



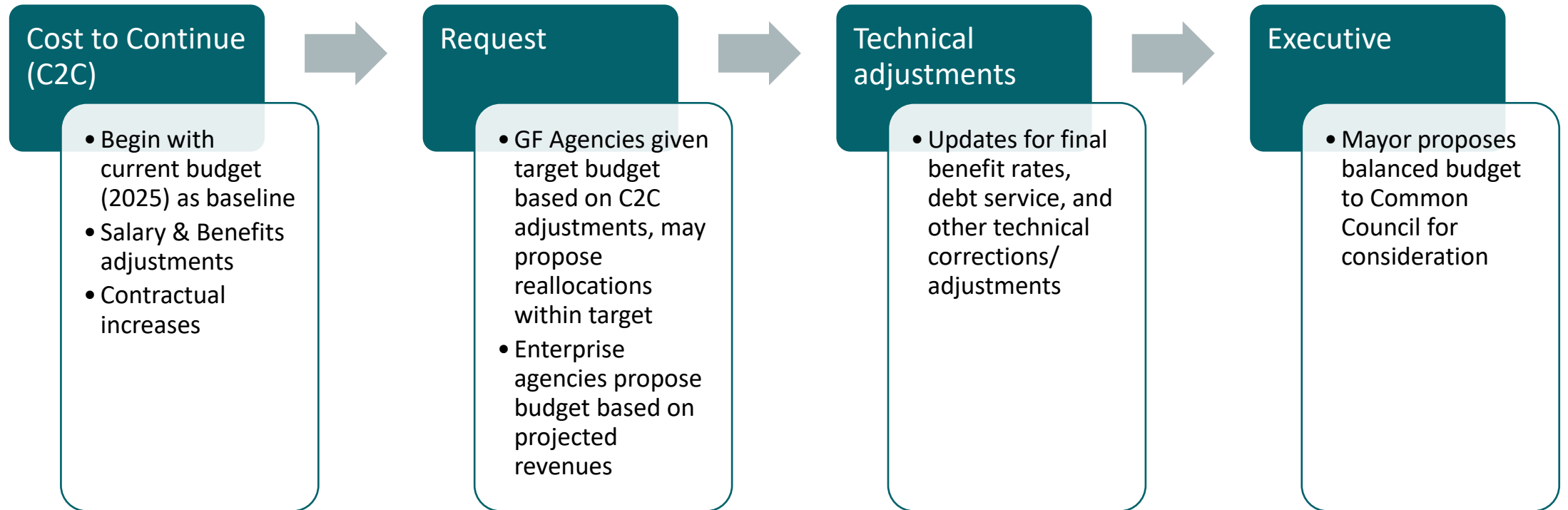
2026 Operating Budget Request Overview

Presentation to Finance Committee
August 25, 2025

Agenda

- Operating budget process & Cost to Continue review
- Highlights of agency requests
- Legislative timeline
- Upcoming capital budget briefings
- Amendment process

Budget Development Process



Cost to Continue Summary

(General and Library Funds)

Initial cost to continue estimates projected a budget gap of \$6.2 million.
Comprehensive review of C2C assumptions presented at June 23 FC meeting ([File 88414](#))

Expenditures = \$456.3 million

Total expenses are \$23.8 million (5.5%) higher than 2025 adopted budget. Major changes:

- + \$10.2m: Salary + benefits increases
- + \$6.5m: Metro subsidy increase
- + \$6.2m: Placeholder for GF Debt Service
- ~\$0.0m: Non-Personnel Costs. Increased funding for software (\$1.3m), library costs for shared services and revenue adjustments (\$470,000), and other increases, offset by removing \$2.0 million in one-time funds for CDD homeless services
- Totals above include cost of 2 additional elections (\$689,000 staffing and services)

Revenues = \$450.1 million

Total revenues are \$17.6 million (4.1%) higher than the 2025 adopted budget. Assumptions:

- + \$13.9m: Levy increase
- + \$3.0m: Increase in interest earnings
- -\$0.5m: Decrease building permit revenue
- - \$0.8m: Removing one-time fund balance for unsheltered operations

Cost to Continue Adjustments: Expense Details(GF + Library)

