



Operations Work Group

2015-16 Budget Goal Setting

February 9, 2015



Budget Calendar - Table View

Tonight

	December	January	February	March	April
Board		Discuss Budget Preview and Process / Review Baird Model Forecast / Provide Input for February	Review State Budget Info / Review High Level Priorities for 2015-16 / Provide Direction on Revenue Strategy, Compensation Strategy, Benefits Strategy	Receive Update on February Direction, Discuss High Level Staffing Strategy and Overall Budget Development Progress Provide Input into Form & Content of Budget Report	Begin Board Review of Proposed Budget/ Finalize Public Input Plan / Adjust Budget as Needed Based on Referendum Results
SLT	Discuss Budget Preview, Review and Approve Process and Overall Strategy	Participate in Review of All District-wide Departments / Review and Help Determine High Level Priorities	Update Revenue, Salary & Benefit Strategies based on OWG / Assist in Development of High Level Staffing Targets / Review Process for Staffing Allocations/Department and Program Reviews for Budget Balancing	Review Results of Staffing Plan Sign Off by School Chiefs Review Allocation of School Formula Budgets	Review Final Budget Decisions - Review Final Budget Report - Assist in Communications with Schools & Departments
Budget Team	Identify Current Year Budget Concerns / Prepare Baird Budget Forecast, Prepare Budget Calendar and Refine Process	Update Revenue Forecast, Review all District-wide Departments for 2015-16 Budget / Develop Compensation & Benefits Recommendations	Monitor State Budget Picture and Adjust Revenue and Expenditure targets as needed / Develop Process and Workflows for Staffing	Update Personnel (BAM) budget based on new data / Allocate School Formula Budgets Allocate Departmental Non-Personnel Budgets / Update Budget as Needed Based on State Budget	Final Budget Balancing Prepare District Budget Report and Related Materials Prepare Board Presentation
Communications Team		Review & Edit all Budget Related Information on MMSD Website / Prepare for New Budget Season	Post Budget Updates as Needed / Assist with Budget Communications / Track Incoming Questions & Replies	Post Budget Updates as Needed / Assist with Budget Communications / Track Incoming Questions & Replies	Assist in Preparation of Final Budget Report and Presentation / Schedule Public Input Sessions



State Budget Proposal - Three Major K-12 Financial Items

1) No Increase in Revenue per Pupil

Zero increase in revenue per pupil in the revenue limit formula for 2015-16 and 2016-17

Two-year impact

2) Categorical Aid Reduction

Eliminates \$150 per pupil in state aid for 2015-16, which is a loss of \$4.1 million

Restored in 2016-17 @ est. \$160-\$165 per pupil with no commitment to future funding

3) Estimate of Equalization Aid *

No additional funding in the state equalization aid pool in 2015-16

Increase of \$108 Million in second year – all for property tax relief, not school funding

MMSD budget assumes a six percent (6%) aid loss (Baird Budget Model Est. is a 3-4% aid loss)

**Statewide private vouchers could further decrease MMSD's aid and increase local taxes*



Revenue Scenarios & Related Impact on Budget Planning:

