



WISCONSIN

**POLICY FORUM**

# A LOOK AT MADISON'S FINANCES

Jason Stein, Research Director

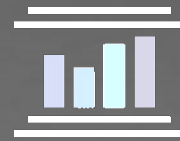
March 2024

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Nonpartisan Research  
Informed &  
Impartial Analysis

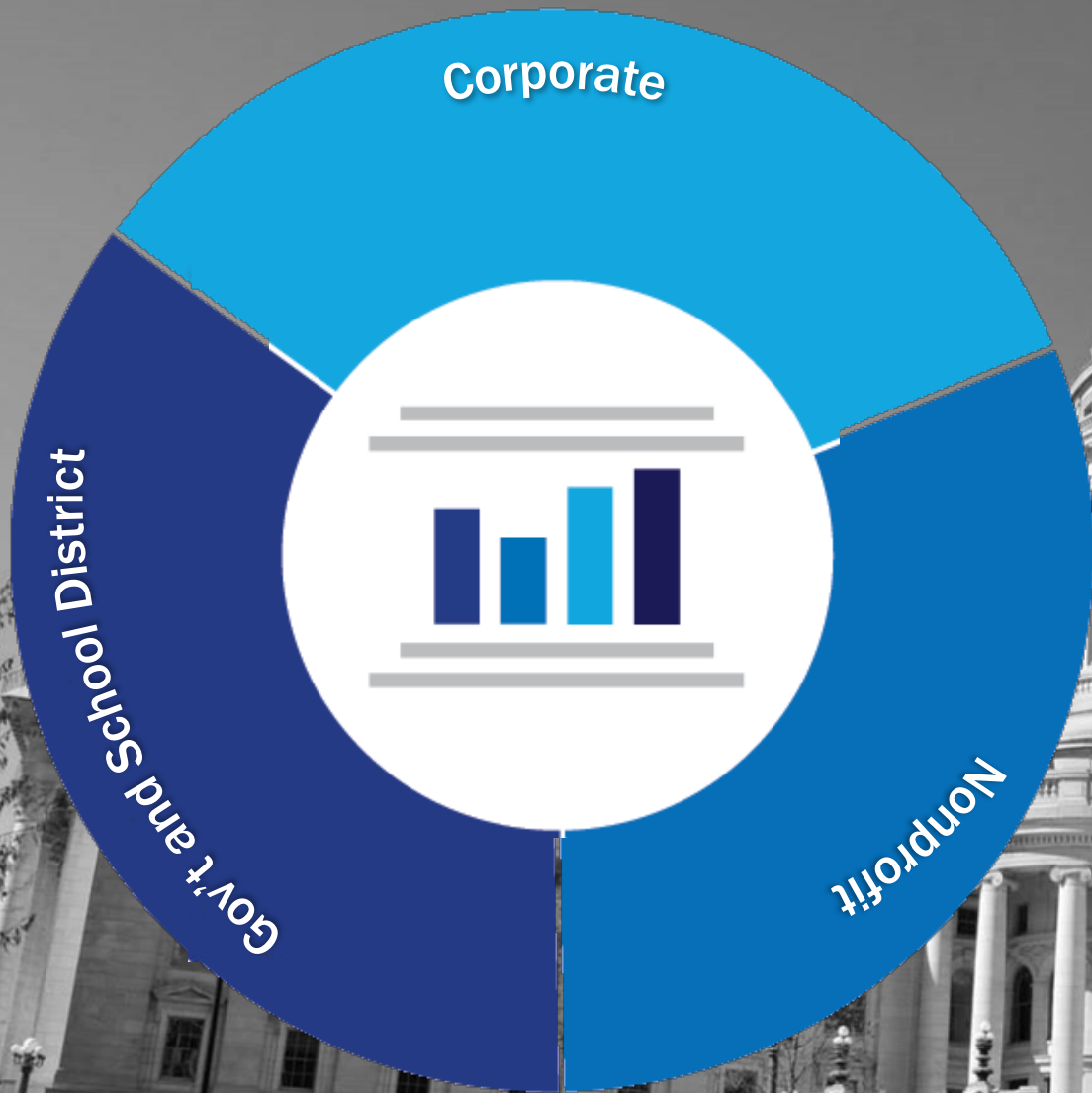
Data-Driven Decisions  
Thoughtful Debate



