

MADISON METROPOLITAN SCHOOL DISTRICT



2017-19 Budget Forecast and Revenue Limit Recommendation

August 8, 2016

Discussion Schedule

- Aug 01: Introduction
- Aug 08: Forecast & Recommendation
- Aug 15: Discussion, Public Input
- Aug 29: Deadline for Board Action
- Aug 30: Deadline to Certify Ballot
- Nov 08: General Election

2017-19 Budget Premise

- Next biennial state budget will continue a six-year pattern of underfunding K-12
- Next two years of MMSD budget development will require deeper and more disruptive budget cuts
- We need a more balanced approach to budget development, combining targeted cost cutting with additional revenues based on an affordable tax levy
- We recommend an operational levy referendum this November to stabilize the budget, maintain MMSD's positive momentum, and keep our focus on teaching and learning

State Funding for K-12

Recent History

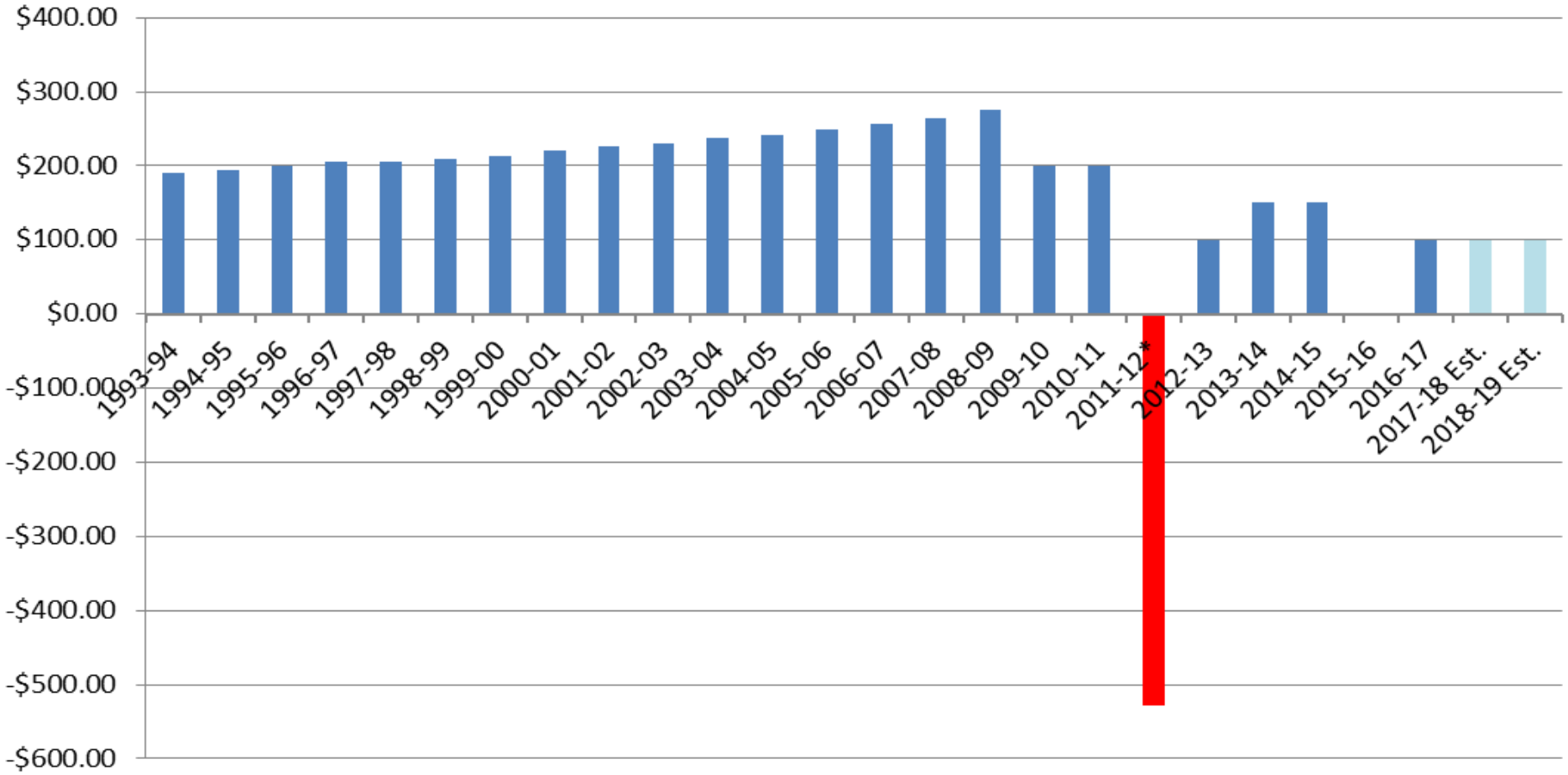
State Budget Provision for Funding K-12

Fiscal Year	Revenue Limit Increase per Pupil	Categorical Aid Increase per Pupil	Combined Impact per Pupil
2011-12	\$ (557)	\$ -	\$ (557)
2012-13	\$ 50	\$ 50	\$ 100
2013-14	\$ 75	\$ 75	\$ 150
2014-15	\$ 75	\$ 75	\$ 150
2015-16	\$ -	\$ -	\$ -
2016-17	\$ -	\$ 100	\$ 100
2017-18 Estimate	\$ -	\$ 100	\$ 100
2018-19 Estimate	\$ -	\$ 100	\$ 100

In 2015-16, MMSD relied on \$3.7 million of unused tax levy authority , a \$1.0 million energy exception, and an enrollment increase as the primary revenue sources.

