

# 2025 MID YEAR BUDGET OUTLOOK

PRESENTATION TO THE FINANCE COMMITTEE

JULY 28, 2025



# OUTLINE

- Mid-Year Projections
  - 2025 General Fund Projection
  - GF Agency Highlights
  - Enterprise Agency highlights
- Review of the Midyear Appropriation

## 2025 PROJECTION: GENERAL FUND ONLY

	2024 Adopted Budget			
	Adopted Budget	Revised Budget	Mid Year Projection	Difference (mid year proj. – revised)
General Fund Revenue	(\$114,382,836)	(\$114,456,820)	(\$124,110,718)	(\$9,653,898)
Property Taxes	(\$295,925,425)	(\$295,925,425)	(\$295,925,425)	\$0
Total Revenues	(\$410,308,261)	(\$410,382,245)	(\$420,036,143)	(\$9,653,898)
Agency Revenues	(\$13,238,061)	(\$13,488,727)	(\$13,250,659)	\$238,068
Expenditures	\$445,721,220	\$446,778,878	\$438,153,362	(\$8,625,516)
Total Expenses	\$432,483,159	\$433,290,151	\$424,902,703	(\$8,387,448)
Projected (Excess )/ Deficit			(\$18,041,346)	

*Note: Total expenses \$8.4m lower than budgeted. The contingent reserve (\$2.1m) and compensated absence escrow (\$4.3m), are centrally budgeted and projected at \$0. The year end appropriation will reallocate funds once needs are known.*

# GENERAL FUND HIGHLIGHTS

## Revenues

- Total General Fund revenues are projecting \$9.7 million above budget
- Interest and mark-to-market adjustment projected to be \$8.0 million above budget (\$4.0 million increase each) due to projected interest rates
- Ambulance charges estimated \$1.7m above budget due to Medicaid billings

## Expenses

- Total General Fund expenses are projecting \$7.9 million below budget
- Majority of underspending in direct appropriations for centrally budgeted funds. Compensated absence escrow (\$4.3 million) and contingent reserve (\$2.1 million) are projected at \$0, funds may be transferred to agencies at year-end based on needs
- Agency-underspending totals \$1.3 million. Underspending is primarily in purchased services (\$1.1 million) related to community agency contracts, pre-paid software, and timing of multi-year contracts

# HIGHLIGHTS: VACANCY RATES

## Average Monthly Vacancy Rate January through May 2025

Agency	Vacancy Rate	Agency	Vacancy Rate
Assessor	8.5%	Information Technology	9.5%
Attorney	2.3%	Library	2.7%
Building Inspection	4.4%	Mayor	0.0%
CDA Housing Operations	12.6%	Metro Transit	6.5%
CDA Redevelopment	50.0%	Monona Terrace Comm Conv Ctr	11.4%
Civil Rights	2.8%	Municipal Court	0.0%
Clerk	1.8%	Office Of Independent Monitor	4.6%
Common Council	0.0%	Parking	13.6%
Community Development	15.8%	Parks	7.1%
Economic Development	2.0%	PCED Office Of Director	20.0%
Employee Assistance	0.0%	Planning	2.6%
Engineering	5.7%	Police	1.6%
Finance	6.7%	Streets	4.7%
Fire	11.0%	Traffic Engineering	11.7%
Fleet Services	8.9%	Transportation	20.0%
Golf Courses	14.3%	Water	6.1%
Human Resources	10.0%		
Citywide			6.5%

Total vacancy rate ~1% less than 2024 during same time period.

## Summary Table by Agency: Public Safety

Agency	Adopted Budget	Revised Budget	Year End Projection	Difference	Comments
Fire	\$74,931,653	\$74,961,990	\$74,934,377	\$27,613	Fire is projected to be at budget, including retiree sick leave payouts (\$974,100) <ul style="list-style-type: none"><li>Salaries are projected \$78,000 over budget; Non-permanent wages (e.g. overtime, comp absence, workers comp) projected \$374,300 over budget, lower than historic OT trends due to recruits and paramedics fully in field</li><li>Perm wages lower than budget due to retirements and attrition</li></ul>
Police	\$96,131,038	\$96,142,686	\$96,841,853	-\$699,166	Police is projected to be over budget due to retiree sick leave payouts (\$900,000) <ul style="list-style-type: none"><li>Salaries project at budget, including higher salary savings and 1% budget efficiency</li><li>Non-permanent wages (e.g. overtime, comp absence, workers comp) projected \$980,700 over budget, partially offset by special duty revenues and lower perm wages</li><li>\$130,000 underspending in non-personnel, largely reflecting lower donations for K-9 and mounted</li></ul>
Independent Monitor	\$399,764	\$405,964	\$363,221	\$42,742	Projected surplus due to underspending in legal services

