



## Office of the Mayor

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June 9, 2026

Colleagues,

As we embark on the 2027 Operating Budget process, the priority will be to maintain essential services that our community depends on while minimizing the burden on already-stressed City taxpayers. We achieved this goal last year with the lowest property tax rate in 40 years. We did so without sacrificing the important role City government plays in the success of our local economy and the high quality of life Madisonians enjoy, and while anticipating the needs of a growing city. This year, it will be even more difficult to do this, but we must keep these priorities top of mind as we put together the 2027 operating budget.

Once again, uncertainty at the federal level remains a huge challenge. Continued inflation and the high cost of basic goods and fuel due to foreign conflicts and other federal policy choices is a serious and growing concern for our residents and our own operations. It's particularly disturbing that the needs of our community will likely grow even as our own budget tightens. When the federal government abdicates its responsibilities, local governments are forced to do more with less. I recognize the fundamental unfairness of this situation and appreciate the extra efforts of our staff to creatively solve problems.

On the other hand, we have some reason to be cautiously optimistic that the State government may provide some financial relief to local governments in the years ahead. We saw some success in the last State Budget with an increase in funding for the Municipal Services Program, which reimburses local governments for providing services to state properties. This was accomplished, in part, because Oshkosh, Waukesha, Green Bay and other communities also benefited. Local governments across Wisconsin are making it clear that the way they are funded isn't working — especially for cities like Madison that have a growing population. We will keep working with other cities to encourage the State to increase funding to our communities, lift punitive restrictions and allow funding options for local governments besides increasing property taxes.

Residents deeply value the basic services that local governments provide and cutting these services harms our communities. It's irresponsible and counterproductive to let basic infrastructure crumble or to force localities to cut back on the programs that expand opportunities for all residents to thrive. I'm hopeful for better treatment for local governments in the next state budget. What helps Madison will help every municipality in the state and this is an issue state lawmakers can no longer ignore. Until then, we are still far too dependent on property taxes and must be extremely mindful of the burden it places on our residents.

The five-year plan adopted by the Common Council in 2025 was an important change to our Operating Budget process. That plan called for the City to continue to find efficiencies and use the fund balance (or "Rainy Day Fund") and new special charges to address our projected shortfalls so that we would not need another referendum. Thankfully, our fund balance and the City's overall fiscal state still remains healthy. I intend to follow the plan and do not believe we will need drastic revenue measures like referenda in the next five years.

Unfortunately, the state limits the City's ability to budget effectively in two significant ways: first, we cannot exceed the property tax levy limit, and second, via the Expenditure Restraint Incentive Program (or ERIP) which penalizes the City millions of dollars for increasing expenditures beyond the rate of inflation (currently estimated at 4.6%). This limits our ability to continue to provide our current level of service and precludes any new spending. This year, our cost to continue providing current services exceeds both the levy limit and the ERIP limit, largely due to inflation and fuel costs. As a result, I'm directing agencies to prepare 2 percent budget reduction scenarios and to forgo supplemental requests of any kind. This directive is for all agencies, including enterprise agencies with revenue sources outside the General Fund, since minimizing the total financial burden on our residents during this time of financial stress is a top priority.

I know it's extremely difficult to provide the same level of service to a growing populace without a corresponding increase in staffing capacity. It is taking a toll on our current staff, and I'm concerned for their wellbeing. I am very interested in any efficiencies that address this challenge as you prepare your agency request for the 2027 Operating Budget.

In this context, I am providing the following guidance for 2027 operating budget requests:

### Base Proposals for General, Library, and Fleet Funds

- Agencies will receive a base budget consistent with the cost-to-continue current services.

- The base will continue the same salary savings rate as the 2026 budget (citywide average of 3%). Rates will be tiered from 0%-4% based on agency size.
- The base will also include a 0.75% reduction to reflect underspending trends. This reduction is the same as 2026. Department heads will be expected to manage to their target budget.

### Base Proposals for Enterprise Agencies and Restricted Funds

- All Enterprise Fund Agencies and Restricted Funds must develop an operating budget plan consistent with current revenue projections for 2027.
- Revenue projections should limit the growth in user rates to the extent possible. If a rate increase is proposed, agencies must explain the components of the increase and what efforts have been made to reduce expenses. Proposed rate increases should be analyzed through an equity lens and consider affordability.
- Agencies projecting revenue shortfalls for 2027 will need to present a base budget that includes expenditure reductions to meet available revenue.
- Agencies that receive subsidies from other funds will need to carefully scrutinize and reduce spending levels where necessary, consistent with constraints on the funds providing the subsidy.

### Reduction Scenarios (All Funds, excluding grants)

- All agencies, including enterprise funds and restricted funds, must propose service reductions equal to at least 2% of the department's 2027 base budget.
- Department heads are directed to review all services and activities. Our goal is to preserve core services while identifying lower priority services that could be eliminated.
- Enterprise and restricted funds have been excluded from prior cut exercises based on the availability of revenue sources aside from the property tax. However, it is priority to examine affordability of all City services. The target for enterprise and restricted funds will be 2% of the request budget, excluding debt service and certain fixed costs determined by external entities. These exclusions will vary by agency.
- The only funds exempted from submitting a reduction proposal are grant-funded activities (Funds 1220 and 1205).
- Department heads must provide information on services recommended for elimination and should make such recommendations through an equity lens.
- Department heads should review any fees or charges for services, balancing service provision, equity, affordability and impact on the general fund. Departments considering changes to fees or charges should consult with their assigned budget analyst.
- Department heads should focus on efficiencies and lower priority services in developing the reduction plans. Plans should avoid, to the extent practicable, one-time savings from holding positions vacant and reductions in administrative costs (e.g. travel, training, office supplies) that do not impact service levels.

## Reallocations and Inter-Departmental Charges (All Funds)

- Agencies may reallocate funding across services so long as the changes are net neutral and do not increase the agency's overall expenditures.
- Agencies are encouraged to scrutinize their activities and use available data on services to prioritize funding. This includes examining whether there are programs or activities that can be phased out due to shifting needs.
- Agencies cannot propose changes to centrally calculated salary savings and interdepartmental billings & charges (e.g. building use, fleet, insurance, workers compensation, and cost allocation plan charges). Additionally, agencies cannot propose new revenues that result from charging other agencies. Proposals to shift costs to other funding sources must be sustainable.

## Personnel Requests (All Funds)

- Agencies will not be allowed to submit new position requests for 2027. This applies to enterprise fund agencies in addition to general fund agencies.
- Agencies may request to recreate or reclassify existing positions. All requests for personnel reclassifications (except for standard career ladders) must be detailed in the budget proposal forms, even if net neutral. Agencies must discuss proposed changes with their HR analyst prior to submitting a budget request. Changes resulting in a new classification must include an updated position description.

## Supplemental Requests and Long-Range Planning

- Agencies will not be allowed to submit supplemental requests for 2027.
- Agencies may submit an optional 5-year planning document to identify future operating cost needs related to known projects (e.g. completion of a new facility, software migration to the cloud, implementation of new equipment) that should be considered for future budget cycles. Instructions will be sent separately.

## Priorities of Racial Equity, Social Justice, and Sustainability

- Agency requests should be aligned with citywide priorities, including racial equity, social justice, and sustainability. Department heads are encouraged to engage department equity teams to think about how to advance equity goals within your base budget and core services. If you have questions regarding sustainability measures, they can be directed to our sustainability staff.

## Creativity, Innovation, and Data-Informed Proposals

- Be creative in developing proposals to reduce the cost-of-service delivery. Consider ways to work across agencies and collaborate with others to create cost-saving efficiencies. If you have ideas for inter-agency coordination that do not fit directly within your budget, contact your budget analyst to discuss options.
- Agencies that have completed the Results Madison data engagement will be expected to select 2-3 service indicators to present as part of their budget. These indicators will

be published as part of the executive budget in October. Instructions will be sent separately on how to select indicators for your request.

