



DANE COUNTY

Melissa Agard
County Executive

DATE: May 22, 2025

TO: Elected Officials
Department Heads

FROM: Melissa Agard
Dane County Executive

RE: 2026 Budget Guidelines

Our shared mission in Dane County government has always been clear: to protect the quality of life that makes our communities vibrant, inclusive, and resilient. That mission is no less urgent today—even as we face the most uncertain and complex budget environment in recent memory.

As we prepare the 2026 county budget, our goals remain steadfast. We must continue delivering high-quality public services that support families, protect vulnerable populations, and invest in the systems that make Dane County thrive. We must do so while supporting a growing county and ensuring our communities remain affordable and livable for all. We must also approach this moment with fiscal responsibility, knowing that every taxpayer dollar entrusted to us plays a role in sustaining our collective well-being.

The challenges before us are real, but so is our commitment to each other. By working together, we will continue to meet this moment with clarity, collaboration, and care.

Dane County has never faced a budget scenario like the one we are currently facing for 2026. There have certainly been challenges before—economic slowdowns that required adjustments, pandemics that forced massive shifts in resources, and changing revenue streams from both our federal and state partners. But never before has the federal government so deliberately sown chaos and confusion into budgeting decisions—rescinding funds previously appropriated by Congress and implementing extreme measures that shake global confidence in the U.S. economy nearly every day.

Setting a county budget with this many unknowns will be extremely difficult and will require restraint on the front end so we won't be forced into even more difficult decisions down the road. Exercising caution now can help us prevent future cuts and avoid layoffs in the years ahead. One of my top priorities is protecting our employees so they can continue to provide the services our residents expect.

In fact, we each may be called upon to do more—especially if the massive proposed cuts to Medicaid become reality, as many of our residents could lose access to health insurance. Federal discussions have included reducing reimbursements for administrative costs that support our staff in implementing mandated services. Entire grant programs that serve our communities have been proposed for elimination without regard for their local impacts. Some proposals would even shift more administrative costs for programs like SNAP to already-strained state and local governments.

Cuts to the UW System, federal agencies, and successful community programs will inevitably ripple through our local economy and reduce sales tax revenues. Meanwhile, the state has only just begun its budget process, so we don't yet know what to expect from that front. While recent state revenue projections show a large surplus, legislative leaders have not indicated any plans to increase funding for their local government partners.

What We Are Facing

When all estimated cost-to-continue expenses are weighed against expected revenue increases, we are facing a \$31 million structural deficit that must be addressed now to avoid deeper cuts in the future. For example, our cost to simply continue operating with current staffing levels, salaries, and benefits will cost the County at least \$8 million more in 2026 compared to this year.

To respond to these ongoing challenges, I am requesting that departments prepare budgets with a 4% base reduction. I know this is a daunting request—and it's certainly not what I had hoped to ask for in my first county budget.

Please keep these additional guidelines in mind as you begin working with the Department of Administration on your 2026 budget requests:

- No additional new positions should be requested.
- Use extreme restraint when it comes to new capital requests.
- Community needs evolve over time, and our programming should too. Please evaluate older programs to determine if they are still needed or if they can be combined with another program.
- Seek partnerships that could deliver services more efficiently and save county resources.

Dane County has wisely addressed emerging needs with new programs and staffing over the years to support a growing population. But adding positions annually has significantly increased our base costs. Over the past five years, Dane County has added 353.75 positions. These were real, meaningful investments to address urgent needs—but coupled with rising health care costs and underfunded state mandates, these additions now increase our baseline budget demands. At the same time, we're seeing slowing sales tax growth as consumers tighten their spending due to inflation and economic instability.

Investing in infrastructure to support our work has also been important, but we now face several large, ongoing projects that require us to be especially cautious about new capital requests. While we were wise to modernize facilities when borrowing was cheaper, interest rates have since risen

significantly. Inflation may also increase costs on current projects, requiring additional debt to complete them.

Dane County's continued growth is a testament to the high-quality services your teams provide every day. People live here because we have created a thriving, supportive community. But affordable housing remains a challenge, and rising property taxes are a part of the equation.

Some may want to rely on the reserve fund to address this structural deficit. But the more prudent approach is to ensure that every part of county government contributes to balancing this year's budget, so we can avoid even harder decisions next year. We are only four months into a far less predictable federal administration, and we have no way of knowing what the next three-plus years will mean for federal funding or economic stability.

Process Moving Forward

The process for reviewing department budget requests will follow a format similar to previous years. The Department of Administration will schedule budget meetings with your department staff, the Controller's Office, and the County Executive's Office. We will continue to include the County Board Chair and Committee Chairs in these meetings, as it is critical that we all work together from the very beginning of the budget process to address these challenges.

I am deeply grateful for the work you and your teams contribute every year—and especially during difficult times like these. Together, we will find a path forward that maintains the excellence of our operations and continues to support the core services that make Dane County a place where people live, work, and raise their families.

Thank you.

CC: Dane County Board Supervisors