



Office of the Mayor

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December 13, 2006

Honorable James E. Doyle
Governor, State of Wisconsin
State Capitol, Room 115 East
Madison, WI 53702

Dear Governor Doyle:

Congratulations on your reelection as Governor of the State of Wisconsin. I am looking forward to working with you to continue your efforts to grow our economy, protect our environment, educate our children, and preserve the high quality of life we enjoy.

I am writing today to recommend various initiatives related to the 2007-2009 state biennial budget as it impacts Madison and other communities.

You have demonstrated an understanding of the need for local governments to have self-direction based on local needs, and you have respected and trusted local officials to show restraint. Artificial, one-size-fits-all levy limits are both ill advised and unnecessary.

The City of Madison has been, and will continue to be, a good steward of the taxpayers' resources. The City has limited increases in its levy without compromising basic services. In fact, we have held the line on property taxes, keeping levy increases below the City's historic average levy increase of 5.6% in each of my four budgets (see Attachment 1, City of Madison Percent Levy Increase Above/Below the Historic 5.6% Average). Moreover, this year taxes on the average house in Madison went up at just the rate of inflation (3.7%) for City taxes and only 1.45% on the total tax bill.

The City's budgets are consistently within the growth-plus-inflation limits set by the Expenditure Restraint Program. The City's 2007 budget results in an increase in total expenditures of only 3.67%, which is below the rate of inflation of 3.7%.

The levy that supports the City's 2007 budget is \$1.7 million below the levy limits included in the 2005-07 state biennial budget. All of these accomplishments prove that the City of Madison budgets responsibly without the need for artificial state-imposed budget caps.

However, in order to ensure that local governments like the City of Madison can continue to deliver quality basic services at a cost that our residents can afford, the level of state government support must not be allowed to remain stagnant or decline.

- I. **Existing State Aid Programs.** A quick glance at the trend in the decrease to the City of Madison in state shared revenue payments makes it clear that reduced and flat state aids force local governments to rely on the property tax to fill the gap (see Attachment 2, Property Taxes vs. State Aid).

While the City of Madison's expenditures, which are primarily a function of the increase in costs associated with providing basic services, have increased predictably, state aids have remained essentially flat or decreased, placing greater emphasis on the property tax to fill the gap.

In 1990, Madison supported 54% of its budget through property taxes. Next year, it will be 68.1%. In order to continue holding the line on taxes without draconian cuts to services, the pattern of flat or decreasing state aid must be reversed. The following programs discussed below deserve special attention.

- A. **Payment for Municipal Services.** The Payment for Municipal Services program has not seen an increase in funding since 2002 (when the program received an increase of 1%). However, even by the State's own calculations, entitlements to municipalities for providing public safety and other basic services to state-owned buildings has increased by 7.8% since that time. It is only right that state government pay its fair share for receiving basic services.

City of Madison position: The reimbursement rate for 2006 is the lowest it has been since 1977. Establish a minimum reimbursement rate of 90% for the next biennium with a goal of achieving 100% in future years.

- B. **Shared Revenues.** In 1984, the City of Madison's shared revenue payment was \$24,356,021. By 2006, that figure dropped to \$8,464,452. The contribution of shared revenues to the City of Madison's budget continues to decline (see Attachment 3, Shared Revenue as a Percent of Budgeted Expenditures).

In the 2003-05 state biennial budget, the City of Madison suffered the largest biennial decrease in state shared revenues in a decade and a half: \$3.8 million. This cut amounted to a 19% decrease in these revenues, and one of the largest decreases of any municipality in the state. Since then, state shared revenues have struggled to return to the level they were in 2003.

The City of Madison supports your efforts and commitment to continue funding the state shared revenue program, but requests that the inequities that have disproportionately impacted the City's payments under this program be corrected.

City of Madison position: Return funding to the level of 2003 and apply an inflationary growth in payment.

- C. **Expenditure Restraint.** The City of Madison, through thoughtful and careful budgeting, has controlled its spending and qualified for payments under the Expenditure Restraint Program (ERP) every year since its creation in 1991. In short, ERP works. However, payments under this program to the City of Madison have also struggled to return to the level they were in 2003.