I'm very proud of how this City has overcome daunting challenges in the past few years, and that is a credit to our talented and dedicated employees, as well as your leadership. I know we will rise to the occasion again. I am hopeful that the next state government will take seriously the central role cities play in our state's economy and work with us to provide the investments our communities deserve. Until then, we will do what we do best – work together to serve our community to the best of our ability. I appreciate your leadership, and the work you and your teams put in, not just to craft the budget every year, but to do the work that it represents.

Sincerely,  
Mayor Satya



# 2027 Operating Budget Kick-Off Meeting

June 9, 2026

# Agenda

- Mayor's Message
- Budget Calendar and Deadlines
- 2027 Operating Outlook
  - Limitations on Budget
  - Cost to Continue Revenue & Expenditures Assumptions
  - 5-Year Outlook
  - Approach for 2027
- Budget Guidance
- Completing Proposals in Munis & Submitting Forms

# Mayor's Message

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# 2027 Operating Outlook

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# Key Dates for 2027 Budget Development

## Capital Budget

- Kick Off: **March 17**
- Agency Requests Due: **April 17**
- Agency Briefings: **May 13-15**
- Executive Budget Introduced: **September 8**
- FC Briefings: **September 14-15**
- FC Amendment Meeting: **September 28**
- CC Budget Meetings: **November 10-12**

## Operating Budget

- Kick Off: **June 9**
- Agency Requests Due: **July 17**
- Agency Briefings: **August 12-21**
- Executive Budget Introduced: **October 6**
- FC Briefings: **October 12-13**
- FC Amendment Meeting: **October 26**
- CC Budget Meetings: **November 10-12**

\*FC = Finance Committee

\*CC = Common Council

# Other Upcoming Finance Dept. Deadlines

## All Agencies

- 2026 Operating Budget Projections
  - Process started this week, budget analysts will send data file and meet with agency end of June. Mid Year Resolution is introduced July 21.

## Agencies with Capital Budgets

- 2027 Capital Budget Change Forms
  - Change form will be released this week, agencies will have until July 8 to submit changes to their original capital request for 2027.
- 2026 Borrowing Exercise
  - Used to determine amount of borrowing proceeds needed, template will be sent from Accounting section of Finance Dept soon, due early July.

# Operating Budget Considerations

The operating budget must be balanced (revenues = expenditures). There are constraints on both sides of the equation.

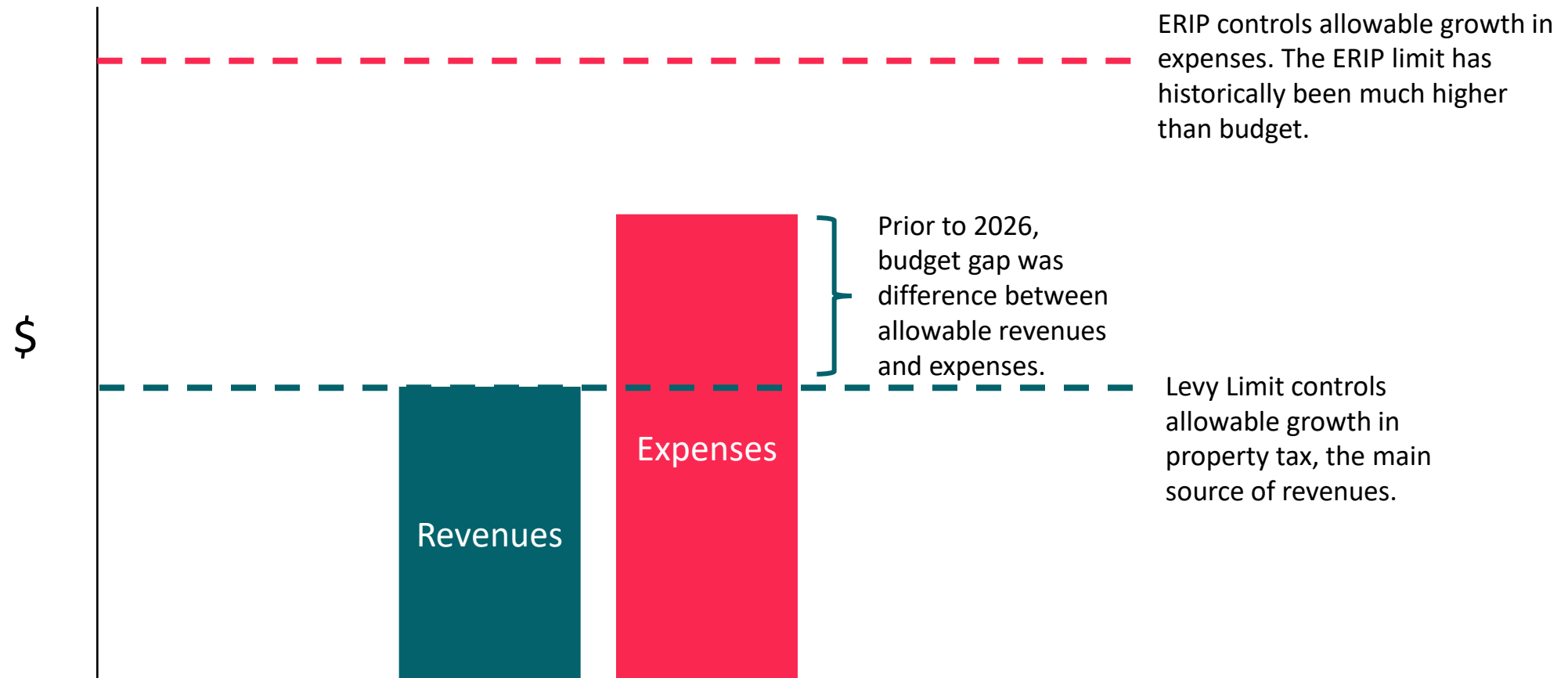
## Revenue Limits

- The levy limit and other limits on local revenues have been the primary challenge with structural deficit. Allowable growth in revenues does not keep pace with expenditures.
- Voters approved a \$22 million referendum in 2024 to close the budget gap in 2025. This amount is permanently added to tax base but does not grow with inflation or rising expenses.
- The [5-year plan](#) in the 2026 budget shows the structural gap and options to balance the budget (e.g. fund balance, special charges).

