



To: Board of Education

From: Erik J Kass, Assistant Superintendent for Business Services

Date: February 8, 2011

Subject: Projected Property Tax Information (Summary)

Appendix MMM-8-5
February 28, 2011

Projected Property Tax Increase 2011-12 Budget

The following analysis is done using the PMA Model information and is looking at the cost to continue budget figures that will be provided to the Board on March 14, 2011. The analysis includes the impact on the median home in Madison, and for that figure we contacted the City of Madison Assessor and were provided that value at \$241,217. For comparative purposes of the effect on this home, we are using the assumed value from the 2010-11 analysis of \$246,041 or 2% more than the current median value. The equalized property valuation for the 2011-12 budget year is also projected to decrease by 2.00% as part of this analysis.

What is the projected All Funds Property Tax Increase for the 2011-12 Budget Year?

\$18,719,470 or a 7.64% increase when compared to 2010-11 actuals.

Where does the projected All Funds Property Tax Increase for the 2011-12 Budget Year come from?

Prior Decisions by the Board of Education:

• Recurring Referendum from November of 2008	\$4,000,000
• 4-K Levy Increase to start program	\$3,554,415
• Referendum Debt Service	<u>(\$2,327,900)</u>
<i>Subtotal</i>	<i>\$5,226,515</i>

Decisions to be made by the Board of Education:

• Projected Revenue Limit Growth (\$200 per pupil)	\$7,774,514
• Projected Loss in State Aid	\$4,515,523
• Community Services Fund (MSCR and Non-MSCR)	\$ 469,460
• Exempt Computer Aid (property tax relief)	(\$261,927)
• Property Tax Chargeback	<u>(\$4,615)</u>
<i>Subtotal</i>	<i>\$13,492,955</i>
• <i>Total</i>	<u><i>\$18,719,470</i></u>

The projected mill rate with the levy increase projected is \$12.41. This is projected to increase the property tax bill on a home valued at \$241,217 by \$272.29.

How does this projected increase compare to the actual increase in 2010-11 budget year?

The actual levy increase for the 2010-11 school year was \$10,823,758 or an increase of 4.62% when compared to the 2009-10 school year.

What would the increase look like at 4.62% for 2011-12?

At an increase of 4.62% when compared to the actual levy in 2010-11, the increase in the total levy would be \$11,321,990. This levy increase would create a need to reduce programs and services or to create efficiencies in the amount of \$7,397,480.

What are possible ranges for property tax increases that would use the 4.62% increase as a mid-point?

The increase would be set at 2.31% compared to 2010-11 and would yield the following:

- *A projected levy increase in 2011-12* *\$ 5,660,995*
- *A reduction target set at a projected* *\$13,058,475*
- *Impact of a home valued at \$241,217* *\$ 122.99*

The increase would be set at 4.62% compared to 2010-11 and would yield the following:

- *A projected levy increase in 2011-12* *\$11,321,990*
- *A reduction target set at a projected* *\$ 7,397,480*
- *Impact of a home valued at \$241,217* *\$ 187.21*

The increase would be set at 6.93% compared to 2010-11 and would yield the following:

- *A projected levy increase in 2011-12* *\$16,982,985*
- *A reduction target set at a projected* *\$ 1,736,485*
- *Impact of a home valued at \$241,217* *\$ 251.42*

There can always be deviations between these ranges, but these are put together in order to provide information that is comparable to the actual increase for the 2010-11 budget year.

What is the recommended property tax increase from Administration for the 2011-12 Budget Year?

We plan to listen to the discussion that the Board has on February 14th, and will be prepared for a formal recommendation for February 28th.