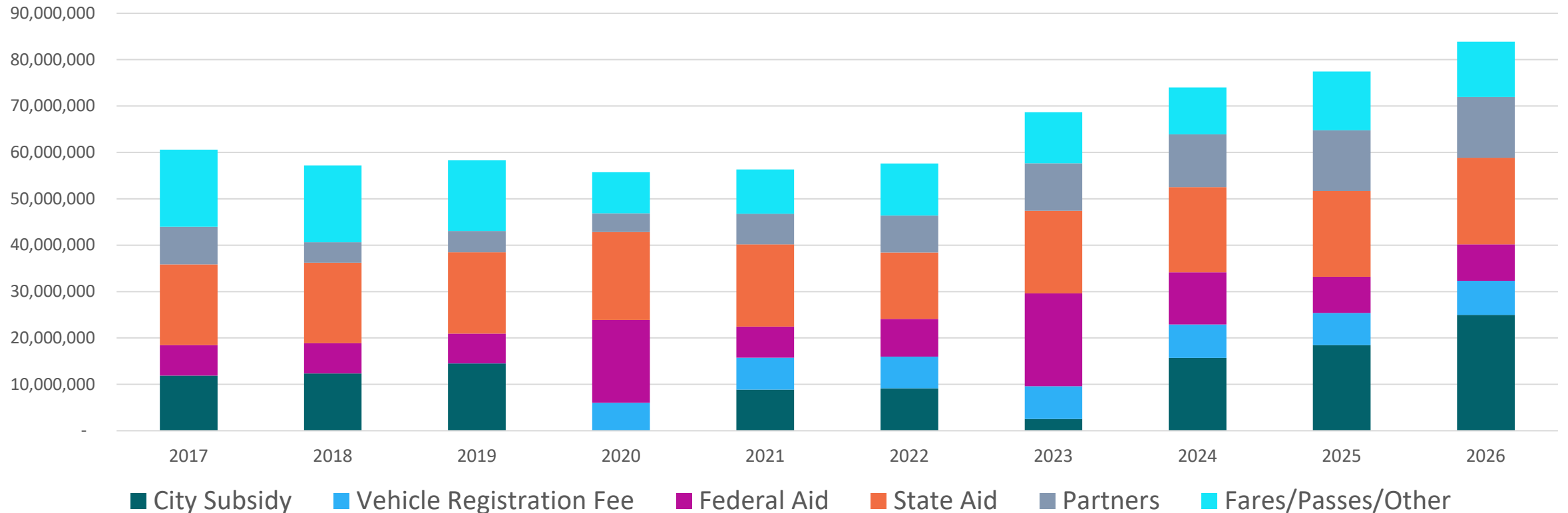
Category	Assumptions
Personnel Costs	<p>\$10.2 million increase in salaries and benefits</p> <ul style="list-style-type: none"> \$4.2m increase in perm wages: 3% increase for GMEs and protective service based on negotiated agreements and Step/Longevity adjustments \$509,000 increase in Clerk's Office: elections staffing \$3.3m increase in health insurance: ETF average increase of 11.5% on local plans \$1.1m increase in WRS: placeholder assumed 5% rate increase \$800,000 reduction in compensated absence escrow: based on actual spending \$728,000 adjustment to budget efficiencies (0.75% reduction in 2026, compared to 1% reduction in 2025) \$1.2m other adjustments for COLA increases to non-perm wages and benefits, adjustments to salary savings, other changes
Elections	<ul style="list-style-type: none"> \$689,000 for elections-related expenses (\$509,000 staffing; \$180,000 non-personnel costs such as software, postage) Reflects gubernatorial election and having 4 elections in 2026 compared to 2 budgeted in 2025; Clerk's office budget regularly fluctuates to reflect election cycle
Direct Appropriations	<ul style="list-style-type: none"> Adds \$6.2m placeholder for Debt Service \$52,000 increase in consulting services for state liaison and PSC rate case
Purchased Services	<ul style="list-style-type: none"> Adds \$1.3m in agencies for software costs (\$1.0m in IT, \$230,000 in Police, \$82,000 in CDD, \$40,000 in Engineering, \$25,000 in Finance) Increased utility costs (electricity, stormwater) in multiple public works agencies (\$272,000) Library: \$350,100 increase in Dane County contract, databases, annualizing Dream Bus operations Removes \$2.0m in CDD related to one-time ARPA funding for unsheltered homeless support

