



2027 Budget Overview & Cost Allocation Plan

Budget Contacts Meeting
March 11, 2026 | 11:00am – 12:00pm

Agenda

- Budget Calendar and Resources
 - 2027 Budget Calendar
 - Navigating Digital Budget Book and Website
- Cost Allocation Plan
 - Purpose and methodology
 - How to read the Plan
- Operating Budget Development
 - Cost to Continue Timeline

Budget Calendar and Resources

Key Dates for 2027 Budget Development

	Capital	Operating
Kick-Off Meeting	Tuesday, March 17 10:30am	Tuesday, June 9 10:30am
Agency Requests Due	Friday, April 17	Friday, July 17
Agency Briefings with Mayor's Office	May 13 – 15	August 12 – 21
Executive Budget introduced to Common Council (CC)	Tuesday, September 8	Tuesday, October 6
Finance Committee (FC) Briefings	September 14 – 15	October 12 – 13
FC Amendment Meeting	September 28	October 26
CC Amendment Week	October 27 – November 4	
CC Budget Adoption Meetings	November 10 – 12	

How will the process compare to last year?

	What's staying the same	What's new/ different
Capital	<ul style="list-style-type: none">• Calendar: Key dates fall in the same week as last year• Proposal Forms: Simplified “short form” for all projects, July “Change Request Form,” Horizon List Request form• Briefings: Q&A format, no presentations• Decision Meetings: Management review team will review all proposals for new funding	
Operating	<ul style="list-style-type: none">• Digital Budget Book: For executive and adopted	<ul style="list-style-type: none">• Calendar: Kick off 1 week earlier• Digital Budget Book: Use for request, including memos• Results Madison Indicators: Incorporating 2-3 service indicators into agency requests• TBD: General guidance

Navigating the Budget Website

- www.cityofmadison.com/budget
- We will be updating the page with the 2027 calendar and removing/ archiving older files that are not ADA-compliant
- For prior year budgets, we will be removing most agency-specific documents
- We will continue to post the full executive and adopted budgets posted for ~10 years
- Demo of website
- Tips for using Table of Contents and Bookmarks to navigate the full budget book

Navigating ClearGov Digital Budget Book

Direct link to [Executive Digital Budget Book](#) and [Adopted Digital Budget Book](#)

1. From the document webpage, navigate to the **Table of Contents** tab.
2. Select the link to a specific page to view.
3. Drill into the details of a section by selecting the **arrows** to expand the subsections. Then select the page you want to view.
4. Navigate forward/ backward using the **arrows** at the bottom.
5. Collapse the navigation menu by selecting the **Menu** icon.

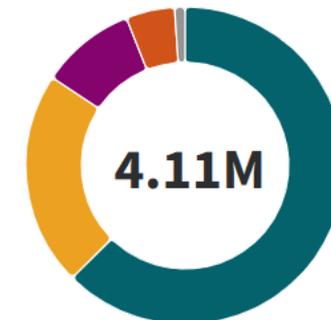


Assessor: General Fund

The graphs and tables below provide a summary and line-item details of the agency's General Fund operating budget. The data reflect all services within the fund.

Expenditures by Major

FY26 Expenditures by Major



SALARIES	\$2,567,902	62.53%
BENEFITS	\$896,653	21.83%
PURCHASED SERVICES	\$395,706	9.64%
INTER DEPART CHARGES	\$202,954	4.94%
SUPPLIES	\$43,681	1.06%

Navigation Tips

1. Some pages have horizontal and vertical scroll bars – if a table looks incomplete, check for scroll bars.

2. The “Introduction and Overview” section has a “Reader’s Guide” that explains of the organizational structure of agency budgets.

