WISCONSIN POLICY FORUM

A LOOK AT MADISON'S FINANCES

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March 2024

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Nonpartisan Research
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WISCONSIN POLICY FORUM

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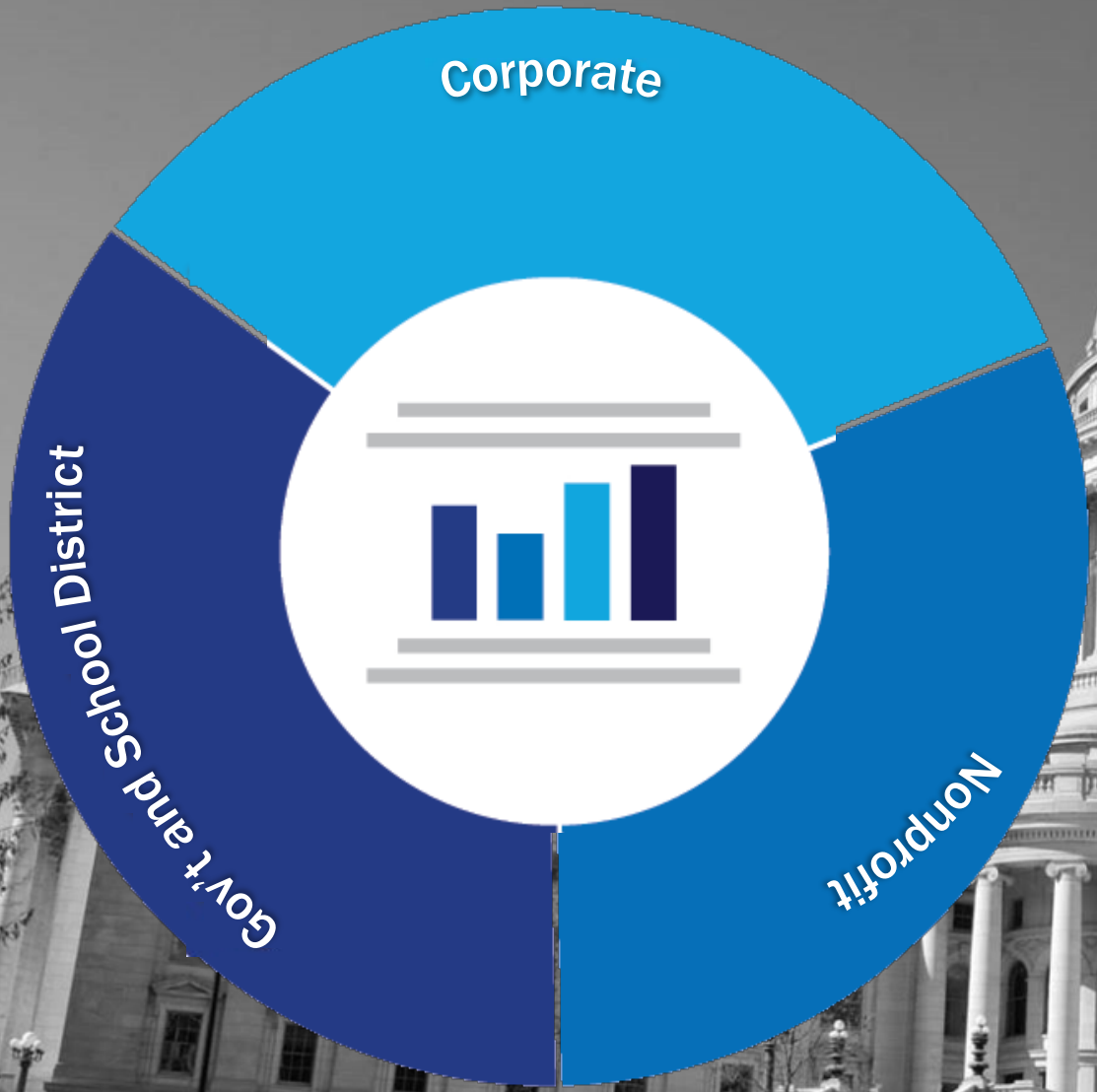
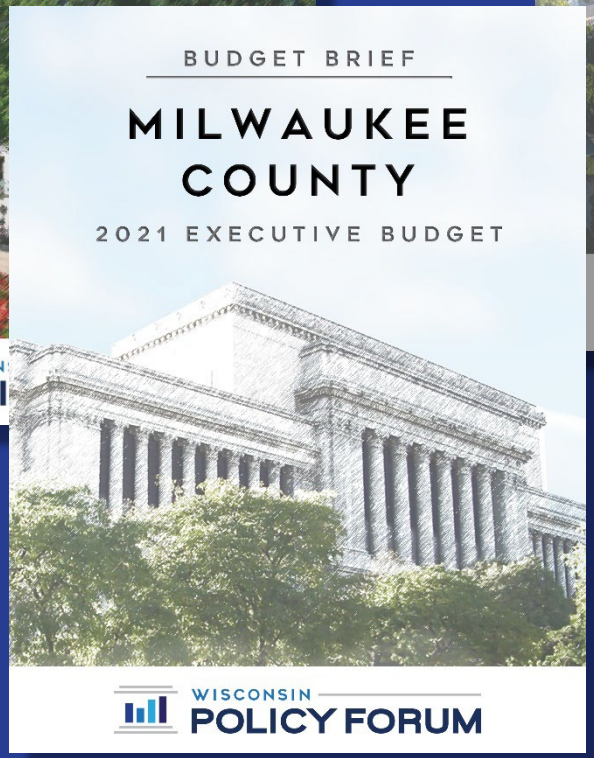
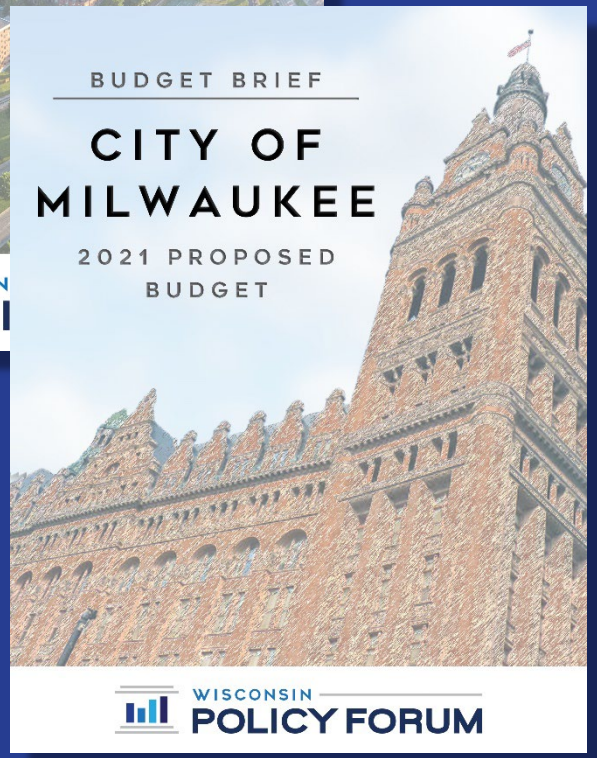
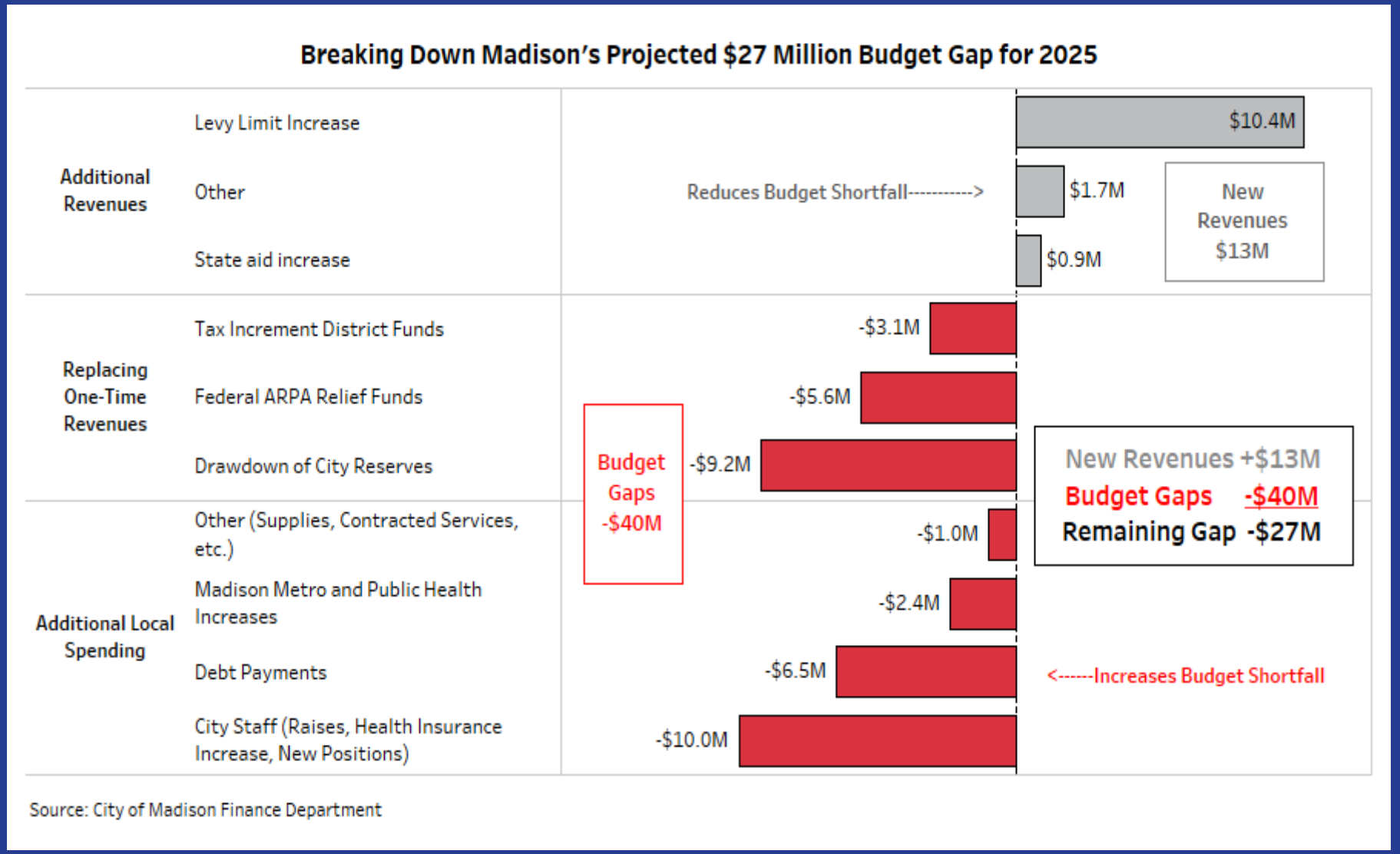