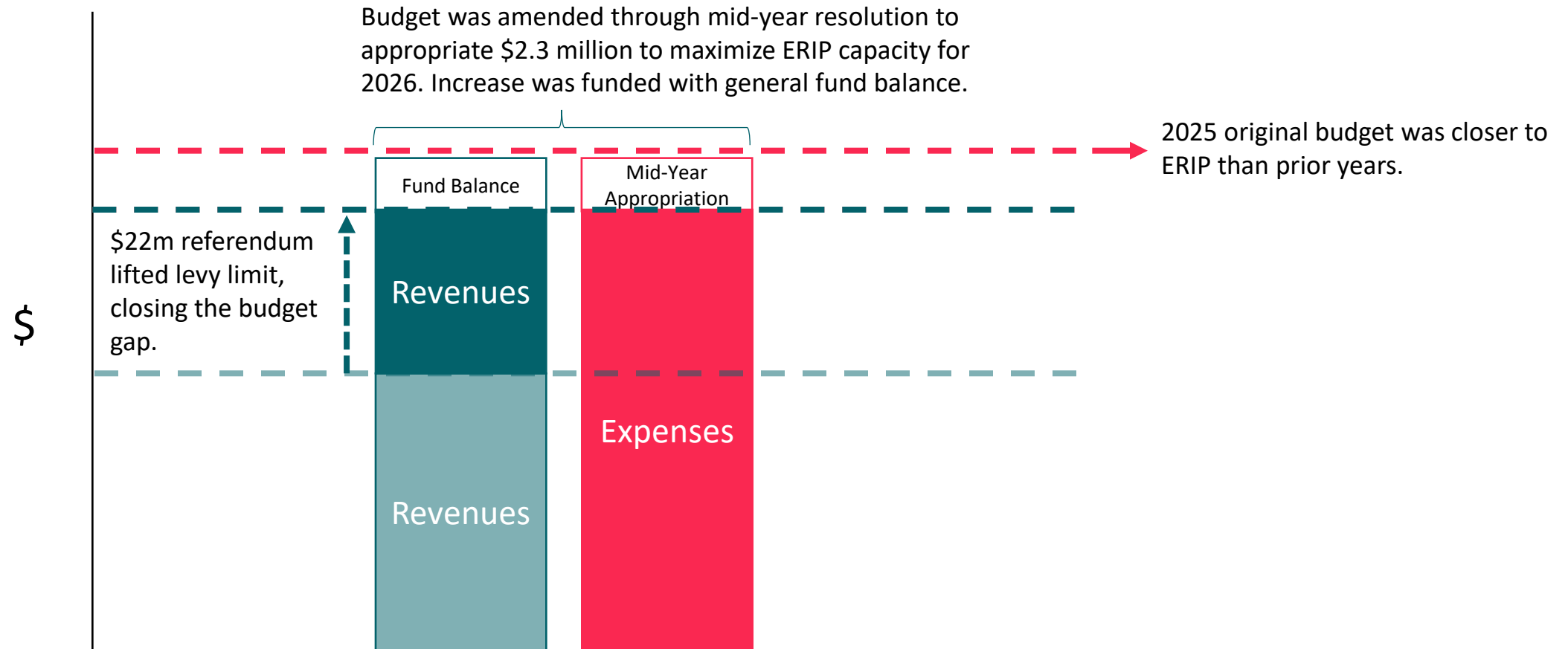
## Expenditure Limits

- The Expenditure Restraint Incentive Program (ERIP) limits growth in year over year expenditures.
- Compliance results in annual State Aid payments of \$7m-\$9m.
- Prior to 2026, ERIP limit had been significantly higher than levy limit, meaning we could have increased expenditures if revenues allowed.
- 2026 is first budget that had an ERIP constraint before levy constraint.

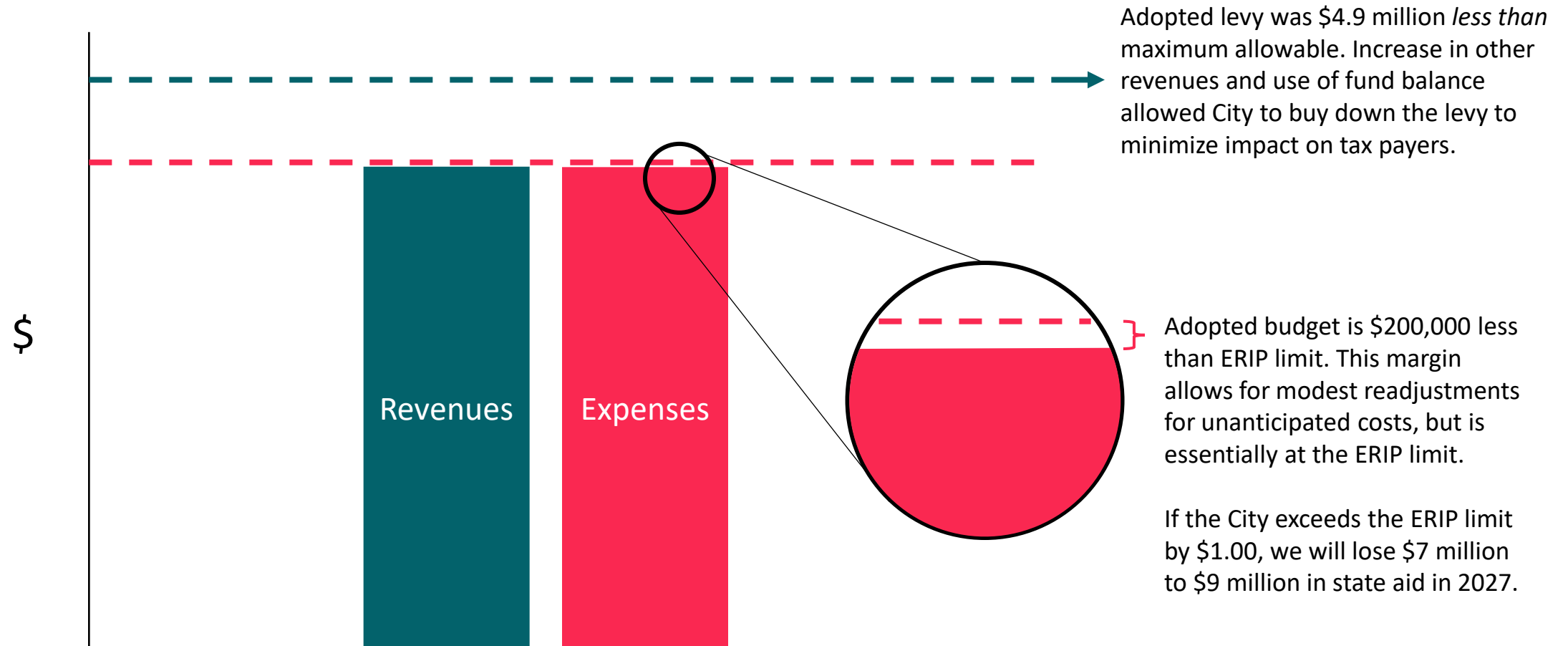
# Historically, the levy limit has been the primary budget challenge.



# In 2025 budget, the property tax levy referendum helped close the gap.



# The 2026 budget was the first time we hit the ERIP limit before the levy limit.



# 2027 Cost to Continue Process

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.

## City-Wide Adjustments

- Update revenue projections and remove one-time funding used to balance the 2026 Budget
- Personnel Costs
  - Estimated through a salary & benefit projection that incorporates step & longevity increases and negotiated increases
  - Includes placeholders for benefits rates, which will be updated later in the year
  - Based on 2026 payroll allocations
- ID Charges for internal services (Fleet, Insurance, Workers Compensation) and cost allocation plan

## Agency-Specific Adjustments

- Remove one-time funding and expenses from the 2026 Adopted Budget
- Annualize partial year commitments
- Build in contractually required increases for purchased services
- Agency C2C determined through meetings between agencies and budget staff

# 2027 Cost to Continue projects a revenue gap and exceeds the ERIP limit.

## General and Library Funds

### Revenues = \$472.1 million

Total revenues are \$19.4 million (4.3%) higher than the 2026 adopted budget. Assumptions:

- + \$18.5m: Levy increase
- + \$2.6m: Increase in ambulance fees
- +\$1.0m: Increase in building permit revenue
- - \$1.2m: Decrease in municipal service payment
- -\$1.0m: Decrease in interest earnings
- -\$2.2m: Removing fund balance applied
- +1.8m: Other adjustments to state aid, licenses, transfers, and other sources