## Summary Table by Agency: Administration

*General Fund Only*

Agency	Adopted Budget	Revised Budget	Mid Year Projection	Difference	Comments
Assessor	\$3,772,896	\$3,772,896	\$3,563,357	\$209,538	Projected surplus due to salary savings
Attorney	\$3,191,310	\$3,191,310	\$3,034,880	\$156,430	Projected surplus due to salary savings
Civil Rights	\$2,676,900	\$2,676,900	\$2,751,082	-\$74,182	Projected deficit due to higher interpretation costs and salary & benefit costs
Clerk	\$2,657,481	\$2,660,990	\$2,969,743	-\$308,753	Projected deficit due to higher salary & benefit costs; supply costs for special election; purchased services costs for absentee ballot mailing software
EAP	\$489,372	\$489,372	\$520,433	-\$31,060	Projected deficit due to position reclassifications and updated salary and benefit costs
Finance	\$6,090,584	\$6,090,584	\$5,998,085	\$92,499	Projected surplus due to salary savings and underspending in purchased services
HR	\$2,275,002	\$2,291,651	\$2,285,684	\$5,967	Projected underspending in purchased services
IT	\$10,981,261	\$11,152,646	\$10,428,581	\$724,066	Projected surplus due to salary savings and underspending in purchased services due to timing of pre-paid software contracts

## Summary Table by Agency: Administration & General Government

*General Fund Only*

Agency	Adopted Budget	Revised Budget	Mid Year Projection	Difference	Comments
Common Council	\$1,177,689	\$1,177,689	\$1,095,244	\$82,445	Projected surplus due to benefit savings and underspending in non-personnel accounts
Mayor	\$1,481,156	\$1,481,156	\$1,521,882	-\$40,726	Projected deficit due to consulting and software costs
Municipal Court	\$378,660	\$378,660	\$327,918	\$50,742	Projected surplus due to security and collection services savings

## Summary Table by Agency: Public Facilities

*Library Fund Only*

Agency	Adopted Budget	Revised Budget	Year End Projection	Difference	Comment
Library	\$22,174,898	\$22,205,026	\$21,690,049	\$514,978	Projected surplus due to underspending in non-personnel items and removing fund balance placeholder added during budget development



## Summary Table by Agency: Planning & Development

*General Fund Only*

Agency	Adopted Budget	Revised Budget	Mid Year Projection	Difference	Comments
Building Inspection	\$5,896,003	\$5,896,003	\$5,766,929	\$129,074	Projected surplus due to salary savings
CDD	\$17,980,040	\$17,981,120	\$17,645,212	\$335,908	Projected surplus due to underspending in purchased services, primarily for child care tuition assistance and other community agency contracts
EDD	\$2,614,358	\$2,814,358	\$2,715,730	\$98,627	Projected surplus due to salary savings
PCED – OD	\$720,448	\$720,448	\$608,899	\$111,550	Projected surplus due to salary savings and underspending in purchased services
Planning	\$4,007,073	\$4,064,597	\$3,989,977	\$74,620	Projected surplus due to salary savings and underspending in purchased services

## Summary Table by Agency: Public Works

*General Fund Only*

Agency	Adopted Budget	Revised Budget	Year End Projection	Difference	Comments
Engineering	\$6,061,661	\$6,065,334	\$5,686,987	\$378,347	Projected surplus due to salary savings
Streets	\$28,844,578	\$28,844,578	\$29,177,403	-\$332,826	Projected deficit based on increased salary savings rate and budget efficiency
Parks	\$17,257,403	\$17,267,478	\$17,006,203	\$261,275	Projected surplus primarily due to salary savings, with some underspending in non-personnel accounts