City Tax Rate Computation

	<u>2025</u>		<u>2026</u>	
ASSESSED VALUE	Adopted		Executive	
Real Property:				
Residential	\$ 28,001,664,300	\$	30,178,428,800	\$
Commercial	\$ 17,274,451,600	\$	18,734,526,700	\$
Agricultural	\$ 15,085,900	\$	17,392,800	\$
Manufacturing	\$ 466,168,700	\$	489,477,135	\$
Total Real Property	\$ 45,757,370,500	\$	49,419,825,435	\$
Other:				
Board of Review Adjustments	\$ -	\$	(5,000,000)	\$
Total Assessable Property	\$ 45,757,370,500	\$	49,414,825,435	\$

1

2 How to Read Agency Budgets

The “Agency Operating Budgets” section includes all agency budgets. Budgets are organized by “Functional Area,” or, groupings of agencies that perform similar work (e.g. Administration, Planning & Development, Public Safety & Health, Public Works). Within the Functional area, budgets are organized in alphabetical order by agency name. The presentation of each agency’s budget includes 2024 actuals, 2025 adopted budget and projected amounts (based on the mid-year projections), 2026 agency request, and the 2026 executive budget.

Each agency section includes the following components:

Agency Overview: High-level summary of the agency including mission, overview, and highlights/ major changes for 2026.

Service Summary¹: An overview of the agency’s total budget by service. This includes tables and graphs showing expenditures and agency revenues² by service. The data reflect all funds within the agency’s operating budget.

Service Detail Pages¹: For each service, a separate page with the following details:

- Service Description:** High level overview of the service and its objectives
- Activities Performed by Service:** Description of activities that make of the service’s body of work
- Service Budget:** Presentation of the service’s budget by major expenditure and revenue categories. The data reflect all funds within a service.

Printing Custom PDFs

1. Select the **PDF** button.
2. Choose the **Select specific pages option**. Then enter an **Email Address** and select the **Create PDF** button.
3. You will be directed to a new page, **Create PDF**. Select the sections you wish to PDF.
4. When you click a section (for example, an agency), it will not automatically select all subsections (service and fund detail pages). You can manually select by clicking the arrows to expand the section, then selecting each subsection. Or, hover to the right of the section title and a click so **+ Select all child items**.
5. Select **Create Custom PDF**.

The image shows a sequence of five screenshots illustrating the steps to create a custom PDF from a document. The screenshots are annotated with numbered callouts (1-5) and arrows indicating the flow.

- Step 1:** The 'PDF' button is highlighted in the document header.
- Step 2:** The 'Page Selection' options are shown, with 'Select specific pages' chosen and an email address entered.
- Step 3:** The 'Create PDF' page shows a list of sections, with 'Agency Operating Budgets' expanded and 'Assessor' selected.
- Step 4:** A tooltip 'Select all child items' is shown over the 'Assessor' section.
- Step 5:** The 'Create Custom PDF' button is highlighted.

Cost Allocation Plan

What is the cost allocation plan?

Purpose

- The Cost Allocation Plan identifies the cost of **indirect** services provided by central service depts. It does not include direct services.
- Indirect costs are those costs incurred by City agencies that benefit other City agencies (primarily administrative agencies like civil rights, finance, HR, IT).
- The Plan is used to claim indirect costs as charges against **non-general fund agencies**. GF agencies are not charged through the plan.

Process & Timeline

- Plan is developed by an external consultant (MGT Impact Solutions) based on data provided by City agencies. Budget team facilitates data collection and enters Cost Allocation in Munis.
- 2027 Budget = Cost Allocation Plan developed in 2026, based on 2025 actuals

Where to find the plan

Current and prior year cost allocation plans available on [Budget Employeeenet Page](#)

Cost Allocation Plan

The City completes an annual cost allocation plan to accurately and consistently allocate central service costs to enterprise agencies receiving services. Charges associated with cost allocation are reflected in the inter-departmental charges and billings in the operating budget.

The plan is developed using actual expenditure data from the prior year. For the 2027 budget, the plan will be developed in 2026, using actuals from 2025.