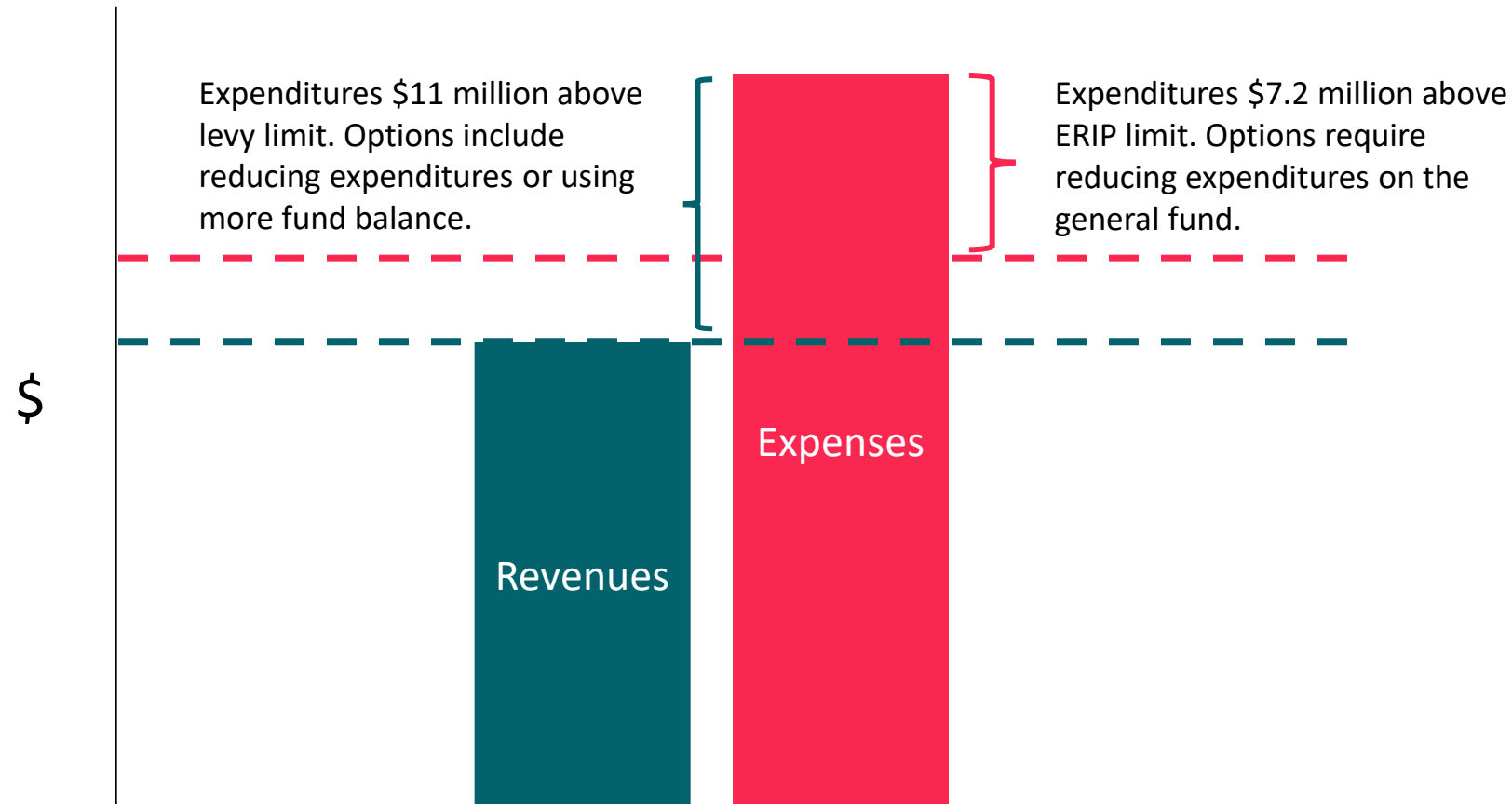
### Expenditures = \$483.2 million

Total expenses are \$30.4 million (6.7% ) higher than 2026 adopted budget. Major changes:

- + \$9.7m: Salary + benefits increases
- + \$9.5m: Metro subsidy increase
- + \$6.0m: Placeholder for GF Debt Service; excluded from ERIP calculations
- + \$2.6m: Non-Personnel Costs. Half of increase for software costs (\$1.3m). Library contract with Dane County (\$289,000), legal services and consulting for property tax challenges (\$225,000), building maintenance costs (\$170,000), and other expenses
- +\$1.5m: Fleet charges, primarily for increased fuel costs

**\$11.0 million gap between revenues and expenditures**  
**\$7.2 million above ERIP limit**

# 2027 Cost to Continue projects a revenue gap and exceeds the ERIP limit.



# Cost to Continue Adjustments: Expense Details(GF + Library)

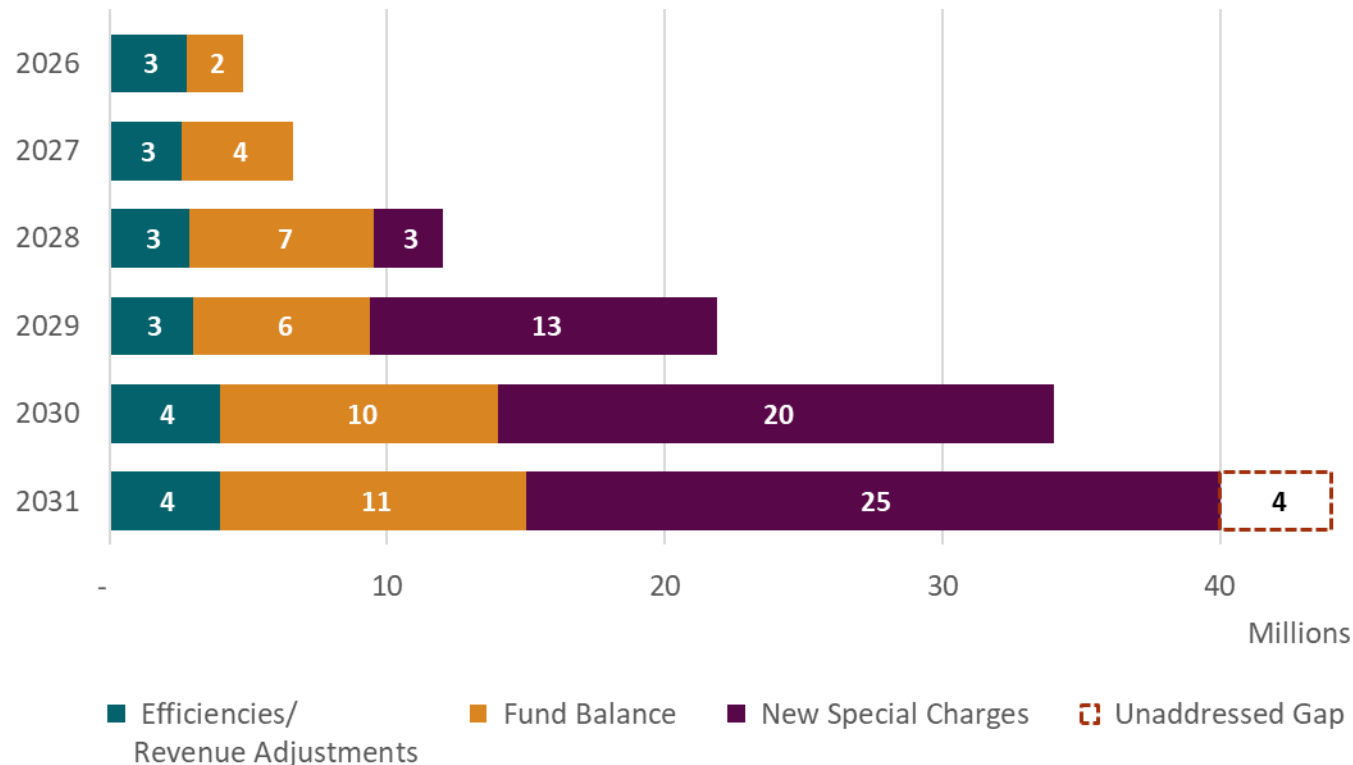
Category	Assumptions
Personnel Costs	<p>\$9.7 million increase in salaries and benefits</p> <ul style="list-style-type: none"> <li>• \$6.6 million increase in perm wages: 3% increase for GMEs and protective service based on negotiated agreements and Step/Longevity adjustments. Partially offset by \$2 million decrease in pending personnel that was associated with partial year positions in 2026.</li> <li>• \$466,000 reduction in Clerk’s Office: elections staffing for two fewer elections</li> <li>• \$2.7 million increase in health insurance: anticipated increase of 8.5% on local plans</li> <li>• \$1.6 million increase in WRS and FICA: increase on base wages and assuming 2.5% WRS rate increase</li> <li>• Maintain citywide salary savings rate of 3% and maintain 0.75% budget efficiency reduction</li> <li>• Recalculation of salary savings and budget efficiency added \$0.6 million to budget, despite being calculated on a higher base. This is related to one-time adjustments and reallocations that resulted in more savings from these two items in 2026.</li> </ul>
Elections	<ul style="list-style-type: none"> <li>• \$592,000 reduction for elections-related expenses including staffing and postage costs</li> <li>• Overall Clerk costs reduced \$211,000; savings from biennial election cycle offset by increases for purchased services (facility rental, other costs) and higher insurance charges</li> </ul>
Direct Appropriations	<ul style="list-style-type: none"> <li>• Adds \$6.0m placeholder for Debt Service</li> <li>• \$95,000 increase to reverse additional Room Tax support for the Zoo in 2026</li> <li>• \$225,000 increase in consulting and legal service costs for Assessor-related property assessment challenges</li> </ul>
Purchased Services	<ul style="list-style-type: none"> <li>• Adds \$1.3m in agencies for software costs (\$971,000 in IT, \$274,000 in Police, \$35,000 other agencies)</li> <li>• \$170k increase in building maintenance costs</li> <li>• Other major changes: Library Dane County contract (\$289,000); Police non-software purchased services (\$170,000); Clerk storage facility rental (\$149,000)</li> </ul>

