



Legislation Text

File #: 82456, **Version:** 2

Fiscal Note

No appropriation required. This resolution establishes guidance to staff for developing the 2025 City budget based on the values and priorities expressed by the Common Council at its Committee of the Whole meeting on March 5, 2024.

Title

SUBSTITUTE: Establishing Guidance for Developing the 2025 City Budget

Body

WHEREAS, the City of Madison has faced a structural deficit each year in its budget since 2011 with the growth in costs-to-continue current services to residents exceeding the allowable rate of growth in City revenues under state law, and;

WHEREAS, state law places severe limits on Wisconsin cities to have sufficient and diversified revenues to pay for services to residents, and;

WHEREAS, Wisconsin cities have the highest reliance on property taxes to fund services than any other Midwestern state, and;

WHEREAS, the City has already utilized most of its limited options over the past 14 years, including spending reductions and charge and fee increases, to address the structural deficit, and;

WHEREAS, City revenues remain nearly 10 percent (\$33 million) below pre-COVID levels, despite strong economic growth in the City, due to State prohibitions on a local sales or income tax, combined with strict State limits on growth in property taxes, and;

WHEREAS, despite the largest increase in shared revenue from the State to municipalities in decades, Madison received the smallest amount per capita of any community in Wisconsin, and;

WHEREAS, the economic effects of the COVID pandemic, the strict state law limits on increasing revenues under state law, and the costs-to-maintain services to a growing city, are projected to create a \$27 million deficit for the 2025 budget, and;

WHEREAS, there are limited options to increase City revenues to address the deficit, and;

WHEREAS, addressing the budget deficit with expenditure reductions would result in significant service reductions to residents, vulnerable populations, families, businesses, as well as unprecedented layoffs of staff, and;

WHEREAS, the Council has engaged in a comprehensive briefing and discussion process about the City budget, the structure of the State and Local financial relationship in Wisconsin, and options for addressing the City's structural deficit, and;

WHEREAS, the process for developing the City budget takes several months and requires providing guidance to City agencies in the Spring of each year, and;

WHEREAS, the scope of the 2025 budget deficit requires preliminary guidance from the Council regarding a general plan for developing the budget.

NOW, THEREFORE BE IT RESOLVED, that the Common Council's values and priorities for the 2025 budget include: maintaining services for residents, preventing layoffs or furloughs of city staff who provide services, maintaining wage parity for general municipal employees, meeting the needs of a growing city, and choosing the most progressive revenue options that consider housing affordability for residents; and

BE IT FURTHER RESOLVED, that the Common Council provides the following guidance to the Mayor and staff for developing the 2025 budget:

1. Staff are directed to eEvaluate service levels, staffing, and fiscal impact when developing their budget requests and to seek ways to increase efficiencies in their operations.
2. Staff are directed to eExplore a reduction in expenditures from cost-to-continue levels that does not compromise services to residents.
3. Staff are directed to dDevelop language for a referendum to increase the allowable levy limit for a portion of, or the full amount of, the projected budget deficit, as well as options to replace existing non-property tax revenues, for consideration by the voters at the November 5, 2024, general election.
4. Staff are directed to pPrepare contingency plans for the 2025 budget in the event that the voters do not approve the referendum, including options for special charges, which will be presented to the Council with the executive budget.
5. Staff should dDevelop a multi-year plan to address the on-going structural deficit due to limits on revenues under state law, including options for developing new, or increasing existing, fees and charges, to be included with the executive budget.
6. Staff should eConsider the overall level of general obligation borrowing in developing the City's 2025 capital budget and capital improvement plan in order to reduce the rate of growth in property taxes.
7. Staff should dDevelop a community engagement plan to educate the public on the City's financial condition and options for addressing the structural deficit and may engage a consultant to support this work, if needed.