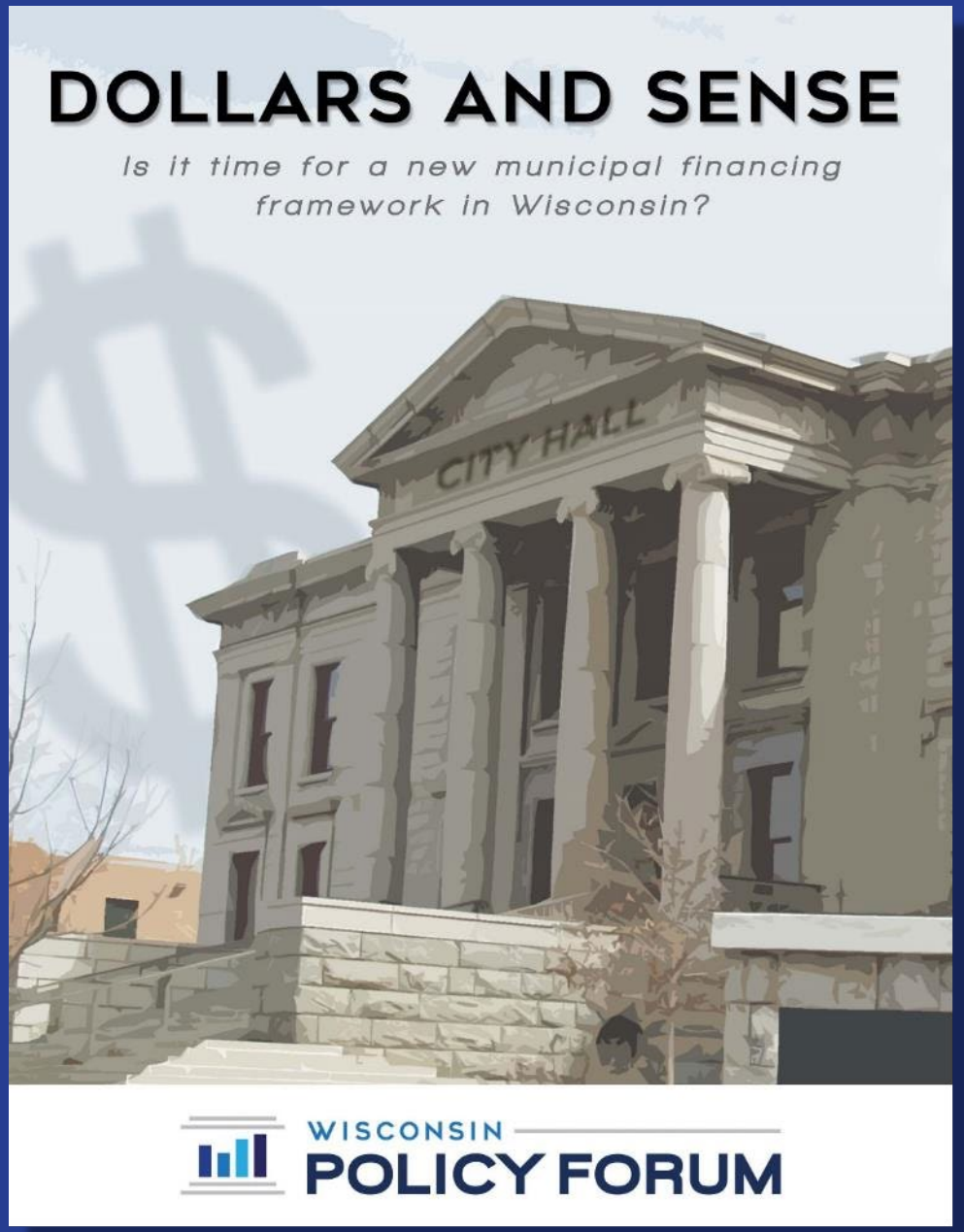
BUDGET BRIEFS





MADISON'S 2025 BUDGET GAP

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