K-12 Revenue Per Pupil - Annual Change

Combining Revenue Limit Changes and Per Pupil Categorical Aid Changes



MMSD 2-Yr Budget Forecast 2017-2019

- Forecast shows less than 1% annual revenue growth
- Budgets will be balanced, but significant cost control measures are required
- Normative budget practices, including compensation plan and staffing levels, are not sustainable
- Specific cost control measures are to be determined, budget model shows the scope of actions required
- Promissory Note (TID25) impact is built into the model

General Fund Revenue Forecast 2017-19 v1.0

Less than 1% revenue growth each year

FUND 10: GENERAL FUND REVENUES							
	Budget	'16-'17	Projected	'17-'18	Projected	'18-'19	
	'16-'17	% Δ	'17-'18	% Δ	'18-'19	% Δ	
FUND 10 REVENUES							
1-- 0100 - Total Transfers In	224,671	0.00%	224,671	0.00%	224,671	0.00%	
2-- 0200 - Total Local Revenues	258,526,578	-0.79%	264,515,399	2.32%	259,909,895	-1.74%	
3-- 0300 - Total Interdistrict Payments in Wisconsin	2,039,008	-1.85%	1,998,500	-1.99%	1,955,993	-2.13%	
4-- 0400 - Total Interdistrict Payments Outside WI	-		-		-		
5-- 0500 - Total Intermediate Sources	124,249	0.51%	124,249	0.00%	124,249	0.00%	
6-- 0600 - Total Revenue from State Sources	73,186,983	5.59%	70,361,693	-3.86%	77,295,756	9.85%	
7-- 0700 - Federal Sources	14,791,953	2.41%	14,674,953	-0.79%	14,674,953	0.00%	
8-- 0800 - Total Financing Sources	-		-		-		
9-- 0900 - Total Miscellaneous Revenues	540,601		540,601	0.00%	540,601	0.00%	
TOTAL FUND 10 REVENUES	349,434,041	0.54%	352,440,065	0.86%	354,726,117	0.65%	

- Minimal revenue growth
- School districts are to use Act 10 tools to balance budget
- Enrollment – 3-Year rolling average dips by 50 students in 2018-19
- Promissory Note (TID 25) is in the model for equalization aid purposes

General Fund Expenditure Forecast 2017-19 v1.0

	'16-'17	% Δ	FORECAST			
			'17-'18	% Δ	'18-'19	% Δ
FUND 10 EXPENDITURES						
0100 - Total Salaries	172,451,943	-0.14%	177,222,896	2.77%	182,125,985	2.77%
0200 - Total Employee Benefits	73,811,632	-0.75%	77,662,650	5.22%	80,922,911	4.20%
0300 - Total Purchased Services	37,752,433	7.13%	39,054,186	3.45%	40,331,018	3.27%
0400 - Total Non-Capital Objects	8,526,006	-8.17%	8,642,782	1.37%	8,761,893	1.38%
0500 - Total Capital Objects	3,452,729	11.29%	3,452,729	0.00%	3,452,729	0.00%
0600 - Total Debt Retirement	472,989	0.00%	472,989	0.00%	472,989	0.00%
0700 - Total Insurance & Judgments	2,682,225	7.71%	2,746,008	2.38%	2,811,474	2.38%
0800 - Total Interfund Transfers	49,922,419	2.32%	52,658,842	5.48%	55,322,916	5.06%
0900 - Total Other Objects	2,061,993		2,381,993	15.52%	2,381,993	0.00%
Budget Reductions TBD '17-18	-		(11,855,009)		(11,855,009)	0.00%
Budget Reductions TBD '18-19	-		-		(10,002,783)	0.00%
Totals:	351,134,368	1.49%	352,440,065	0.37%	354,726,117	0.65%

17-18 Expenditure Actions to Balance:						
Priority Actions To Be Determined				\$0		\$0
Hold Health Insurance to a 0% Impact				(\$2,241,109)		(\$2,241,109)
Other Reductions TBD				(\$1,301,169)		(\$1,301,169)
Do Not Fund Step Advancement				(\$3,036,061)		(\$3,036,061)
Reduce 75 FTE				(\$5,276,670)		(\$5,276,670)
				(\$11,855,009)		(\$11,855,009)

17-18
Possible
Actions

18-19 Expenditure Actions to Balance:						
Priority Actions To Be Determined						\$0
Hold Health Insurance to a 0% Impact						(\$2,353,163)
Other Reductions TBD						(\$1,337,206)
Do Not Fund Step Advancement						(\$3,120,148)
Reduce 46 FTE						(\$3,192,266)
						(\$10,002,783)