## Summary Table by Agency: Transportation

*General Fund Only*

Agency	Adopted Budget	Revised Budget	Year End Projection	Difference	Comments
Transportation	\$653,974	\$653,974	\$628,349	\$25,624	Projected surplus due to salary savings
Traffic Engineering	\$10,492,411	\$10,516,183	\$10,560,813	-\$44,630	Projected deficit due to lower than budgeted agency revenues

## NON-GENERAL FUND PROJECTION HIGHLIGHTS

- **Fleet Services:** Projecting \$200,000 over budget in purchased services due to vehicle repairs and maintenance costs, offset by projected surplus in supplies for lower than budgeted fuel costs.
- **Golf :** Projecting additional \$800,560 in revenue from facility rentals and greens fees, offset by higher expenses.
- **Metro:** Projecting \$4 million deficit due to updated revenue estimates and higher than budgeted expenses. Revenue adjustments reflect charge revenues based on 2025 trends, anticipated partner contracts, and updated local revenues. Expenses factor in higher than budgeted overtime and purchased services.
- **Monona Terrace:** Projecting surplus of \$125,900 due to slightly higher than projected revenues and underspending in personnel and non-personnel categories
- **Parking Utility:** Projected surplus of \$424,200 due to higher than budgeted revenues and lower expenses; Parking is not expected to utilize the \$2.6m in fund balance included in the 2025 budget.
- **Public Health:** Personnel is projected to be under budget by \$401,100. The department anticipated needing \$1.2 million from fund balance, but salary savings from vacancies should remove the need to draw on reserves.
- **Sewer:** Projecting overall surplus of \$2.0 million, primarily driven by lower than budgeted expenses for MMSD charges (\$1.7 million), in addition to personnel savings
- **Stormwater:** Projecting overall surplus of \$716,200; both revenues and expenses projected lower than budget
- **Water:** Projecting overall surplus of \$1.5 million, primarily due to lower than budgeted purchased service expenses



# MIDYEAR RESOLUTION



## PRIMARY COMPONENTS OF MID YEAR RESOLUTION

1. Increase General Fund Appropriations by \$2.3 million to address projected deficits and qualify for future state aid payments under the Expenditure Restraint Incentive Program (ERIP)
2. Transfer funds and appropriate fund balance for carryforward encumbrances for contracts that span multiple years.
3. Make intra- and inter-departmental transfers to cover deficits in various major expenditure categories
4. Make other adjustments to non-general fund agencies based on revenue and expense projections
5. Change funding sources and increase budget authority for various projects.

# EXPENDITURE RESTRAINT INCENTIVE PROGRAM (ERIP)

## **What is the Expenditure Restraint Incentive Program (ERIP)?**

- ERIP is a state program that limits growth in the City's General Fund budget over the prior year, excluding debt service, to rate of inflation plus 60% of the net new construction factor
- Compliance with program allows City to qualify for State aid payment of approximately \$7 million

## **Actions proposed in mid-year appropriation**

- In 2025, Madison has an additional \$2.3 million in expenditure "room" in 2025 – this means we can increase expenditures by \$2.3 million and remain eligible for our State Aid payment
- Appropriating general fund balance in 2025 to maximize expenditure capacity will help balance the 2026 budget by lifting the base budget used to calculate future ERIP payments and reduce the projected revenue surplus
- Additional actions will be taken at year-end to transfer underspending to other funds to address projected deficits and reduce debt in the 2026 budget

# 1. INCREASE GENERAL FUND APPROPRIATIONS BY \$2.3 MILLION

## Appropriate \$2.3 million to the following agencies

- **Carryforward Encumbrances:** Provide \$302,880 to various agencies for carryforward encumbrances (see next slide)
- **Civil Rights:** Provide \$45,000 in purchased services for interpretation services
- **Clerk:** Provide \$311,000 in salaries (\$53k), benefits (\$39k), supplies (\$61k) and purchased services (\$158k)
- **Finance:** Reduce inter-departmental billings to Water Utility by \$168,700 and make corresponding change to Water Utility's inter-departmental charges; provide \$168,700 to offset the reduction in billings
- **Mayor:** Provide \$60,000 in purchased services for software (\$42,200) and consulting costs (\$17,800)
- **Metro:** Increase the general fund subsidy to Metro by \$1,412,420 and increase Metro's purchased service budget for ongoing operational costs

## 2. CARRYFORWARD ENCUMBRANCES

Encumbrances that are outstanding at year-end may be carried forward into the next year if contracted services span multiple years. The City centrally budgets for carryforward encumbrances in the general fund and transfers funds to agencies on an as needed basis.