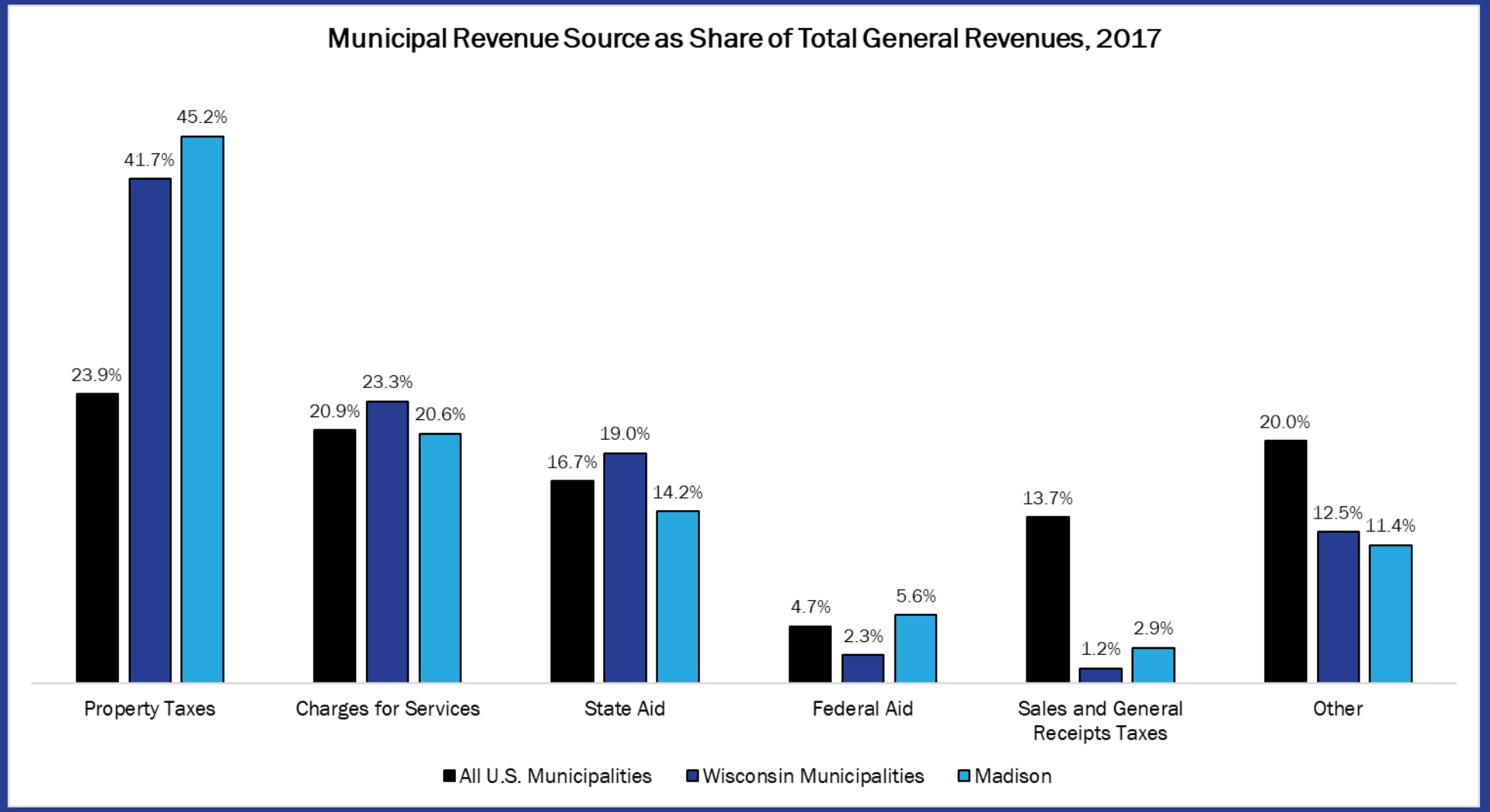
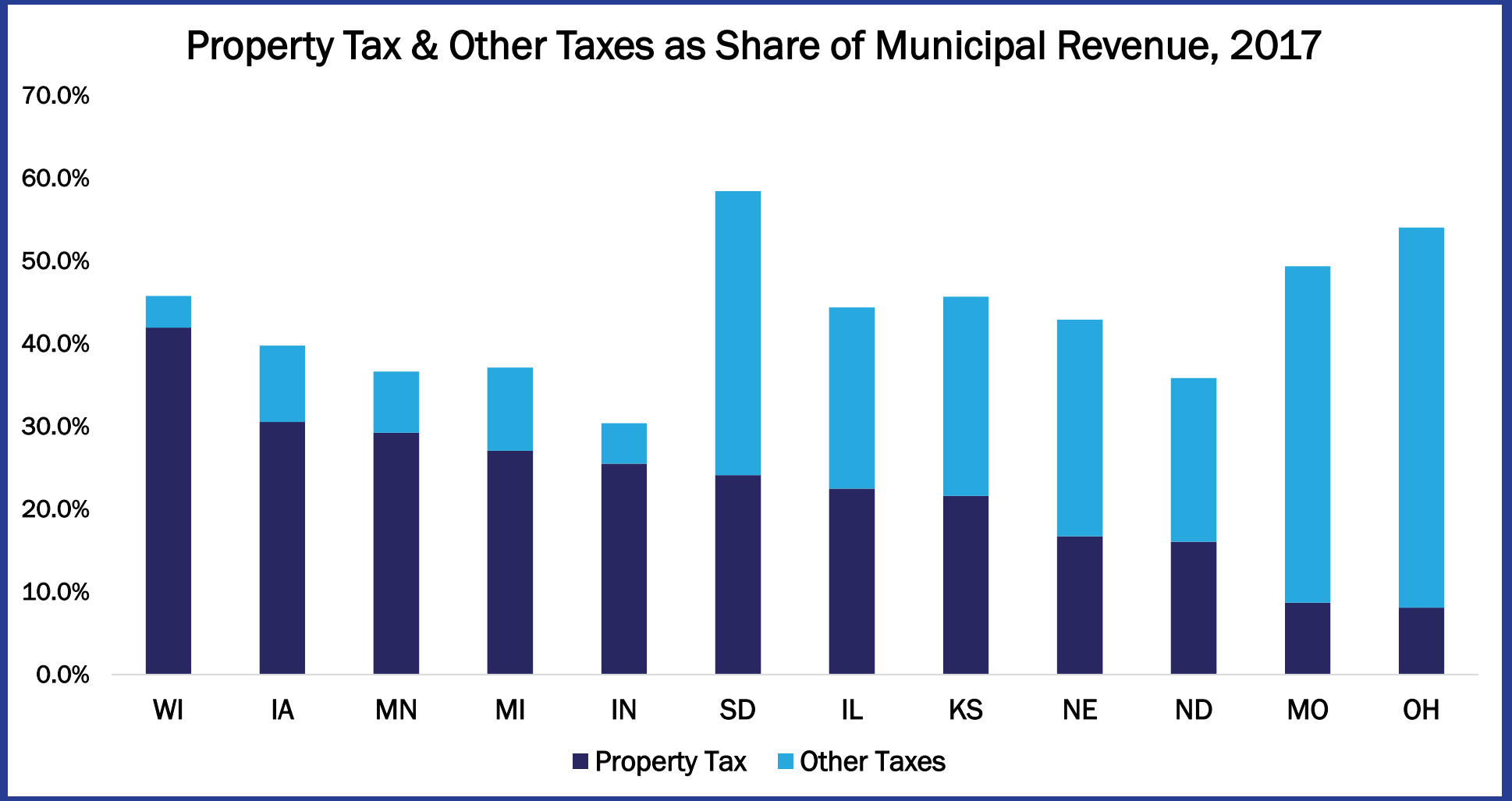
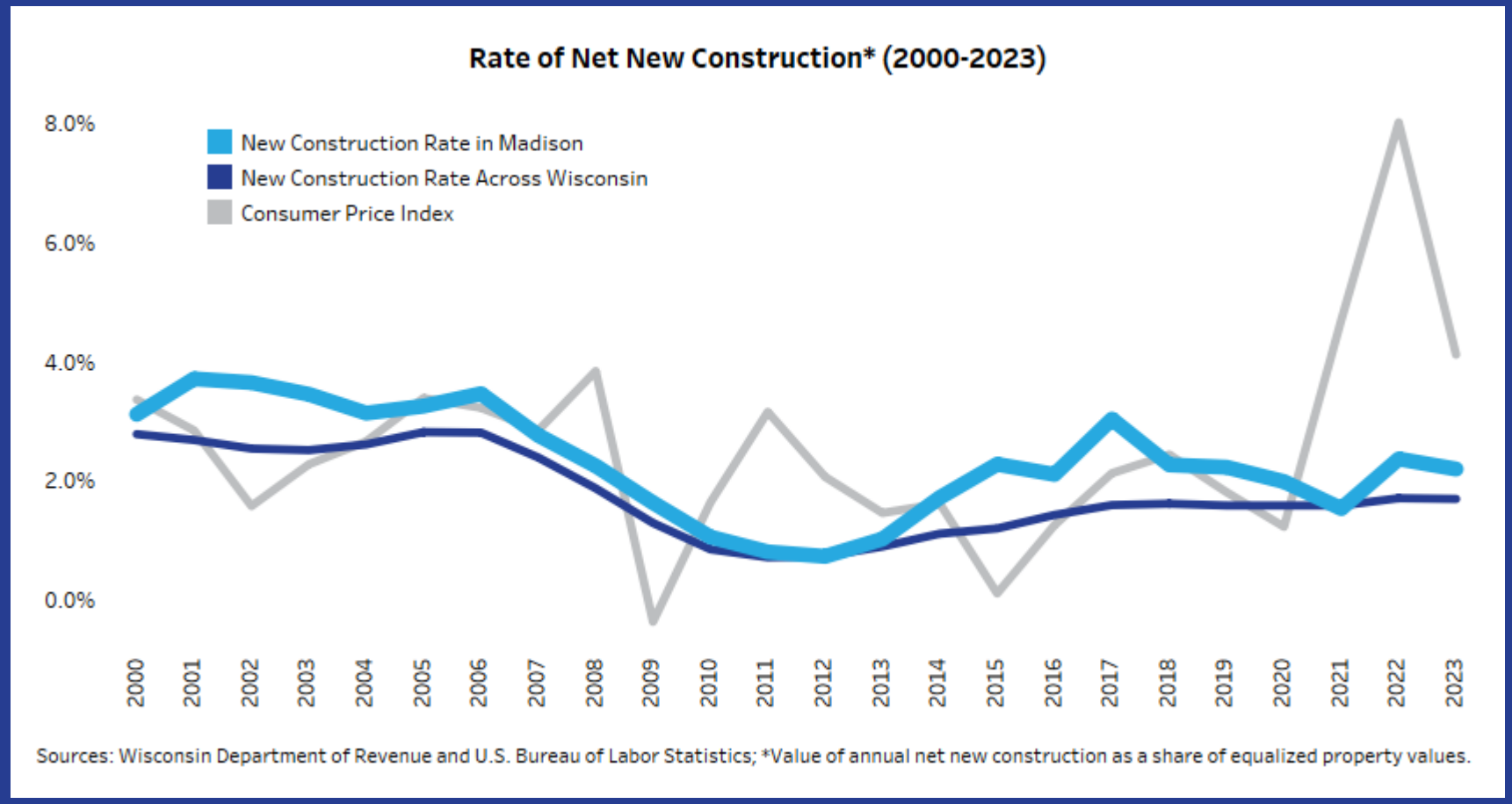
WI CITIES, MADISON RELY ON PROPERTY TAX