Cost to Continue Adjustments: Other Adjustments(GF + Library)

Category	Assumptions
General Fund Subsidies	
Metro Subsidy	<ul style="list-style-type: none"> Adds \$6.5m to Metro subsidy (2026 total: \$25.0 million) Higher than prior projections based on updated assumptions Assumes 3% COLAs
PHMDC Subsidy	<ul style="list-style-type: none"> Reduced by \$68,300 based on cost to continue and equalized value
Billings and Charges	
Fleet Rate	<ul style="list-style-type: none"> Fleet budget increased by \$1.8 million (2026 total = \$24.0 million) related to increased supplies and equipment (\$666,800), purchased services (\$335,300), personnel costs, and other adjustments \$1.5 million increase in GF billings Updated allocation methodology for ID charges to more accurately reflect assets and usage of fleet services
Cost Allocation	<ul style="list-style-type: none"> Updated plan increases billings to enterprise agencies by \$750,000, primarily due to higher IT costs
Other billings and charges	<ul style="list-style-type: none"> Insurance: increase total agency billings by \$1 million; GF impact of \$338,800 Worker's Compensation: Decrease total agency billings by \$1 million; GF impact of -\$661,700

Context on Metro Transit Operating Revenues

Metro Transit Operating Revenues
(Actuals 2017-2024; Budgeted 2025; Cost-to-Continue 2026)



Reviewing Agency Requests

Finance

Agency Budget by Major-Expense

Major Expense	2025 Adopted	2026 C2C	2026 Request
Salaries	4,672,214	4,914,465	4,914,465
Benefits	1,262,772	1,342,304	1,342,304
Supplies	124,210	124,210	124,210
Purchased Services	1,493,306	1,518,306	1,518,306
Debt Othr Financing	-	-	-
Inter Depart Charges	12,293	15,064	15,064
Inter Depart Billing	(1,437,711)	(1,677,746)	(1,677,746)
Total	\$ 6,127,084	\$ 6,236,602	\$ 6,236,602

Salary & Benefits increases reflect steps & longevity, COLA, higher WRS & health insurance rates, fringe benefits

C2C adjustments for contracts, utilities, other costs

ID Charges and Billings for costs like insurance, workers comp, fleet; Agencies may have large changes year-over-year based on allocation formulas

Changes between '25 adopted and '26 C2C primarily from standard adjustments

Most requests = C2C target; Supplementals not included in totals

Corrections/ Technical Adjustments

- Benefits Savings (-\$2.6 million)
 - Health insurance increase lower than anticipated (9.3% instead of 11.5%): -\$650,900
 - WRS rate increase lower than anticipated: -\$1.0 million
 - 60% reduction in Duty Disability premiums for Police & Fire: -\$786,000
 - Other adjustments: -\$107,500
- Expenses not included in Cost to Continue: (+\$728,500)
 - Clerk – software expenses= \$140,000
 - Correct cost allocation billings = \$144,900
 - Direct appropriations revenue sharing payments = \$164,600
 - Police – GF contribution to COPS grant positions = +\$202,000
 - Streets – correct salary savings + efficiency calculation = +\$77,000
- Net savings from technical adjustments = \$1.9 million

Supplemental Requests

Table below summarizes supplemental request forms. Some agencies noted additional requests in their memos but did not submit a supplemental form (enterprise fund adjustments, Fire request for additional ambulance, OIM request to restore funding levels).