- [Cost Allocation Plan for the 2026 Budget](#) *PDF*
- [Cost Allocation Plan for the 2025 Budget](#) *PDF*
- [Cost Allocation Plan for the 2024 Budget](#) *PDF*
- [Cost Allocation Plan for the 2023 Budget](#) *PDF*
- [Cost Allocation Plan for the 2022 Budget](#) *PDF*
- [Cost Allocation Plan for the 2021 Budget](#) *PDF*

Understanding Charges: Presentation by MGT Impact Solutions



Full Cost Allocation Plan

City of Madison, Wisconsin

Based on Actual Expenditures for the Fiscal Year 2024

[Cost Allocation Plan](#) for 2026 Budget

- Developed in Spring 2025
- Based on Actuals from 2024

City of Madison, Wisconsin

Based on Actual Expenditures for the Fiscal Year 2024

Summary of Cost Allocation Plan Steps

1. Identify central service departments that provide support to other departments.

Primarily admin agencies that support city-wide operations

- Attorney, Civil Rights, EAP, Finance, HR, IT

Includes some public works functions that are not direct billed

- Engineering facilities, TE radio services

2. Identify grantee or benefitting departments that receive services from others.

Plan includes **all** city departments, as they all receive services from central service depts.

Note: Plan includes general fund depts, even though we do not charge GF agencies through the Plan.

3. Collect data on the allowable actual expenditures of central service depts., based on metrics.

Budget team facilitates data collection; data is provided by agencies.

Plan uses quantifiable data (e.g. # of FTE positions, # of devices)

Some services are hard to quantify; some metrics are proxies for services.

4. Allocate the allowable expenditures of central service depts. to grantee depts.

Consultant determines indirect costs based on data provided.

Budget team enters ID Charges in enterprise agency budgets to recover cost of services provided by General Fund agencies.

Data Inputs: Agencies providing data

- Attorney
- Civil Rights (DCR)
- Employee Assistance Program (EAP)
- Engineering
- Finance
- Human Resources (HR)
- Information Technology (IT)
- Traffic Engineering (Radio Services)

City of Madison, Wisconsin				
FY 2025 Cost Allocation Plans				
Data Requests				
Item Number	Cost Plan Department	Responsible Agency	Data Point/Report	How the Data is Used
5	Building Depreciation	Finance	FY2025 Depreciation + Lease & SBITA Amort	Expenditures and Allocation
6	Building Depreciation	Engineering	2025 Occupied Square Footage for City/County Building, Fairchild, and MMB by Department	Expenditures and Allocation
7	Employee Assistance Program	Employee Assistance Program	Personnel Activity Report for each employee showing a breakdown of time/effort by service/function for 2025	Expenditures
8	Employee Assistance Program	Employee Assistance Program	Total Employee and Supervisor Contacts/ Consultations by department during 2025 broken down by Internal EAP staff vs. External EAP staff	Expenditures and Allocation
9	Employee Assistance Program	Employee Assistance Program	Total Number of Critical Incident Attendees during 2025 by department broken down by Internal EAP staff vs. External EAP staff	Allocation
10	Attorney's Office	Attorney's Office	Personnel Activity Report for each employee showing a breakdown of time/effort by service/function for 2025	Expenditures
11	Attorney's Office	Attorney's Office	Breakdown of effort/support provided by Attorney for General Counsel activities	Allocation
12	Attorney's Office	Attorney's Office	Breakdown of effort/support provided by Attorney for Ordinance Enforcement activities	Allocation
13	Human Resources	HR	Personnel Activity Report for each employee showing a breakdown of time/effort by service/function for 2025	Expenditures

Finance Calculation of Charges

Billing Agencies (58*)		Agencies that are Charged (57*)
<ul style="list-style-type: none"> • Attorney’s Office • Building & Equipment Depreciation • Dept. of Civil Rights • Employee Assistance Program • Finance • Human Resources 	<ul style="list-style-type: none"> • Information Technology • Mayor • Public Works – Engineering Services • Public Works – Traffic Engineering 	<ul style="list-style-type: none"> • Golf Enterprise • Metro Transit • Monona Terrace • Parking Utility • Landfill • Sewer Utility • Stormwater Utility • Water Utility