18-19
Possible
Actions

2017-19

All Funds Total Tax Levy Forecast v1.0

	Budget		Projected		Projected	
	'16-'17	% Δ	'17-'18	% Δ	'18-'19	% Δ
TOTAL FUND 10 LEVY	253,894,082	-0.22%	260,302,903	2.52%	255,697,398	-1.77%
Plus: FUND 39 LEVY	8,671,500	57.70%	8,300,825	-4.27%	8,303,725	0.03%
Less: FUND 39 LEVY OFFSET	(672,341)		-		-	
Plus: FUND 38 LEVY	4,209,828	8.39%	4,167,225	-1.01%	4,233,893	1.60%
Less: FUND 38 LEVY OFFSET	(146,044)		(146,044)		(146,044)	
Plus: FUND 41 LEVY	4,000,000	-11.11%	4,000,000	0.00%	4,000,000	0.00%
Plus: FUND 80 LEVY	11,833,856	1.54%	12,248,895	3.51%	12,631,475	3.12%
Chargeback Levy	500,000	-57.08%	120,000	-76.00%	120,000	0.00%
TOTAL LEVY →	282,290,881	0.40%	288,993,803	2.37%	284,840,448	-1.44%
TAX RATE PER \$1,000 EQUALIZED VALUE →	\$11.72	-2.98%	\$11.59	-1.11%	\$11.03	-4.83%

Favorable tax levy forecast requires minimal expenditure growth / budget cuts to produce a balanced budget

MMSD Budget Forecast 2017-2019

v2.0 w/Additional Revenue

- Additional revenue will stabilize the budget process
- Tax levy projections are under 3.97% for next three levies
- Strong tax base growth will help diffuse levy impact
- Budget will be balanced thru a combination of additional revenues and cost control measures
- Specific cost control measures are to be determined, budget model shows the scope of actions required
- Promissory note (TID 25) assumptions remain the same

Revenue Proposal

Seek voter approval for additional revenue limit authority as follows:

<u>Year</u>	<u>New Revenue</u>	<u>Cumulative Total</u>
2016-17	\$5,000,000	\$5,000,000
2017-18	\$5,000,000	\$10,000,000
2018-19	\$8,000,000	\$18,000,000
2019-20	\$8,000,000	\$26,000,000

This is a four year phase-in of additional revenue authority. The specific annual amounts are designed to support operational needs while maintaining an affordable tax levy.

General Fund Revenue Forecast 2017-19 v2.0

FUND 10 Revenues							
MMSD	Working Budget '16-'17	'16-'17 % Δ	FORECAST				
			Projected '17-'18	'17-'18 % Δ	Projected '18-'19	'18-'19 % Δ	
FUND 10 REVENUES							
1-- 0100 - Total Transfers In	224,671	0.00%	224,671	0.00%	224,671	0.00%	
2-- 0200 - Total Local Revenues	263,491,066	1.12%	274,194,619	4.06%	283,493,231	3.39%	
3-- 0300 - Total Interdistrict Payments in Wisconsin	2,039,008	-1.85%	1,998,500	-1.99%	1,955,993	-2.13%	
4-- 0400 - Total Interdistrict Payments Outside WI	-		-		-		
5-- 0500 - Total Intermediate Sources	124,249	0.51%	124,249	0.00%	124,249	0.00%	
6-- 0600 - Total Revenue from State Sources	73,222,495	5.64%	70,690,653	-3.46%	71,716,651	1.45%	
7-- 0700 - Federal Sources	14,791,953	2.41%	14,674,953	-0.79%	14,674,953	0.00%	
8-- 0800 - Total Financing Sources	-		-		-		
9-- 0900 - Total Miscellaneous Revenues	540,601	-32.80%	540,601	0.00%	540,601	0.00%	
TOTAL FUND 10 REVENUES →	354,434,041	1.98%	362,448,245	2.26%	372,730,348	2.84%	
Change versus v0.1:		+ 1.44%		+ 1.40%		+ 2.20%	

- Adequate revenue growth for near term
- Provides a more balanced approach to budget development
- Targeted cost reductions still an essential budget strategy

General Fund Expenditure Forecast 2017-19 v2.0

	'16-'17	% Δ	FORECAST			
			'17-'18	% Δ	'18-'19	% Δ
0100 - Total Salaries	172,451,943	-0.14%	177,222,896	2.77%	182,125,985	2.77%
0200 - Total Employee Benefits	73,811,632	-0.75%	77,662,650	5.22%	80,922,911	4.20%
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0600 - Total Debt Retirement	472,989	0.00%	472,989	0.00%	472,989	0.00%
0700 - Total Insurance & Judgments	2,682,225	7.71%	2,746,008	2.38%	2,811,474	2.38%
0800 - Total Interfund Transfers	49,922,419	2.32%	52,658,842	5.48%	55,322,916	5.06%
0900 - Total Other Objects	2,061,993		2,381,993	15.52%	2,381,993	0.00%
Budget Reductions TBD 2017-18	-		(1,846,829)		(1,846,829)	0.00%
Budget Reductions TBD 2018-19					(2,006,731)	
	351,134,368	1.49%	362,448,245	3.22%	374,737,080	3.39%