Agency	Description	2026 Cost	Annualized Cost
CDD	Permanent Men's Shelter Operations <ul style="list-style-type: none"> Contract with Porchlight (\$1.5 million) Facility Maintenance Costs (\$200,000) 2026 costs are offset by reallocating \$700,000 in existing contracts 	\$1 million	\$1.7 million
EDD	Continue funding Kiva Madison program, previously in SBER Capital Program (mix of GO Borrowing and grant funding)	\$50,000	\$50,000
HR	1 FTE to administer HRM	\$105,500	\$110,600
	Move Metro HR position to HR	\$85,400	\$90,600
Library	ICRP Operations <ul style="list-style-type: none"> 8 FTEs, hourly positions, supplies and purchased services 2026 cost is for quarter year, 2027 is full cost 	\$326,040	\$1,154,385
Mayor	LTE to FTE Position and software previously funded by grants	\$138,957	\$186,357
Parks	ICRP Operations <ul style="list-style-type: none"> Hourly staff and supplies for maintenance, snow removal 	\$11,675	\$35,230
	Facility maintenance worker for WPCRC	\$39,137	\$78,273
Streets	Olin Drop off site <ul style="list-style-type: none"> 2 FTEs (\$168,000), cost offset by charging time to RRSC and stopping processing wood from private haulers (policy change) 	\$0	\$0
	Total	\$1,756,709	\$3,405,445

Expenditure Restraint Incentive Program

- City qualifies for \$7 million in state aid if it keeps the increase in General Fund budget, excluding debt service, below the change in the Consumer Price Index (CPI) plus 60% of net new construction.
- Estimated growth limit for 2026 = 4 percent
- Cost-to-continue, plus technical corrections, excluding debt service = \$378.8 million
- Maximum allowed to qualify for ERIP = \$380.4 million
- Presentation on cost to continue outlook originally projected expenditures to be higher than maximum level to qualify for ERIP. Technical adjustments, particularly lower than anticipated health and benefit increases, brings requests below ERIP target.
- The total amount of supplemental requests, and other adjustments, would have to remain below the ERIP target in the executive and adopted budgets.

Timeline & Amendment Process

Detailed Timeline for FC and CC Hearings

	Capital	Operating
1.	Mayor Introduces Executive Budget <ul style="list-style-type: none">September 2	<ul style="list-style-type: none">October 7
2.	Finance Committee (FC) Hearings <ul style="list-style-type: none">September 15 & 16	<i>Agencies present budget; alders have opportunity to ask questions</i> <ul style="list-style-type: none">October 13 & 14
3.	FC Amendment Week <ul style="list-style-type: none">September 17 – 24Alders submit by Weds., Sept. 24 at 12pmFinance publishes by Fri., Sept 26 at 1pm	<i>Alders submit requests to budget analysts; analysts review and publish amendments</i> <ul style="list-style-type: none">October 15 – 22Alders submit by Weds., Oct. 22 at 12pmFinance publishes by Fri., Oct 24 at 1pm
4.	FC Vote on Amendments <ul style="list-style-type: none">September 29	<ul style="list-style-type: none">October 27
5.	City Council Amendments <ul style="list-style-type: none">October 28 – November 5Alders submit by Weds., Nov. 5 at 12pmAnalysts publish by Fri., Nov. 7 at 1pm	<i>Alders propose amendments to capital and operating budgets for CC deliberations</i>
6.	City Council Adoption <ul style="list-style-type: none">November 11, 12, 13	Up to three (3) CC meetings to vote on amendments and adopt budget

Capital Briefing Format & Schedule

- Agencies will present highlights from their capital budget, including major changes from the prior year, followed by questions from alders
- After the briefings, alders can submit amendments to the budget team
- All budget materials (executive budget and original agency requests) can be found online:
<https://www.cityofmadison.com/finance/budget/2026/2026-capital-budget>

Monday, September 8 4:30pm* – Virtual Meeting	Tuesday, September 9 4:30pm – Virtual Meeting
<u>AGENCY</u> <i>Public Spaces</i> Library Monona Terrace <i>PCED</i> Planning CDA Redevelopment Community Development Division Economic Development Division <i>Public Safety & Health</i> Fire Police <i>Transportation</i> Metro Parking Division Traffic Engineering Transportation	<u>AGENCY</u> <i>Administration</i> Finance Information Technology Mayor's Office Zoo <i>Public Works</i> Fleet Services Parks Division Streets Division Water Utility <i>Engineering</i> Engineering-Bicycle & Ped Engineering-Facilities Engineering-Major Streets Engineering-Other Projects Sewer Utility Stormwater Utility

How to Prepare for the Capital Budget Hearings

The executive capital budget and executive summary will be published online by 9/2/25, with a limited number of paper copies available to alders. The book will be **200+ pages**. Here are a few key items to look for as you review:

- **Overview of Agency Capital Requests:** Presentation at 5/27/25 FC meeting on capital requests ([Legistar 88413](#), link to [recording](#))
- **Executive Summary:** Summarizes big picture approach and investments by element; separate document from the budget book
- **Budget Introduction:** Summarizes budget policies and guidelines, includes a guide on how to read the budget
- **Agency Budgets:** Details funding for specific projects and programs. Each agency page will include a narrative description of major changes, tables and graphs showing funding by source over the CIP period, and narrative description of projects

Amendment Process:

Who? What? When? Where? Why? How? (1 of 2)

Why submit an amendment?