	2019	2020	2021	2022	2023	2024	2025	2026
% of Actual Plan Amounts Used	75%	75%	75%	80%	80%	85%	85%	85%
Allocated Amounts	\$2.6m	\$2.9m	\$3.7m*	\$3.9m	\$4.1m	\$4.6m	\$51.m	\$5.6m

General rules for budget development

- **In general, agencies cannot change centrally calculated ID Charges/ Billings.**
 - Cost allocation plan
 - Internal Service Fund charges (Fleet, Insurance, Workers Comp)
 - Building Use and other charges
 - Central finance budget team will balance transfers in/out and ID charges/ billings as part of budget development process
- **Agencies cannot independently decide to charge another agency for services.**
 - If you think there is a justification for a charge, contact your budget analyst to discuss
 - You cannot charge services to meet your budget reduction target



Questions?

Operating Budget Preview: Cost to Continue (C2C)

What is Cost to Continue (C2C)

Cost to Continue (C2C) is a collaborative effort by agencies and the budget team to identify changes in agency budgets that are planned/ expected and unavoidable.

- **Agencies only need to identify changes specific to their department.** Citywide changes, like salary increases due to step & longevity, benefits costs, and changes in interdepartmental billing, will be handled centrally by the budget team.
- **C2C is based a snapshot in time.** If there are any changes to your base budget after C2C is completed, we can make technical adjustments in a later phase of budget development.
- **Including an expense in C2C does not guarantee it will be included in your base budget.** The Budget Team will evaluate all agency C2C items to determine whether it is cost to continue or if it should be part of the agency request.
- **Examples of C2C Adjustments**
 - Contractually required increase to multi-year software agreements
 - Annualizing partial-year costs approved in 2026

Purpose of Cost to Continue (C2C)

What is Cost to Continue?

- Cost to Continue (C2C) is the first step of developing the city's operating budget. It is a baseline estimate of how much it will cost the City to provide the same level of service in the upcoming year.
- Agencies develop their C2C estimate by completing an Excel workbook provided by the Finance Department.

Why do we do it?

- **Agency-level:** C2C is a way of systematically identifying projected changes in the budget. It allows agencies to account for unavoidable changes to their base budget.
- **Citywide:** The City's operating budget is constrained based on limits to expenditures (expenditure restraint) and revenues (levy limit). C2C is used to estimate agency expenses and revenues, which is necessary for planning.

Who is responsible for completing C2C?

- **Agency Staff:** Department/ Division heads and budget contacts are responsible for completing the agency C2C Excel Worksheet.
- **Budget Staff:** Analysts complete an independent analysis of agency budgets and meet with agency staff to review estimates. In addition, analysts account for citywide adjustments (e.g. salary and benefits adjustments).

When is the deadline?

- March 30 – April 10: Agencies and Budget Analysts complete C2C worksheets
- April 13 – 24: Agencies and Budget Analysts meet to discuss and finalize C2C
- April 27 – Mid May: Budget team compiles agency-level files, develops a citywide C2C, and begins planning for Agency Request phase

Tips for Completing C2C



DO

- Review your 2026 adopted budget. Does your budget include one-time expenses you don't anticipate in 2027? Partial year commitments that will be annualized?
- Review how you ended 2025. Were you over/under on specific objects? Do you expect these trends to continue?
- Pay particular attention to revenue, supplies, and services.
- Provide supporting documentation to justify changes to C2C, especially if you are requesting inflation adjustments.
- **Follow deadlines**



DON'T

- Factor in standard personnel costs, like step and longevity increases or health care costs.
- Adjust centrally budgeted items like Fleet Billing, Insurance, and Workers Comp. Contact your analyst if you're not sure what's centrally budgeted.
- Add in ongoing costs that were fully funded in the 2026 Budget; these expenses will automatically be included in C2C.



Questions?