



Office of the Mayor

Paul R. Soglin, Mayor

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To: City Department / Division Heads

From: Mayor Paul R. Soglin

RE: 2012 Operating Budget

Preparation of the 2012 operating budget for the city of Madison is difficult. The adopted State Budget provides severe cuts in municipal aid, payment for municipal services, general transportation aid, connecting highway aid, recycling aid, and metro transportation aid. The total loss to the city of Madison for 2012 is \$5,650,296.

Other factors that impact the 2012 budget are a change in the Expenditure Restraint Program (ERP), a new limit on the levy, projected fuel cost increase of \$2.4 million, and a projected increase in health insurance costs. In addition, there will be four elections in 2012 as opposed to two in 2011. The cost of elections rises significantly as the new Voter ID law creates bureaucratic entanglements, creating new inefficiencies and inequalities.

We took steps to reduce next year's debt service, adopted more current numbers for certain costs related to energy consumption, employee benefits, frozen or eliminated vacant positions or new positions for 2011, and expenses with our vendors.

These actions combined with the latest projections on revenues and expenditures for 2012 leave us with additional needed estimated cuts of over \$11,000,000.

A tough budget year is nothing new for the city. Never in my experience in city government did we face a set of circumstances such as we confront for 2012. Many of you offered suggestions for savings and I appreciate your willingness to work together to continue to provide the services that our citizens need and expect while looking for ways to deliver these services even more efficiently.

In order to plan ahead for the 2012 budget, I asked a group of you to develop possible strategies for cutting the budget. I am also looking at our largest vendors to determine where we can find savings in purchased goods and services.

For your agency budgets, I ask that you submit a budget at a level 5% less than your 2011 budget, with, in some cases, adjustments provided by the Finance Department.

I regret the necessity of asking you to undertake this difficult task and I thank you for your cooperation.