



BUSINESS SERVICES DEPARTMENT

15 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: January 4, 2009  
Subject: Four Year Old Kindergarten Implementation Proposal

Background:

The Board of Education over the past two months has received information relative to the program design of a 4-k program and some budget scenarios relative to the 4-k program. The budget scenarios showed the Community Model Option where the community providers provided to the district the amount necessary to support their programs and two concepts for allowing this fee to decrease.

Over the past month, administration and the community providers have met to discuss the amount to be brought forward as a fee per child for the community early childhood centers. The amount within your packet reflects that amount the early childhood community has asked of the district.

Information Contained in your packet:

**Budget Impact:**

The budget impact sheet is reflective of all costs associated with the operation of a community based model for four-year-old kindergarten. This model reflects the latest numbers proposed by the community for the per child reimbursement, along with an escalator of 3% each year. The model also reflects the latest information from the DPI, that shows we are currently not likely to be eligible to receive the 4-k start up grants with the State of Wisconsin budget. These numbers show a negative budget balance of \$4,188,069 in year 1 and a negative budget balance of \$243,046 in year two, for a total two year negative balance of \$4,431,115. This becomes the target for further information within your packet relative to "Financing Options" for 4-k.

**Tax Impact:**

The tax impact information within your packet is meant to show the Board two separate scenarios. The biennial budget that covers the 2009-10 and 2010-11 fiscal years decreased funding for public education by \$147 million and also utilized federal stabilization funds to balance the current appropriations. The two scenarios are attempting to gauge the impact on funding for public education in the next biennial budget beginning in the 2011-12 school year. Scenario #1 is meant to show a less conservative projection for the impact of a 4-k program relative to future property tax increases. This scenario assumes that the next state biennial budget beginning in 2011-12 will only decrease total funding for public education by \$75

million. Scenario #2 is meant to show the most conservative projection for the impact of a 4-k program relative to future property tax increases. This scenario assumes that the next state biennial budget beginning in 2011-12 will decrease funding to public education by \$150 million.

In scenario #1 it is easier to recognize the positive impact on state funding a 4-k program brings to school districts. Beginning in the second year of the program (2011-12) MMSD would project that approximately \$6 million of the \$8 million in funding would come from the State of Wisconsin, and the remaining \$2 would be supported by local property taxes. Conversely in scenario #2 by changing the assumption of how much funding there will be from the State of Wisconsin, we project that approximately \$7.65 million in funding will be supported by the local property taxes and only \$350,000 will be supported by the State of Wisconsin.

#### **Financing Options:**

Administration over the past month has looked at possible ways to cover the budget shortfall created by the 4-k program and the way it is treated by the state mandated revenue limit formula. The two options we intend to bring forward to the board are the use of fund balance and borrowing over a short period of time to support this shortfall. The use of fund balance does fit this type of use, mainly because it is not an ongoing funding issue for the school district. After the first two years of operation of the 4-k program, the district is projecting there will no longer be a negative budget impact from this program.

The solution to borrow funds on a short term basis, is supported by documents within your packet. This solution is intended to actually integrate the re-financing of the districts unfunded pension liability with the borrowing of funds to support the 4-k program into one strategy. This strategy takes into account the need for funds to support 4-k on the short term, and the positive revenue stream projected in future years due to the increase in enrollment from the 4-k program. Under this strategy, the district would utilize \$2 million per year for a 7 year period of time to pay off the WRS liability sooner and to pay off the 4-k borrow as well. Brian Brewer from Robert W. Baird will be at the committee meeting on January 4, 2010 to talk through this option with the board.

#### Salary Savings

None

#### Recommendation(s)

Administration is recommending the implementation of 4-k to begin in the 2010-11 school year. This recommendation is contingent upon the Board's input relative to the overall tax impact created by the implementation of district wide 4-k. Based on the input, administration intends to bring the final recommendation to the Board of Education meeting on January 11, 2010.

#### Attachments:

Recommended Budget Model  
Tax Impact Scenario #1  
Tax Impact Scenario #2  
Four Year Old Kindergarten Financing Option

## Recommended Budget Model

### MMSD - 4K Implementation (4K, EC, ESL)

#### 2010-15 Projection

	2010-11 Year #1	2011-12 Year #2	2012-13 Year #3	2013-14 Year #4	2014-15 Year #5	Pupil Breakdown: 65.00% 35.00%	
Revenue Generators						MMSD Facility	Daycare
<b>Revenue Limits</b>							
Enrollment	1,573.00	1,733.00	1,820.00	1,941.00	2,059.00	2010-11	1,022.45 550.55
FTE Factor	0.60	0.60	0.60	0.60	0.60	2011-12	1,126.45 606.55
FTE	943.80	1,039.80	1,092.00	1,164.60	1,235.40	2012-13	1,183.00 637.00
Prior Year Per Pupil Rev. Limit	11,152.28	11,352.28	11,552.28	11,752.28	11,952.28	2013-14	1,261.65 679.35
Current Year Per Pupil Increase	200.00	200.00	200.00	200.00	200.00	2014-15	1,338.35 720.65
Increase in R-Limits	3,571,428.20	8,008,042.51	12,833,492.94	13,919,628.68	15,012,930.31		
<b>Grants</b>							
4-k Start Up Grants	-	-	-	-	-		
Title 1 (ARRA) Professional Dev.	75,000.00	-	-	-	-		
Title 1 Professional Dev.	-	78,000.00	-	-	-		
<b>Categorical Aide</b>							
EC Funding	-	50,567.52	51,609.06	52,653.01	53,697.91		
Bilingual/Bicultural Funding	-	90,569.14	93,401.48	95,820.08	97,855.40		
<b>Other Existing Revenue</b>							
Current Special Ed Teacher FTE	1,444,477.16	1,502,256.25	1,562,346.50	1,624,840.36	1,689,833.97		
Current Special Ed PST FTE	89,759.70	93,350.09	97,084.09	100,967.45	105,006.15		
Current BRS FTE	135,619.98	141,044.78	146,686.57	152,554.04	158,656.20		
Speech and Language Therapist	1,373,323.37	1,428,256.31	1,485,386.56	1,544,802.02	1,606,594.10		
Occupational Therapy	378,046.67	393,168.53	408,895.27	425,251.08	442,261.13		
Current SEA FTE	486,928.45	506,405.58	526,661.81	547,728.28	569,637.41		
Current Special Ed Materials/Supplies	7,400.00	7,400.00	7,400.00	7,400.00	7,400.00		
Current EC Transportation	335,739.00	335,739.00	335,739.00	335,739.00	335,739.00		
Current EC Administrative Overhead	141,044.80	146,686.59	152,554.06	158,656.22	165,002.47		
<b>Total Revenue</b>	<b>8,038,767.33</b>	<b>12,730,918.79</b>	<b>17,649,648.28</b>	<b>18,913,387.21</b>	<b>20,190,916.14</b>		
<b>Expenditures</b>							
Reg Teachers S&B	2,705,102.88	3,009,584.23	3,266,053.15	3,608,988.73	3,900,538.41		
EC Teachers S&B	1,444,477.16	1,502,256.25	1,562,346.50	1,624,840.36	1,689,833.97		
ESL Teachers S&B	634,451.47	733,143.92	838,716.65	951,562.16	989,624.65		
PST Special Education	89,759.70	93,350.09	97,084.09	100,967.45	105,006.15		
BRS	678,099.92	705,223.91	733,432.87	762,770.18	793,280.99		
Speech and Language Therapist	1,373,323.37	1,428,256.31	1,485,386.56	1,544,802.02	1,606,594.10		
Occupational Therapy	378,046.67	393,168.53	408,895.27	425,251.08	442,261.13		
Spec Ed. Assistants S&B	675,613.22	702,637.75	730,743.26	759,972.99	790,371.91		
Interpreter S&B	-	-	-	-	-		
Substitute Teachers	92,545.20	101,182.75	108,573.84	117,932.25	124,285.64		
4-K Administrator	141,044.80	146,686.59	152,554.06	158,656.22	165,002.47		
Reg Ed. Materials & Supplies	238,919.92	258,602.03	269,304.17	284,188.76	298,704.32		
Spec. Ed. Materials & Supplies	7,400.00	7,400.00	7,400.00	7,400.00	7,400.00		
ESL Materials & Supplies	3,406.67	3,753.18	3,941.60	4,203.65	4,459.21		
Curriculum	16,399.23	3,117.60	2,727.90	3,117.60	2,727.90		
ESL/Bilingual Curriculum	9,066.77	3,026.10	3,026.10	3,026.10	2,017.40		
ELM	35,806.20	36,880.38	37,986.80	39,126.40	40,300.19		
Equipment	135,427.55	17,781.20	14,224.96	17,781.20	14,224.96		
EC Transportation	120,540.00	125,361.60	130,376.06	135,591.11	141,014.75		
Transportation	1,296,026.60	1,347,867.66	1,401,782.37	1,457,853.67	1,516,167.81		
Food Service - Snack Program	15,000.00	15,450.00	15,913.50	16,390.91	16,882.63		
Food Service - Software Fee	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00		
Capital Improvements	250,000.00	200,000.00	150,000.00	100,000.00	100,000.00		
Professional Development	75,000.00	78,000.00	81,120.00	84,364.80	87,739.39		
Early Childhood Center Fee	1,793,379.45	2,043,235.15	2,214,334.88	2,438,060.41	2,669,199.69		
<b>Total Cost</b>	<b>12,226,836.78</b>	<b>12,973,965.25</b>	<b>13,733,924.58</b>	<b>14,664,848.05</b>	<b>15,525,637.67</b>		
Surplus/Deficit	(4,188,069.45)	(243,046.46)	3,915,723.69	4,248,539.15	4,665,278.47		
Cost per Actual Student	7,772.94	7,486.42	7,546.11	7,555.31	7,540.38		
Proposed Model 1 Stipend/Student	-	-	-	-	-		
Proposed Model 2 Stipend/Student	2,100.00	2,163.00	2,227.89	2,294.73	2,363.57		
Proposed Model 3 Stipend/Student (Does not include Curriculum Cost)	3,399.00	3,500.97	3,606.00	3,714.18	3,825.60		
Proration Factor	1	1	1	1	1		