City of Madison position: Return funding to level of 2003. Continue to apply ERP to budgeted expenditures, not levy, and apply an inflationary growth in payment.

- D. **Recycling Grants.** Wisconsin has one of the most successful recycling programs in the nation. The key to the success of our program is the partnership that was established between the state and local units of government. Local governments took on the responsibility of implementing the state's ambitious recycling goals with the state offering to provide financial support for their efforts.

The City of Madison continues to innovate in this area for the benefit of taxpayers and our environment. In fact, our new automated recycling program has increased recycling by 35% and reduced our cost per household. However, this required a substantial upfront investment at a time of decreasing state support. The funding for the recycling grant programs has not increased since 2000. During the 2005-07 biennium alone, over \$33 million was diverted from the recycling fund to the general fund and to other program accounts.

These practices have resulted in flat and recently declining funding for the City of Madison. In fact, Madison's 2007 funding is the lowest annual award since this program's inception in 1992.

City of Madison position: All funds diverted from the recycling fund should be restored and used to reimburse communities for the cost of their recycling programs either through the Grants to Responsible Units Program or the Recycling Efficiency Incentive Grant Program. Also, apply an inflationary growth in payment.

- E. Urban Transit Aids.** Madison Metro is a model for mass transit in the State of Wisconsin. Madison Metro continues a positive trend toward increased ridership (see Attachment 4, Annual Total Passengers for Metro Transit Fixed-Route System).

A five-year Wisconsin Department of Transportation performance audit revealed that Metro's ridership is 400% higher on a per capita basis than average for transit systems in communities of comparable size. The trend in ridership growth is almost three times the average of the service level peer group.

Madison Metro has also developed an extensive list of regional partners it serves. Partners include the City of Middleton, City of Fitchburg, City of Verona, Town of Madison, UW-Madison, Madison Area Technical College, Edgewood College, UW Hospital and Clinics, St. Mary's Hospital, and the American Family Center. Metro is also studying service expansions into Sun Prairie, Cross Plains, and Stoughton, and continues to study models of regionalization.

Despite these successes, Madison Metro has suffered significant funding shortages. State funding increases to Metro have helped prevent significant cuts in service, but have not kept up with the costs of operating the system. As a result, Madison Metro has struggled to continue its excellent operation without imposing severe service cuts, which ultimately hurt workers in our community who rely on public transit to get to their jobs. Over half of Metro's passengers rely on transit to commute to and from work. Therefore, service disruptions caused by funding shortages have a direct impact on our local economy – such as loss of productivity – as it becomes more difficult for our workers to get to their jobs. (See Attachment 5, Urban Transit Aids as a Percent of Total Metro Expenditures.)

City of Madison position: Sustained inflationary growth for future payments.

- F. General Transportation Funding.** The cost of maintaining roads continues to shift to the tax levy and other limited sources of funding.

The transportation aids to municipalities program was increased 1% and 2% in the first and second years of the current biennium, respectively. Both increases are lower than the current rate of general inflation of approximately 3.7% and substantially lower than the rapid increase in construction costs.

City of Madison position: Sustained inflationary growth for future payments.

- II. **Artificial Budget Caps.** The City of Madison opposes efforts to artificially limit local government budgets through "one-size-fits all" budget formulas, whether imposed by statute or by amending the State Constitution. These efforts run counter to Wisconsin's wise tradition of having local decisions made locally by the elected government officials who are closest to the people they serve.

City of Madison position: Opposed to artificial budget caps.

- III. **First Responder Enhancement Program.** The problems associated with gangs and drugs continue to challenge the ability of local law enforcement agencies to combat these threats to our neighborhoods. Also, as our communities physically grow, we need to build and staff new fire stations and add ambulances to provide proper and prompt firefighting and paramedic services. State government assistance in this area is critically important to make sure that our communities have a sufficient level of first responder coverage.

City of Madison position: Create a statewide First Responder Enhancement Program to provide funding for local units of government to hire, train, and equip additional police officers, firefighters, and paramedics.