17-18 Expenditure Actions to Balance					
Priority Actions To Be Determined			\$1,695,449		\$1,695,449
Hold Health Insurance to a 0% Impact			(\$2,241,109)		(\$2,241,109)
Other Budget Reductions TBD			(\$1,301,169)		(\$1,301,169)
Do Not Fund Step Advancement			\$0		\$0
Do Not Fund Additional Priority Actions			\$0		\$0
Reduce 75 FTE			\$0		\$0
Total			(\$1,846,829)		(\$1,846,829)

17-18
Possible
Actions

18-19 Expenditure Actions to Balance					
Priority Actions To Be Determined					\$1,683,638
Hold Health Insurance to a 0% Impact					(\$2,353,163)
Other Budget Reductions TBD					(\$1,337,206)
Do Not Fund Step Advancement					\$0
Do Not Fund Additional Priority Actions					\$0
Reduce 46 FTE					\$0
Total					(\$2,006,731)

18-19
Possible
Actions

Tax Levy Forecast

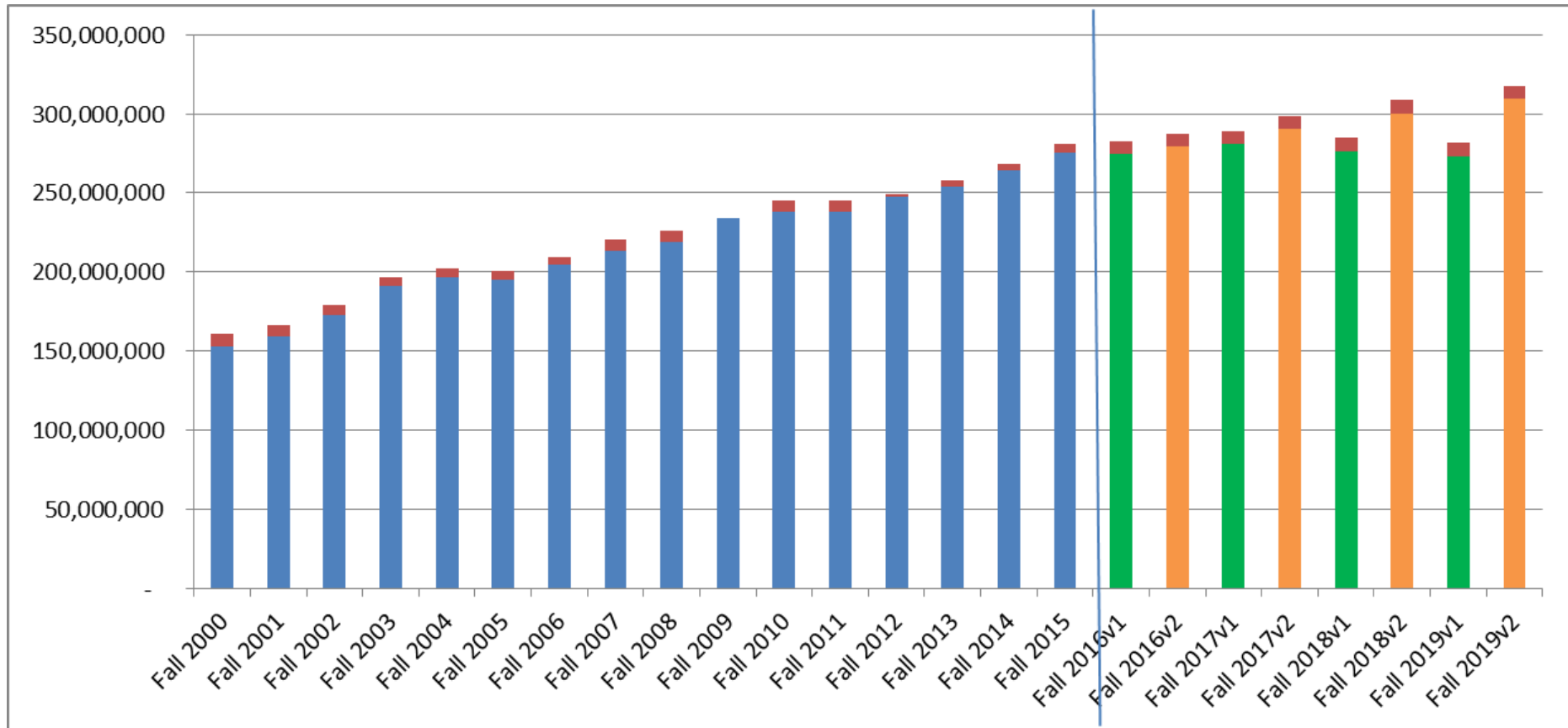
Comparison of v1.0 and v2.0

Version 1.0 - No Additional Levy	Budget		Projected		Projected	
	'16-'17	% Δ	'17-'18	% Δ	'18-'19	% Δ
TOTAL FUND 10 LEVY	253,894,082	-0.22%	260,302,903	2.52%	255,697,398	-1.77%
Plus: FUND 39 LEVY	8,671,500	57.70%	8,300,825	-4.27%	8,303,725	0.03%
Less: FUND 39 LEVY OFFSET	(672,341)		-		-	
Plus: FUND 38 LEVY	4,209,828	8.39%	4,167,225	-1.01%	4,233,893	1.60%
Less: FUND 38 LEVY OFFSET	(146,044)		(146,044)		(146,044)	
Plus: FUND 41 LEVY	4,000,000	-11.11%	4,000,000	0.00%	4,000,000	0.00%
Plus: FUND 80 LEVY	11,833,856	1.54%	12,248,895	3.51%	12,631,475	3.12%
Chargeback Levy	500,000	-57.08%	120,000	-76.00%	120,000	0.00%
TOTAL LEVY →	282,290,881	0.40%	288,993,803	2.37%	284,840,448	-1.44%
TAX RATE PER \$1,000 EQUALIZED VALUE	\$11.72	-2.98%	\$11.59	-1.11%	\$11.03	-4.83%

Version 2.0 with Additional Levy	Budget		Projected		Projected	
	'16-'17	% Δ	'17-'18	% Δ	'18-'19	% Δ
TOTAL FUND 10 LEVY	258,858,570	1.73%	269,982,123	4.30%	279,280,735	3.44%
Plus: FUND 39 LEVY	8,671,500	57.70%	8,300,825	-4.27%	8,303,725	0.03%
Less: FUND 39 LEVY OFFSET	(672,341)		-		-	
Plus: FUND 38 LEVY	4,209,828	8.39%	4,167,225	-1.01%	4,233,893	1.60%
Less: FUND 38 LEVY OFFSET	(146,044)		(146,044)		(146,044)	
Plus: NEW FUND 38 LEVY	-		-		-	
Plus: FUND 41 LEVY	4,000,000	-11.11%	4,000,000	0.00%	4,000,000	0.00%
Plus: FUND 80 LEVY	11,833,856	1.54%	12,248,895	3.51%	12,631,475	3.12%
Chargeback Levy	500,000	-57.08%	120,000	-76.00%	120,000	0.00%
TOTAL LEVY AUTHORITY →	287,255,369	2.17%	298,673,023	3.97%	308,423,784	3.26%
TOTAL TAX RATE PER \$1,000 EQUALIZED VALUE	\$11.92	-1.32%	\$11.98	0.50%	\$11.95	-0.25%