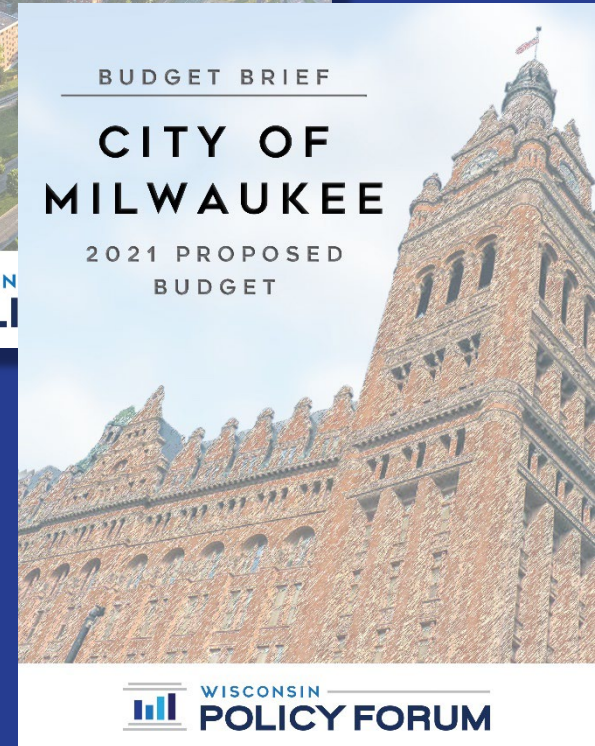


# WISCONSIN POLICY FORUM

## Membership

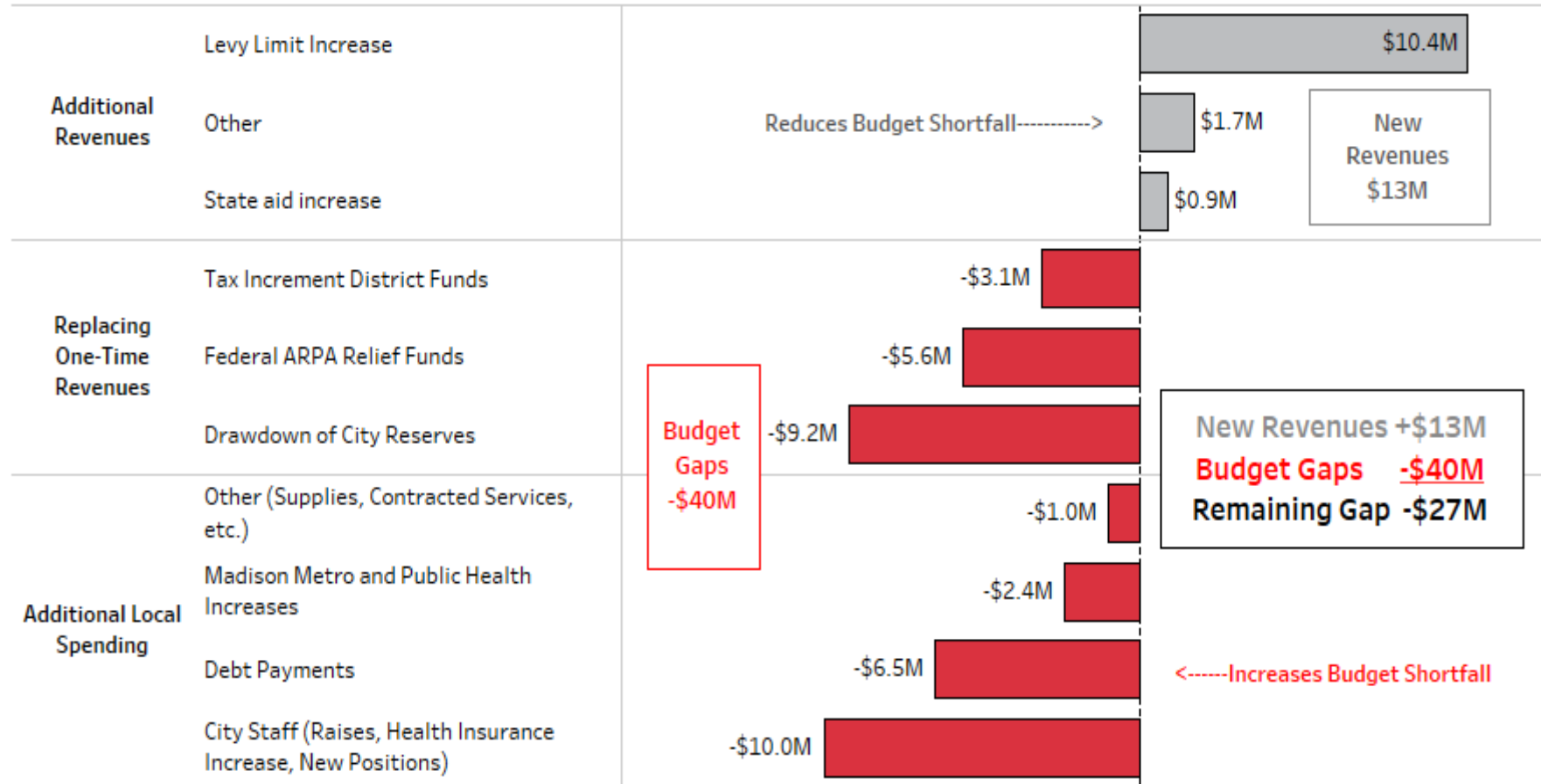


# BUDGET BRIEFS



# MADISON'S 2025 BUDGET GAP

Breaking Down Madison's Projected \$27 Million Budget Gap for 2025



Source: City of Madison Finance Department