# Cost to Continue Adjustments: Other Adjustments(GF + Library)

Category	Assumptions
<b>General Fund Subsidies</b>	
Metro Subsidy	<ul style="list-style-type: none"> <li>Adds \$9.5m to Metro subsidy (2027 total: \$34.5 million)</li> <li>Reflects increased personnel, fuel, and paratransit provider costs</li> </ul>
PHMDC Subsidy	<ul style="list-style-type: none"> <li>Increased \$744,000 based on cost to continue and equalized value</li> </ul>
<b>Billings and Charges</b>	
Fleet Rate	<ul style="list-style-type: none"> <li>Fleet budget increased by \$2.2 million related to increased fuel (\$1.5 million) other adjustments</li> <li>\$1.5 million increase in GF billings</li> </ul>
Cost Allocation	<ul style="list-style-type: none"> <li>Updated plan increases billings to enterprise agencies by \$148,000</li> </ul>
Other billings and charges	<ul style="list-style-type: none"> <li>Insurance: Charges to the General Fund increased by \$167,000</li> <li>Worker's Compensation: Charges to the General Fund increased \$27,000</li> </ul>

# Five-year operating budget plan presents a roadmap for closing the revenue gap.

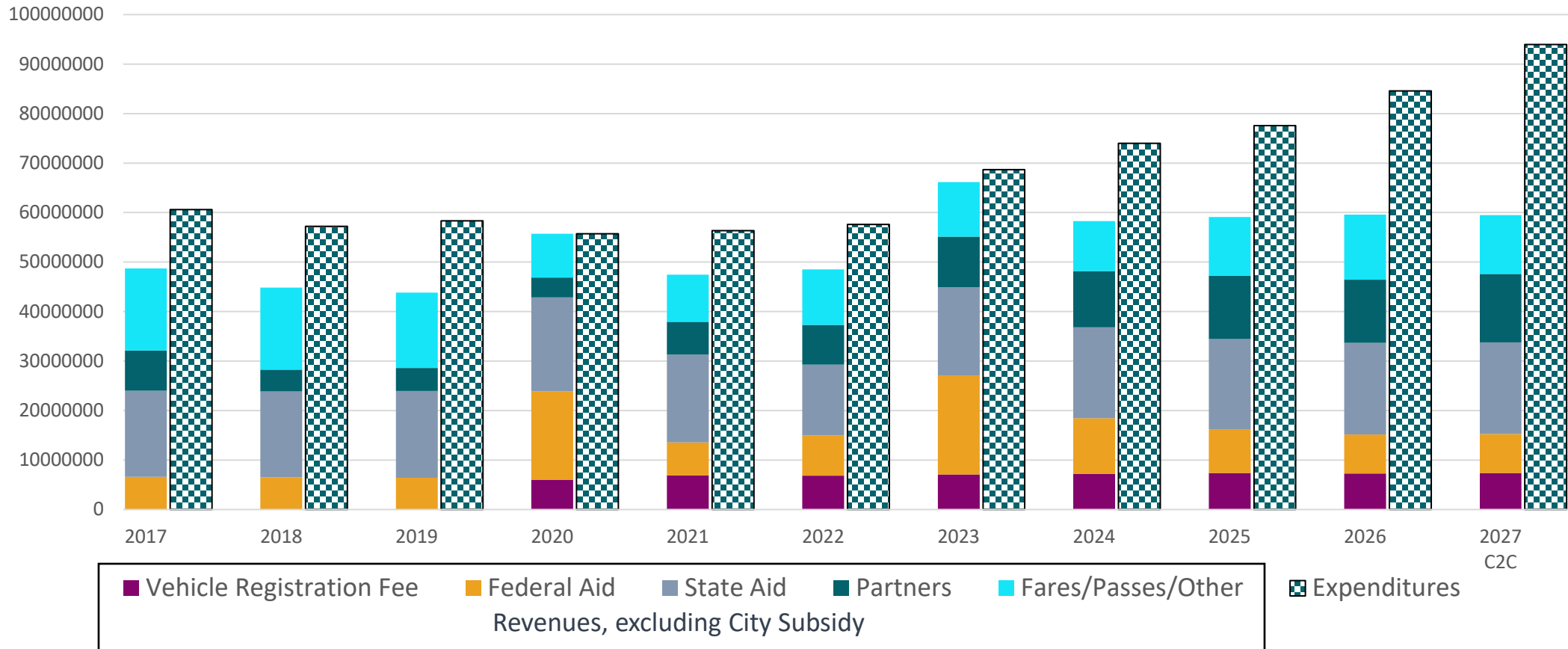
Five-Year Plan to Balance the Operating Budget (2026 Adopted)



- Five-year plan first introduced in 2025 adopted budget, updated for 2026.
- Plan assumed using \$40m of fund balance to close future gaps.
- Model assumed growth in personnel costs and inflation for non-personnel costs, but did not factor in current fuel prices or significant growth in Metro subsidy.
- Applying fund balance helps with the levy limit but does not solve the ERIP issue. Reductions will be required to comply with ERIP.
- Plan will be updated in the 2027 executive budget summary.

# Context on Metro Transit Revenues

Annual Gap between Revenues and Expenditures Filled by General Fund Subsidy  
 Federal Pandemic Aid from 2020 to 2023  
 No Growth in Revenues since 2023



# 2027 Budget Guidance

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# 2027 budget will include 2% reduction scenarios and no supplemental requests

- Due to expenditure limits, **all** agencies will be required to submit 2% reduction scenarios as part of their request.
- Baseline budget will continue a 3% average salary savings rate (All Funds) and 0.75% “Budget Efficiency” reduction for General, Library, and Fleet Funds.
- No new positions and no supplemental requests will be allowed.
- This year’s guidance on reductions and supplementals applies to enterprise and restricted funds, which have been historically excluded from budget cuts, to examine affordability of all City services.

# Process Changes from 2026

## **What is staying the same:**

- Transmittal memo and Munis line-item budget will be similar to prior years.
- Proposal Forms will be submitted in network Common folder.
- Mayoral Briefings will be Q&A format, not a formal presentation.

## **What is different:**

- Agencies have 1 additional week (6 weeks instead of 5) to complete requests.
- 2% reduction proposals. Format will be similar to template from 2025 budget.
- Service proposals have been simplified. Agencies will submit 1 form per agency instead of 1 form per service to streamline requirements.
- Main request will be published through our new Digital Budget Book. Some materials, such as reduction proposals, may be published as a separate file.
- Introduction of Results Madison Indicators and long-range planning components.