# Tax Impact Projections

2009-10 through 2014-15

Based upon 2011-12 drop in total state funding of approximately \$75 million

FUND	Adopted 2008-09		Adopted 2009-10		Projected 2010-11		Projected 2011-12		Projected 2012-13		Projected 2013-14		Projected 2014-15	
	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE
<b>General Fund:</b>														
• Operational	200,137,860	8.67	221,145,259	9.61	240,600,037	10.46	257,957,003	11.21	270,302,673	11.75	281,275,894	12.23	284,777,525	12.38
<b>LESS:</b>														
• Computer Exemption	(2,195,041)	(0.10)	(2,189,738)	(0.10)	(2,453,989)	(0.11)	(2,596,726)	(0.11)	(2,709,138)	(0.12)	(2,814,664)	(0.12)	(2,850,823)	(0.12)
<b>General Fund Levy</b>	<b>197,942,819</b>	<b>8.58</b>	<b>218,955,521</b>	<b>9.52</b>	<b>238,146,048</b>	<b>10.35</b>	<b>255,360,277</b>	<b>11.10</b>	<b>267,593,535</b>	<b>11.63</b>	<b>278,461,230</b>	<b>12.11</b>	<b>281,926,702</b>	<b>12.26</b>
• Prior Year Taxes	272,671	0.01	85,945	0.00	230,263	0.01	214,305	0.01	214,305	0.01	214,305	0.01	214,305	0.01
<b>Net General Fund Levy</b>	<b>198,215,490</b>	<b>8.59</b>	<b>219,041,466</b>	<b>9.52</b>	<b>238,376,311</b>	<b>10.36</b>	<b>255,574,582</b>	<b>11.11</b>	<b>267,807,840</b>	<b>11.64</b>	<b>278,675,535</b>	<b>12.11</b>	<b>282,141,007</b>	<b>12.27</b>
<b>Debt Service Fund:</b>														
• Bonded Indebtedness	7,261,532	0.31	0	0.00	7,104,281	0.31	4,776,381	0.21	4,200,425	0.18	4,203,575	0.18	4,203,663	0.18
• Non-referendum Debt (38)	65,250	0.00	65,250	0.00	65,250	0.00	65,250	0.00	25,000	0.00	25,000	0.00	0	0.00
<b>Net Debt Service Fund Levy</b>	<b>7,326,782</b>	<b>0.32</b>	<b>65,250</b>	<b>0.00</b>	<b>7,169,531</b>	<b>0.31</b>	<b>4,841,631</b>	<b>0.21</b>	<b>4,225,425</b>	<b>0.18</b>	<b>4,228,575</b>	<b>0.18</b>	<b>4,203,663</b>	<b>0.18</b>
<b>Capital Projects Fund:</b>														
• Capital Expansion Fund (41)	8,668,448	0.38	6,835,765	0.30	4,018,138	0.17	4,092,875	0.18	4,169,002	0.18	4,246,546	0.18	4,325,532	0.19
<b>Net Capital Projects Fund</b>	<b>8,668,448</b>	<b>0.38</b>	<b>6,835,765</b>	<b>0.30</b>	<b>4,018,138</b>	<b>0.17</b>	<b>4,092,875</b>	<b>0.18</b>	<b>4,169,002</b>	<b>0.18</b>	<b>4,246,546</b>	<b>0.18</b>	<b>4,325,532</b>	<b>0.19</b>
<b>Community Services Fund:</b>														
• Community Services	12,119,565	0.53	8,298,483	0.36	12,944,525	0.56	13,268,138	0.58	13,599,842	0.59	13,939,838	0.61	14,288,334	0.62
<b>Net Community Services</b>	<b>12,119,565</b>	<b>0.53</b>	<b>8,298,483</b>	<b>0.36</b>	<b>12,944,525</b>	<b>0.56</b>	<b>13,268,138</b>	<b>0.58</b>	<b>13,599,842</b>	<b>0.59</b>	<b>13,939,838</b>	<b>0.61</b>	<b>14,288,334</b>	<b>0.62</b>
<b>TOTAL TAX LEVY AND RATE</b>	<b>226,330,285</b>	<b>9.81</b>	<b>234,240,964</b>	<b>10.18</b>	<b>262,508,505</b>	<b>11.41</b>	<b>277,777,226</b>	<b>12.08</b>	<b>289,802,109</b>	<b>12.60</b>	<b>301,090,494</b>	<b>13.09</b>	<b>304,958,536</b>	<b>13.26</b>