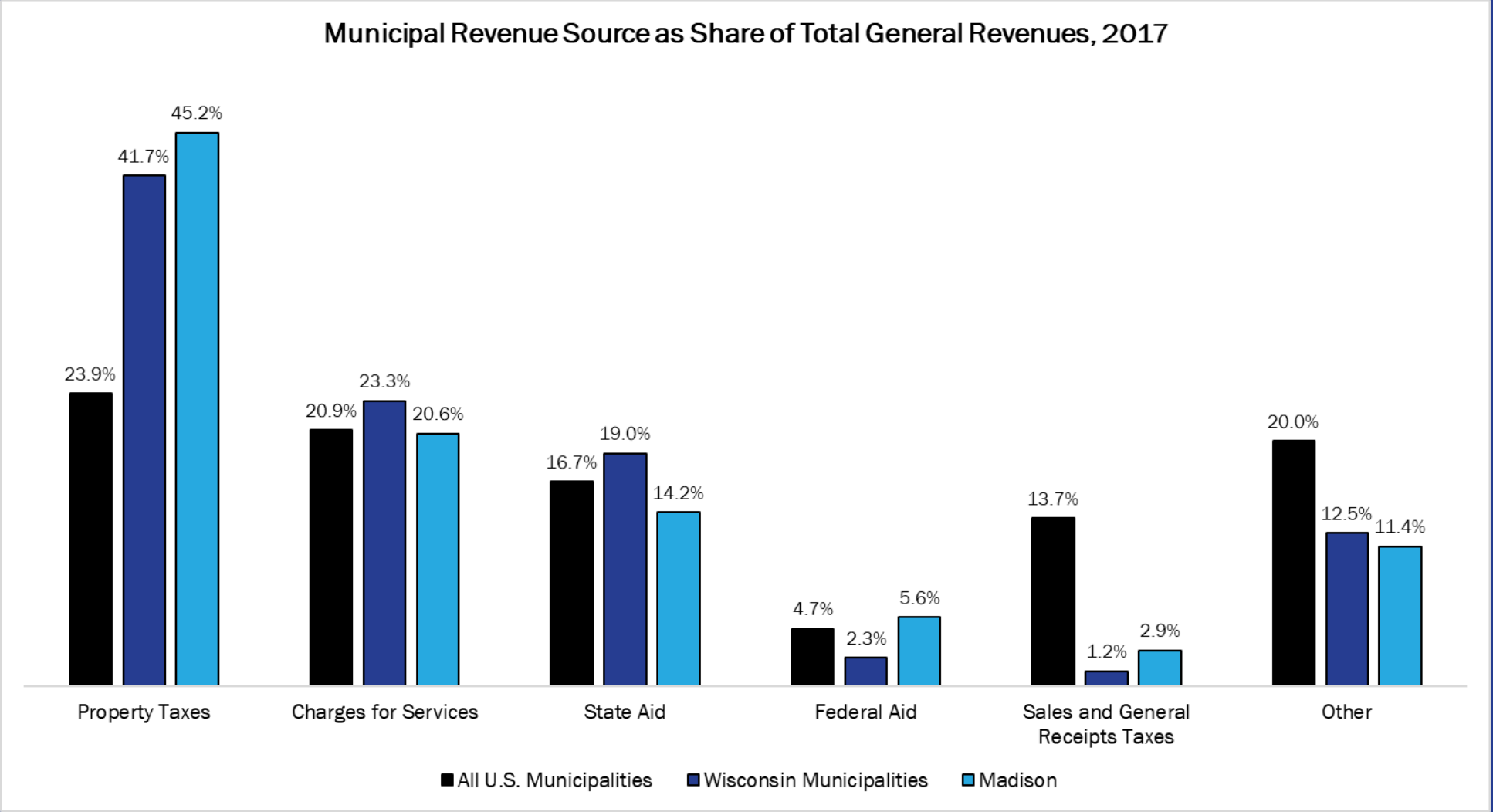
# DOLLARS AND SENSE

*Is it time for a new municipal financing  
framework in Wisconsin?*

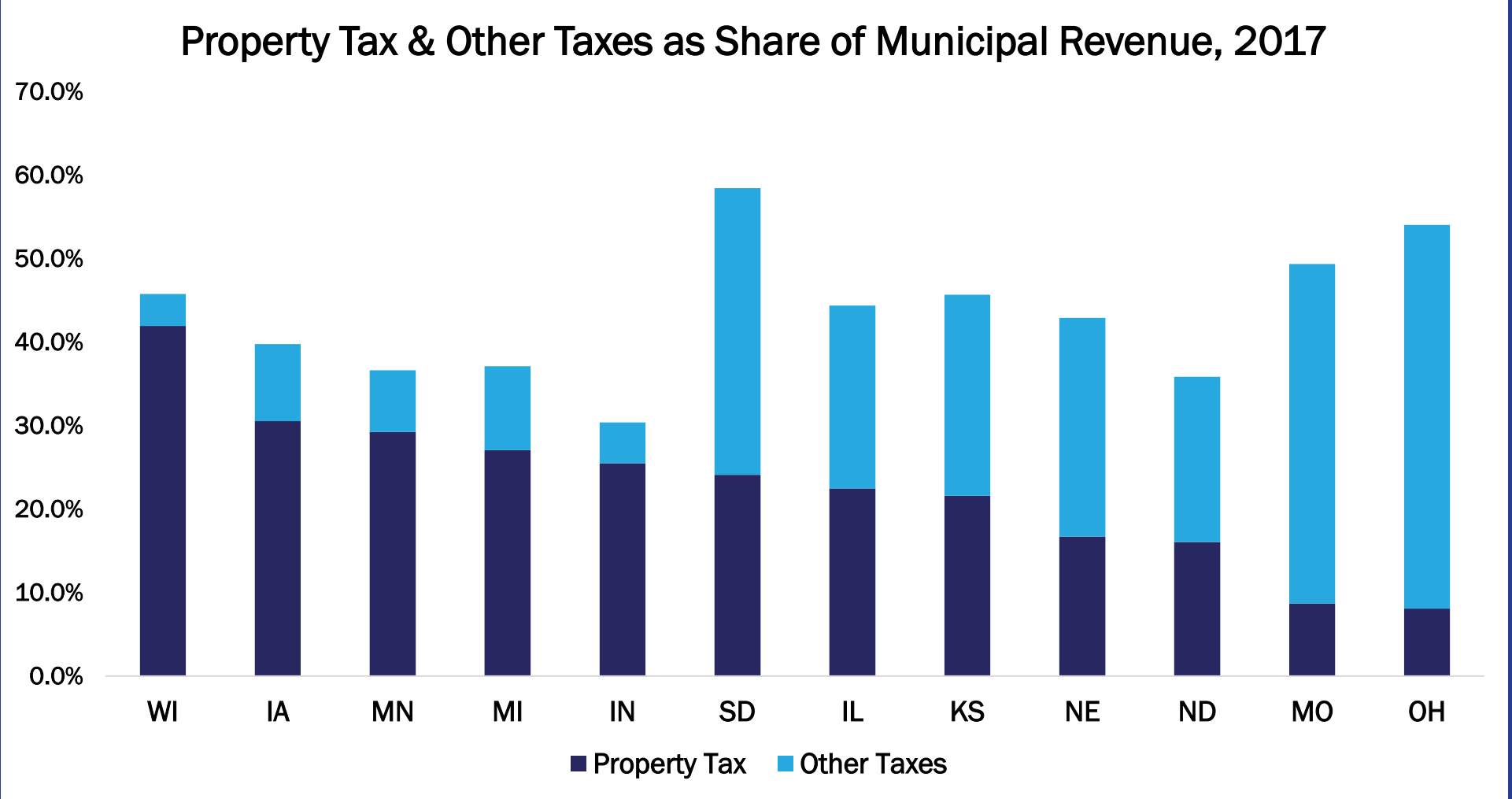
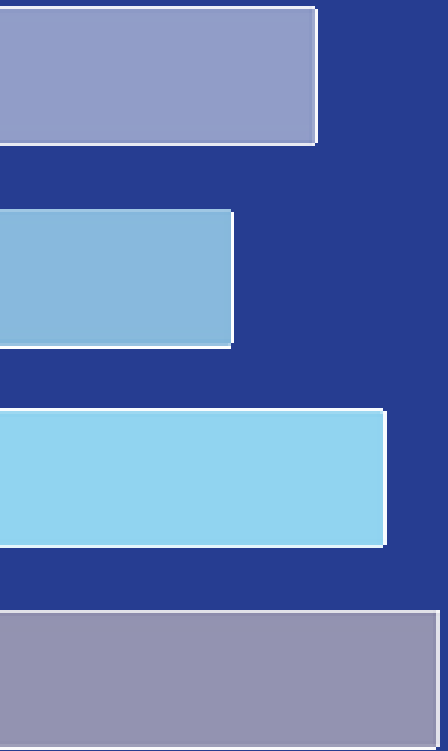


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# WI CITIES, MADISON RELY ON PROPERTY TAX

