*Fiscal Facts by Wisconsin Policy Forum*

**In 2021 city budget, Madison finds stability amid pandemic’s tumult**

Despite the turmoil of a global pandemic, the city of Madison’s proposed budget maintains core services in 2021 with the smallest property tax increase in nearly two decades — a feat accomplished in part through one-time measures that could narrow options for future budgets.

The property tax, the source of about three-fourths of revenues in the city’s main fund, is limited by state law and would rise by 2.2% under this 2021 proposal, the smallest increase since 2003. These new dollars cannot make up for other budget pressures including dwindling interest and fee revenues, lagging state aid, and labor contracts providing healthy pay increases for police and firefighters.

The result was a potential $16.5 million budget gap in the city’s general fund heading into 2021 budget deliberations. The spending plan proposes to bridge more than half of this shortfall with an $8 million drawdown of the city’s general fund balance, plus savings from temporary furloughs. Tapping reserves can be justified during this present crisis. But the one-time nature of these solutions — plus the likelihood that many of the causes of the budget gap will linger — suggest future years could require further difficult decisions.

Calls by some to “defund the police” notwithstanding, proposed general fund spending on police in 2021 would rise by 2.1%, similar to levels over the past decade. The department’s total roster of full-time equivalent employees would decline slightly, by 0.9%, but spending would have to increase to cover the raise for officers. The budget also adds funding in some areas to enhance public safety and police department accountability such as a new independent monitor.

For the next year, Madison will avoid the kinds of harsh budget-balancing measures being contemplated in some other cities such as Milwaukee. But the longstanding imbalance between growth in city revenues and the rising cost of maintaining services has hindered its efforts to respond to the current crisis and is likely to extend far beyond it.

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