- IV. **Enhanced Ex-Offender Supervision Initiative.** In recent years, the City of Madison has experienced a concentration of probation and parole placements of ex-offenders by the Wisconsin Department of Corrections in some of Madison's most challenged neighborhoods. This concentration of ex-offenders is negatively impacting these neighborhoods because some ex-offenders become involved in new criminal activity. One issue that exacerbates this problem is that the number of probation and parole agents is insufficient. Clearly, such limited contact does not amount to the supervision that the probation and parole system was designed to offer.

City of Madison position: Create an Enhanced Ex-Offender Supervision Initiative that would provide sufficient resources to enable probation and parole agents to have contact with ex-offenders more frequently, and would also allow agents to follow up on any intelligence gathered about ex-offenders that would indicate a high risk of re-offending

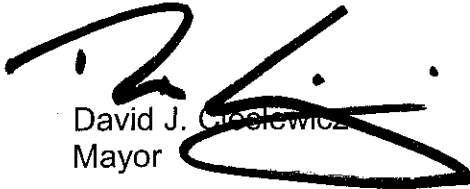
- V. **Child Care Funding:** Access to quality childcare is an important contributor to the health of our families and the strength of our economy. The City of Madison's exemplary childcare accreditation program works to guarantee the kind of experiences children need for optimal development. Further, once reliable childcare has been secured, parents are better able to find and retain jobs and fully contribute to our economy. Because care for many of our low-

income children is funded by the Wisconsin SHARES program, any rate reductions or budget shortfalls in this program would jeopardize our ability to achieve this important goal.

City of Madison position: Inflationary increase to Wisconsin SHARES program.

Once again, congratulations on your re-election. We look forward to working with you to provide property tax relieve, increase public safety, and improve the quality of life to all Wisconsin cities.

