

MADISON'S BUDGET PROCESS

AFFIRMATIVE ACTION COMMITTEE

AUGUST 27, 2020





BUILDING MADISON'S BUDGET



BUILDING MADISON'S BUDGET

The budget development phase is a yearlong process that can be broken into 4 components

BUDGET BASICS

- Madison's budget includes two components:
 1. Capital:
 - Investments in major assets including infrastructure & equipment
 - Primarily funded by debt which is ultimately repaid by the operating budget
 2. Operating
 - Funds the day to day expenses of City operations



STEP 1: COST TO CONTINUE



Cost to Continue

Timeline: January-March

- Finance Dept works with agencies to prepare projections to determine how much it will cost to provide the same level of service in the upcoming year
- Common Adjustments:
 - Personnel Costs
 - Debt Service
 - Space & Contract costs
- This projection informs the projected surplus or gap for the upcoming year
- This information is used to determine guidance for agency requests

STEP 2: AGENCY REQUESTS

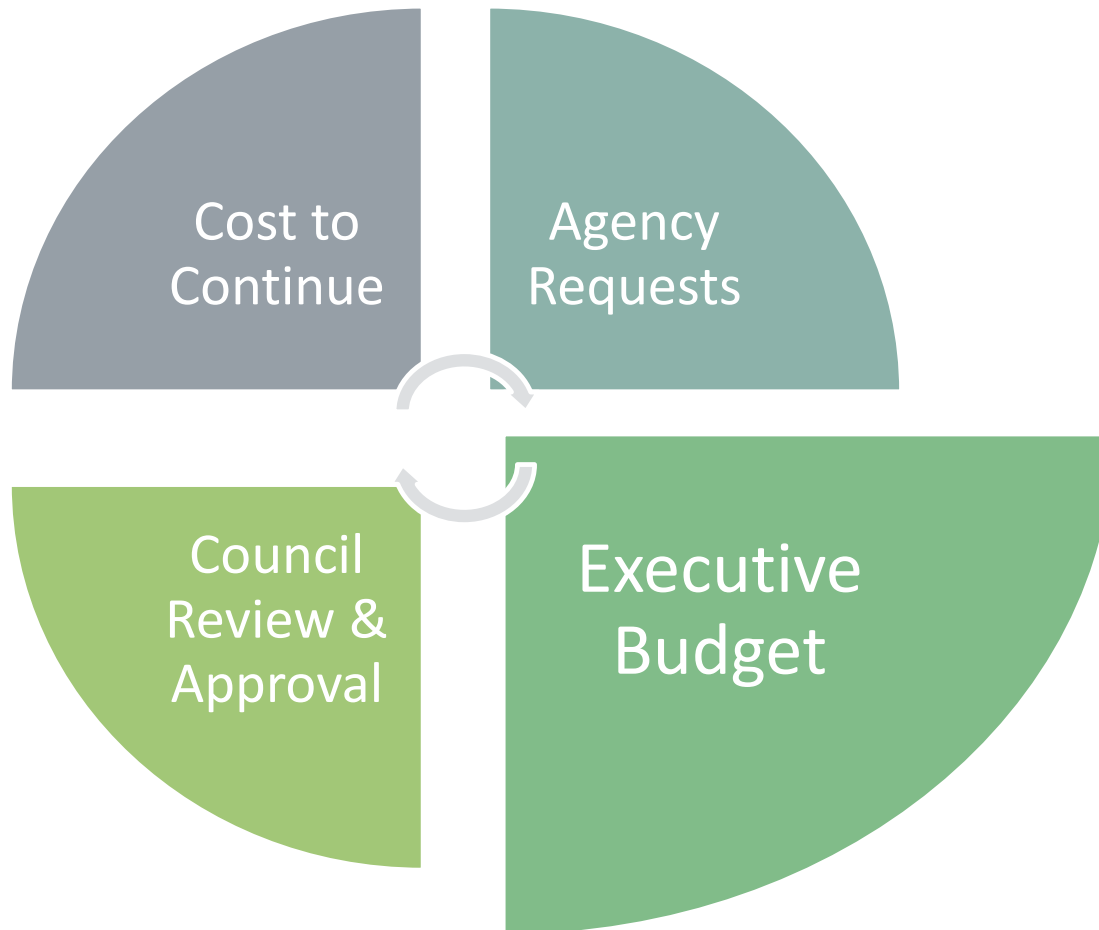


Agency Requests

Timeline: April-July

- The Mayor holds Budget Kickoff with Budget Memo
- Agencies receive Budget Instructions
- Following kickoff 5.5 weeks to prepare budget submissions
- Capital requests are submitted first; followed by operating requests
- Requests for new capital projects or operating expenditures is dependent on Mayor's Budget guidance
- Agencies can propose ways to reprioritize spending within the target provided by the Mayor's Guidance