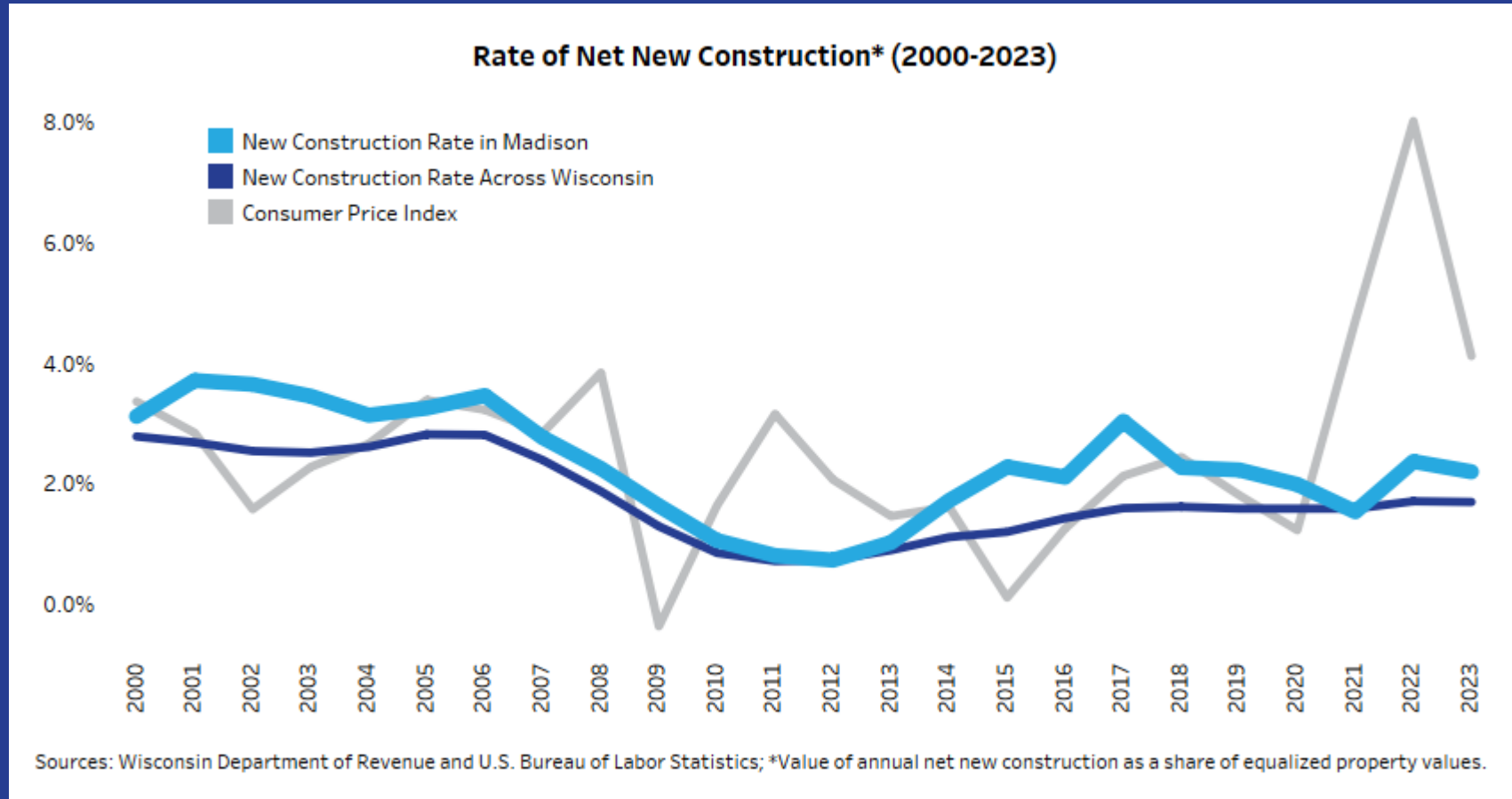


# HIGH PROPERTY TAX RELIANCE COMPARED TO REST OF MIDWEST

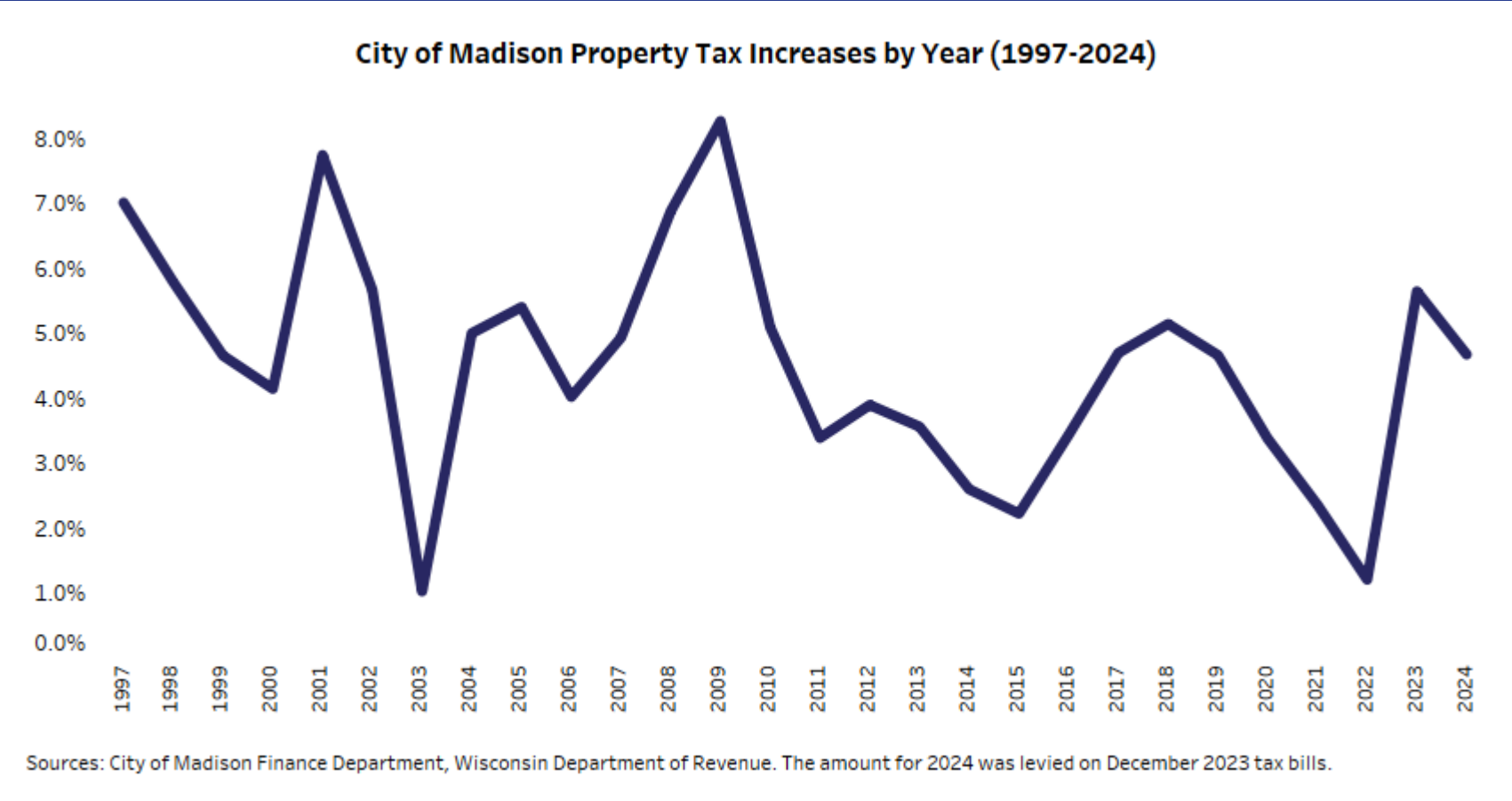
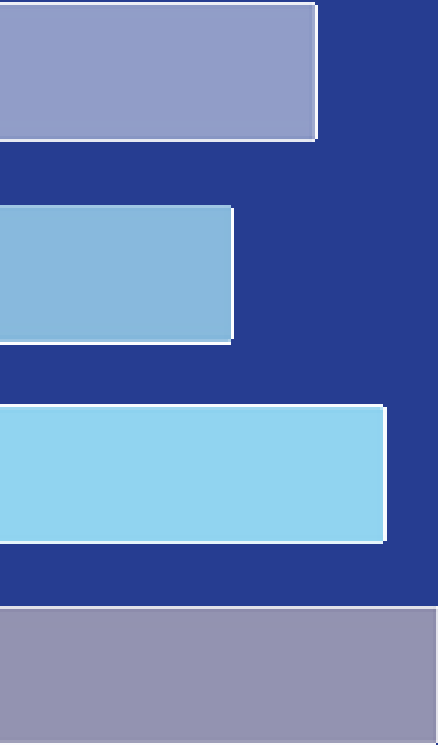