Property Tax Analysis	Adopted 2008-09	Adopted 2009-10	Projected 2010-11	Projected 2011-12	Projected 2012-13	Projected 2013-14	Projected 2014-15
Levy % Increase		3.50%	12.07%	5.82%	4.33%	3.90%	1.28%
Rate % Increase		3.85%	12.07%	5.82%	4.33%	3.90%	1.28%

Property Tax Bill Impact	Adopted 2008-09		Adopted 2009-10		Projected 2010-11		Projected 2011-12		Projected 2012-13		Projected 2013-14		Projected 2014-15	
	Value	Bill	Value	Bill	Value	Bill	Value	Bill	Value	Bill	Value	Bill	Value	Bill
Home	250,000.00	2,452.50	250,000.00	2,545.00	250,000.00	2,852.50	250,000.00	3,020.00	250,000.00	3,150.00	250,000.00	3,272.50	250,000.00	3,315.00
<b>Difference in Bill</b>				<b>\$92.50</b>		<b>\$307.50</b>		<b>\$167.50</b>		<b>\$130.00</b>		<b>\$122.50</b>		<b>\$42.50</b>

# Tax Impact Projections with 4K

2009-10 through 2014-15

Based upon 2011-12 drop in total state funding of approximately \$75 million

FUND	Adopted 2008-09		Adopted 2009-10		Projected 2010-11		Projected 2011-12		Projected 2012-13		Projected 2013-14		Projected 2014-15	
	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE
<b>General Fund:</b>														
• Operational	200,137,860	8.67	221,145,259	9.61	244,164,700	10.61	259,861,410	11.30	277,294,250	12.05	280,296,285	12.18	283,949,937	12.34
<b>LESS:</b>														
• Computer Exemption	(2,195,041)	(0.10)	(2,189,738)	(0.10)	(2,487,005)	(0.11)	(2,614,364)	(0.11)	(2,773,890)	(0.12)	(2,805,591)	(0.12)	(2,843,157)	(0.12)
<b>General Fund Levy</b>	<b>197,942,819</b>	<b>8.58</b>	<b>218,955,521</b>	<b>9.52</b>	<b>241,677,695</b>	<b>10.51</b>	<b>257,247,046</b>	<b>11.18</b>	<b>274,520,360</b>	<b>11.93</b>	<b>277,490,694</b>	<b>12.06</b>	<b>281,106,780</b>	<b>12.22</b>
• Prior Year Taxes	272,671	0.01	85,945	0.00	230,263	0.01	214,305	0.01	214,305	0.01	214,305	0.01	214,305	0.01
<b>Net General Fund Levy</b>	<b>198,215,490</b>	<b>8.59</b>	<b>219,041,466</b>	<b>9.52</b>	<b>241,907,958</b>	<b>10.52</b>	<b>257,461,351</b>	<b>11.19</b>	<b>274,734,665</b>	<b>11.94</b>	<b>277,704,999</b>	<b>12.07</b>	<b>281,321,085</b>	<b>12.23</b>
<b>Debt Service Fund:</b>														
• Bonded Indebtedness	7,261,532	0.31	0	0.00	7,104,281	0.31	4,776,381	0.21	4,200,425	0.18	4,203,575	0.18	4,203,663	0.18
• Non-referendum Debt (38)	65,250	0.00	65,250	0.00	65,250	0.00	65,250	0.00	25,000	0.00	25,000	0.00	0	0.00
<b>Net Debt Service Fund Levy</b>	<b>7,326,782</b>	<b>0.32</b>	<b>65,250</b>	<b>0.00</b>	<b>7,169,531</b>	<b>0.31</b>	<b>4,841,631</b>	<b>0.21</b>	<b>4,225,425</b>	<b>0.18</b>	<b>4,228,575</b>	<b>0.18</b>	<b>4,203,663</b>	<b>0.18</b>
<b>Capital Projects Fund:</b>														
• Capital Expansion Fund (41)	8,668,448	0.38	6,835,765	0.30	4,018,138	0.17	4,092,875	0.18	4,169,002	0.18	4,246,546	0.18	4,325,532	0.19
<b>Net Capital Projects Fund</b>	<b>8,668,448</b>	<b>0.38</b>	<b>6,835,765</b>	<b>0.30</b>	<b>4,018,138</b>	<b>0.17</b>	<b>4,092,875</b>	<b>0.18</b>	<b>4,169,002</b>	<b>0.18</b>	<b>4,246,546</b>	<b>0.18</b>	<b>4,325,532</b>	<b>0.19</b>
<b>Community Services Fund:</b>														
• Community Services	12,119,565	0.53	8,298,483	0.36	12,944,525	0.56	13,268,138	0.58	13,599,842	0.59	13,939,838	0.61	14,288,334	0.62
<b>Net Community Services</b>	<b>12,119,565</b>	<b>0.53</b>	<b>8,298,483</b>	<b>0.36</b>	<b>12,944,525</b>	<b>0.56</b>	<b>13,268,138</b>	<b>0.58</b>	<b>13,599,842</b>	<b>0.59</b>	<b>13,939,838</b>	<b>0.61</b>	<b>14,288,334</b>	<b>0.62</b>
<b>TOTAL TAX LEVY AND RATE</b>	<b>226,330,285</b>	<b>9.81</b>	<b>234,240,964</b>	<b>10.18</b>	<b>266,040,152</b>	<b>11.57</b>	<b>279,663,995</b>	<b>12.16</b>	<b>296,728,934</b>	<b>12.90</b>	<b>300,119,958</b>	<b>13.05</b>	<b>304,138,614</b>	<b>13.22</b>

Property Tax Analysis	Adopted 2008-09	Adopted 2009-10	Projected 2010-11	Projected 2011-12	Projected 2012-13	Projected 2013-14	Projected 2014-15
Levy % Increase		3.50%	13.58%	5.12%	6.10%	1.14%	1.34%
Rate % Increase		3.85%	13.58%	5.12%	6.10%	1.14%	1.34%

Property Tax Bill Impact	Adopted 2008-09		Adopted 2009-10		Projected 2010-11		Projected 2011-12		Projected 2012-13		Projected 2013-14		Projected 2014-15	
	Value	Bill	Value	Bill	Value	Bill	Value	Bill	Value	Bill	Value	Bill	Value	Bill
Home	250,000.00	2,452.50	250,000.00	2,545.00	250,000.00	2,892.50	250,000.00	3,040.00	250,000.00	3,225.00	250,000.00	3,262.50	250,000.00	3,305.00
Difference in Bill				\$92.50		\$347.50		\$147.50		\$185.00		\$37.50		\$42.50

