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### **Madison Budget Poses Question: How Should the City Grow?**

*With New Mayor and City Council Members, First of Its Kind Analysis Looks at City Finances*

Madison leaders' 2020 budget decisions require them to decide how to manage the city's growth, juggling calls to bolster the police force, expand public transit, boost affordable housing, reduce racial inequities, and restrain city debt.

The recently elected mayor and new arrivals on the city council enjoy relatively solid city finances, few unfunded retirement obligations, and the opportunity to make targeted investments, according to the first-ever analysis of the proposed city budget by the non-partisan Wisconsin Policy Forum.

However, Madison residents and officials must be mindful of challenges such as rising debt, comparatively low state aid, relatively high spending, and a greater reliance on property taxes than the typical Wisconsin city or village. The city also faces a wide range of potential demands, from aging infrastructure and recent flooding to the cost of housing and persistent racial disparities.

The question of how to handle growth is a recurring thread in Madison's 2020 budget, from a proposal to use a \$40 fee on vehicles to help fund the proposed Bus Rapid Transit service to decisions to increase police and firefighter salaries – though not their ranks.

Under state limits, "Madison is able to raise its property tax levy more than most municipalities in Wisconsin. Yet even with this new revenue and the proposed vehicle registration fee, there will be sharp tension between calls to add to the police force, expand transit service, meet infrastructure needs, and hold down borrowing," the report finds.

In publishing the brief, the Forum is expanding on its yearly analyses on the budgets of city, county and public school budgets in Milwaukee as well as its regular reports on the state budget. The report on Mayor Satya Rhodes-Conway's budget plan finds:

- The proposed \$40 per vehicle registration fee would be the highest among the growing number of 36 Wisconsin communities that have approved a local "wheel tax." When combined with the \$28 annual fee imposed by Dane County, the total local fees for Madison motorists would be 36% higher than the next highest fees in Milwaukee, where residents pay \$20 per vehicle to the city and \$30 to the county.
- Under state law, Madison has few options for increasing revenue besides the property tax, which in turn is capped by the state. Among the state's 10 largest cities, Madison is nearly tied with Waukesha for the lowest per capita payments in a key form of state aid known as shared revenue. Along with relatively high spending, that contributes to Madison's property taxes per capita being the highest among those cities.
- Debt payments have consumed a larger portion of the spending within the city's general fund in recent years. The proposed budget would lower the share of general fund spending going to debt service, but would do so in part by using city debt reserves to make some payments.

- The budget would not add police officers or firefighters, though it would increase general fund spending on the police department by 6.5% and the fire department by 7.9% to cover rising costs for salaries and benefits as well as (in the case of police) training and the backfilling of expiring federal grant funding.
- The mayor's goal of boosting transit ridership to 18 million trips per year will be challenging, given that ridership on Madison Metro fixed routes is down from a high of 15.2 million trips in 2014 and totaled 13.2 million in 2018. However, long-term ridership in Madison has been stronger than in Milwaukee and many other cities nationally.

Madison has a number of short-term budget pressures, including a \$10.8 million projected general fund shortfall that is more than twice as large as last year's. The brief notes that the city must take on the difficult task of closing this gap without neglecting other priorities such as preparing for the possibility of a less favorable national economy.

"The key is finding the right balance to sustaining the city's growth and service levels while keeping it affordable for its residents. The new mayor has put forward her vision for doing so and it is now up to the city council – many of whom are also new to their roles – to weigh in as well," the report concludes.

[Go here to read](#) the 2020 city of Madison budget brief.