STEP 3: BUILDING THE EXECUTIVE BUDGET



Executive Budget

Timeline: July-August

- Mayor reviews all agency requests & prioritizes spending within available resources
- Timing of capital projects may be adjusted based on citywide priorities
- Operating budgets updated based on updated information regarding personnel costs

STEP 4: COUNCIL REVIEW & ADOPTION



Council Review & Adoption

Timeline: September-November

- Mayor's Executive Budget introduced at CC & referred to Finance Committee
 - Capital Budget-September
 - Operating Budget-October
- Finance Committee holds Agency Hearings
- Alders proposed amendments to the Executive Budget
- Finance Committee refers Executive Budget as amended back to full Council
- Council has 2nd opportunity to amend the budget
- **BUDGET PASSED!**



MADISON'S BUDGET PROCESS: WHERE WE ARE GOING



A STRATEGIC BUDGET PROCESS



ELEMENTS OF A GREAT CITY



OLD WAY VS NEW WAY

Old Way	New Way
Start with last year's spending	Start with outcomes we want to achieve
Budget by Agency	Budget by Citywide Element
Focus on how \$\$ will be spent	Focus on how we will achieve results

WHAT'S A SERVICE & WHY DOES IT MATTER

A service should meet the following criteria:

1. Identifiable costs for budgetary purposes
2. A clear public purpose and measurable objectives
3. Clear lines of accountability for its performance and fiscal management

Services are intended to represent how residents interact with services rather than how they are organized within the City organization