## Tax Impact Projections 2009-10 through 2014-15

FUND	Adopted 2008-09		Adopted 2009-10		Projected 2010-11		Projected 2011-12		Projected 2012-13		Projected 2013-14		Projected 2014-15	
	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE
<b>General Fund:</b>														
• Operational	0	0.00	0	0.00	3,564,663	0.15	1,904,407	0.08	6,991,577	0.30	(979,609)	(0.04)	(827,588)	(0.04)
<b>LESS:</b>														
• Computer Exemption	0	0.00	0	0.00	(33,016)	(0.00)	(17,638)	(0.00)	(64,752)	(0.00)	9,073	0.00	7,666	0.00
<b>General Fund Levy</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>3,531,647</b>	<b>0.15</b>	<b>1,886,769</b>	<b>0.08</b>	<b>6,926,825</b>	<b>0.30</b>	<b>(970,536)</b>	<b>(0.04)</b>	<b>(819,922)</b>	<b>(0.04)</b>
• Prior Year Taxes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
<b>Net General Fund Levy</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>3,531,647</b>	<b>0.15</b>	<b>1,886,769</b>	<b>0.08</b>	<b>6,926,825</b>	<b>0.30</b>	<b>(970,536)</b>	<b>(0.04)</b>	<b>(819,922)</b>	<b>(0.04)</b>
<b>Debt Service Fund:</b>														
• Bonded Indebtedness	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
• Non-referendum Debt (38)	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
<b>Net Debt Service Fund Levy</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
<b>Capital Projects Fund:</b>														
• Capital Expansion Fund (41)	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
<b>Net Capital Projects Fund</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
<b>Community Services Fund:</b>														
• Community Services	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
<b>Net Community Services</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
<b>TOTAL TAX LEVY AND RATE</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>3,531,647</b>	<b>0.15</b>	<b>1,886,769</b>	<b>0.08</b>	<b>6,926,825</b>	<b>0.30</b>	<b>(970,536)</b>	<b>(0.04)</b>	<b>(819,922)</b>	<b>(0.04)</b>

Property Tax Bill Impact	Adopted 2008-09		Adopted 2009-10		Projected 2010-11		Projected 2011-12		Projected 2012-13		Projected 2013-14		Projected 2014-15	
	Value	Bill	Value	Bill	Value	Bill	Value	Bill	Value	Bill	Value	Bill	Value	Bill
Home	250,000.00	0.00	250,000.00	0.00	250,000.00	40.00	250,000.00	20.00	250,000.00	75.00	250,000.00	(10.00)	250,000.00	(10.00)

## Tax Impact Projections 2009-10 through 2014-15

Based upon 2011-12 drop in total state funding of approximately \$150 million

FUND	Adopted 2008-09		Adopted 2009-10		Projected 2010-11		Projected 2011-12		Projected 2012-13		Projected 2013-14		Projected 2014-15	
	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE
<b>General Fund:</b>														
• Operational	200,137,860	8.67	221,145,259	9.61	240,600,037	10.46	257,957,003	11.21	270,302,673	11.75	282,888,408	12.30	293,894,447	12.78
<b>LESS:</b>														
• Computer Exemption	(2,195,041)	(0.10)	(2,189,738)	(0.10)	(2,453,989)	(0.11)	(2,596,726)	(0.11)	(2,709,138)	(0.12)	(2,829,599)	(0.12)	(2,935,260)	(0.13)
<b>General Fund Levy</b>	<b>197,942,819</b>	<b>8.58</b>	<b>218,955,521</b>	<b>9.52</b>	<b>238,146,048</b>	<b>10.35</b>	<b>255,360,277</b>	<b>11.10</b>	<b>267,593,535</b>	<b>11.63</b>	<b>280,058,809</b>	<b>12.17</b>	<b>290,959,187</b>	<b>12.65</b>
• Prior Year Taxes	272,671	0.01	85,945	0.00	230,263	0.01	214,305	0.01	214,305	0.01	214,305	0.01	214,305	0.01
<b>Net General Fund Levy</b>	<b>198,215,490</b>	<b>8.59</b>	<b>219,041,466</b>	<b>9.52</b>	<b>238,376,311</b>	<b>10.36</b>	<b>255,574,582</b>	<b>11.11</b>	<b>267,807,840</b>	<b>11.64</b>	<b>280,273,114</b>	<b>12.18</b>	<b>291,173,492</b>	<b>12.66</b>
<b>Debt Service Fund:</b>														
• Bonded Indebtedness	7,261,532	0.31	0	0.00	7,104,281	0.31	4,776,381	0.21	4,200,425	0.18	4,203,575	0.18	4,203,663	0.18
• Non-referendum Debt (38)	65,250	0.00	65,250	0.00	65,250	0.00	65,250	0.00	25,000	0.00	25,000	0.00	0	0.00
<b>Net Debt Service Fund Levy</b>	<b>7,326,782</b>	<b>0.32</b>	<b>65,250</b>	<b>0.00</b>	<b>7,169,531</b>	<b>0.31</b>	<b>4,841,631</b>	<b>0.21</b>	<b>4,225,425</b>	<b>0.18</b>	<b>4,228,575</b>	<b>0.18</b>	<b>4,203,663</b>	<b>0.18</b>
<b>Capital Projects Fund:</b>														
• Capital Expansion Fund (41)	8,668,448	0.38	6,835,765	0.30	4,018,138	0.17	4,092,875	0.18	4,169,002	0.18	4,246,546	0.18	4,325,532	0.19
<b>Net Capital Projects Fund</b>	<b>8,668,448</b>	<b>0.38</b>	<b>6,835,765</b>	<b>0.30</b>	<b>4,018,138</b>	<b>0.17</b>	<b>4,092,875</b>	<b>0.18</b>	<b>4,169,002</b>	<b>0.18</b>	<b>4,246,546</b>	<b>0.18</b>	<b>4,325,532</b>	<b>0.19</b>
<b>Community Services Fund:</b>														
• Community Services	12,119,565	0.53	8,298,483	0.36	12,944,525	0.56	13,268,138	0.58	13,599,842	0.59	13,939,838	0.61	14,288,334	0.62
<b>Net Community Services</b>	<b>12,119,565</b>	<b>0.53</b>	<b>8,298,483</b>	<b>0.36</b>	<b>12,944,525</b>	<b>0.56</b>	<b>13,268,138</b>	<b>0.58</b>	<b>13,599,842</b>	<b>0.59</b>	<b>13,939,838</b>	<b>0.61</b>	<b>14,288,334</b>	<b>0.62</b>
<b>TOTAL TAX LEVY AND RATE</b>	<b><u>226,330,285</u></b>	<b><u>9.81</u></b>	<b><u>234,240,964</u></b>	<b><u>10.18</u></b>	<b><u>262,508,505</u></b>	<b><u>11.41</u></b>	<b><u>277,777,226</u></b>	<b><u>12.08</u></b>	<b><u>289,802,109</u></b>	<b><u>12.60</u></b>	<b><u>302,688,073</u></b>	<b><u>13.16</u></b>	<b><u>313,991,021</u></b>	<b><u>13.65</u></b>

Property Tax Analysis	Adopted 2008-09	Adopted 2009-10	Projected 2010-11	Projected 2011-12	Projected 2012-13	Projected 2013-14	Projected 2014-15
Levy % Increase		3.50%	12.07%	5.82%	4.33%	4.45%	3.73%
Rate % Increase		3.85%	12.07%	5.82%	4.33%	4.45%	3.73%

Property Tax Bill Impact	Adopted 2008-09		Adopted 2009-10		Projected 2010-11		Projected 2011-12		Projected 2012-13		Projected 2013-14		Projected 2014-15	
	Value	Bill	Value	Bill	Value	Bill	Value	Bill	Value	Bill	Value	Bill	Value	Bill
Home	250,000.00	2,452.50	250,000.00	2,545.00	250,000.00	2,852.50	250,000.00	3,020.00	250,000.00	3,150.00	250,000.00	3,290.00	250,000.00	3,412.50
<b>Difference in Bill</b>				<b>\$92.50</b>		<b>\$307.50</b>		<b>\$167.50</b>		<b>\$130.00</b>		<b>\$140.00</b>		<b>\$122.50</b>