# Budget Guidance:

## 99.25% Base Budget (General, Library, Fleet)

- Agencies will receive a base budget consistent with the cost-to-continue current services.
- The budget target for all General, Library, and Fleet Fund agencies will be 99.25% of cost-to-continue levels. Base budgets include a 0.75% Budget Efficiencies Object that reduce net expenditures.
- Department heads will be expected to manage to the 99.25% budget throughout the 2027 fiscal year. Strategies to meet this target can include keeping vacant positions open longer and carefully reviewing supplies and purchased services spending.

*Note: The Object for Budget Efficiencies (51510) is within the Salaries Major. Agencies can manage savings through other accounts, but the amount will show up in salaries.*

# Additional Context: Budget Efficiencies

- Budget efficiency cut started in 2024 with a 1% across the board reduction for all general/ library/ fleet fund agencies. This was based on underspending trends from 2019-2022 (3.2% average).
- After this cut was implemented, actual underspending decreased to 1.6% in 2024 and 1.5% in 2025. Higher salary savings rates and the 1% efficiency have helped calibrate agency budgets to actual spending.
- 2026 Budget “gave back” 0.25% of efficiency reduction to provide additional flexibility in budget.
- 2027 will continue with a 0.75% reduction.

Year	Actual	Revised Budget	Available Budget	% Unspent
2019	\$249,819,253	\$254,894,822	\$5,075,569	2.0%
2020	\$261,819,133	\$271,125,004	\$9,305,872	3.4%
2021	\$264,680,220	\$274,863,562	\$10,183,341	3.7%
2022	\$272,543,589	\$283,154,789	\$10,609,245	3.7%
2023	\$287,163,231	\$296,076,783	\$8,912,026	3.0%
2024	\$305,355,649	\$310,256,851	\$4,901,202	1.6%
2025	\$318,996,060	\$323,964,564	\$4,968,504	1.5%

# 99.25% Budget Example

Cost to Continue Budget:	
Agency Revenues	(25,000)
Salaries	735,000
Benefits	190,000
Supplies	15,000
Purchased Services	50,000
Inter-D Charges	35,000
<b>Total</b>	<b>1,000,000</b>

99.25% Budget:	
Agency Revenues	(25,000)
Salaries	735,000
-0.75% Efficiency	(7,500)
Benefits	190,000
Supplies	15,000
Purchased Services	50,000
Inter-D Charges	35,000
<b>Total</b>	<b>992,500</b>

← In 2026, agencies received a 1% budget cut and a bonus +0.25% they could reallocate to other objects. In 2027, simplifying the efficiency calculation to reduce budget by 0.75% and not allow reallocations.

- Agencies will be expected to manage to 99.25% bottom line target.
- Agencies can meet target through multiple strategies (e.g. hold positions vacant to increase salary savings, manage non-personnel costs).

# Budget Guidance:

## Base Budget for Enterprise + Restricted Funds

- All Enterprise Fund Agencies and Restricted Funds must develop an operating budget plan consistent with current revenue projections for 2027.
- Revenue projections should limit the growth in user rates to the extent possible. If a rate increase is proposed, agencies must explain the components of the increase and what efforts have been made to reduce expenses. Proposed rate increases should be analyzed through an equity lens and consider affordability.
- Agencies projecting revenue shortfalls for 2027 will need to present a base budget that includes expenditure reductions to meet available revenue.
- Agencies that receive subsidies from other funds will need to carefully scrutinize and reduce spending levels where necessary, consistent with constraints on the funds providing the subsidy.

# Budget Guidance:

## Continued Citywide 3% Salary Savings (All)

- The base will continue the same salary savings rate as the 2026 budget (citywide average of 3%). Rates will be tiered from 0%-4% based on agency size.
- “Salary Savings” is a budgeting object used to reflect turnover and vacancies in an agency budget. All agencies, including enterprises, budget for salary savings.
- Salary Savings is calculated as a percentage of permanent wages and reduces an agency’s total budget target. Rate does not factor in savings in benefits from vacancies or additional costs from overtime/ hourly wages/ other costs for backfilling vacancies
  - Simple Example: Perm Wages = \$100,000 | Salary Savings Rate 3% = (\$3,000) | Total = \$97,000
- Actual underspending in permanent wages from 2021 – 2025 ranged from 4%-6%. Maintaining a 3% citywide average salary savings rate will recognize underspending and better align budgets with actuals.
- 2026 will continue the tiered rate structure introduced in the 2024 budget
  - 1 – 19 FTEs = 0%
  - 20 – 49 FTEs = 0.5%
  - 50 – 99 FTEs = 1.0%
  - 100 – 199 FTEs = 3.0%
  - 200+ FTEs = 4.0%

# Budget Guidance:

## Reduction Scenarios (All, excluding grants)

- All agencies, including enterprise funds and restricted funds, must propose service reductions equal to at least 2% of the department's 2027 **base budget**.
- Department heads are directed to review all services and activities. Our goal is to preserve core services while identifying lower priority services that could be eliminated.
- Enterprise and restricted funds have been excluded from prior cut exercises based on the availability of revenue sources aside from the property tax. However, it is priority to examine affordability of all City services. The target for enterprise and restricted funds will be 2% of the request budget, excluding debt service and certain fixed costs determined by external entities. These exclusions will vary by agency.
- The only funds exempted from submitting a reduction proposal are grant-funded activities (Funds 1220 and 1205).

*Note: The base budget for General, Library, and Fleet Fund agencies will be 2% of Cost to Continue. The base budget for enterprise and restricted funds will be 2% of agency request, as the Cost to Continue process does not factor in all necessary adjustments for enterprises.*

# Budget Guidance:

## Reduction Scenarios, Continued

- Department heads must provide information on services recommended for elimination and should make such recommendations through an equity lens.
- Department heads should review any fees or charges for services, balancing service provision, equity, affordability and impact on the general fund. Departments considering changes to fees or charges should consult with their assigned budget analyst.
- Department heads should focus on efficiencies and lower priority services in developing the reduction plans. Plans should avoid, to the extent practicable, one-time savings from holding positions vacant and reductions in administrative costs (e.g. travel, training, office supplies) that do not impact service levels.

*Note: Reduction scenarios will be submitted through an Excel form. This form will be similar to what was used during the 2025 budget process and will be published with your request.*

# Budget Guidance:

## Reallocations and ID Charges (All)

- Agencies may reallocate funding across services so long as the changes are net neutral and do not increase the agency's overall expenditures.
- Agencies are encouraged to scrutinize their activities and use available data on services to prioritize funding. This includes examining whether there are programs or activities that can be phased out due to shifting needs.
- Agencies cannot propose changes to centrally calculated salary savings and interdepartmental billings & charges (e.g. building use, fleet, insurance, workers compensation, and cost allocation plan charges). Additionally, agencies cannot propose new revenues that result from charging other agencies. Proposals to shift costs to other funding sources must be sustainable.

*Note: Although net neutral changes are allowed, the following changes will require additional explanation in the Agency Proposal form: 1) reallocations of \$10,000 or more at the Service or Major level and 2) personnel changes.*

# Budget Guidance:

## Personnel Requests (All Funds)

- Agencies will **not** be allowed to submit new position requests for 2027. This applies to enterprise fund agencies in addition to general fund agencies.
- Agencies may request to recreate or reclassify existing positions. All requests for personnel reclassifications (except for standard career ladders) must be detailed in the budget proposal forms, even if net neutral. Agencies must discuss proposed changes with their HR analyst prior to submitting a budget request. Changes resulting in a new classification must include an updated position description.
- Agencies may submit changes to payroll allocations as part of their budget. These changes do not require HR review.

# Budget Guidance:

## Supplemental Requests and Long-Range Planning

- Agencies will **not** be allowed to submit supplemental requests for 2027.
- Agencies may submit an optional 5-year planning document to identify future operating cost needs related to known projects (e.g. completion of a new facility, software migration to the cloud, implementation of new equipment) that should be considered for future budget cycles. Instructions will be sent separately.