SERVICE COMPARISON: PRE & POST RESULTS MADISON ENGAGEMENT

Current Services



☐ Water Quality

New Services



☐ Water Quality

☐ Water Engineering

☐ Water Operations & Maintenance

☐ Water Customer Service

☐ Water Finance & Administration

SERVICE COMPARISON:
PRE & POST RESULTS MADISON ENGAGEMENT

Current Services

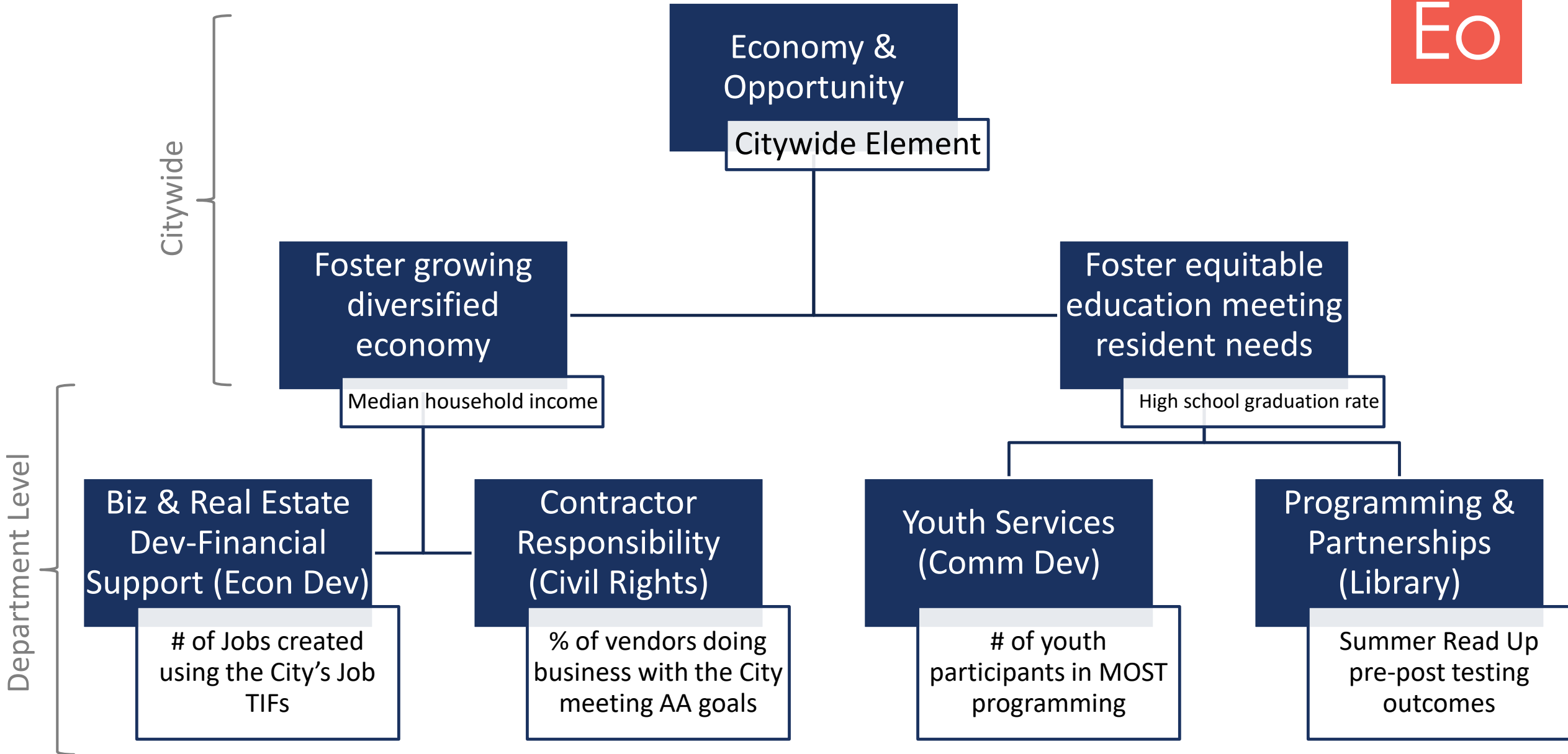


- ☐ Police Field
- ☐ Police Support

New Services



- ☐ Training
- ☐ Special Operations
- ☐ Patrol & Traffic Services
- ☐ Criminal Investigation Services
- ☐ Community Support Services
- ☐ Administrative Services





PROGRESS ALREADY MADE



PROGRESS MADE SO FAR

Agency Proposals

Capital

Use of performance metrics stating how the impact of capital investment will be measured

Connecting all capital projects to the Citywide Element & Strategy advanced by the project

Operating

Enhanced service proposals explaining what activities are performed by the service and service level impacts of budget increases & decreases

Evaluating Proposals

Evaluation Teams

Use of Evaluation Tool & Teams to score capital requests ensuring they are in alignment with stated priorities

Shared decision making & accountability when it comes to funding decisions

Design Criteria

High level criteria used in the 2021 Executive Budget to work through decision points

TANGIBLE RESULTS

2020 BUDGET INVESTMENTS

- The 2020 capital budget (Executive) decreased debt service while investing in priority projects; 79% of projects could be tied back directly to a strategy in Imagine Madison (Comprehensive Plan)
- The 2020 operating budget deferred increases to public safety services in order to fund key investments in youth programming:
 - Increased funding for 15 neighborhood centers to expand youth programming
 - Creation of 2 new youth-focused positions in Library & Parks
 - Free summer bus passes for middle and high school students eligible for free and reduced lunch

INTERACTING WITH THE BUDGET

- Enhancing the budget book & amendment process for residents & policymakers
- Making budget data more accessible and transparent for residents:
 - Capital Projects Storymap: Interactive map showing capital projects and linking to project & budget detail
 - Open Budget Platform:

TANGIBLE RESULTS: MADISON'S BUDGET BOOK

Old Way

Budget Service Descriptions:

Fire Operations

Operations is responsible for emergency response and non-emergency services. All staff and support costs related to providing this service are included. The Department provides fire, emergency medical care, lake rescue, hazardous materials and other disaster responses in providing for the community. Personnel also conduct semi-annual inspections, perform fire safety education, and participate in community events. The Department also serves as a County and Regional Team.

Budget changes
presented at service level

Service Summary			
	2011 Actual	2012 Adopted	2013 Adopted
Total Expenditures	\$ 42,219,203	\$ 41,226,584	\$ 41,308,053
Less Inter-Agency Billings	935,978	496,286	1,817,633
Net Total	\$ 41,283,225	\$ 41,226,584	\$ 41,308,053

Key activities performed
by the service

Budget changes broken
out at service by type

New Way

Service: Fire Operations

Citywide Element: Healthy and Safe

Service Description

This service is responsible for emergency responses to: fires, emergency medical care, lake rescue, hazardous materials, and other disaster responses. Specific non-emergency functions include: semi-annual inspections, fire safety education, and participating in community events. The goal of this service is to ensure quality emergency response services across the City of Madison.

Major Budget Changes

- Increased Overtime to fund minimum staffing of 86 which will staff 14 stations (\$400,000).
- Added newly identified revenue for reimbursements from iCare, a managed care organization providing insurance benefits for Wisconsin residents with disabilities and low-income (\$30,000).
- Added revenue for reimbursements for Hazmat incident response to reflect recent trends (\$10,000).
- Added 1.0 FTE Accountant (\$82,400) position to assist with the procurement and financial reporting funded by reductions to Supplies and transferring items to the Fire Equipment capital project (\$82,700).
- Increased General Fund support to continue funding for the Community Paramedicine program previously funded through a National Institute of Health grant that will expire in 2020 and eliminated the General Fund transfer to the grant fund for this grant (\$56,100).
- Increased General Fund support for the personnel costs associated with the Hazmat program that were previously funded with grant revenue (\$26,360).
- Transferred funding from the Fire Prevention Service to the Fire Operations Service to reflect three positions from the Fire Investigations Unit incorporated into the staffing model (\$347,500).