# Tax Impact Projections with 4K

2009-10 through 2014-15

Based upon 2011-12 drop in total state funding of approximately \$150 million

FUND	Adopted 2008-09		Adopted 2009-10		Projected 2010-11		Projected 2011-12		Projected 2012-13		Projected 2013-14		Projected 2014-15	
	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE
<b>General Fund:</b>														
• Operational	200,137,860	8.67	221,145,259	9.61	244,164,700	10.61	265,673,263	11.55	282,571,543	12.28	289,228,434	12.57	293,066,859	12.74
<b>LESS:</b>														
• Computer Exemption	(2,195,041)	(0.10)	(2,189,738)	(0.10)	(2,487,005)	(0.11)	(2,668,192)	(0.12)	(2,822,767)	(0.12)	(2,888,316)	(0.13)	(2,927,596)	(0.13)
<b>General Fund Levy</b>	<b>197,942,819</b>	<b>8.58</b>	<b>218,955,521</b>	<b>9.52</b>	<b>241,677,695</b>	<b>10.51</b>	<b>263,005,071</b>	<b>11.43</b>	<b>279,748,776</b>	<b>12.16</b>	<b>286,340,118</b>	<b>12.45</b>	<b>290,139,263</b>	<b>12.61</b>
• Prior Year Taxes	272,671	0.01	85,945	0.00	230,263	0.01	214,305	0.01	214,305	0.01	214,305	0.01	214,305	0.01
<b>Net General Fund Levy</b>	<b>198,215,490</b>	<b>8.59</b>	<b>219,041,466</b>	<b>9.52</b>	<b>241,907,958</b>	<b>10.52</b>	<b>263,219,376</b>	<b>11.44</b>	<b>279,963,081</b>	<b>12.17</b>	<b>286,554,423</b>	<b>12.46</b>	<b>290,353,568</b>	<b>12.62</b>
<b>Debt Service Fund:</b>														
• Bonded Indebtedness	7,261,532	0.31	0	0.00	7,104,281	0.31	4,776,381	0.21	4,200,425	0.18	4,203,575	0.18	4,203,663	0.18
• Non-referendum Debt (38)	65,250	0.00	65,250	0.00	65,250	0.00	65,250	0.00	25,000	0.00	25,000	0.00	0	0.00
<b>Net Debt Service Fund Levy</b>	<b>7,326,782</b>	<b>0.32</b>	<b>65,250</b>	<b>0.00</b>	<b>7,169,531</b>	<b>0.31</b>	<b>4,841,631</b>	<b>0.21</b>	<b>4,225,425</b>	<b>0.18</b>	<b>4,228,575</b>	<b>0.18</b>	<b>4,203,663</b>	<b>0.18</b>
<b>Capital Projects Fund:</b>														
• Capital Expansion Fund (41)	8,668,448	0.38	6,835,765	0.30	4,018,138	0.17	4,092,875	0.18	4,169,002	0.18	4,246,546	0.18	4,325,532	0.19
<b>Net Capital Projects Fund</b>	<b>8,668,448</b>	<b>0.38</b>	<b>6,835,765</b>	<b>0.30</b>	<b>4,018,138</b>	<b>0.17</b>	<b>4,092,875</b>	<b>0.18</b>	<b>4,169,002</b>	<b>0.18</b>	<b>4,246,546</b>	<b>0.18</b>	<b>4,325,532</b>	<b>0.19</b>
<b>Community Services Fund:</b>														
• Community Services	12,119,565	0.53	8,298,483	0.36	12,944,525	0.56	13,268,138	0.58	13,599,842	0.59	13,939,838	0.61	14,288,334	0.62
<b>Net Community Services</b>	<b>12,119,565</b>	<b>0.53</b>	<b>8,298,483</b>	<b>0.36</b>	<b>12,944,525</b>	<b>0.56</b>	<b>13,268,138</b>	<b>0.58</b>	<b>13,599,842</b>	<b>0.59</b>	<b>13,939,838</b>	<b>0.61</b>	<b>14,288,334</b>	<b>0.62</b>
<b>TOTAL TAX LEVY AND RATE</b>	<b>226,330,285</b>	<b>9.81</b>	<b>234,240,964</b>	<b>10.18</b>	<b>266,040,152</b>	<b>11.57</b>	<b>285,422,020</b>	<b>12.41</b>	<b>301,957,350</b>	<b>13.13</b>	<b>308,969,382</b>	<b>13.43</b>	<b>313,171,097</b>	<b>13.61</b>

Property Tax Analysis	Adopted 2008-09	Adopted 2009-10	Projected 2010-11	Projected 2011-12	Projected 2012-13	Projected 2013-14	Projected 2014-15
Levy % Increase		3.50%	13.58%	7.29%	5.79%	2.32%	1.36%
Rate % Increase		3.85%	13.58%	7.29%	5.79%	2.32%	1.36%

Property Tax Bill Impact	Adopted 2008-09		Adopted 2009-10		Projected 2010-11		Projected 2011-12		Projected 2012-13		Projected 2013-14		Projected 2014-15	
	Value	Bill	Value	Bill	Value	Bill	Value	Bill	Value	Bill	Value	Bill	Value	Bill
Home	250,000.00	2,452.50	250,000.00	2,545.00	250,000.00	2,892.50	250,000.00	3,102.50	250,000.00	3,282.50	250,000.00	3,357.50	250,000.00	3,402.50
<b>Difference in Bill</b>				<b>\$92.50</b>		<b>\$347.50</b>		<b>\$210.00</b>		<b>\$180.00</b>		<b>\$75.00</b>		<b>\$45.00</b>



## Tax Impact Projections 2009-10 through 2014-15

FUND	Adopted 2008-09		Adopted 2009-10		Projected 2010-11		Projected 2011-12		Projected 2012-13		Projected 2013-14		Projected 2014-15	
	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE
<b>General Fund:</b>														
• Operational	0	0.00	0	0.00	3,564,663	0.15	7,716,260	0.34	12,268,870	0.53	6,340,026	0.28	(827,588)	(0.04)
<b>LESS:</b>														
• Computer Exemption	0	0.00	0	0.00	(33,016)	(0.00)	(71,466)	(0.00)	(113,629)	(0.00)	(58,717)	(0.00)	7,664	0.00
<b>General Fund Levy</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>3,531,647</b>	<b>0.15</b>	<b>7,644,794</b>	<b>0.33</b>	<b>12,155,241</b>	<b>0.53</b>	<b>6,281,309</b>	<b>0.27</b>	<b>(819,924)</b>	<b>(0.04)</b>
• Prior Year Taxes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
<b>Net General Fund Levy</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>3,531,647</b>	<b>0.15</b>	<b>7,644,794</b>	<b>0.33</b>	<b>12,155,241</b>	<b>0.53</b>	<b>6,281,309</b>	<b>0.27</b>	<b>(819,924)</b>	<b>(0.04)</b>
<b>Debt Service Fund:</b>														
• Bonded Indebtedness	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
• Non-referendum Debt (38)	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
<b>Net Debt Service Fund Levy</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
<b>Capital Projects Fund:</b>														
• Capital Expansion Fund (41)	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
<b>Net Capital Projects Fund</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
<b>Community Services Fund:</b>														
• Community Services	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
<b>Net Community Services</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
<b>TOTAL TAX LEVY AND RATE</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>3,531,647</b>	<b>0.15</b>	<b>7,644,794</b>	<b>0.33</b>	<b>12,155,241</b>	<b>0.53</b>	<b>6,281,309</b>	<b>0.27</b>	<b>(819,924)</b>	<b>(0.04)</b>