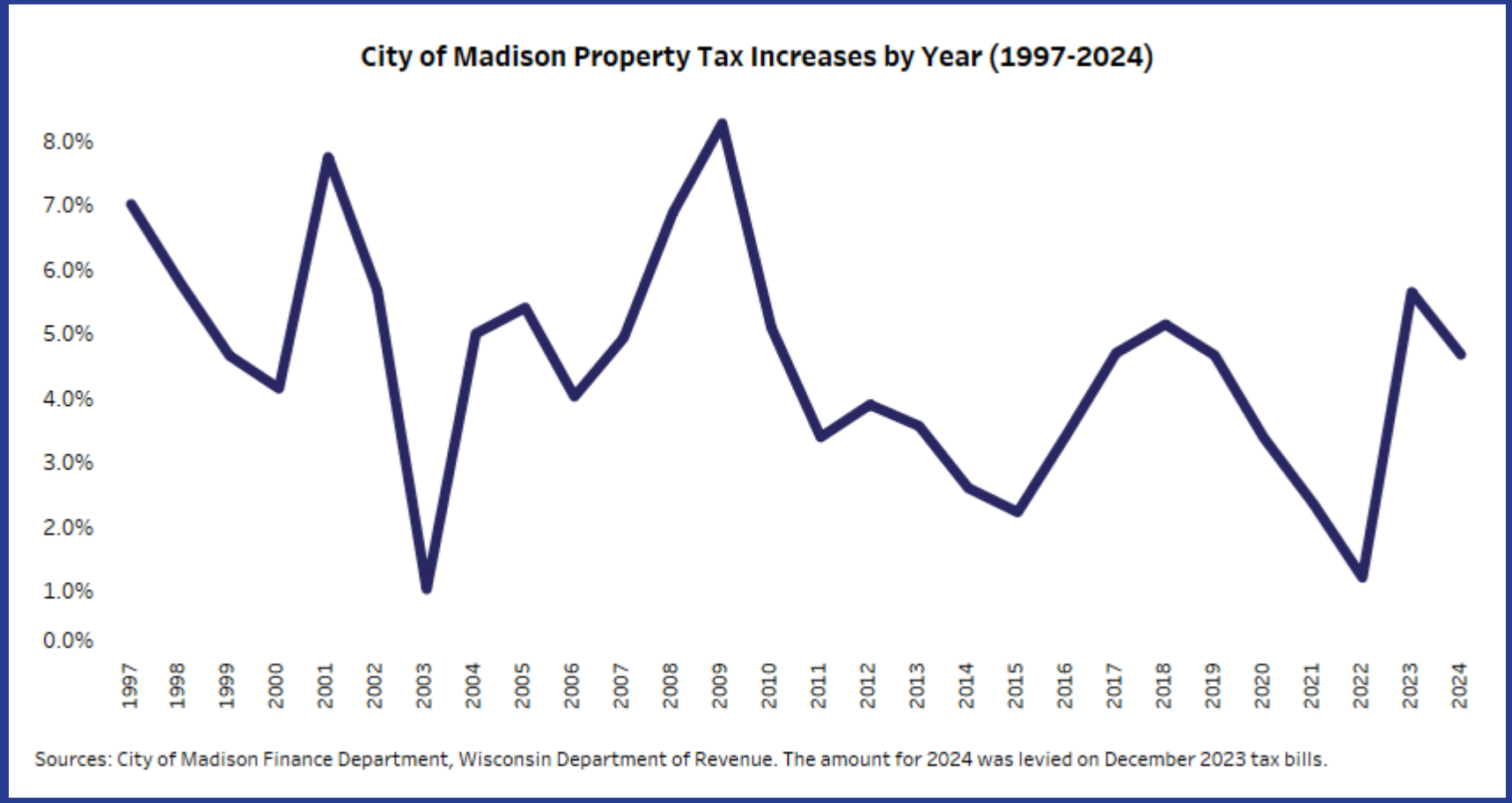
HIGH PROPERTY TAX RELIANCE COMPARED TO REST OF MIDWEST



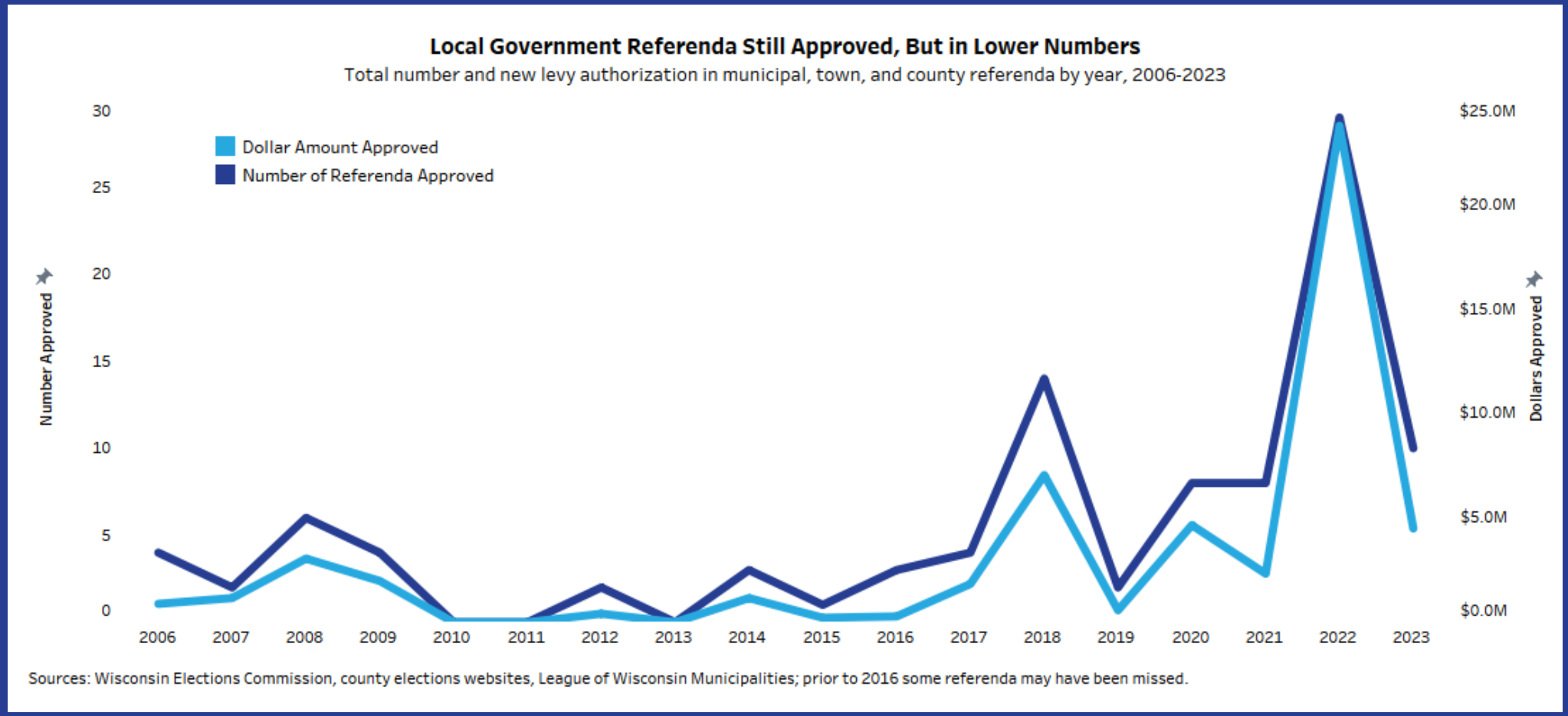
PROPERTY TAX IN WI UNDER TIGHT CAP



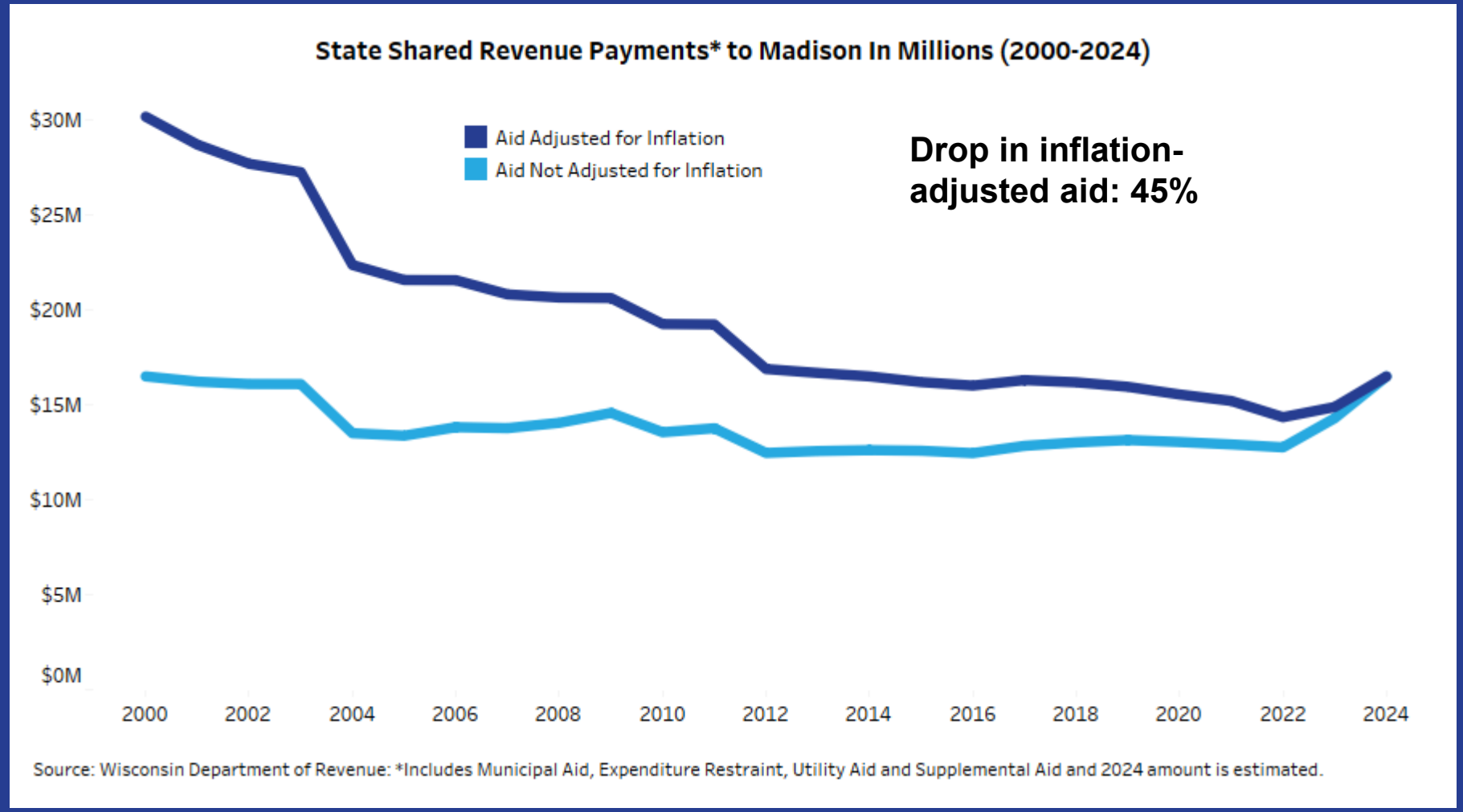
PROPERTY TAX INCREASES OVER TIME



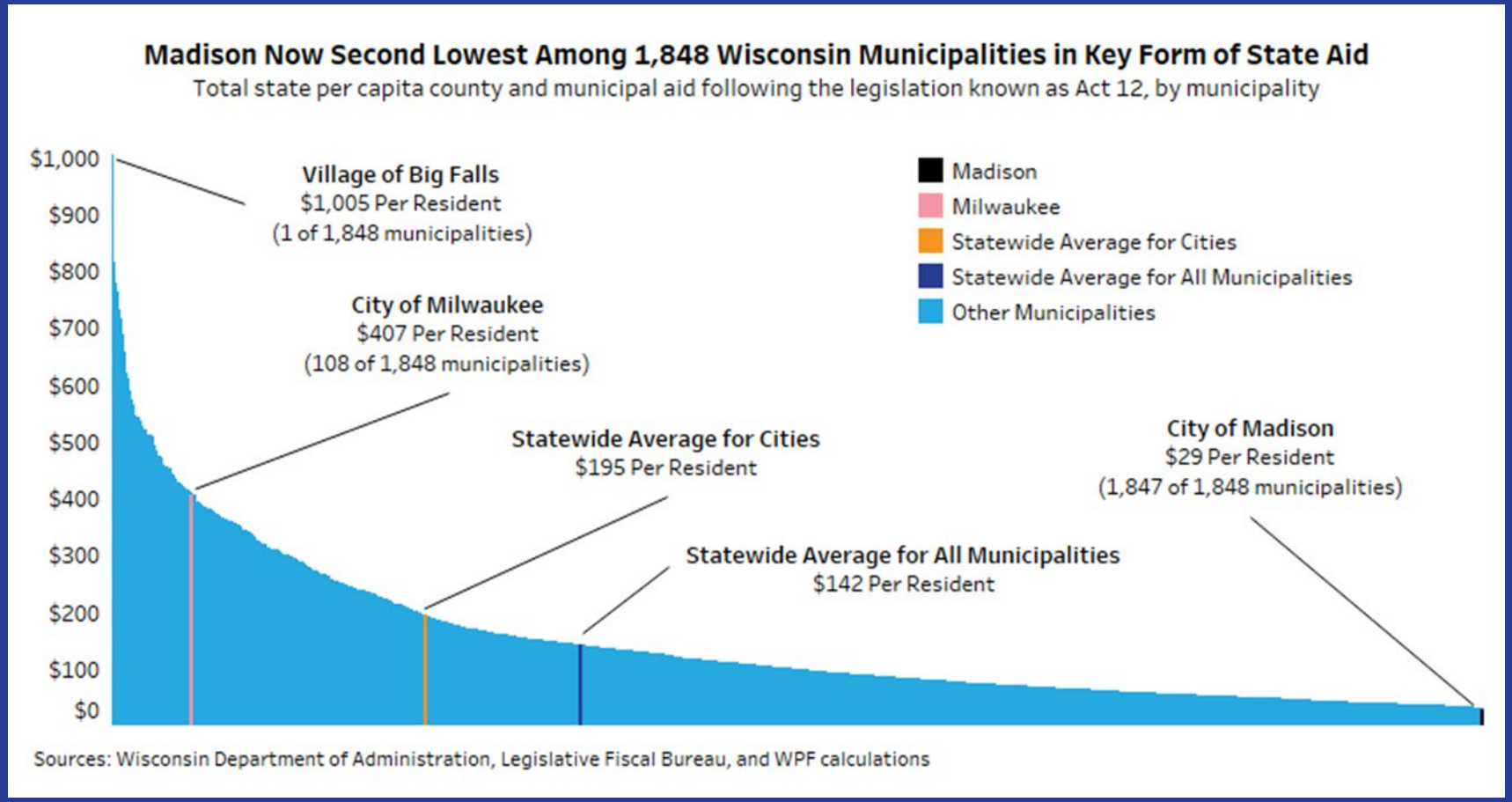
PROPERTY TAX REFERENDA HAVE RISEN



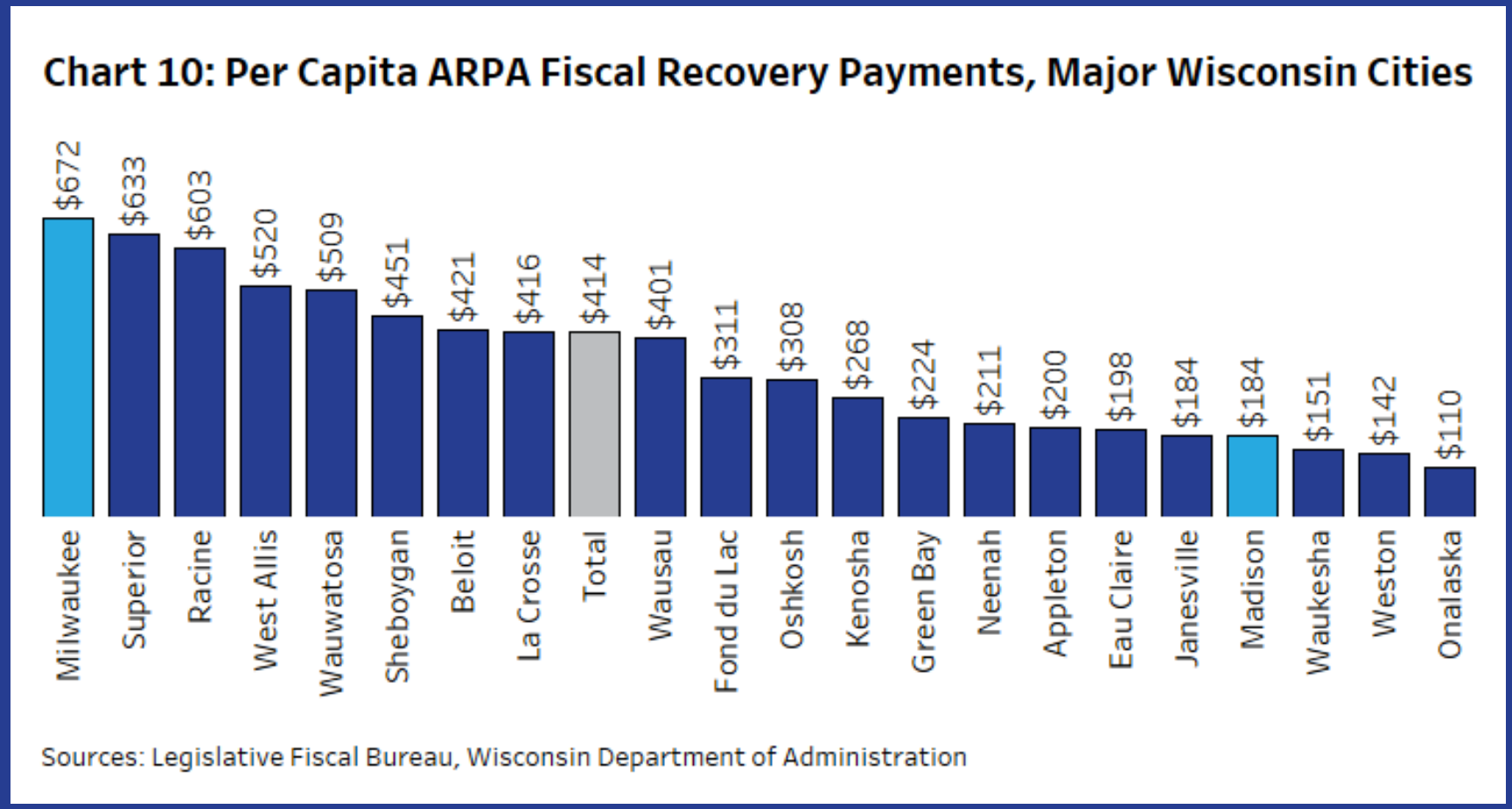
STATE AID HAS LAGGED INFLATION



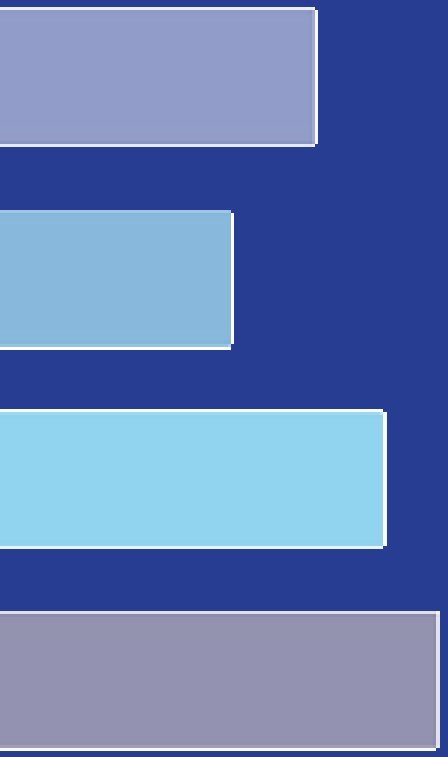
MADISON RECEIVED LESS FROM ACT 12



FEDERAL PANDEMIC AID MORE SUBSTANTIAL

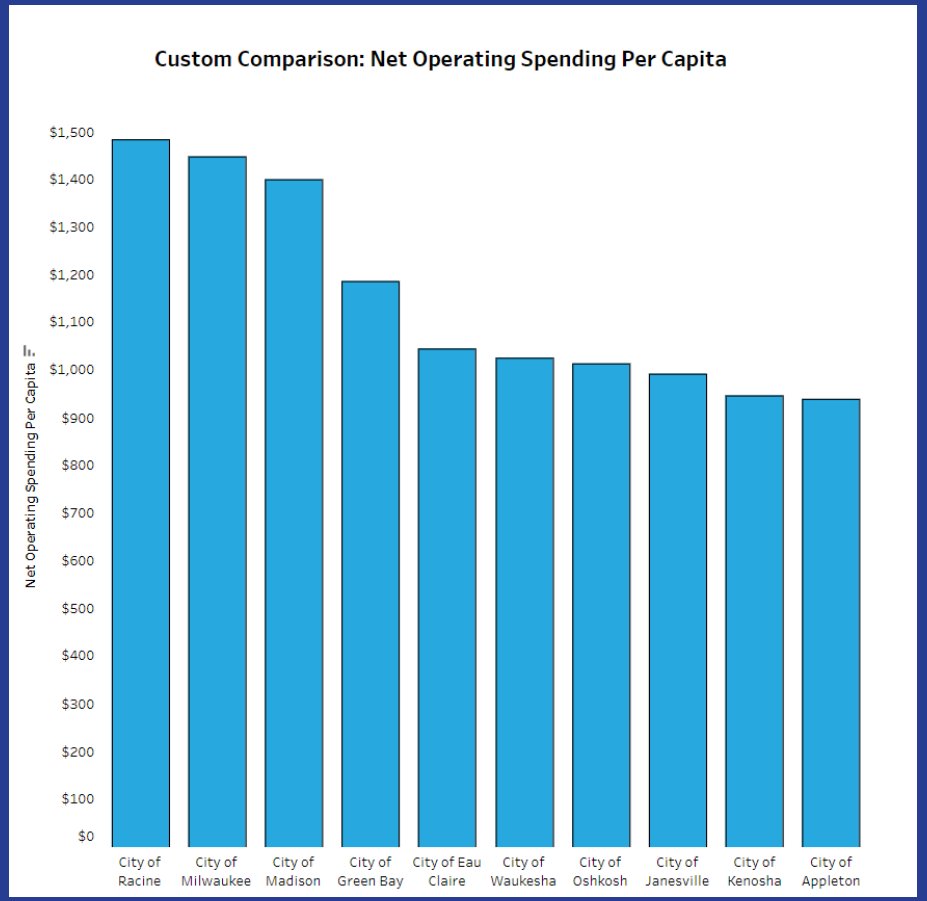


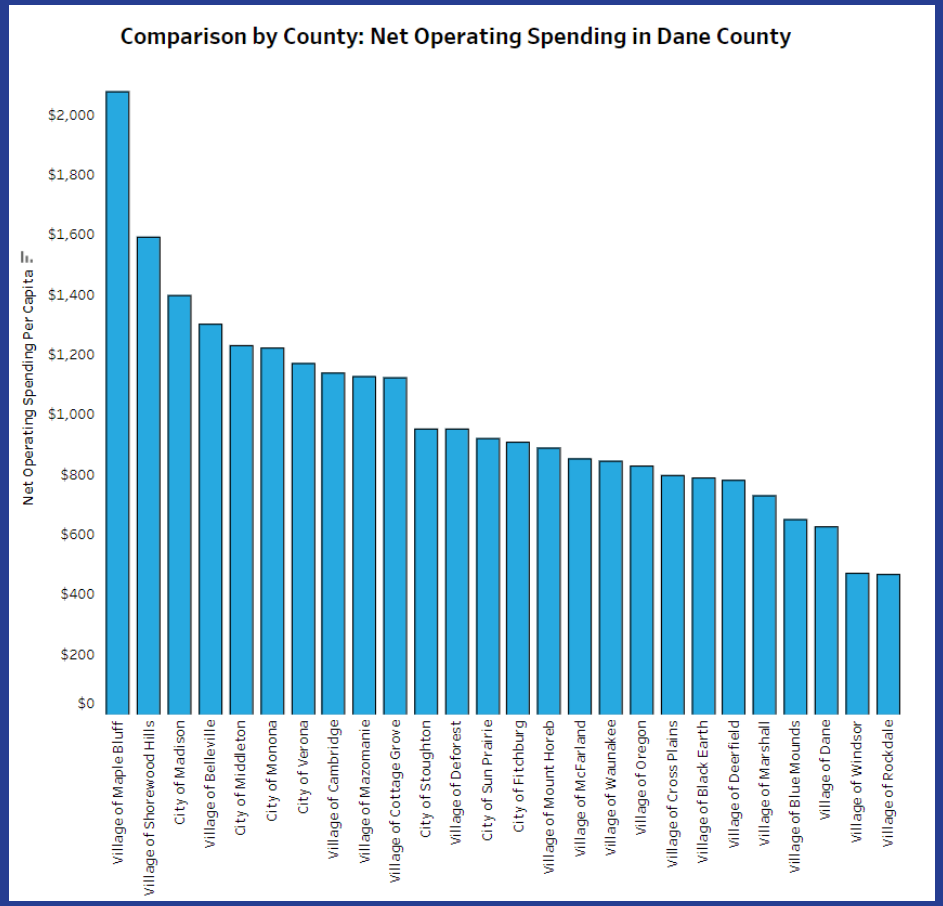