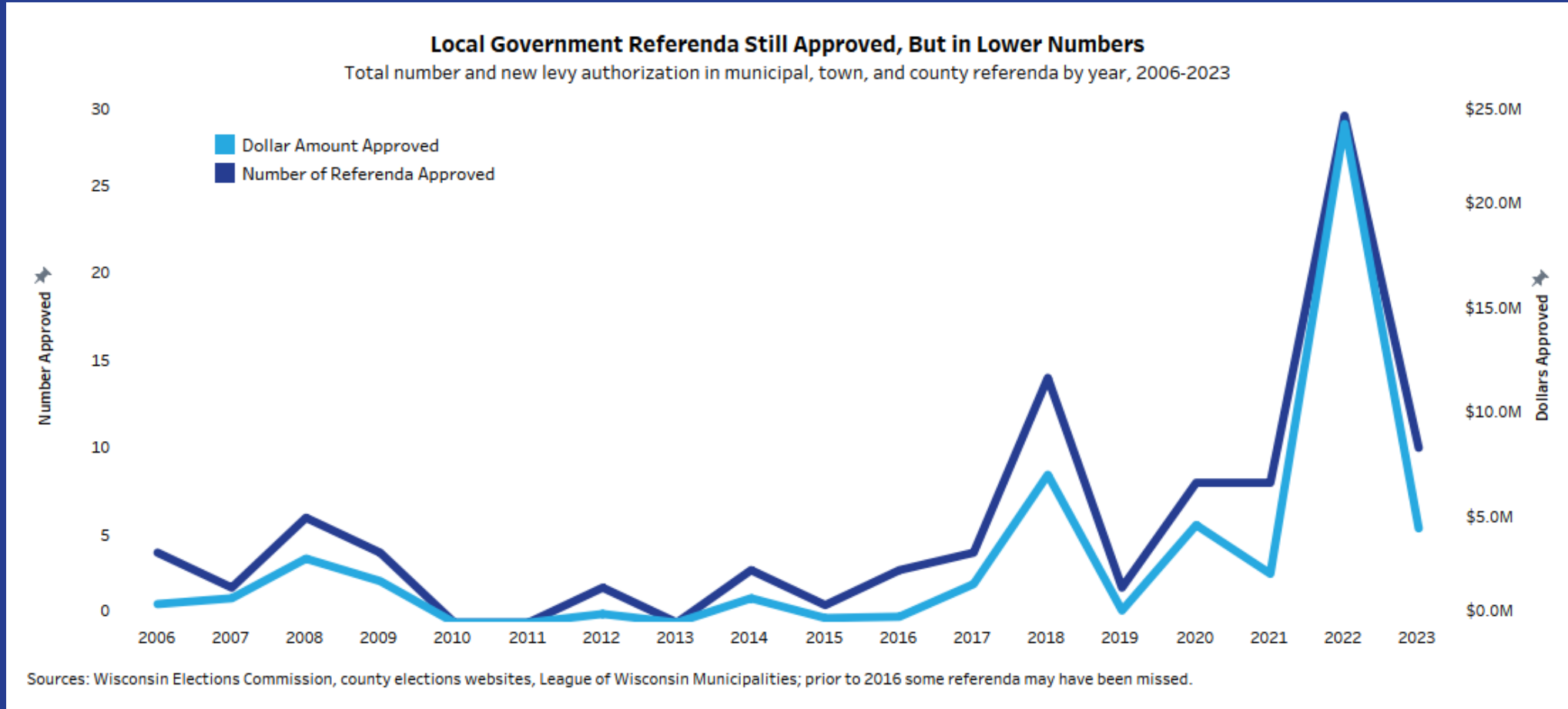
# PROPERTY TAX IN WI UNDER TIGHT CAP



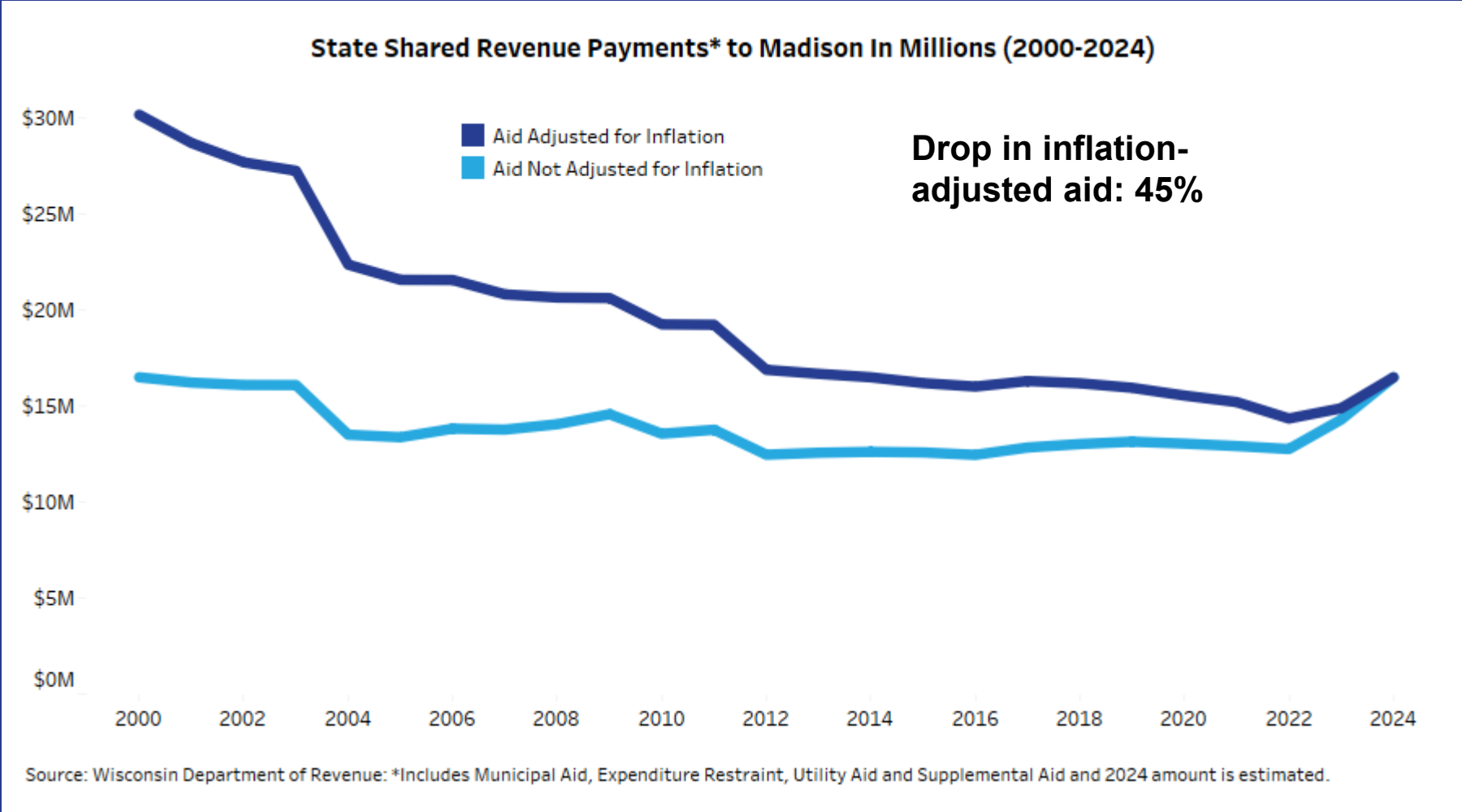
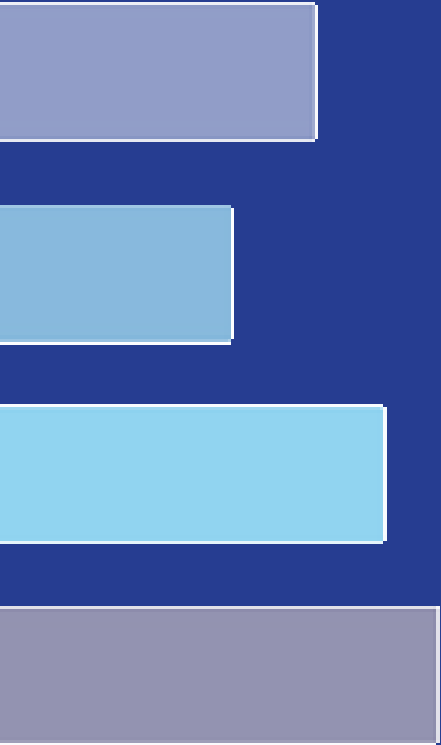
# PROPERTY TAX INCREASES OVER TIME