*Note: The optional 5-year plan is not considered part of your official budget request and will not be published.*

# Budget Guidance:

## Other Considerations

### Citywide Priorities

- Agency requests should be aligned with citywide priorities, including racial equity, social justice, and sustainability. Department heads are encouraged to engage department equity teams to think about how to advance equity goals within your base budget. If you have questions regarding sustainability measures, they can be directed to our sustainability staff.
- *Tip: Refer to Equity in the Budget guide on [Employeeenet](#).*

### Creativity, Innovation, and Data-Informed Proposals

- Be creative in developing proposals to reduce the cost-of-service delivery. Consider ways to work across agencies and collaborate with others to create cost-saving efficiencies. If you have ideas for inter-agency coordination that do not fit directly within your budget, contact your budget analyst to discuss options.
- Agencies that have completed the Results Madison data engagement will be expected to select 2-3 service indicators to present as part of their budget. These indicators will be published as part of the executive budget in October. Instructions will be sent separately on how to select indicators for your request.

# Completing Proposals Forms and Munis Data Entry

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# Required Proposal Components

	1. Transmittal Memo	2. Line-Item Budget	3. Agency Proposal Form	4. Reduction Forms
<b>Description &amp; Purpose</b>	<ul style="list-style-type: none"> <li>Memo drafted from Agency Head to Mayor</li> <li>Outlines agency priorities and strategies for meeting budget targets</li> </ul>	<ul style="list-style-type: none"> <li>Line-item budget for each Service</li> <li>Provides details at the object-level for all expenses and revenues</li> </ul>	<ul style="list-style-type: none"> <li>Review budget narratives, describe proposed reallocations to base budget, and submit proposed personnel reclassifications</li> </ul>	<ul style="list-style-type: none"> <li>Identifies lower-priority service activities that equal at least 2% of agency's 2027 base budget</li> <li>Applies to all funds</li> </ul>
<b>How to Submit</b>	<ul style="list-style-type: none"> <li><b>F:Drive:</b> Upload to Agency folder in Common Drive</li> </ul>	<ul style="list-style-type: none"> <li><b>Munis:</b> Enter details in "Central Budget" module of Munis</li> </ul>	<ul style="list-style-type: none"> <li><b>F:Drive:</b> Upload to Agency folder in Common Drive</li> </ul>	<ul style="list-style-type: none"> <li><b>F:Drive:</b> Upload to Agency folder in Common Drive</li> </ul>
<b>Format</b>	<ul style="list-style-type: none"> <li>Word document template</li> <li>Final version on agency letterhead in memo format</li> </ul>	<ul style="list-style-type: none"> <li>Agencies enter proposed changes by account (Org Code – Object)</li> </ul>	<ul style="list-style-type: none"> <li>Word document template (1 per Agency)</li> </ul>	<ul style="list-style-type: none"> <li>Excel file template</li> </ul>

REMINDER: Budget requests are due Friday, July 17 (end of day). Requests are public documents. Be sure to spellcheck & proofread documents and ensure your request accurately reflects your plans.

# Other Proposal Components, if Applicable

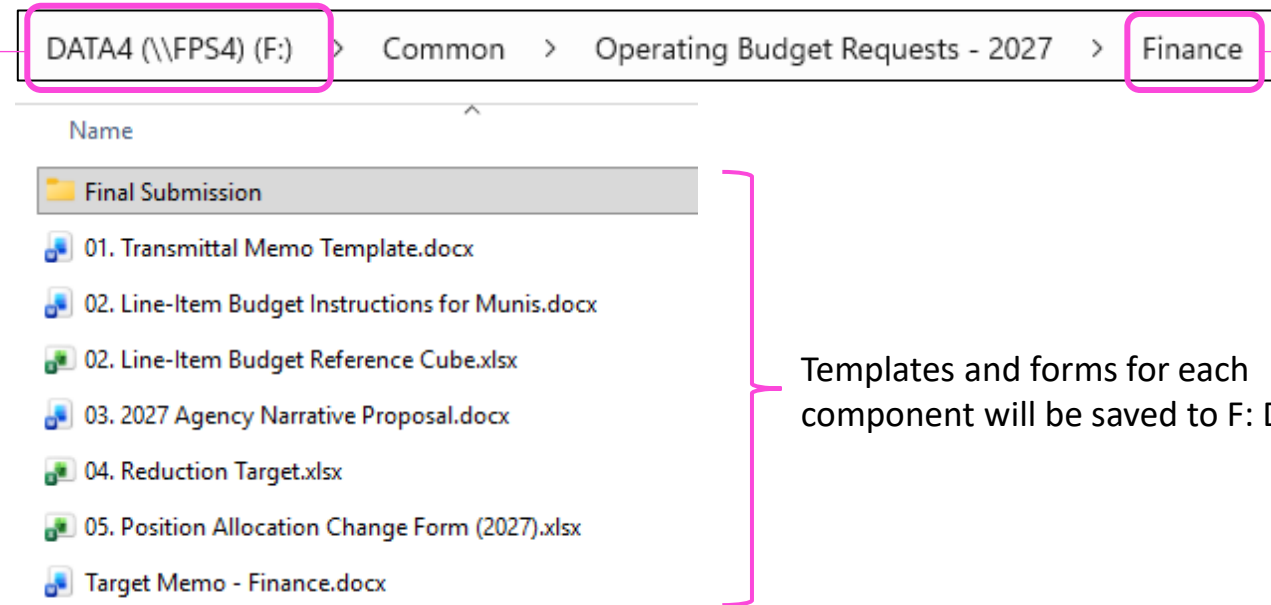
	5. Position Allocations	6. Results Madison	7. Long Range Plan
<b>Description &amp; Purpose</b>	<ul style="list-style-type: none"> <li>Request changes to position allocations (if needed)</li> </ul>	<ul style="list-style-type: none"> <li>Agencies that have completed Results Madison data engagement select 2-3 indicators related to budget</li> </ul>	<ul style="list-style-type: none"> <li>Optional 5-year planning document to identify future operating costs related to known projects (e.g. facilities, software migrations, equipment)</li> </ul>
<b>How to Submit</b>	<ul style="list-style-type: none"> <li><b>F:Drive:</b> Upload to Agency folder in Common Drive</li> </ul>	<ul style="list-style-type: none"> <li><b>SharePoint:</b> Select indicators in tracking spreadsheet</li> </ul>	<ul style="list-style-type: none"> <li><b>F:Drive:</b> Upload to Agency folder in Common Drive</li> </ul>
<b>Format</b>	<ul style="list-style-type: none"> <li>Excel file template</li> <li>Agencies complete and upload as needed</li> </ul>	<ul style="list-style-type: none"> <li>Selected indicators will be compiled for internal review and published with executive budget in October</li> </ul>	<ul style="list-style-type: none"> <li>Word document template</li> <li>Not part of formal request for will be used for internal planning purposes</li> </ul>

- The following items are for internal planning purposes and will not be published with the official request packet.
- Agencies will be given an extra 2 weeks to complete these forms. If applicable, the due date will be **July 31**.

# Where to find budget materials

File path will depend on which server you have access to (fps1, fps2, fps4)

Regardless of server, you will be able to navigate to “Operating Budget Requests - 2027” folder by going to Common Drive



Navigate to your agency’s folder. Be careful to only edit your agency files.