Property Tax Bill Impact	Adopted 2008-09		Adopted 2009-10		Projected 2010-11		Projected 2011-12		Projected 2012-13		Projected 2013-14		Projected 2014-15	
	Value	Bill	Value	Bill	Value	Bill	Value	Bill	Value	Bill	Value	Bill	Value	Bill
Home	250,000.00	0.00	250,000.00	0.00	250,000.00	40.00	250,000.00	82.50	250,000.00	132.50	250,000.00	67.50	250,000.00	(10.00)



# Madison Metropolitan School District

## Four Year Old Kindergarten Financing Option

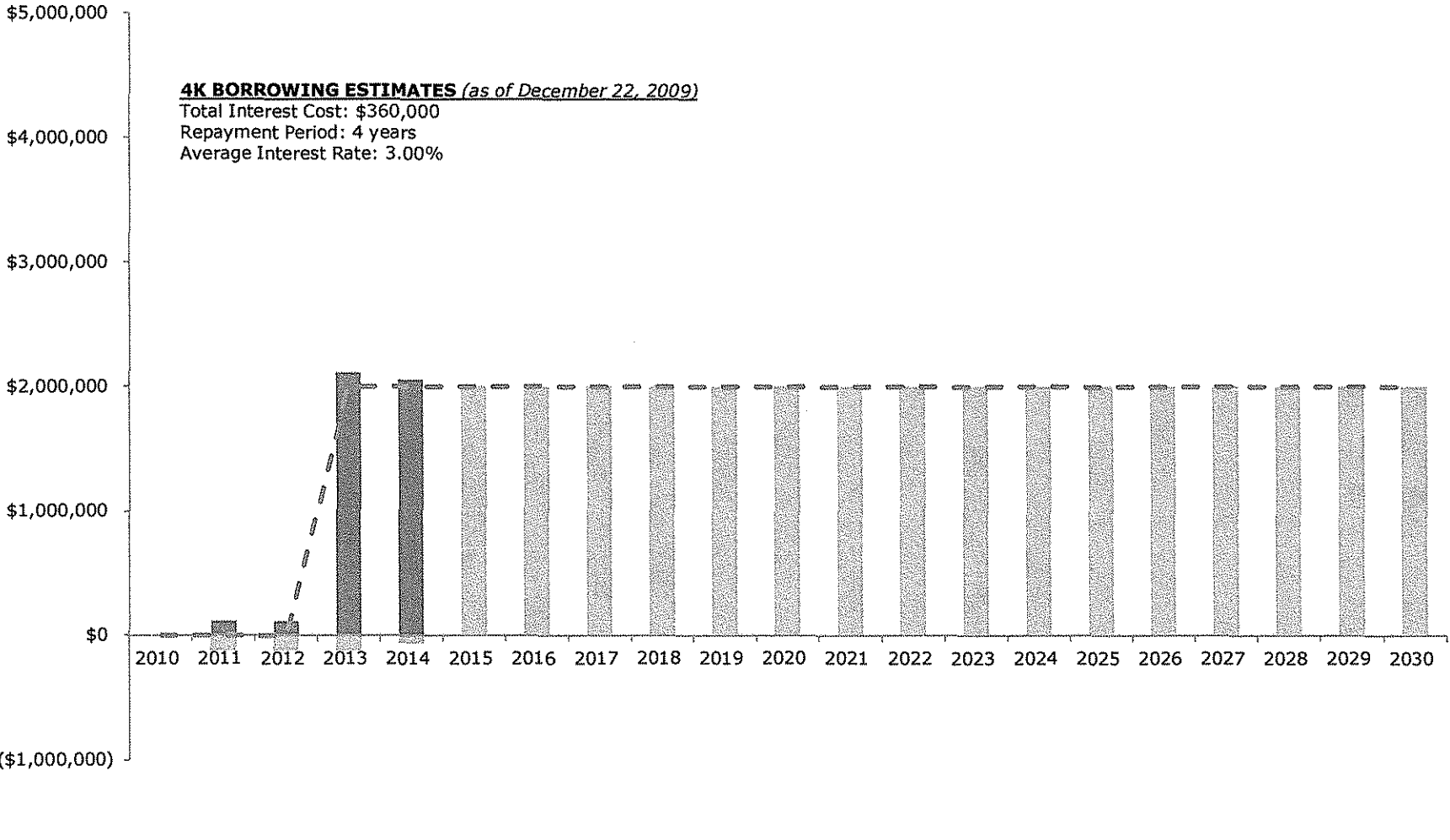
**Monday, January 4, 2010**

**Brian C. Brewer, Director**  
bbrewer@rwbaird.com  
777 East Wisconsin Avenue  
Milwaukee, Wisconsin 53202  
800-792-2473 / 414-298-7354 Fax