# PROPERTY TAX REFERENDA HAVE RISEN



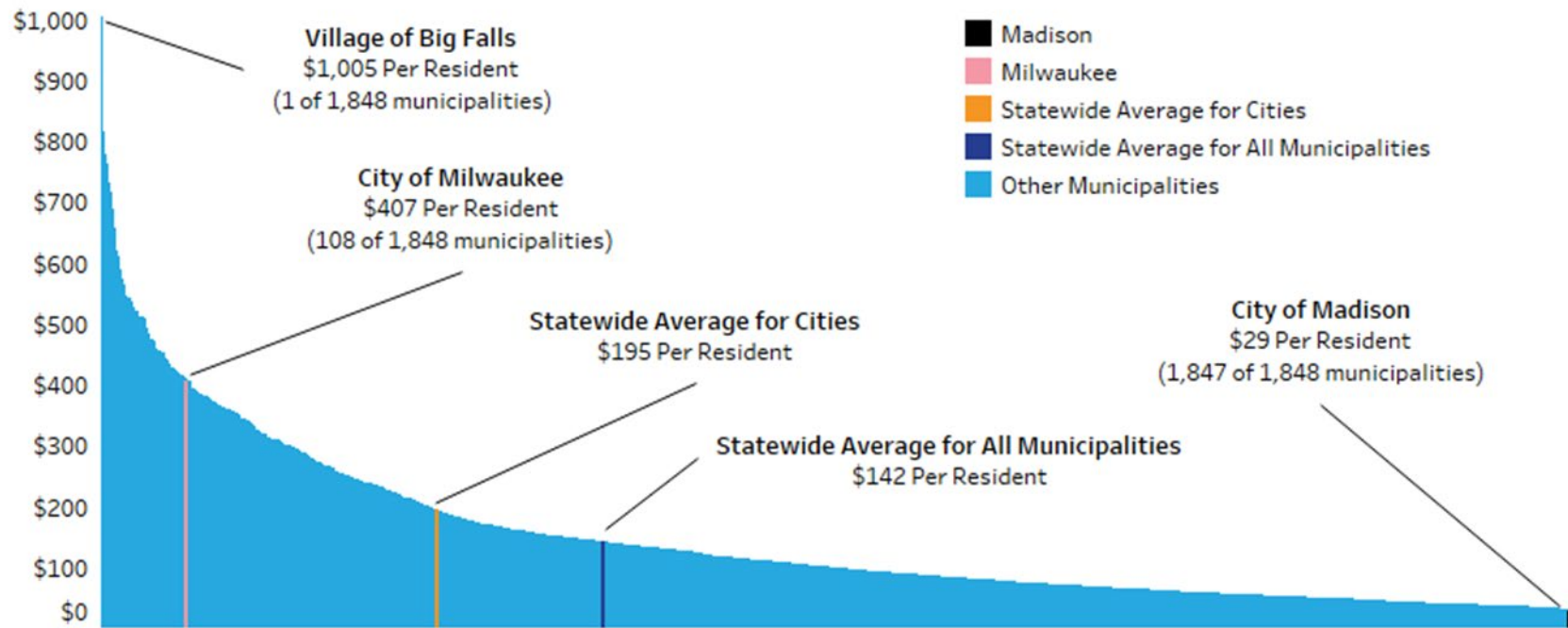
# STATE AID HAS LAGGED INFLATION



# MADISON RECEIVED LESS FROM ACT 12

## Madison Now Second Lowest Among 1,848 Wisconsin Municipalities in Key Form of State Aid

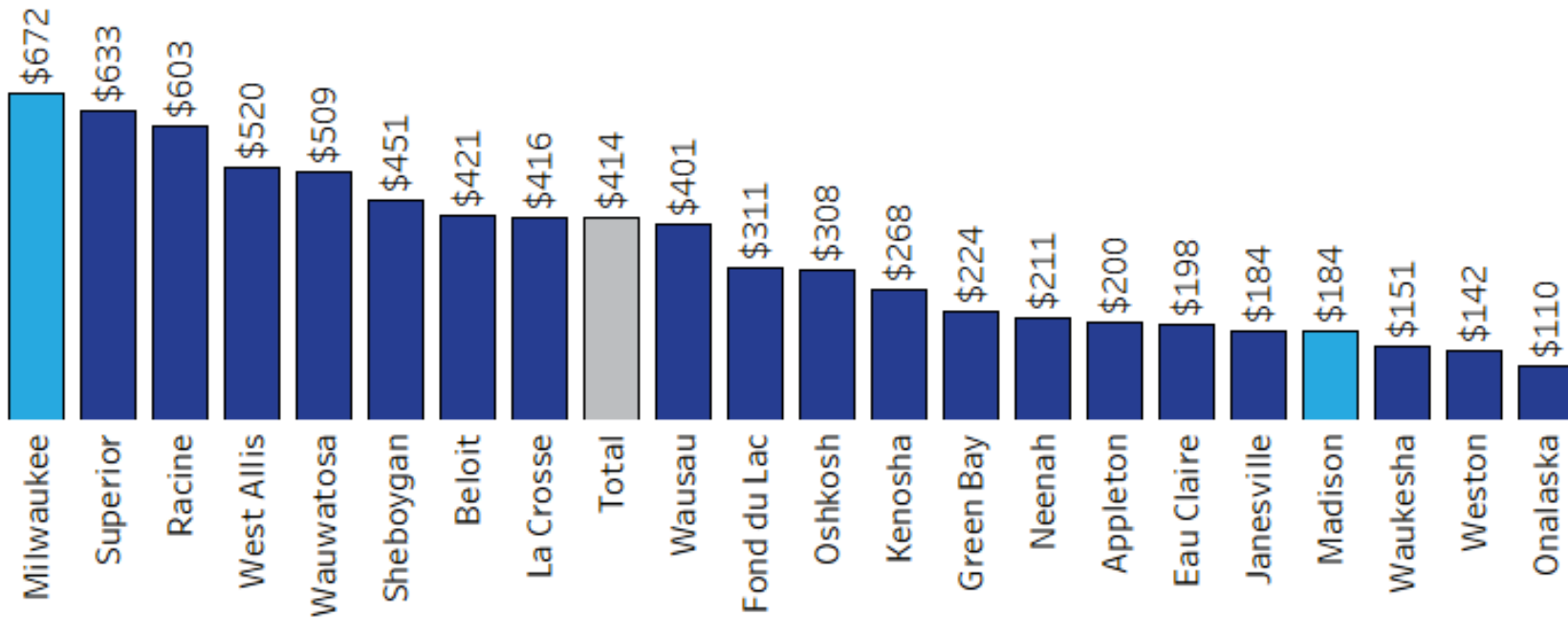
Total state per capita county and municipal aid following the legislation known as Act 12, by municipality



Sources: Wisconsin Department of Administration, Legislative Fiscal Bureau, and WPF calculations