### General Fund

- \$702,880 in carryforward encumbrances from multiple General Fund agencies
- Major items include \$200,000 in EDD for economic development strategy consultant, \$171,386 in IT for consulting services for HRM, \$167,026 in Direct Appropriations for citywide compensation study
- \$400,000 budgeted in direct appropriations
- \$302,880 appropriated from fund balance

### Library Fund

- \$30,128 in carry forward encumbrances
- The Library has sufficient fund balance in its subfund for private donations to cover this expense

### Public Health

- \$235,185 in carryforward encumbrances
- PHMDC has sufficient fund balance to cover this expense



### 3. INTRA-AGENCY TRANSFERS: GENERAL FUND

#### General Fund

- **Assessor:** Transfer \$35,000 from salaries to purchased services for increased expenses for consulting services for modeling
- **Building Inspection:** Transfer \$10,000 from supplies to purchased services for legal services
- **Common Council:** Transfer \$10,000 from benefits to salaries to align budget lines with actual spending
- **Engineering:** Transfer \$128,500 from salaries to supplies (\$107,500) and purchased services (\$21,000) for facility maintenance costs
- **Economic Development Division:** Transfer \$15,000 from salaries to purchased services for subscription fees
- **Finance:** Transfer \$10,000 from purchased services to supplies for postage fees
- **Fire:** Transfer \$65,000 from purchased services to supplies for a CARES van that was ordered in 2024 and received in 2025

#### Other Funds

- **Fleet Service:** Transfer \$200,000 from supplies to purchased services for vehicle repairs and maintenance

## 4. INCREASE BUDGET AUTHORITY: OTHER FUNDS

- **General Fund (Traffic Engineering):** Add \$16,000 in agency revenues and supplies crossing guard stop paddles funded through a grant
- **CDA Fund:** Appropriate \$7.6 million in federal revenues and increase associated expenses for administering Section 8 Housing Vouchers based on current trends and anticipated federal reimbursement
- **CDBG Fund:** Reauthorize \$4.8 million in federal HOME funds that were approved in the 2024 budget and were not carried forward in the 2025 budget; and authorize an additional \$7,621 in HOME-ARP revenues and expenses based on the final award amount from HUD
- **Grant Fund (Fire):** Appropriate \$37,000 from a lapsed HAZMAT grant for additional personnel and non-personnel expenses related to the HAZMAT grant in the Fire Department budget
- **Golf Enterprise:** Increase agency revenues and expenses by \$800,562 based on higher than budgeted activity and increase salaries (\$466,598), benefits (\$178,964), supplies (\$105,000), and purchased services (\$50,000)
- **Public Health:** Appropriate \$118,000 in County revenues for the Saving our Babies project (\$50,000) and Tenant Capacity Building (68,000)

## 5. CAPITAL BUDGET TRANSFERS AND ADJUSTMENTS

The following capital budget amendments update project descriptions, change funding sources based on updated TID project plans, and appropriate non-GF GO funding sources for various projects. The changes do not increase borrowing.

Capital Budget	Short Description
Library	Update scope and project description for Central Library Improvements
EDD/ Parks	Cancel \$2.0 million in GF GO Borrowing in EDD related to Breese Stevens improvements; appropriate \$1.0 million in TID 36 proceeds in Parks for the same project
Engineering Major Streets	Change funding source for Park St, South from sewer revenue bondsto TID 48 supported borrowing
Parks	Appropriate \$25,000 in Golf Reserves for Yahara Hills Culvert replacement and allow Parks to transfer existing GO to other projects within Park Land Improvements program
Traffic Engineering	Appropriate \$132,000 in federal revenues from a grant for bicycle counter improvements