<input checked="" type="checkbox"/> DO	<input checked="" type="checkbox"/> DON'T
<ul style="list-style-type: none"><li>• Save a local copy of Word Doc proposal forms to make edits</li><li>• Upload final drafts to Common Drive</li></ul>	<ul style="list-style-type: none"><li>• Do not wait until the last week to start your requests.</li><li>• Do not rename folders</li><li>• Do not go into other agency folders</li></ul>

# Component 1: Transmittal Memo

	1. Transmittal Memo
<b>Description &amp; Purpose</b>	<ul style="list-style-type: none"><li>• Memo drafted from Agency Head to Mayor</li><li>• Outlines agency priorities and strategies for meeting budget target</li></ul>
<b>How to Submit</b>	<ul style="list-style-type: none"><li>• <b>F:Drive:</b> Upload to Agency folder in Common Drive</li></ul>
<b>Format</b>	<ul style="list-style-type: none"><li>• Template provided by Finance</li><li>• Final version on agency letterhead in memo format</li></ul>

## Instructions for Completing the Memo

- Download template and respond to prompts
- Submit by uploading final draft to F: Drive

# Component 2: Line-Item Budget

2. Line-Item Budget	
<b>Description &amp; Purpose</b>	<ul style="list-style-type: none"> <li>Line-item budget for each Service</li> <li>Provides details at the object-level for all expenses and revenues</li> </ul>
<b>How to Submit</b>	<ul style="list-style-type: none"> <li><b>Munis:</b> Enter details in “Central Budget” module of Munis</li> </ul>
<b>Format</b>	<ul style="list-style-type: none"> <li>Agencies enter proposed changes by account (Org Code – Object)</li> </ul>

## Instructions for Completing Line-Item Budget Entry

- Go to “Central Budget Entry” module in Munis
- Projection 20271: Annual Funds (Default)
  - Base budget built on cost to continue assumptions, using 2026 adopted budget as a baseline
  - Enterprise funds and fleet fund should net to zero
- Projection 20272: Multi-Year Funds
  - Used to budget expenditures in the City’s grant fund (Fund 1220) and CDBG fund (Fund 1205)
  - Expenses and revenues should net to zero
- Projection 20274: Restricted Fund
  - Used to budget expenditures in the City’s restricted fund (Fund 1250)
  - Expenses and revenues should net to zero
- Step-by-step instructions for entering the Munis Line-Item budget posted on Employeeenet

# Component 3: Agency Proposal

3. Service-Level Proposals	
<b>Description &amp; Purpose</b>	<ul style="list-style-type: none"> <li>Review budget narratives, describe proposed reallocations to base budget, and submit proposed personnel reclassifications</li> </ul>
<b>How to Submit</b>	<ul style="list-style-type: none"> <li><b>F:Drive:</b> Upload to Agency folder in Common Drive</li> </ul>
<b>Format</b>	<ul style="list-style-type: none"> <li>Word document template (1 per Agency)</li> </ul>

## Instructions for Completing Proposal Forms

### Word Document Proposal Form

- Submit one Word Doc form **per agency**. Prior years required a form per service. This has been streamlined to reduce the number of required forms.

### Excel Data File

- Excel Data Summary is a tool to review your agency changes and identify reallocations that need to be explained in the Agency Proposal.
- Report has a 1 day lag from Munis.



**DO**

- Enter your Munis line-item budget early and refresh Excel file to review



**DON'T**

- Do not wait until the last week to start your requests

# Component 4: Reduction Proposals

4. Reduction Forms	
<b>Description &amp; Purpose</b>	<ul style="list-style-type: none"> <li>Identifies lower-priority service activities that equal at least 2% of agency's 2027 base budget</li> <li>Applies to all funds</li> </ul>
<b>How to Submit</b>	<ul style="list-style-type: none"> <li><b>F:Drive:</b> Upload to Agency folder in Common Drive</li> </ul>
<b>Format</b>	<ul style="list-style-type: none"> <li>Excel file template</li> </ul>

## Instructions for Lower-Priority Service Activity Identification Form

- Each agency will find the form in its F:Drive folder.
- General/ Library/ Fleet fund agencies will receive a set target equaling 2% of the cost to continue budget.
- Enterprise agencies will need to build their request budget based on available revenues and identify 2% reductions from the base.
- The form will ask you to provide information on the following:
  - Service:** Choose from the drop-down list in each cell
  - Activity:** Describe the identified activity
  - Recipients of the Service Activity:** List the users/recipients of the service activity
  - Implication if Activity is Reduced/Fee is Increased:** What impact does the activity have on residents?
  - FTE Impact:** How many FTEs work on this activity?
  - Total Cost:** What is the total cost of the activity (including FTE salary & benefits)?
    - Amounts in this column will be totaled in the Total Cost Identified cell underneath the target total.

# Component 5: Position Allocation Forms

	5. Position Allocation Forms
<b>Description &amp; Purpose</b>	<ul style="list-style-type: none"><li>Request changes to position allocations (if needed)</li></ul>
<b>How to Submit</b>	<ul style="list-style-type: none"><li><b>F:Drive:</b> Upload to Agency folder in Common Drive</li></ul>
<b>Format</b>	<ul style="list-style-type: none"><li>Template provided by Finance</li><li>Agencies complete and upload as needed</li></ul>

## Instructions for Completing Position Allocation Form

- Complete the Excel file if you plan to 1) change the existing allocation code percentages of a position; 2) create a new allocation code on an existing position; 3) change an organization code; or 4) make another type of change
- Be sure to include position #, authorized FTE level, job class code, allocation amounts, and other required fields
- Requested changes must be accommodated within your budget target
- Submit by uploading to “Agency Operating Materials Folder”

# Component 6: Results Madison indicators

	6. Results Madison
<b>Description &amp; Purpose</b>	<ul style="list-style-type: none"><li>Agencies that have completed Results Madison data engagement select 2-3 indicators related to budget</li></ul>
<b>How to Submit</b>	<ul style="list-style-type: none"><li><b>SharePoint:</b> Select indicators in tracking spreadsheet</li></ul>
<b>Format</b>	<ul style="list-style-type: none"><li>Selected indicators will be compiled for internal review and published with executive budget in October</li></ul>

## Instructions for Completing Results Madison Indicator

Allocation of resources based on evidence, priorities, and data, and ultimately, the outcomes that residents expect is a core goal of Results Madison.

- Agencies that have completed the data engagement will be expected to identify 2-3 indicators as part of their request.
- Instructions for how to select indicators in SharePoint will be distributed separately.
- Focus on indicators that will help a member of the public understand the services you provide. This can include indicators that reflect work effort, resident engagement, outputs or outcomes of services, or other activities performed.

# Component 7: Long Range Plan

7. Long Range Plan	
<b>Description &amp; Purpose</b>	<ul style="list-style-type: none"><li>Optional 5-year planning document to identify future operating costs related to known projects (e.g. facilities, software migrations, equipment)</li></ul>
<b>How to Submit</b>	<ul style="list-style-type: none"><li><b>F:Drive:</b> Upload to Agency folder in Common Drive</li></ul>
<b>Format</b>	<ul style="list-style-type: none"><li>Word document template</li><li>Not part of formal request for will be used for internal planning purposes</li></ul>

## Instructions for Long Range Plan

The current operating budget long-range plan is built on generalized assumptions tied to population growth and efficiencies. To help further refine these assumptions, the 2027 budget request will include an optional form for agencies to identify operating costs for major projects or initiatives planned from 2028-2032.

- Format will be a simple Word template to capture basic information.
- Scope will be limited to operating costs related to known projects (e.g. completion of a new facility, software migration to cloud, new equipment).
- This is a **first step** in long range operating budget planning. Future phases will require coordination with other agencies and existing planning efforts.

# Mayoral Briefing Q&A

- Schedule for briefings with the Mayor’s Office and Review Team is below.
- Draft schedule will be sent by June 18. If you have a known conflict on any day, email [citybudget@cityofmadison.com](mailto:citybudget@cityofmadison.com). Final schedule will be sent early July.
- Each agency will have approximately 20 minutes; briefings will be a question-and-answer format (no presentations)
- Questions received from the Review Team will be forwarded to the agency at least 1 day before the scheduled briefing

Day	Date	Time
Wednesday	8/12/2026	2:00pm – 4:00pm
Thursday	8/13/2026	2:00pm – 4:00pm
Tuesday	8/18/2026	9:00am – 11:00am
Thursday	8/20/2026	9:00am – 11:00am
Friday	8/21/2026	9:00am – 11:00am

# Operating Budget: Technical Assistance

- Budget Analysts are available to assist agencies in completing budget submission deliverables ([current budget analyst assignments](#))