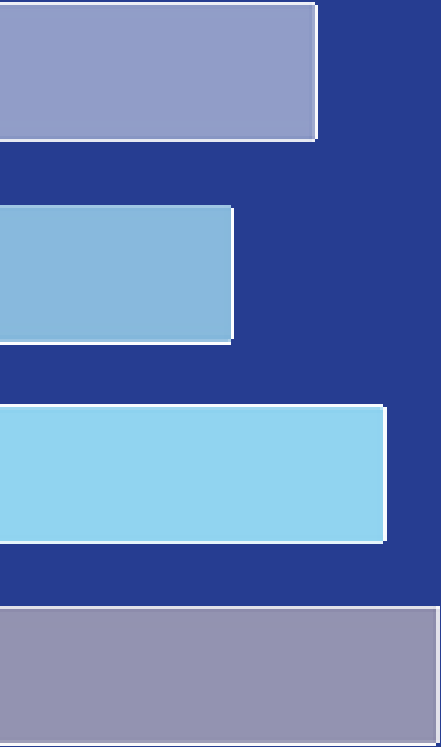
# FEDERAL PANDEMIC AID MORE SUBSTANTIAL

Chart 10: Per Capita ARPA Fiscal Recovery Payments, Major Wisconsin Cities

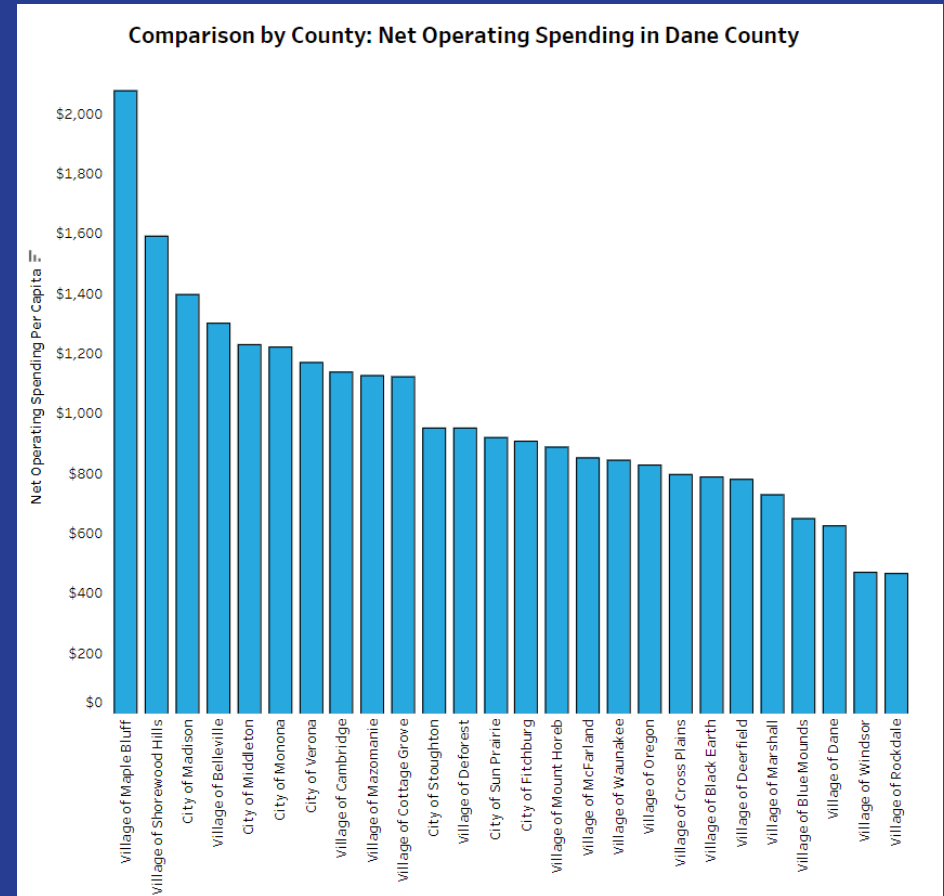
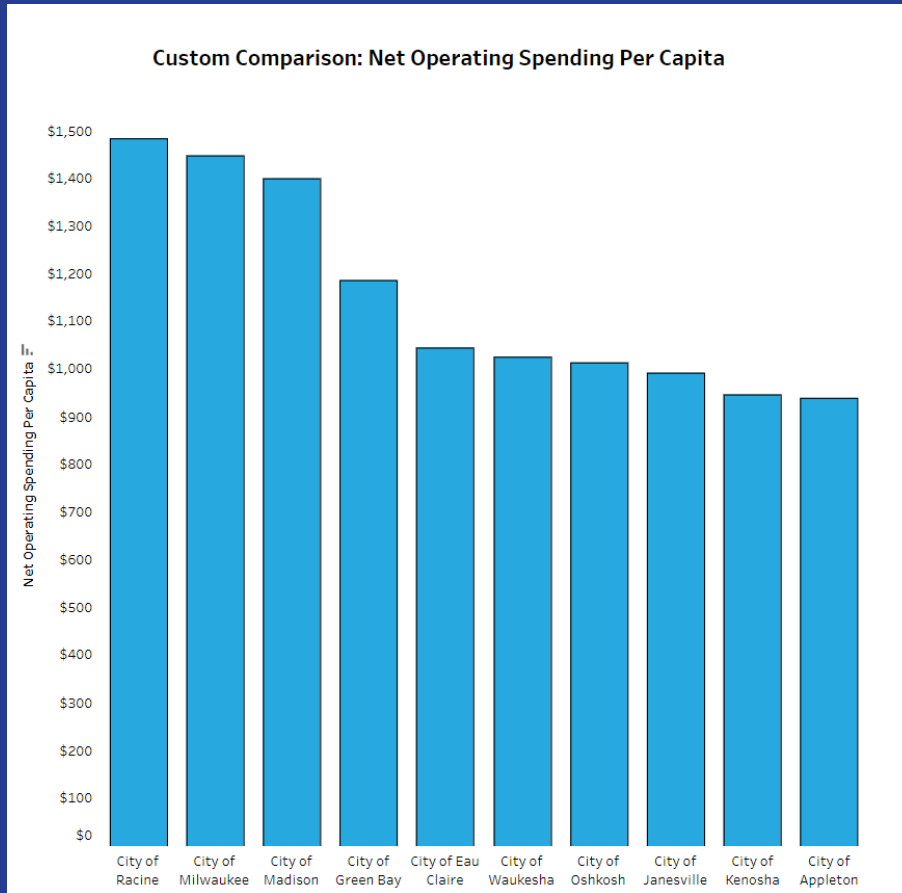
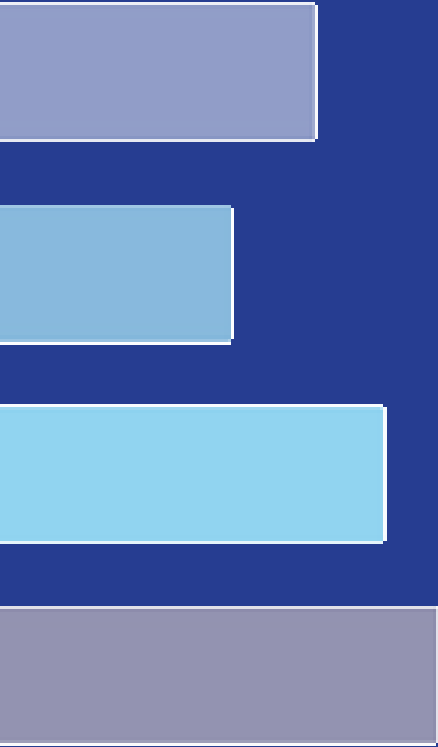


Sources: Legislative Fiscal Bureau, Wisconsin Department of Administration

# HOW PANDEMIC FUNDS WERE USED

- 
- City received more than \$190M in pandemic funds including state funding that was passed along
  - \$47.2M from American Rescue Plan Act (ARPA)
  - \$24.4M of ARPA funds went to filling budget gaps and \$22.8M to community services and spending
  - The 2024 budget includes \$5.6M in ARPA funds to help balance the general fund

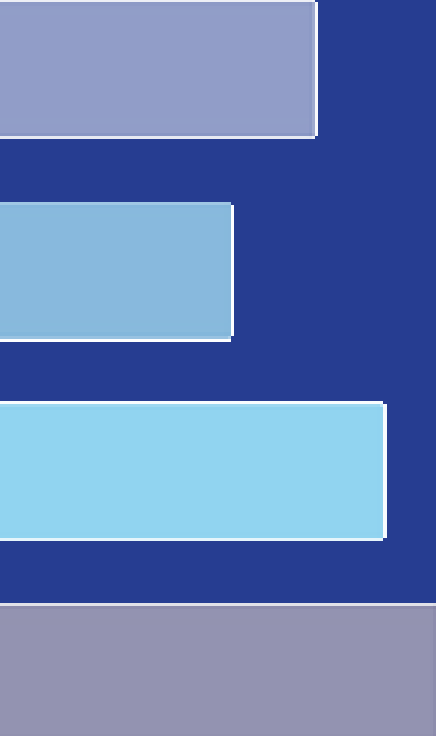
# SPENDING PER CAPITA RELATIVELY HIGH





# MADISON'S OVERALL FINANCES

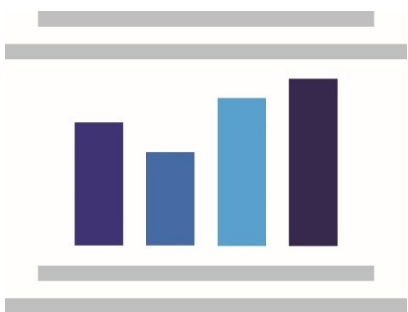
## *Assessing city overall:*

- 
- Strong and stable local economy with private and public employers
  - Growing population
  - High property values with a mix of residential and commercial property
  - Stable local revenue source in the property tax but one with limited growth potential, almost no other local tax options
  - Healthy reserves (though worth watching)
  - Relatively high spending but also relatively high service levels
  - Participates in strong Wisconsin Retirement System, almost no unfunded pension or health care liabilities
  - Relatively high per capita debt but much lower as a share of property values

# WHAT ARE MADISON'S OPTIONS?

*\*Denotes partial fixes or those that take more time to implement:*

- Boost growth and new construction (1% net new construction adds about \$1.7M to levy) \*
- Seek long-term partnerships with neighboring communities such as expanding Metro service \*
- Lobby state officials for additional options such as a local sales tax or aid aimed at larger cities \*
- Seek spending cuts or savings that may affect employees, services, or both (i.e. limiting raises or freezing staffing levels in some departments)
- Increase fees or charges such as vehicle registration fee, urban forestry, or transportation utility \*
- Draw down city reserves or use other one-time funds
- Put referendum to voters to exceed levy limits



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