Activities Performed by this Service

- Fire Suppression and Emergency Medical Service: Respond to emergency Fire and EMS incidents including field operations for Fire and EMS service, 14 fire stations, and fire maintenance.
- Fire Administration: Provide overall leadership (Fire Chiefs) and manage budget and fiscal services, including payroll, purchasing, billing, receipts, information technology, and grant management.
- Training and Recruitment: Recruit and hire new employees, oversee fitness and wellness of personnel, provide Fire and EMS training for recruits and personnel.
- Specialized Operations: Provide specialty services including Lake Rescue, Heavy Urban Rescue, Hazardous Materials, special event staffing for emergency response, and Tactical EMS.

Service Budget by Fund

	2018 Actual	2019 Adopted	2019 Projected	2020 Request	2020 Executive	2020 Adopted
General	51,577,869	51,594,725	53,693,334	54,828,138	55,708,931	56,056,457
Other-Expenditures	1,550,613	1,789,571	1,781,631	1,784,480	1,814,480	1,814,480
TOTAL	\$ 53,128,482	\$ 53,384,296	\$ 55,474,965	\$ 56,612,618	\$ 57,523,411	\$ 57,870,937

Service Budget by Account Type

	2018 Actual	2019 Adopted	2019 Projected	2020 Request	2020 Executive	2020 Adopted
Revenue	(434,517)	(463,316)	(496,301)	(511,540)	(511,540)	(511,540)
Personnel	46,830,294	46,514,319	48,804,839	48,881,452	49,762,245	50,109,771
Non-Personnel	2,699,454	3,081,272	2,914,406	3,810,386	3,840,386	3,840,386
Agency Charges	4,033,251	4,252,022	4,252,022	4,432,320	4,432,320	4,432,320
TOTAL	\$ 53,128,482	\$ 53,384,296	\$ 55,474,965	\$ 56,612,618	\$ 57,523,411	\$ 57,870,937

TANGIBLE RESULTS: BUDGET AMENDMENTS

Old Way

2014 Operating Budget: Proposed Board of Estimates Amendments				
				Amendment No.
Agency:	Streets Division			
Page(s):	110			
Sponsors:	Alds. Resnick, Schmidt*			
Delete funding for the Recyclopedia.				
	Advertising		\$ (5,000)	Levy Impact: \$ (30,000)
	Postage		(10,000)	
	Printing		(15,000)	
	Total:	\$		

Amendment broken out by funding type

Analysis outlining ongoing impact & background of amendment

New Way

2020 Operating Budget:		Amendment No.	17a
Finance Committee Amendments-Recommended			
Amendment Title:	Restore \$25,000 for Pavement Marking-Option A		
Agency:	Traffic Engineering		
Sponsors:	Alder Verveer		
Co-Sponsor (s):			
Amendment			
Amendment Narrative			
Restore \$25,000 to support Pavement Marking activities.			
Amendment by Funding Source			
	General Fund	Other Funds	
Revenue	0	0	
Expenditure	25,000	0	
TOTAL	\$25,000	\$0	
TOAH Impact	\$0.27	n/a	
Amendment by Major			
Revenue	0		
Permanent Salaries	16,000		
Benefits	2,560		
Supplies	6,440		
Purchased Services	0		
Other	0		
	\$25,000		
Vote			
Action			
Action:	No Action Taken		
Discussion			
Amendment Impact			
Recurrence:	Ongoing		
Annualized Cost:	25,000		
Amendment Analysis			
The Executive Budget reduced the Pavement Marking budget by \$50,000. At the Executive funding level, maintenance will be focused on crosswalks in school zones and high traffic areas. This amendment will restore \$25,000 funding to expand pavement marking activities beyond school zones and high traffic areas.			

WHAT'S COMING NEXT: PREPARING FOR 2022

Capital Budget

- Expanded use of Evaluation Teams for reviewing capital proposals & making recommendations
- Encourage agencies to utilize Equity tools when determining which capital projects will be part of their request

Operating Budget

- Budget around updated services that better reflect how residents interact with City services
- Evaluate service proposals by Citywide Element rather than Department
- Continue to enhance presentation of service level budgets
 - Staffing levels by service

Community Engagement

- Partner with City agencies to rollout materials geared towards helping residents understand the City's budget & the budget process
- Utilize tools allowing residents to share budget priorities