

# BUDGET PROCESS AND CITIZEN ACCESS

## I. Budget Law and Budget Development

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Wisconsin budget law requires the City of Madison to prepare an annual budget and hold a public hearing on it. The budget document should list anticipated revenues from all sources and the proposed appropriations for each department. The law also requires the budget to show, for comparative purposes, the actual revenues and expenditures for the preceding year and the estimated revenues and expenditures for the current year based on at least six months of actual experience. The budget document should also show any outstanding indebtedness as well as any anticipated surplus.

State budget law does not identify the content of the budget beyond that described above. Budgets for local governmental units may vary from a single page document consisting of summary listings of expenditures and revenues to a many-paged text providing detailed information on the proposed appropriation for each municipal agency. It is up to the local governing body and the citizens it represents to determine what information should be presented in the budget document.

Developing a local budget is somewhat comparable to balancing a personal budget. What one spends is similar to the expenditures for various government services. What one earns from a job or business is comparable to different sources of local government revenue (sometimes referred to as “other revenues”). The final factor bringing the budget into balance is the property tax levy, which makes up the difference between total estimated expenditures and total estimated “other revenues” (e.g., federal or state funding, as well as fines, fees and forfeitures). Any change in either expenditures or other revenues will therefore change the amount of the property tax.

The City of Madison divides the budget process into “capital” and “operating” sections. The “capital budget” provides for the acquisition of long-lived assets such as land, buildings and motor vehicles. The “operating budget” contains items related to salaries, wages, benefits, materials and supplies, purchased services, and short-lived assets such as office equipment. Each of the two budgets passes through three distinct phases. The “Requested Budget” contains the original requests of the agencies. The “Executive Budget” is the budget as proposed by the Mayor. And finally, the “Adopted Budget” is the budget as approved by the Common Council.

The capital budget passes through two additional stages. Between the Requested and Executive budget phases, the capital budget is first reviewed by the Comptroller, who develops a package of recommendations. Next, the budget is reviewed by the “Capital Improvement Review Committee (CIRC).” This group consists of the Mayor, Director of Public Works, Comptroller, and Director of Planning and Development. CIRC assists the Mayor by making recommendations on which projects should be included in the capital budget.

After the Executive Budget is prepared, the Office of the Comptroller publishes a summary of the budget in the newspaper of record, a statement as to where a detailed budget is available for public inspection, and a notice as to when and where the public hearing will be held. According to Wisconsin statutes, the notice must be published fifteen days prior to the public hearing. The public hearing is held at a meeting of the Common Council, and provides an opportunity for any resident or taxpayer to be heard on the proposed budget.

The Mayor's Executive budget is then introduced to the Council, and referred to the Board of Estimates (the Council's fiscal advisory body). The Board of Estimates reviews and amends the budget, and sends it back to the full Council for consideration.

The final (or "Adopted") budget is actually adopted by the Common Council as a resolution. This document provides the official authorization for expenditure of the amounts listed in the document, as well as for levying the property tax. The amounts listed in the Adopted Budget cannot be changed unless authorized by a three-fourths vote of the Common Council.

Once the tax levy is established and certified, the total levy is divided by the assessed value of real property located in the City to determine the tax rate. If taxable property values have increased at a faster rate than the property tax levy, there may be a decrease in the tax rate, even though total expenditures and the tax levy have increased.

## **II. Citizen Access**

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Citizens of the City of Madison are guaranteed the right to participate in the adoption of the annual budget, the most important action taken by their local government. Wisconsin's budget law, like the law requiring open public meetings, is part of Wisconsin's heritage of open government.

Citizens have access to budget development in several ways. These include:

- Letting their elected officials know about their needs and wishes.
- Watching the newspapers or Madison City Channel 12 for notices of the various boards, commissions and agencies that have input into agency budget submissions (e.g., the Parks Commission, Community Development Authority, Personnel Board, etc.). These are all open public meetings at which citizens may, with approval of the group, be recognized to speak.
- Participating in the processes set up by a number of boards, commissions and agencies (e.g. Parks, Community Development Block Grant and Community Services) especially designed to seek citizen input.
- Attending the City of Madison Board of Estimates meetings to review the Executive Budget (these are held in September and October).
- Addressing the Common Council at one of the public budget hearings held prior to budget adoption.

One key to effective citizen participation is to keep informed on the budget process. A citizen can become better informed about the budget process by doing some homework such as going to the public library or the Municipal Reference Service and examining budgets from other local governments, previous City budgets, and publications of such organizations as the League of Women Voters, Wisconsin Taxpayers Alliance, etc. When comparing local governmental budgets, total expenditures and revenue figures should be studied, rather than the property tax levy or the property tax rate.

If you, as a city official, citizen or student wish to know more about the City of Madison budget process, don't hesitate to "do your homework" and then ask questions of agency staff or budget analysts and/or your elected officials. The League of Women Voters, in one of its publications, provided three hints for "breaking into the budget cycle." These include:

- Figure out the timetable. Look at the calendar for the budget process and ask for help.
- Play by the rules and make them work for you. New ideas have a much better chance for success if they are fully thought out, and are compatible with the regular budget process and sound operational procedures.

- Develop credibility. Present your ideas in a competent, rational fashion.

## Budget Steps

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### Outline

Time Frame	Step No.	Action
February	1.	Comptroller develops preliminary estimates of revenues and expenditures, including estimated bargaining settlements, expected changes in intergovernmental revenues, and the impact of State-mandated Cost Controls.
	2.	Comptroller meets with Mayor to develop preliminary guidelines, including: <ul style="list-style-type: none"> <li>▪ Services to be added or expanded,</li> <li>▪ Services to be deleted or reduced, and</li> <li>▪ Approximate acceptable increase in the tax levy.</li> </ul>
March	3.	Comptroller determines overall impact on expenditure level - percent of increase or decrease.
	4.	Comptroller determines dollar amount of allowable increases or required reductions in agency operating budgets.
April	5.	Comptroller identifies specific increases or decreases in agency budgets to equal the total requirements (in Item 4).
May	6.	Comptroller meets with Mayor to go over specific items, and to determine what is acceptable. Steps 5 and 6 are repeated until finalized.
	7.	Comptroller develops a specific target budget or set of guidelines for each agency.
June	8.	Comptroller distributes budget target information and computer disks to agencies.
	9.	Agencies develop their requests.
July	10.	Agencies submit requests to Comptroller.
August	11.	Comptroller reviews requests and consults with agencies.
September	12.	Comptroller makes recommendations to the Mayor. Mayor completes development of Executive Budget.
	13.	Executive Budget introduced to the Common Council. Budget referred to the Board of Estimates.
	14.	Board of Estimates reviews, amends and adopts Capital Budget.
	15.	Board of Estimates reports to Common Council on Capital Budget.
	16.	Public Hearing on Capital Budget.
	17.	Capital Budget Amendments arrive in Comptroller's Office and are distributed to Common Council.

<b>Time Frame</b>	<b>Step No.</b>	<b>Action</b>
October	18.	Council amends and adopts Capital Budget.
	19.	Executive Operating Budget is introduced to the Common Council.
	20.	Board of Estimates reviews, amends and adopts Operating Budget.
	21.	Board of Estimates reports to Common Council on Operating Budget.
	22.	Public Hearings on Operating Budget.
	23.	Operating Budget amendments arrive in Comptroller's Office and are distributed to the Common Council.
November	24.	Special meeting of the Common Council to amend and adopt Operating Budget.
	25.	Capital and Operating Budgets are printed and distributed.