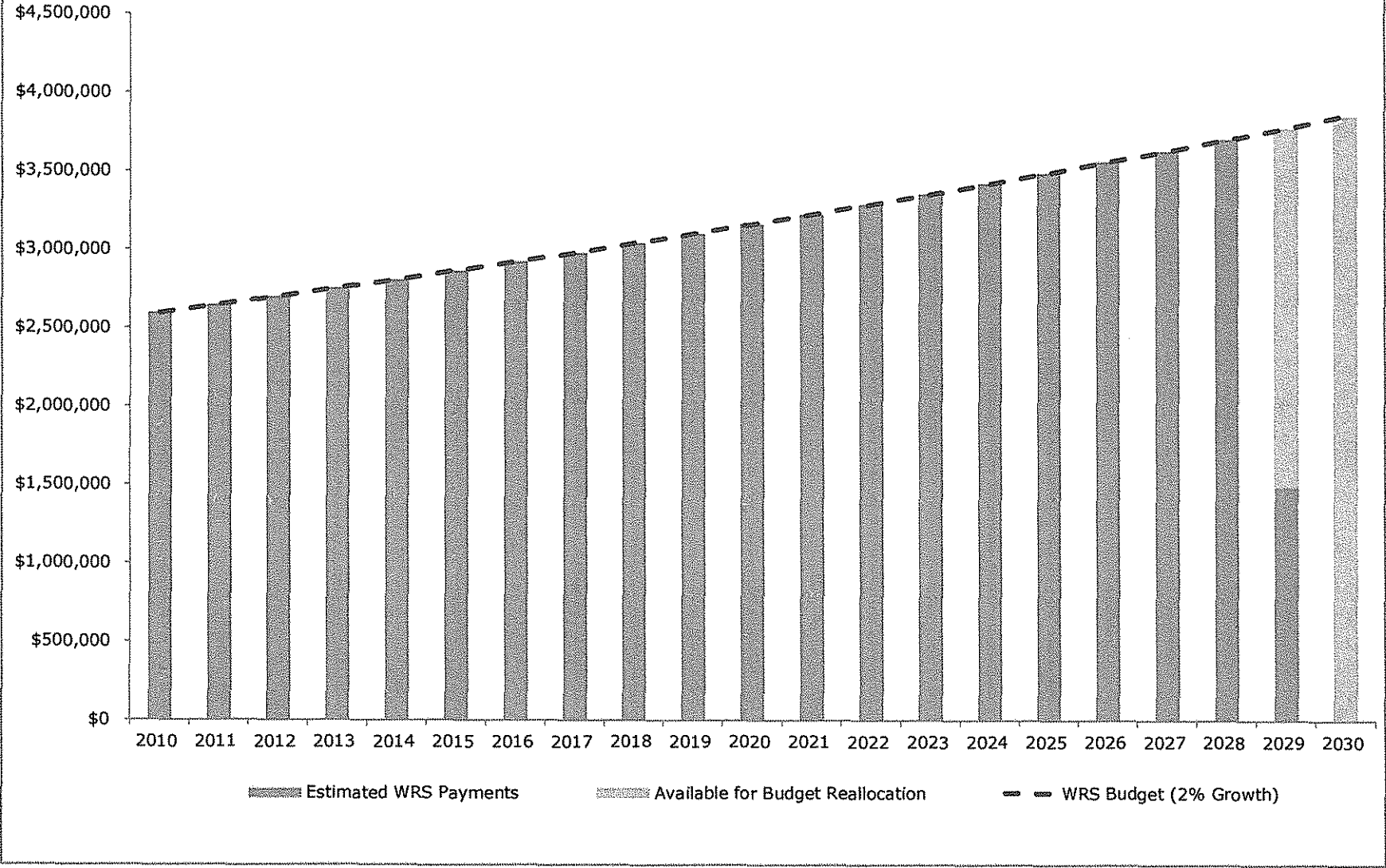
**\*\*Intentionally Left Blank\*\***



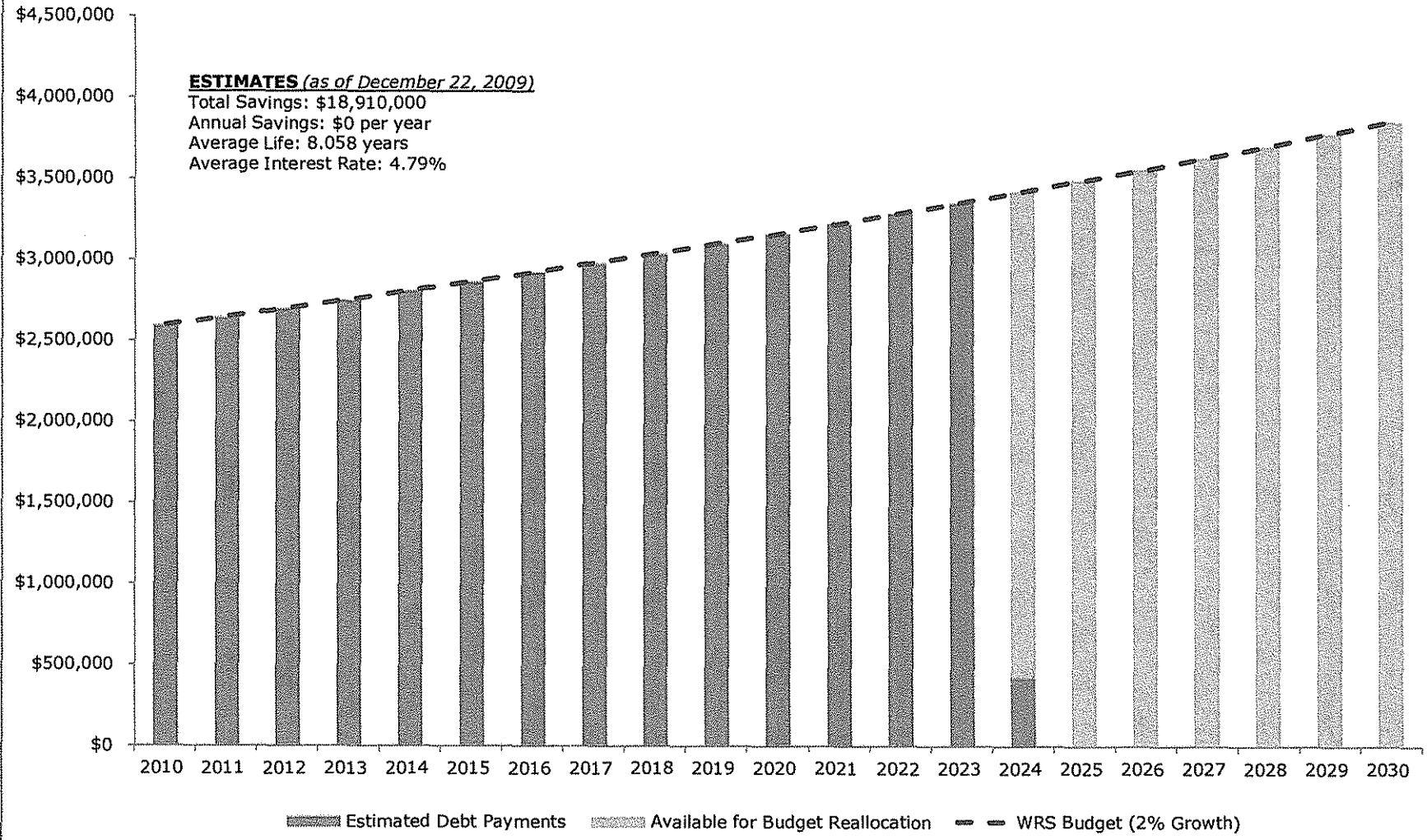
### Impact of Borrowing for 4K Startup Costs