HOW PANDEMIC FUNDS WERE USED



- City received more than $190M in pandemic funds including state funding that was passed along
- $47.2M from American Rescue Plan Act (ARPA)
- $24.4M of ARPA funds went to filling budget gaps and $22.8M to community services and spending
- The 2024 budget includes $5.6M in ARPA funds to help balance the general fund

SPENDING PER CAPITA RELATIVELY HIGH





MADISON'S OVERALL FINANCES

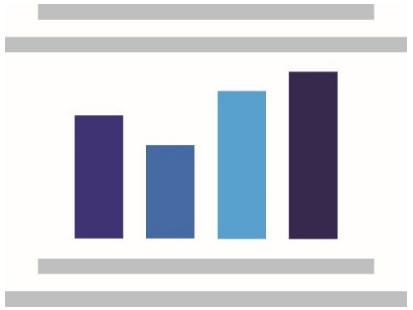
Assessing city overall:

- Strong and stable local economy with private and public employers
- Growing population
- High property values with a mix of residential and commercial property
- Stable local revenue source in the property tax but one with limited growth potential, almost no other local tax options
- Healthy reserves (though worth watching)
- Relatively high spending but also relatively high service levels
- Participates in strong Wisconsin Retirement System, almost no unfunded pension or health care liabilities
- Relatively high per capita debt but much lower as a share of property values

WHAT ARE MADISON'S OPTIONS?

**Denotes partial fixes or those that take more time to implement:*

- Boost growth and new construction (1% net new construction adds about $1.7M to levy) *
- Seek long-term partnerships with neighboring communities such as expanding Metro service *
- Lobby state officials for additional options such as a local sales tax or aid aimed at larger cities *
- Seek spending cuts or savings that may affect employees, services, or both (i.e. limiting raises or freezing staffing levels in some departments)
- Increase fees or charges such as vehicle registration fee, urban forestry, or transportation utility *
- Draw down city reserves or use other one-time funds
- Put referendum to voters to exceed levy limits



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