Sincerely,

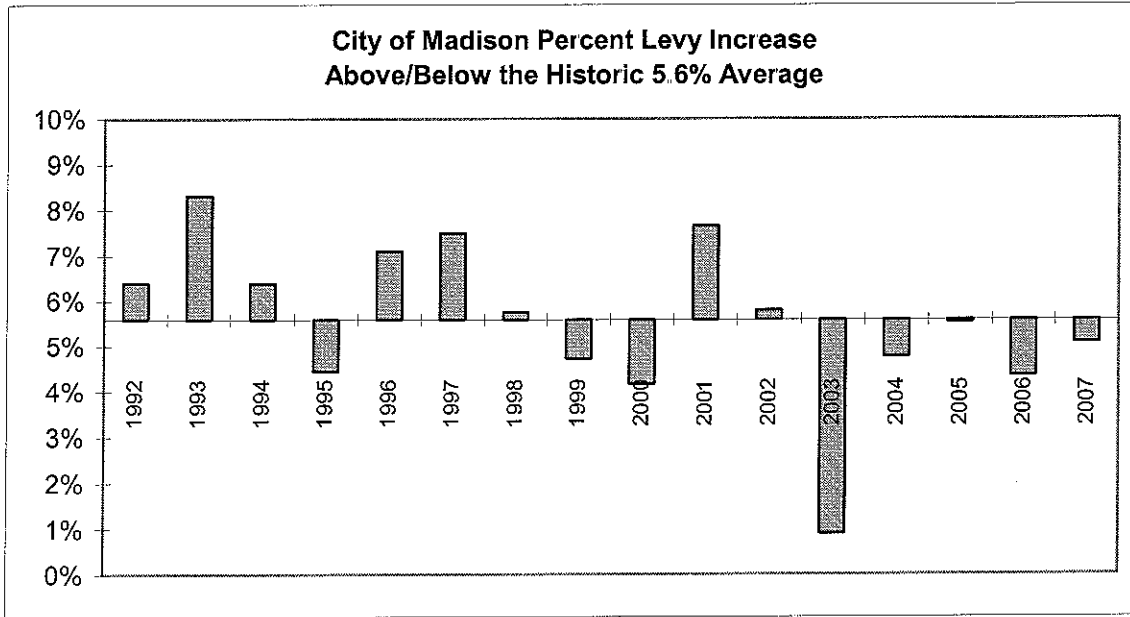


David J. Goslewski
Mayor

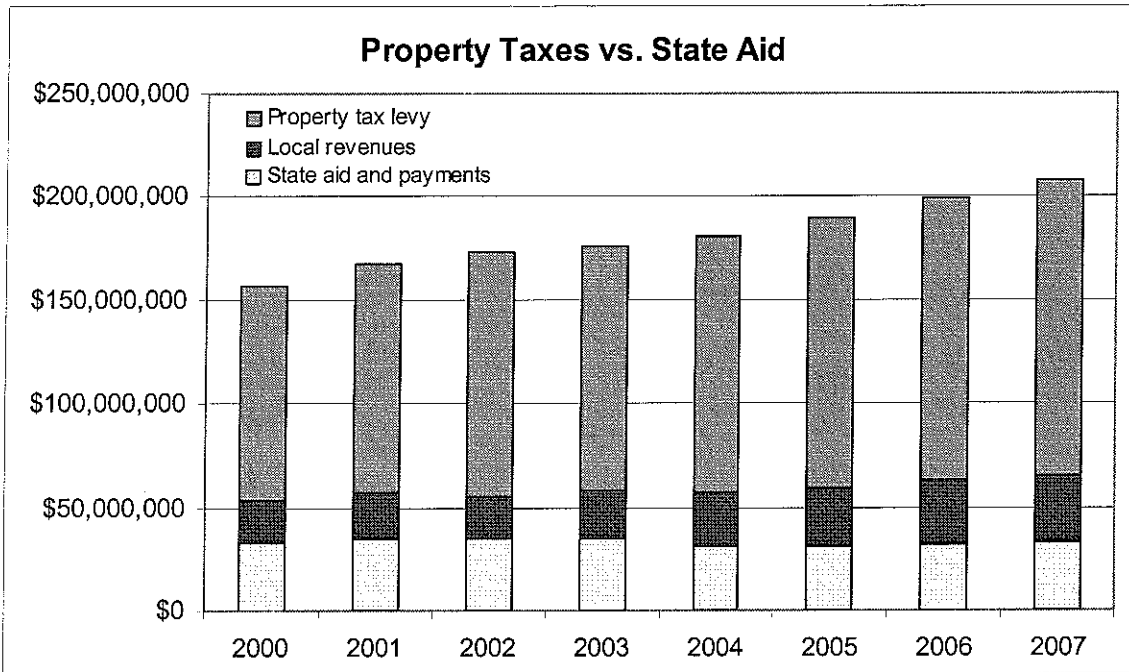
DJC/III

cc: President and Members, Madison Common Council
Dane County members of the Wisconsin Legislature
Stephen E. Bablitch, DOA Secretary
Sean Dilweg, DOA Executive Assistant
Michael Morgan, DOR Secretary
Mayor's Management Team
Chuck Kamp, Metro Transit Director
Dorothy Conniff, Community Services/Child Care Supervisor
Hickory Hurie, Community Development Grants Supervisor