The amendment process is an opportunity for the City Council to engage in the budget process and propose changes in the executive budget, typically an increase or decrease to an existing project or program.

Who can submit an amendment?

Any alder can propose an amendment.

- FC members can submit an amendment during FC process or CC process
- Non-FC members can request the Council President introduce an amendment during FC amendment week or wait until CC amendment week

What information should be included?

When submitting an amendment, alders should include, at minimum, the following: 1) the agency, 2) the program, project or service, and 3) a brief description of the proposal.

When is the deadline?

You can start submitting amendments any time after executive budget is introduced. Typically, amendments are submitted after agency hearings. In order to have enough time to analyze and publish requests in advance of the vote, we ask alders to follow these deadlines:

- FC Capital: Wednesday, September 24 at 12pm
- FC Operating: Wednesday, October 22 at 12pm
- CC Capital + Operating: Wednesday, November 5 at 12pm

Amendment Process:

Who? What? When? Where? Why? How? (2 of 2)

Where & How

do I submit my requests?

- The process will be completely digital/ online
- Alders submit requests to budget analysts via email (will provide email contacts)
- Analysts will complete financial analysis of the requests and send draft back to alder for approval
- Alder approves draft
- Optional: Alder circulates the amendment for co-sponsorship; co-sponsors must verify their support via email
- Analysts finalize amendment packet, email all alders, and publish online
- Amendments will be taken up in following FC/ CC meeting. Typically taken in order in packet (alphabetical by agency name), though some items may be taken out of order.

Engaging Agency Staff



1. Idea for an Amendment

The process starts when an Alder has an idea to amend the budget.

Amendments typically:

- Adds funding to an existing project or service
- Creates a new project/ service
- Reallocates funding
- Reduce funding



2. Vet the Idea and Evaluate Considerations

Many agencies have strategic plans that guide their work and lay out a timeline for projects. Project ideas may already be scheduled for a future year, or agencies may have higher priority needs to address plans.

Questions to consider when developing an amendment:

- *Is this project in an existing agency work plan?*
- *Is this project on the horizon list?*
- *Does the agency have capacity to implement?*
- *Are there operating budget impacts?*

Agency staff and budget analysts can help answer these questions. Reach out to staff **early in the process** to allow time for follow up on specific ideas.



3. Finalize and Submit

After reviewing various considerations, you may want to adjust your original idea based on information gathered in step 2.

You should work with the budget analyst team to finalize your amendment by the given deadlines.

Amendment Process Tips

Engaging Agency Staff:

- Reach out to the impacted agency to discuss your amendment ideas; staff may have input on timeline, feasibility, and capacity needed to implement ideas

Engaging Budget Staff:

- Reach out to budget staff to discuss fiscal impact; Copy budget staff on communications with agencies so we are aware of potential amendments
- Budget analyst assignments available on [Employeeenet](#)

Timeline:

- Alders can begin submitting amendment ideas any time after the budget is introduced – reach out early if you are planning an amendment
- Amendment ideas do not have to be fully developed by the deadline, but we do have to know you are planning to submit an amendment by the 12pm Wednesday deadline

Amendment Sponsorship

- Any alder can submit an FC amendment, but non-FC members must have an FC sponsor; Alders may reach out to leadership/ FC members to courtesy sponsor
- Common Council (CC) amendments must have 2 sponsors
- Common Council considers the executive budget ***as amended by the Finance Committee***. CC does not deliberate on amendments adopted by FC. If an alder wishes to change the outcome of an amendment discussed by FC, a separate amendment will need to be proposed during the CC Amendment period.
- Include co-sponsors on emails so we can quickly confirm that everyone supports the same version of a file