefing and discussion process~~ about the 2025 City budget, the structure of the State and Local financial relationship in Wisconsin and current options for addressing the City's structural deficit; and,

WHEREAS, the process for developing the City budget ~~takes several months and is led by the Mayor, and developed by agency staff, the Finance Department, and the Council and requires providing guidance City agencies in the Spring of each year;~~ and,

WHEREAS, this process and requires providing guidance to the various City agencies in the Spring of each year; and,

WHEREAS, ~~because of the scope of the 2025 budget deficit requires preliminary guidance from the Council realizing the scope of the 2025 deficit, the Council agreed to provide its input, opinions and feedback (early on) Council's input and opinions were sought regarding a general plan for developing the budget;~~

NOW, THEREFORE, BE IT RESOLVED that some of the Common Council's values and priorities for the 2025 budget include:

- maintaining services for residents,
- preventing layoffs or furloughs of city staff who provide services,
- maintaining wage parity for general municipal employees,
- meeting the needs of a growing city and looking for ~~choosing the most progressive~~ revenue options that consider ~~housing affordability~~ the impact on all residents.

BE IT FURTHER RESOLVED that the Common Council provides the following ~~guidance suggestions~~ to the Mayor and staff for developing the 2025 budget:

1. Evaluate service levels, staffing and fiscal impact when developing their budget requests and to seek ways to increase efficiencies in their operations.

2. Explore a reduction in expenditures ~~from~~ in cost-to-continue levels without that does not compromising services to residents.

3. ~~Develop language for a~~ Explore and detail potential language for the proposed referendum, first presented to Council at the March 2024 Committee of the Whole meeting, a referendum which would seek to increase the allowable levy limit for a portion of or the full amount of the City's projected budget deficit ~~as well as options to replace existing non-property tax revenues (which Council has been advised would be put forth~~ for consideration by the voters at the November 5, 2024, general election).

4. Provide options to replace existing non-property tax revenues.

5. Prepare and detail contingency plans for the 2025 budget in the event that the voters do not approve the referendum, including options for special charges, which will be presented to the Council with the executive budget.

6. Develop a multi-year plan to address the on-going structural deficit ~~due to limits on revenues under state law, including options for developing new, or increasing existing, fees and charges, to be included with the executive budget and~~ explore prohibited possibilities to generate additional revenue sources (ex. local sales tax).

7. Consider the overall level of general obligation borrowing in developing the City's 2025 capital budget and capital improvement plan to reduce the rate of growth in property taxes.

8. Develop a community engagement plan to educate the public on the City's financial condition and options for addressing the structural deficit ~~and may engage a consultant to support this work, if needed.~~