

# Understanding the 2020 Budget Gap

CITY OF MADISON

## 2020 OUTLOOK

Revenue	Expenditures
<b>+9.5m</b>	<b>+19.0m</b>

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# -\$9.5m

## Revenue

# +2.9%

INCREASE

- Growth in the General Fund is driven by the projected levy increase (\$9.5m). Under this projection the levy would be at the maximum allowable under State law.
- Local revenues are projected to decline by 1.4% (\$705k); this decrease is offset by a projected increase 1.9% (\$750k) in State Aid.



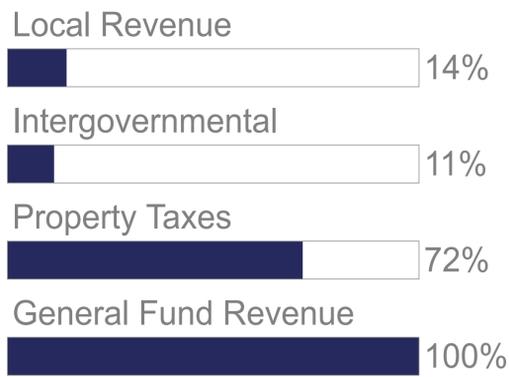
## PROPERTY TAX LEVY

Allowable Levy Growth  
Projected Growth=\$9.5m

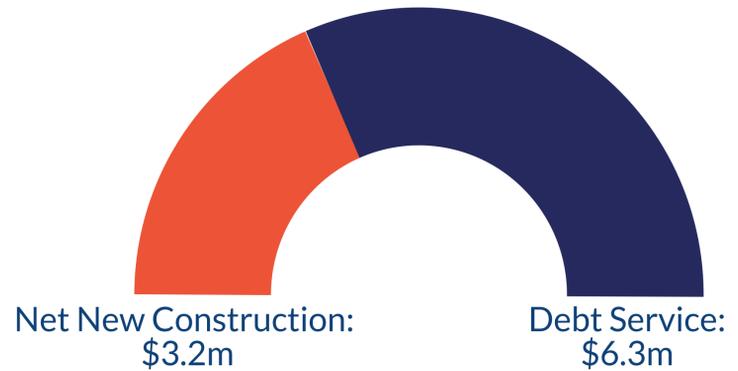
- State-imposed Levy Limits cap the growth rate in the property tax levy by the amount of new construction and anticipated debt service costs. The share of the levy increase not dedicated to debt service is \$4.6m, or 48%.
- Based on this increase, taxes on the average value home will be \$2,670; an \$83 increase or 3.2%.

## Where the \$ Comes From

### GENERAL FUND REVENUE BY TYPE



### Elements of Levy Growth

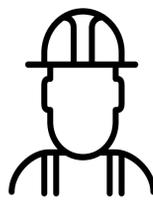


## Expenditures

General Fund expenditures are projected to increase by 5.7%. Debt service & personnel costs are the primary drivers of the increase.

# +5.7%

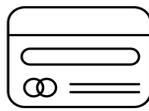
INCREASE



## PERSONNEL COSTS

Increase=\$9.85m

- Step & longevity increases for existing employees;
- Anticipated pay increases;
- Fire & Police academy costs;
- Projected increase in health insurance rates.



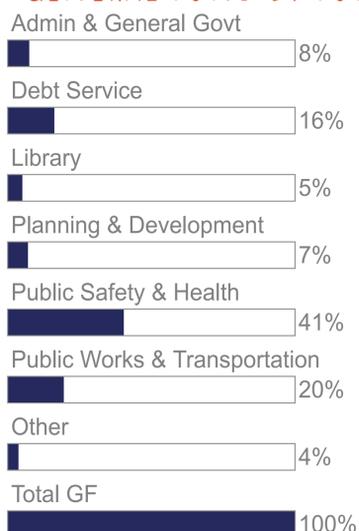
## DEBT SERVICE

Increase=\$3.8m

- Assumes GO Borrowing in 2019 will be consistent with prior year trends (2/3 of authorized borrowing).
- At projected level, debt service will be 16.3% of the 2020 budget.

## Where the \$ Goes

### GENERAL FUND BY FUNCTION



## GRANT & LOCAL MATCHES

Increase=\$3.5m

- Increased local match for grant programs used to hire Police Officers & Firefighters
- Increased General Fund contributions to Metro and Public Health based on projected costs.



## INFLATIONARY COSTS

Increase=\$1.6m

- Funding to administer the 2020 elections including the Presidential primary & general elections;
- Increased fleet costs based on depreciation for current & planned equipment