



BUSINESS SERVICES DEPARTMENT

545 West Dayton St. Madison, Wisconsin 53703-1995 608.663.1634 www.mmsd.org

Erik J. Kass, Assistant Superintendent for Business Services

Daniel A. Nerad, Superintendent of Schools

To: Members of the Board of Education  
From: Daniel A. Nerad, Superintendent  
Date: August 10, 2009  
Subject: Budget Gap and Tax Impact Solution

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Background:

The 2009-11 State of Wisconsin Biennial budget created two issues for the Madison Metropolitan School District as it relates to the 2009-10 budget. The two main issues are from a reduction in the amount of revenue the school district is projected to receive in 2009-10 and a reduction in the amount of state aid the school district is projected to receive in 2009-10.

The amount of revenue the district is projected to lose amounts to \$2,810,851 for the 2009-10 school year compared to the preliminary budget approved by the board of education. This amount is due to the decrease in numerous categorical aids the school district receives annually and the reduction of the per pupil increase from \$275 per child to \$200 per child.

The amount of state aid the school district is projected to lose in 2009-10 is approximately \$9.2 million. Under current revenue limit laws, for every dollar of state aid lost, the school district would have the ability to increase taxes by that same amount. Over the past month, administration has worked to mitigate the tax impact due to the loss in state aid.

Program Costs/Funding/Consultation Service Employment Contract

None

Salary Savings

None

Recommendation(s)

Attached you will find two documents for discussion in relation to the tax impact due to the loss in state aid and the solution for the projected budget gap.

**MADISON METROPOLITAN SCHOOL DISTRICT  
2009-10 PROJECTED BUDGET REDUCTIONS**

Below you will find the formal recommendation the district is proposing to address the two major issues relative to the 2009-10 budget. Through budget and expenditure analysis administration has identified a solution. The proposed solution utilizes four specific budget areas to apply a decrease in funding without a reduction or elimination of programs and services.

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<b>Projected budget gap in 2009-10</b>	<b>\$ 2,810,851</b>
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**1. Board of Education Contingency** **\$ 300,000**

In the 2009-10 budget the Board of Education Contingency is budgeted for \$650,000. With the approval of the Board of Education administration proposes to reduce the contingency by \$300,000 leaving a remaining \$350,000 in the 2009-10 budget for fall staffing adjustments due to enrollment needs.

**2. Elementary Teacher Salary Budget** **\$ 1,468,009**

Administration has identified within the 2009-10 budget \$1,468,009 in Elementary Teacher Salaries that can be adjusted. Upon a historical review of elementary starting salaries the vacancy rate utilized in the budgeting process has been reduced.

**3. Substitute Budgets** **\$ 1,042,842**

Through a five year historical analysis of the substitute budgets within the district \$1,042,842 has been identified as an allowable reduction to these budgets.

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<b>Total Reduction</b>	<b>\$ 2,810,851</b>
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# Tax Impact Solution

## 2009-10 Fiscal Year

FUND	Adopted 2008-09		Preliminary 2009-10		Projected Allowable 2009-10		Recommended 2009-10		Projected 2010-11	
	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE
<b>General Fund:</b>										
▪ Operational	200,137,860	8.67	210,945,097	8.79	220,580,519	9.42	220,580,519	9.42	239,075,348	10.00
<b>LESS:</b>										
▪ Computer Exemption	(2,195,041)	(0.10)	(2,197,631)	(0.09)	(2,353,626)	(0.10)	(2,281,475)	(0.10)	(2,479,964)	(0.10)
<b>General Fund Levy</b>	<b>197,942,819</b>	<b>8.58</b>	<b>208,747,466</b>	<b>8.70</b>	<b>218,226,893</b>	<b>9.31</b>	<b>218,299,044</b>	<b>9.32</b>	<b>236,595,384</b>	<b>9.90</b>
▪ Prior Year Taxes	272,671	0.01	272,671	0.01	272,671	0.01	272,671	0.01	214,305	0.01
<b>Net General Fund Levy</b>	<b>198,215,490</b>	<b>8.59</b>	<b>209,020,137</b>	<b>8.71</b>	<b>218,499,564</b>	<b>9.33</b>	<b>218,571,715</b>	<b>9.33</b>	<b>236,809,689</b>	<b>9.91</b>
<b>Debt Service Fund:</b>										
▪ Bonded Indebtedness	7,261,532	0.31	7,175,794	0.30	7,175,794	0.31	488,922	0.02	7,108,081	0.30
▪ Non-referendum Debt (38)	65,250	0.00	65,250	0.00	65,250	0.00	65,250	0.00	65,250	0.00
<b>Net Debt Service Fund Levy</b>	<b>7,326,782</b>	<b>0.32</b>	<b>7,241,044</b>	<b>0.30</b>	<b>7,241,044</b>	<b>0.31</b>	<b>554,172</b>	<b>0.02</b>	<b>7,173,331</b>	<b>0.30</b>
<b>Capital Projects Fund:</b>										
▪ Capital Expansion Fund (41)	8,668,448	0.38	8,876,886	0.37	8,876,886	0.38	8,876,886	0.38	4,031,770	0.17
<b>Net Capital Projects Fund</b>	<b>8,668,448</b>	<b>0.38</b>	<b>8,876,886</b>	<b>0.37</b>	<b>8,876,886</b>	<b>0.38</b>	<b>8,876,886</b>	<b>0.38</b>	<b>4,031,770</b>	<b>0.17</b>
<b>Community Services Fund:</b>										
▪ Community Services	12,119,565	0.53	10,522,979	0.44	10,522,979	0.45	9,622,979	0.41	12,733,118	0.53
<b>Net Community Services</b>	<b>12,119,565</b>	<b>0.53</b>	<b>10,522,979</b>	<b>0.44</b>	<b>10,522,979</b>	<b>0.45</b>	<b>9,622,979</b>	<b>0.41</b>	<b>12,733,118</b>	<b>0.53</b>
<b>TOTAL TAX LEVY AND RATE</b>	<b><u>226,330,285</u></b>	<b><u>9.81</u></b>	<b><u>235,661,046</u></b>	<b><u>9.82</u></b> *	<b><u>245,140,473</u></b>	<b><u>10.46</u></b> **	<b><u>237,625,752</u></b>	<b><u>10.14</u></b> ***	<b><u>260,747,908</u></b>	<b><u>10.91</u></b> ****

Property Tax Bill Impact	Adopted 2008-09		Preliminary 2009-10		Projected Allowable 2009-10		Recommended 2009-10		Recommended 2009-10	
	Value	Bill	Value	Bill	Value	Bill	Value	Bill	Value	Bill
Home	250,000.00	2,452.50	250,000.00	2,455.00	250,000.00	2,615.00	250,000.00	2,535.00	250,000.00	2,727.50
<b>Difference in Bill</b>				<b>\$2.50</b>		<b>\$162.50</b>		<b>\$82.50</b>		<b>\$192.50</b> &

\* A 4% property value growth was used for this scenario

\*\* A 1.5% property value growth was used for this scenario

\*\*\* A 1.5% property value growth was used for this scenario

\*\*\*\* A 2.0% property value growth was used for this scenario

& This increase is compared to the recommended 2009-10

Numbers projected for the 2010-11 school year are very preliminary. These numbers assume a loss of 15% in state aid again for MMSD.