MMSD Tax Levy History and Projection

Debt Levy and All Other Funds Levy

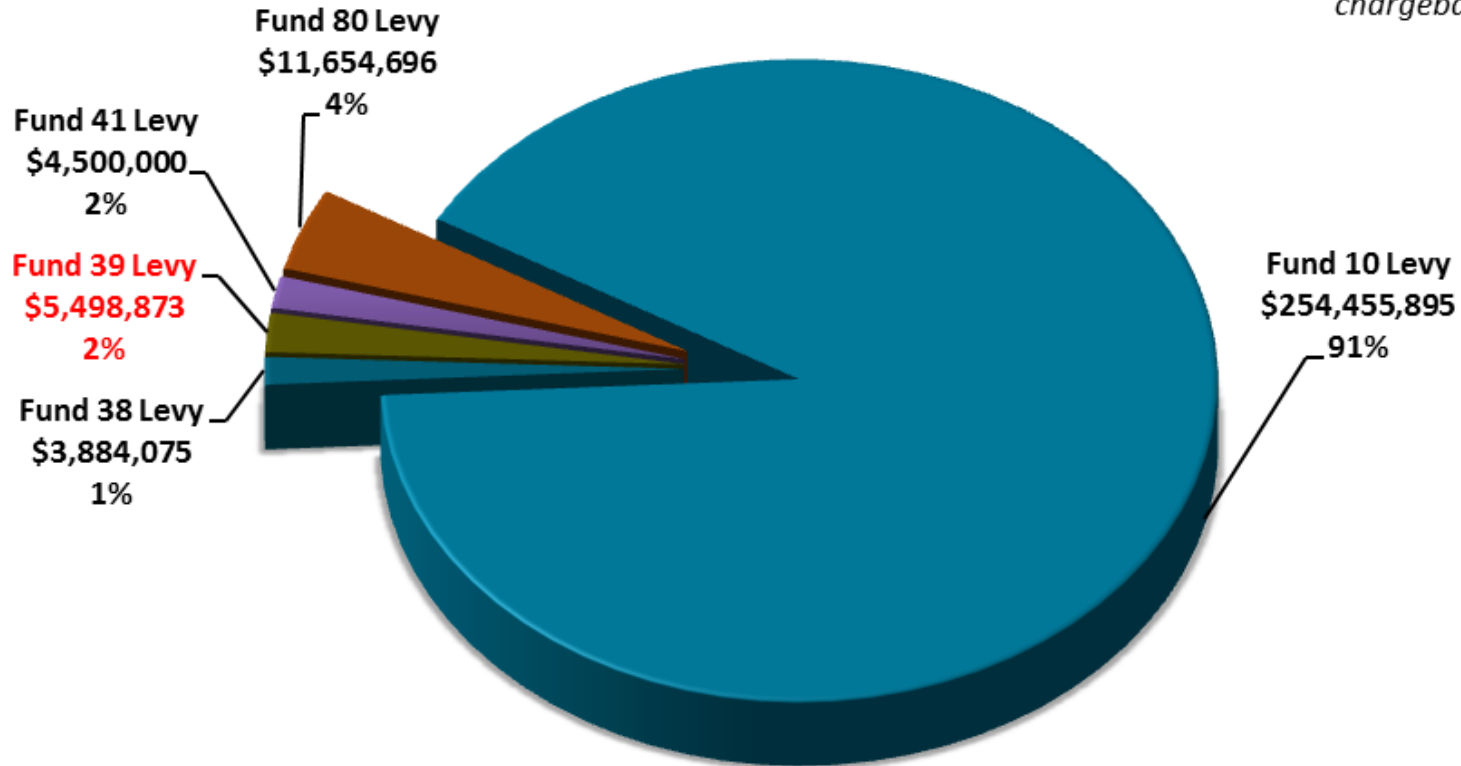


- Debt Levy shown in Red, All Other Levies in Blue
- Projections in green are without referendum
