*Fiscal Facts by Wisconsin Policy Forum*

**Madison city budget preserves services, launches new initiatives with minimal tax hike**

Unprecedented levels of federal pandemic relief aid have positioned the city of Madison to consider a 2022 budget that would avoid large tax increases and service cuts while launching a handful of new initiatives.

Mayor Satya Rhodes-Conway’s proposal for 2022 would keep core city services largely intact. In addition, it would launch in earnest a Bus Rapid Transit project, give modest raises to some employees, finalize a long-planned annexation of the town of Madison, and invest in priorities such as affordable housing and violence prevention. It also would raise property taxes by just 1.1%, the lowest increase in nearly two decades.

To do this, the proposed general fund budget relies on $13.1 million in federal relief funds from the American Rescue Plan Act. This is the most recent of a succession of pandemic relief measures that together are providing the city with $191.7 million since last year (including federal funds passed on by the state).

But this budget’s reliance on one-time funding has a downstream effec. When the 2023 budget process starts in a year, city officials say they expect to once again face a shortfall of about $18 million.

Ultimately, federal pandemic aid may enable the city to push some tough budget decisions into the future. Key challenges include transit ridership that has been hammered by the pandemic, room tax revenues that have yet to fully rebound from a nosedive in 2020, and reduced parking revenues.

Some of these challenges are likely to recede, at least to some degree, as the pandemic hopefully fades. But absent outside forces delivering some unexpected reprieve, city officials will likely face greater pressure in future years to find efficiencies where they can and cut services where they feel they must.

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