



PRELIMINARY BUDGET

Fiscal Year 2014-15



Budget Development Calendar

- April 21, 2014 Budget Preview to Operations Work Group
- April 28, 2014 Initial Budget Presentation to Board
- May 12, 2014 Budget Hearing & Review at Operations Work Group
- May 19, 2014 Early Approval of Selected Budget Items
- **June 9, 2014 Budget Hearing & Review at Operations Work Group**
- June 16, 2014 Adopt a Preliminary Budget for 2014-15
- Oct. 27, 2014 Adopt Final Budget for 2014-15



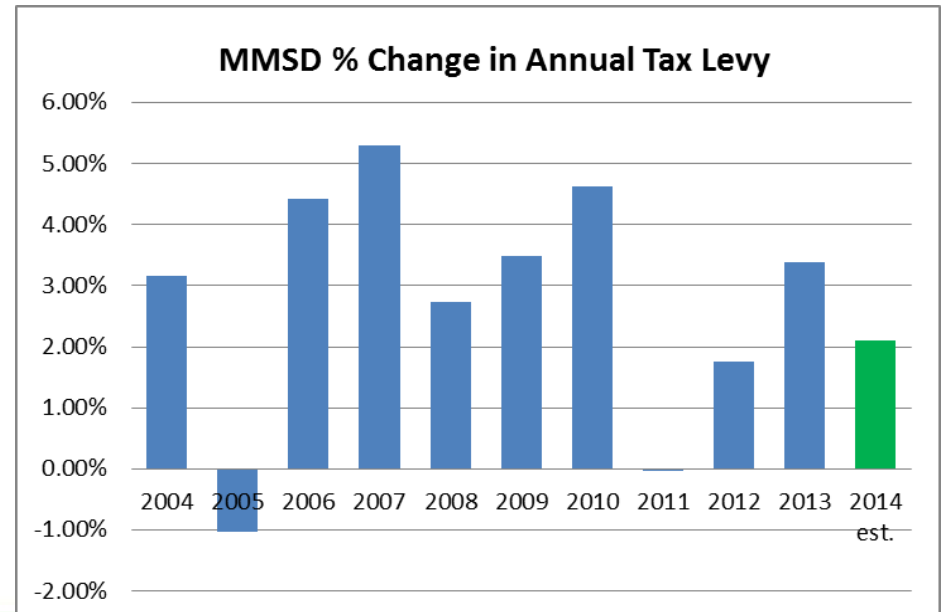
Goals For This Meeting

- ✓ **Review Strategies for Tax Levy, Wage & Salary, & Benefits**
- ✓ **Budget Input from Board**
- ✓ **Frame and Discuss Suggested Budget Amendments**
- ✓ **Establish Direction and Actions for June 16th Budget Vote**

Review Major Strategies for Tax Levy, Wage & Salary Allowances, & Employee Benefits

Tax Levy:

- Levy Increase of 2.11% aligns with recent MMSD trend
- Preserves \$4.0 MM tax levy carry-over for 2015-16
- Reduces swings in equalization aid
- Balanced sustainable budget





Review Major Strategies for Tax Levy, Wage & Salary Allowances, & Employee Benefits

Wage & Salary Budgetary Allowances:

- 0.75% Increase to Salary Schedules for All Employee Groups
- Established by Board in September 2013 for 2014-15 School Year
- Step Advancement and Lane Advancement are Funded
- Review Again in Fall 2014:

From 2014-15 MMSD Budget Proposal (Pg. 38)

“The teachers collective bargaining agreement covering 2014-15 is based on a traditional salary schedule, including compensation components for additional years of service (step movement) and additional professional development (lane movement). In addition, the Board approved an across the schedule salary increase of 0.75% per cell (cell increase). The Board action allowed that the schedule increase of 0.75% per cell would be revisited during the 2014-15 school year once insurance costs, enrollment, and other financial factors were known.”



Review Major Strategies for Tax Levy, Wage & Salary Allowances, & Employee Benefits

Employee Benefits:

✓ Negotiations with HMO's for July 1, 2014 Health Insurance Renewal:

<u>HMO Rates</u>	<u>GHC:</u>	<u>Dean:</u>	<u>Unity:</u>
Initial Rate	11.40%	7.50%	9.50%
Revised Rate	8.00%	5.90%	6.40%

- ✓ Cost Avoidance of \$1.49 million via negotiation
- ✓ Health Insurance Premiums are 2.25% over budget (\$1.35 million)



Review Major Strategies for Tax Levy, Wage & Salary Allowances, & Employee Benefits

Employee Benefits:

Budget Proposal Covers the First 5% of Health Insurance Premium Increase

From 2014-15 MMSD Budget Proposal (Pg. 39)

“Negotiations are continuing for July 1, 2014 rate renewals. The HMO’s are factoring the anticipated additional cost of the Affordable Care Act (ACA) which is putting upward pressure on renewal rates. This budget proposal is based on the assumption that the employer is positioned to fund the first five percent of a rate increase.”



Review Major Strategies for Tax Levy, Wage & Salary Allowances, & Employee Benefits

Employee Benefits:

- **Strategies to Bridge the Gap for the October Final Budget**
 - **Plan Design Changes to Reduce Premiums**
 - **Employee Premium Contribution (Cost Share)**
 - **Tax Levy Increase beyond 2.11%**
 - **Combination of These Strategies**

Recommend that Major Strategies for Tax Levy, Wage & Salary Allowances, and Employee Benefits be Determined as a Coordinated Package with the October Final Budget Adoption



Board Discussion & Budget Input

- ✓ **Discussion of Budget Amendment Process in General**
- ✓ **Identify and Frame Suggested Amendments for June 16th**
- ✓ **Establish Short-list of Actions for June 16th Budget Vote**