- Projections in orange are with an operational referendum

Last Year

Total Tax Levy 2015-16

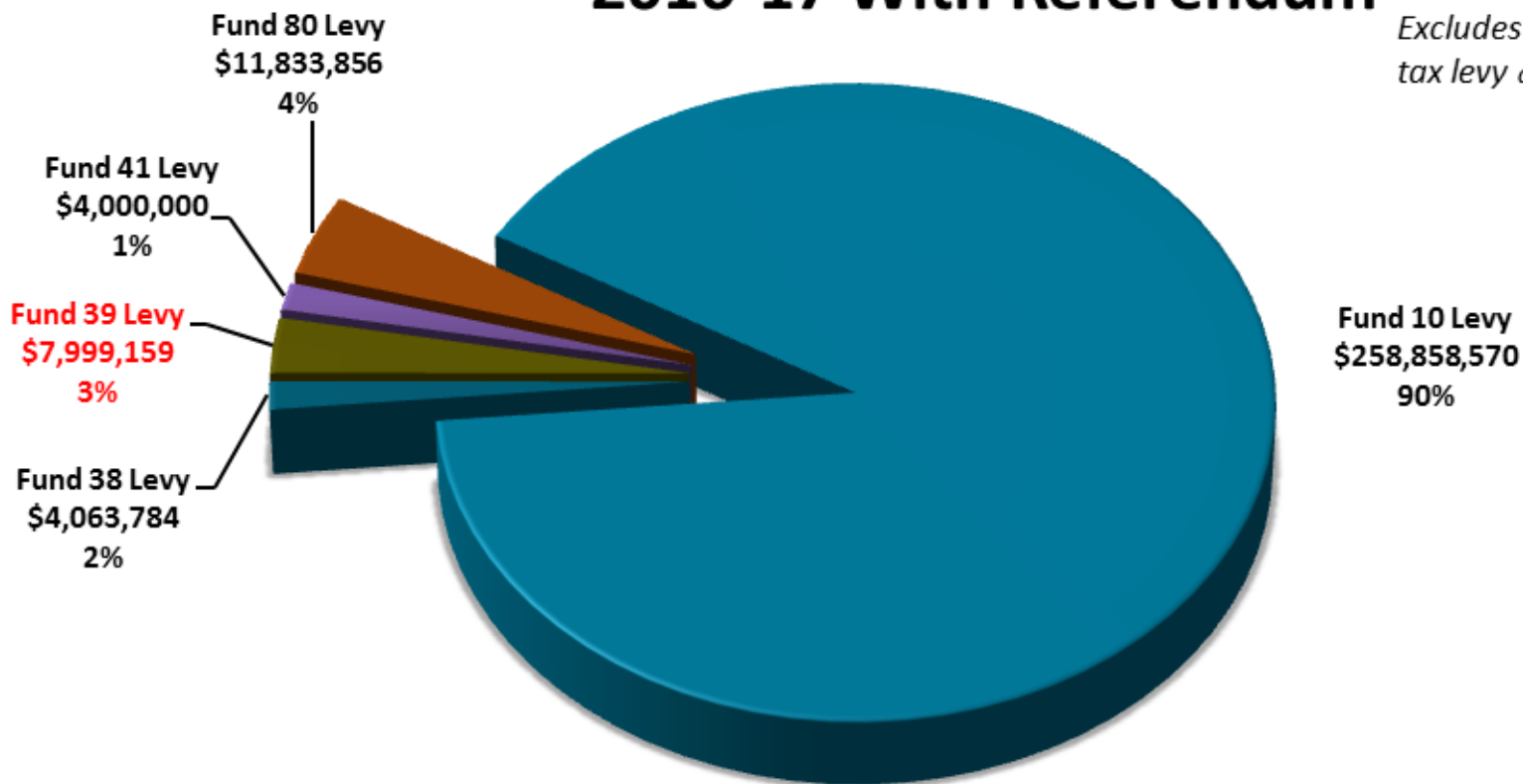
Excludes \$1,165,020 of tax chargebacks from prior