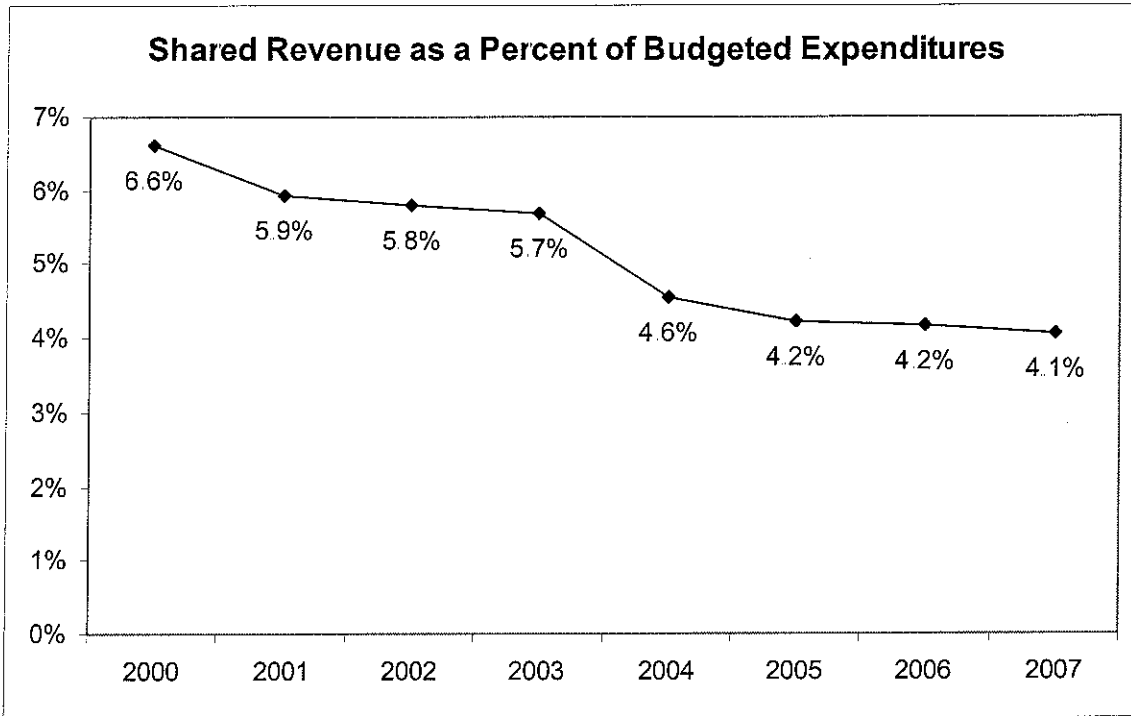
ATTACHMENT 1



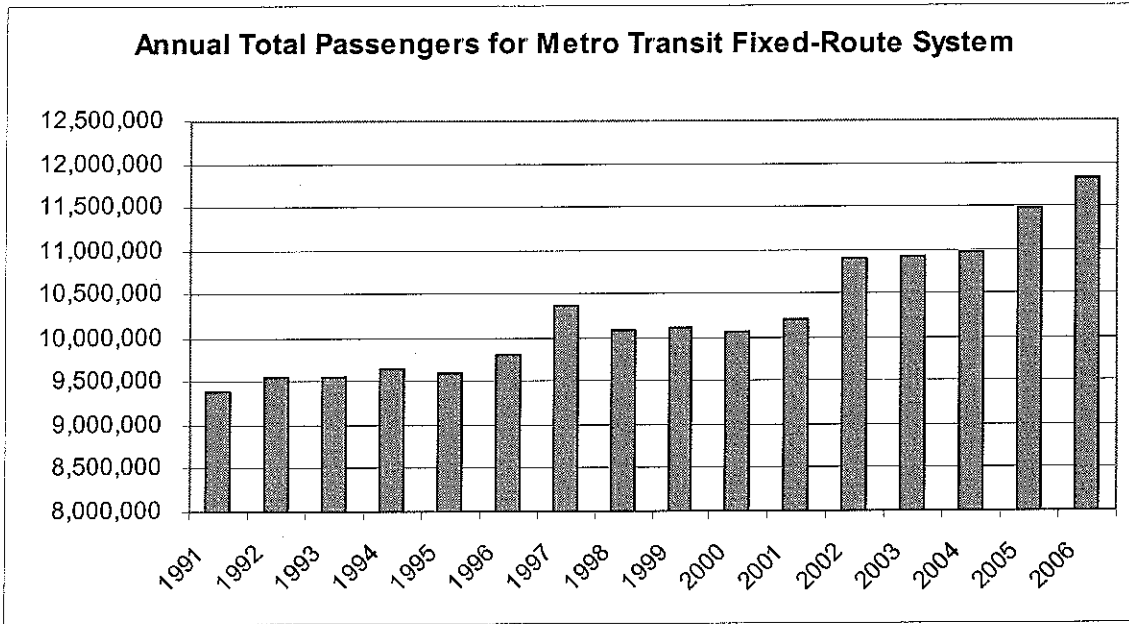
ATTACHMENT 2



ATTACHMENT 3



ATTACHMENT 4



ATTACHMENT 5