### Current WRS Payment Schedule



## Option 2 - Accelerated WRS Repayment



Note: Issues Amortized over 10 Years Require Issuance of Taxable NAN



## Option 2A - Accelerated WRS Repayment with Targeted Savings in First 2 Years

**ESTIMATES** (as of December 22, 2009)

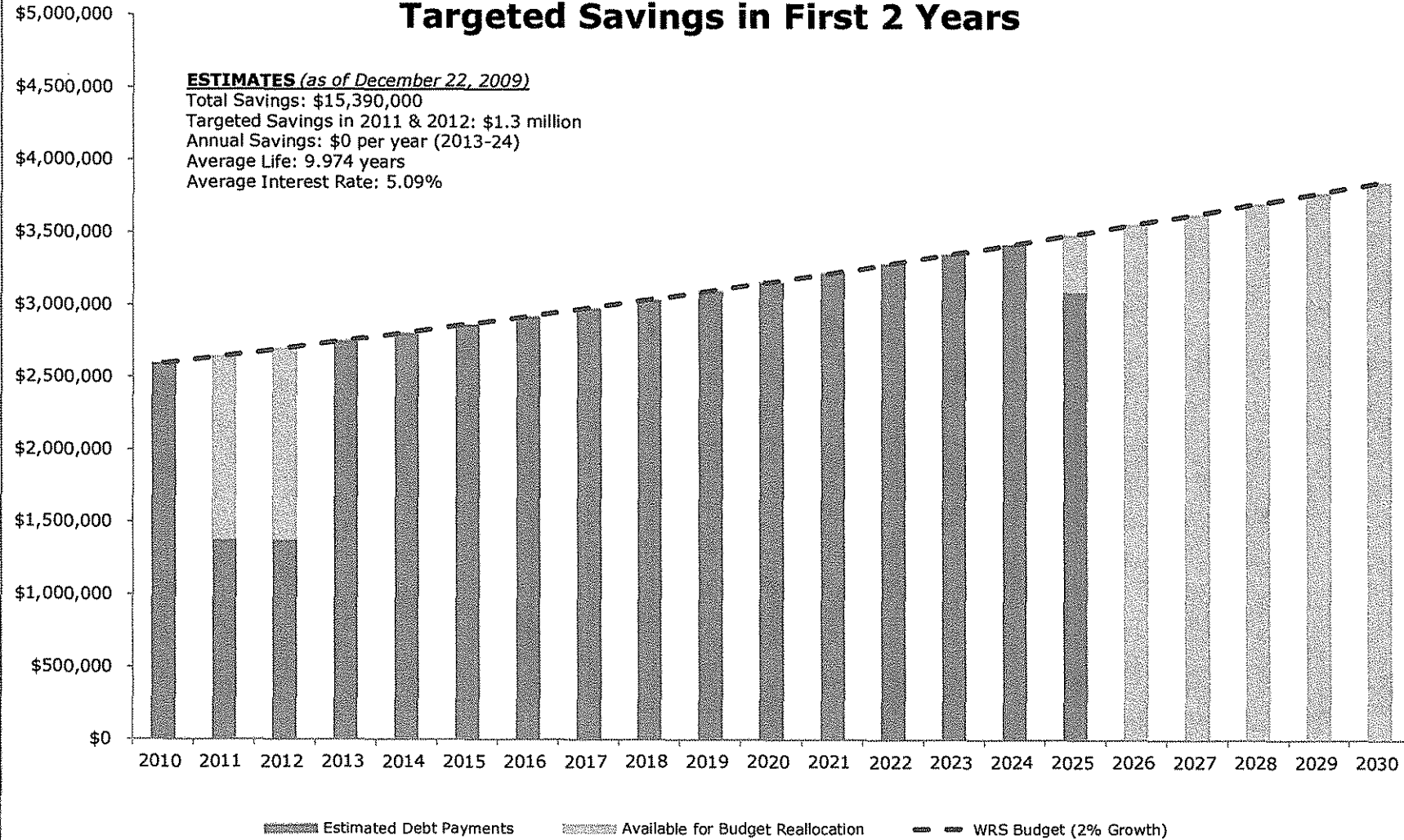
Total Savings: \$15,390,000

Targeted Savings in 2011 & 2012: \$1.3 million

Annual Savings: \$0 per year (2013-24)

Average Life: 9.974 years

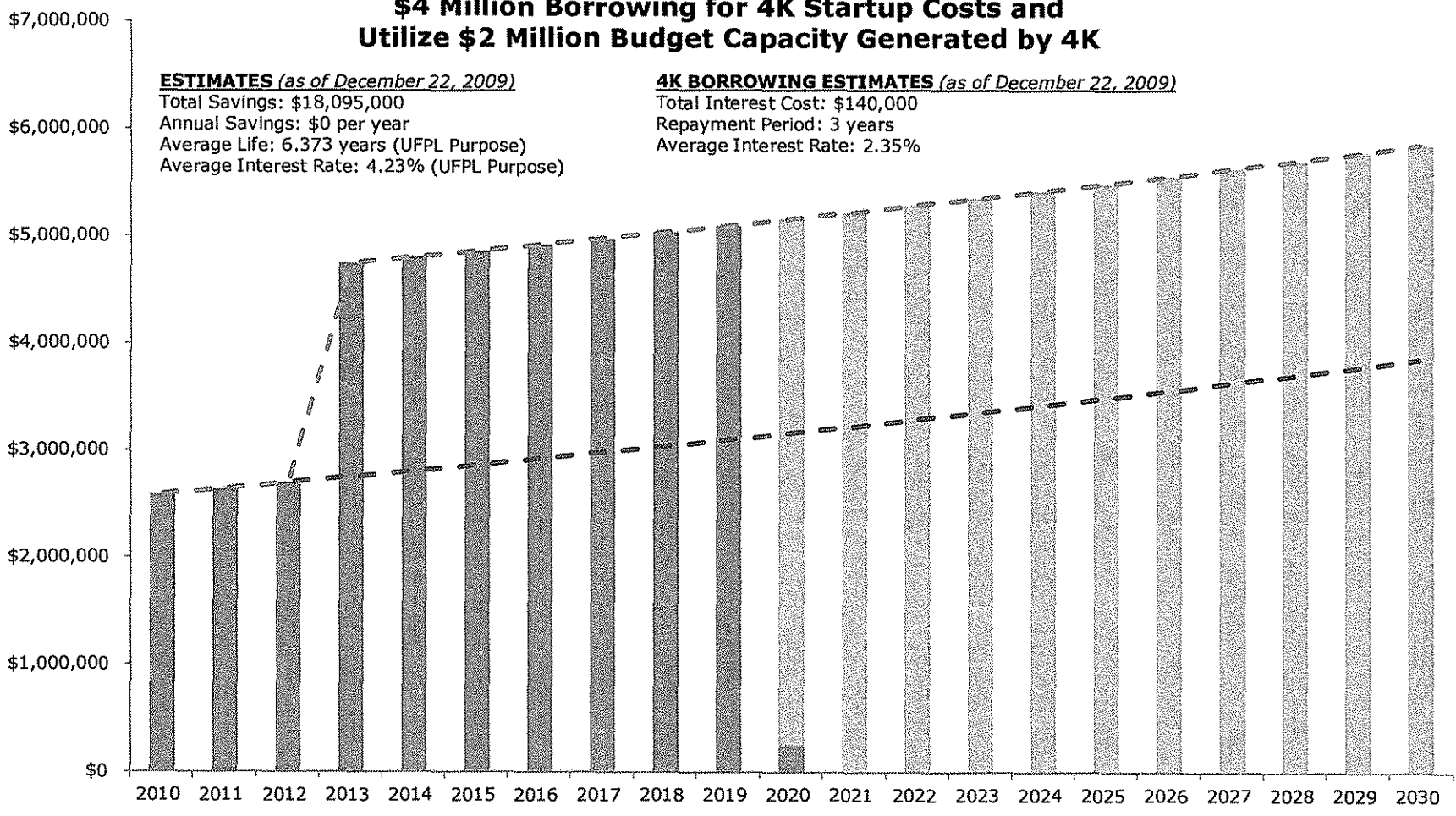
Average Interest Rate: 5.09%



Note: Issues Amortized over 10 Years Require Issuance of Taxable NAN



### Option 5 - Accelerated WRS Repayment with Targeted Savings (Option 2A) \$4 Million Borrowing for 4K Startup Costs and Utilize \$2 Million Budget Capacity Generated by 4K



**ESTIMATES (as of December 22, 2009)**  
Total Savings: \$18,095,000  
Annual Savings: \$0 per year  
Average Life: 6.373 years (UFPL Purpose)  
Average Interest Rate: 4.23% (UFPL Purpose)

**4K BORROWING ESTIMATES (as of December 22, 2009)**  
Total Interest Cost: \$140,000  
Repayment Period: 3 years  
Average Interest Rate: 2.35%

Estimated Debt Payments  
Available for Budget Reallocation  
WRS Budget (2% Growth) Plus 1/2 of Additional Budget Capacity Generated by 4K  
Estimated Debt Payments (4K)  
WRS Budget (2% Growth)

Note: Issues Amortized over 10 Years Require Issuance of Taxable NAN