This November w/ Referendum

Total Tax Levy 2016-17 With Referendum

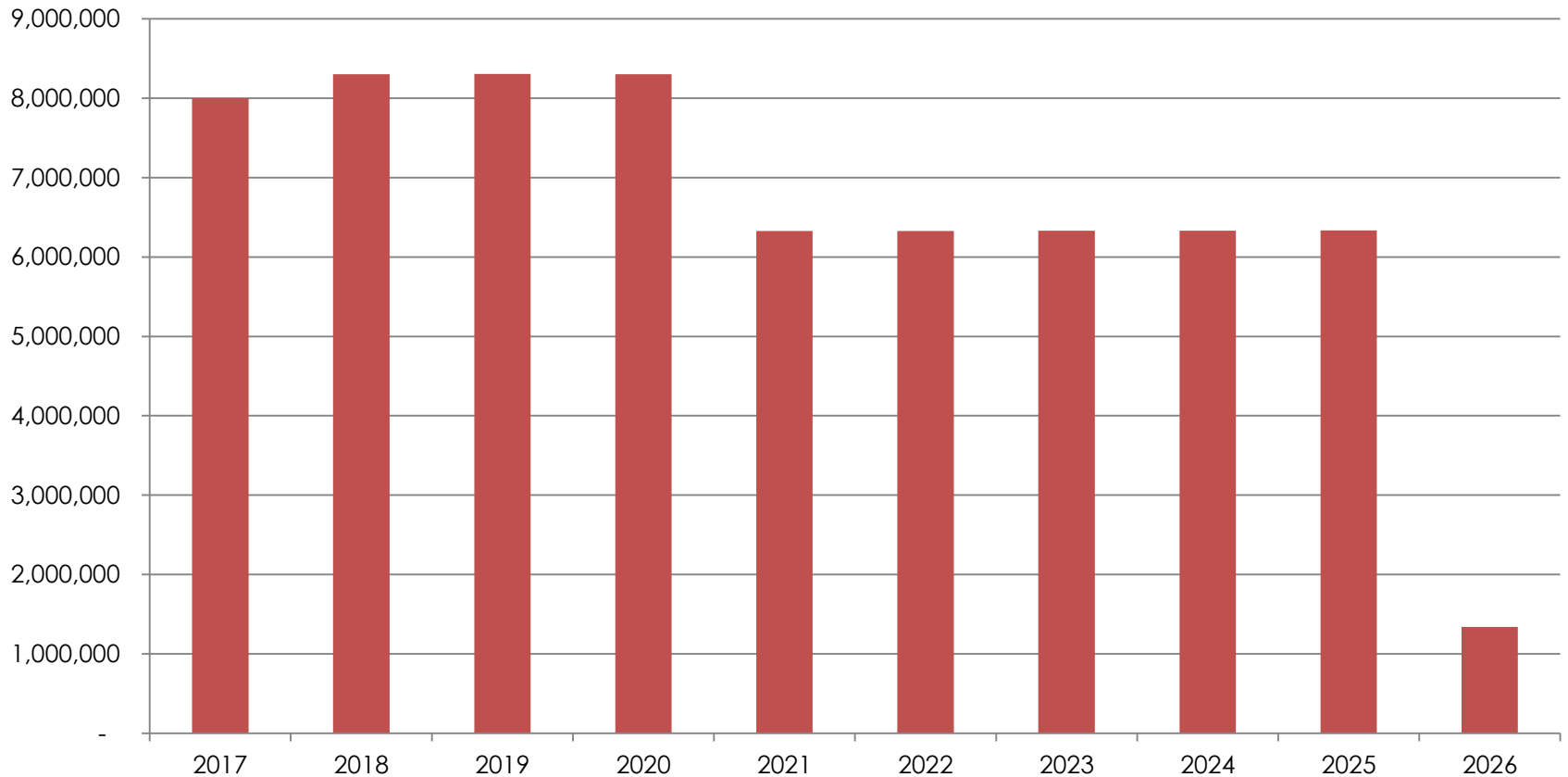
*Excludes \$500,000 of
tax levy chargebacks*



Updated to reflect improved July 1 aid estimate

Current Debt Service Obligations Principal & Interest (P&I)

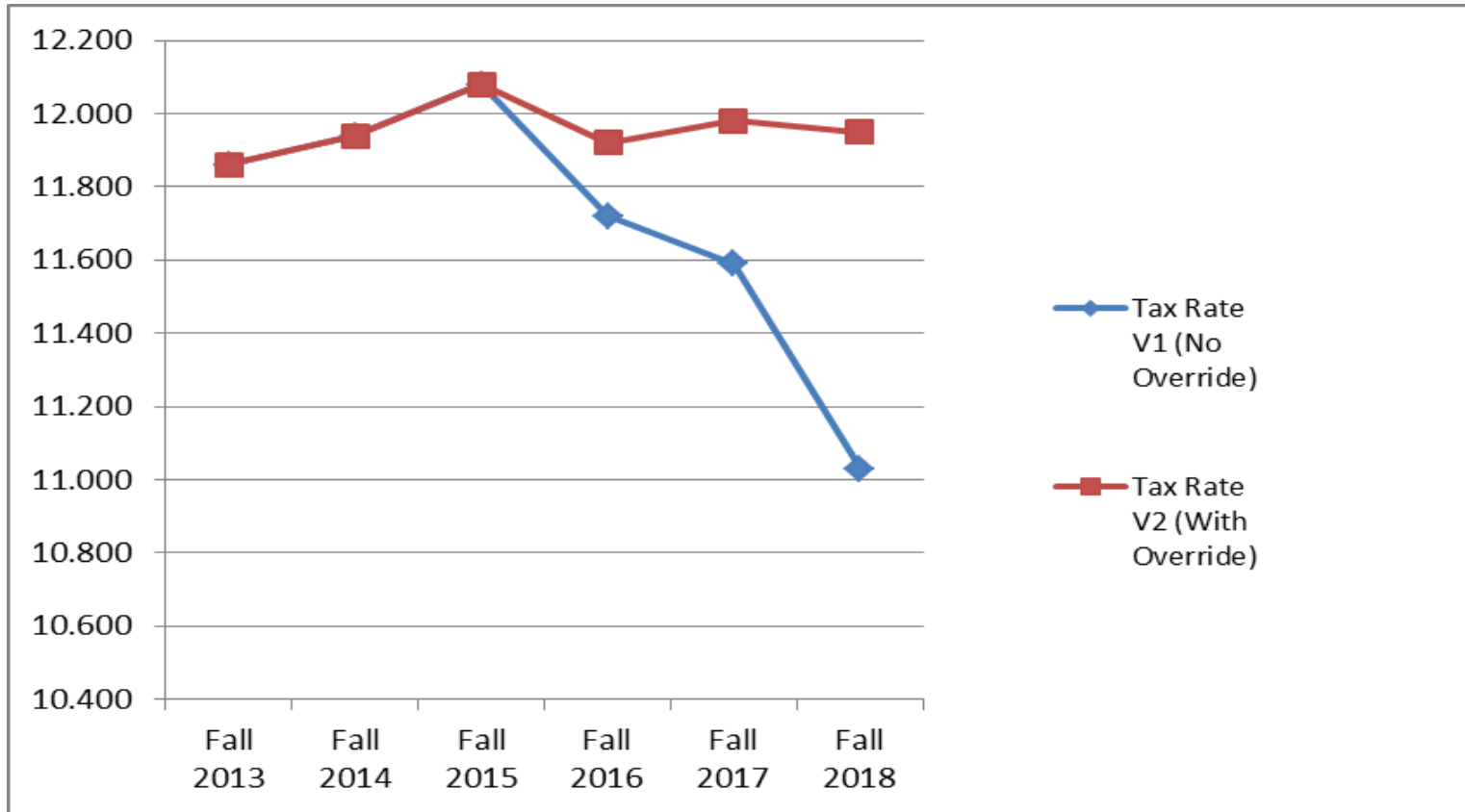
Referendum Levy by Fiscal Year



Example Language for an Operational Referendum

BE IT RESOLVED by the School Board of the Madison Metropolitan School District, Dane County, Wisconsin that the revenues included in the School District budget be authorized to exceed the revenue limit specified in Section 121.91, Wisconsin Statutes, for recurring purposes by: \$5,000,000 beginning in the 2016-2017 school year; an additional \$5,000,000 beginning in the 2017-2018 school year (for a total of \$10,000,000); an additional \$8,000,000 beginning in the 2018-2019 school year (for a total of \$18,000,000) and an additional \$8,000,000 in 2019-2020 and each year thereafter (for a total of \$26,000,000).

Equalized Tax Rate Projection



Year	Tax Rate V1 (No Override)	Tax Rate V2 (With Override)
Fall 2013	11.860	11.860
Fall 2014	11.940	11.940
Fall 2015	12.080	12.080
Fall 2016	11.720	11.920
Fall 2017	11.590	11.980
Fall 2018	11.030	11.950

APPENDIX

MMSD Staffing Summary

	FY 2015	FY 2016	FY 2017	Change FY16- FY17	% Change FY16- FY17
District-Wide Administrators	73.5	66.7	62.7	-4.0	-6.0
Principals	49.0	50.0	50.0	0.0	0.0
Assistant Principals	27.0	26.0	26.0	0.0	0.0
Teachers	2679.9	2622.6	2560.3	-62.3	-2.4
Specialists (Hearing Interpreters, OTAs, etc.)	33.2	33.0	33.5	0.5	1.4
Bilingual Resource Specialists	78.9	79.9	80.9	1.0	1.3
Professionals (Non-Union)	101.8	108.2	110.7	2.5	2.3
Clerical/Technical	227.1	224.1	220.5	-3.7	-1.6
Ed. Assts. (EA, SEA, BEA, Nurse Asst)	489.8	496.7	499.6	2.9	0.6
Custodial	221.3	217.3	216.3	-1.0	-0.5
Trades	33.0	33.0	32.0	-1.0	-3.0
Food Service	94.4	94.4	94.4	0.0	0.0
Security	30.5	29.3	28.3	-1.0	-3.4
TOTAL	4139.2	4081.1	4014.9	-66.2	-1.6