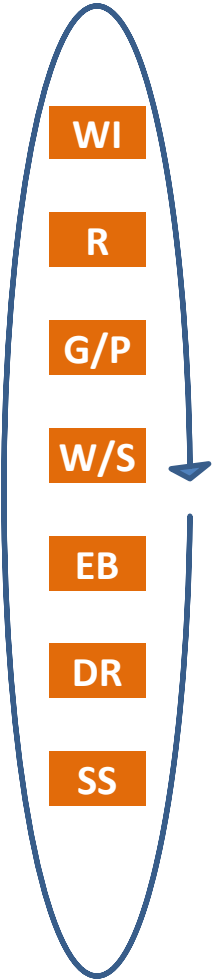
Factor	(A) Max Revenue	(B) 4% Levy	(C) 3% Levy	(D) 2% Levy
Change in 3 Yr. Avg. Enrollment	200	200	200	200
Use of Levy Carryover	3,710,079	1,484,111	-	-
Use of Energy Exemption	962,000	-	-	-
Remaining Carryover and Energy Exception	-	3,187,968	5,894,532	8,601,096
Change to Operating Revenue	0.85%	-0.08%	-0.87%	-1.66%
\$ Change in Operating Revenue	2,919,709	(268,261)	(2,974,823)	(5,681,387)
\$ Change in Operating Expenditure	15,100,000	15,100,000	15,100,000	15,100,000
\$ Operating Gap (Preliminary)*	(12,180,291)	(15,368,261)	(18,074,823)	(20,781,387)
% Change in Total Levy w/ Referendum**	5.18%	4.00%	3.00%	2.00%
Impacts:				
Maximizes Operating Revenue	Y	N	N	N
Uses All Carryover Reserves	Y	N	N	N
Draws Upon Fund Balance	N	N	N	N
Tax Levy Impact - Highest to Lowest	4	3	2	1

* Before Budget Actions to Reduce the Budget Gap

** Levy Increase Includes Referendum Impact, Loss of Aid Impact, and Operating Budget Impact



Budget Development Sequence

- 
- WI** State Budget Summary - K-12 Financials
 - R** Forming a Revenue Strategy
 - G/P** Goals and Priorities
 - W/S** Wage & Salary Strategy
 - EB** Employee Benefits Strategy
 - DR** Department and Program Reviews for Budget Balancing (Personnel & Non-Personnel)
 - SS** School Staffing for Budget Balancing



Goals Drive Budget Development

- A. Alignment to Strategic Framework
- B. More Equitable Use of Resources
- C. Transparency in Budget Development

Minimize Tax Levy - Budget Stewardship - Compliance



Goals and Priorities

Strategic Framework

- School Improvement Planning
 - *Intensive Support for Schools*
- Professional Learning
 - *Leadership and Instructional Design for Equity*
- Five Priority Areas



Goals and Priorities

Priority Area 1: Coherent Instruction

- Common Core State Standards Implementation
- Reading Intervention
- Behavior Education Plan
- Equitable Instruction for English Language Learners

Priority Area 2: Personalized Pathways

- Pathways Development
- Comprehensive Counseling
- AVID Expansion



Goals and Priorities

Priority Area 3: Family and Community Engagement

- Professional Development on Family Engagement
- Parent Academy
- Academic Tutoring and Mentoring

Priority Area 4: Thriving Workforce

- Recruiting
- Wellness

Priority Area 5: Accountability

- Toward a More Equitable Student-Based Budgeting Model

Supported by a Technology Plan

- *Providing students with the tools they need to succeed*



MMSD Budget Development

Key Financial Elements

Wages & Salaries
Employee Benefits



Wage and Salary Strategy

- **Wage & salary commitments for 2015-16:**
 - Average increase of 1.95%, which includes step movement, lane advancement, and salary schedule increase of 0.25%
 - Administrators and non-union professionals are currently included in the wage / salary table
- **Budget impact of wage & salary commitments for 2015-16:**
 - \$4.5 million, including WRS and FICA
- **Recommend:**
 - Funding existing wage & salary commitments for 2015-16 and make no additional commitments due to budget limitations



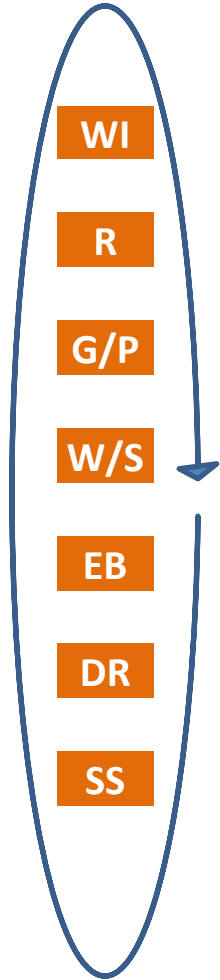
Employee Benefits Strategy

- **Health Insurance Premiums for July 1, 2015:**
 - Increase of 8.5% projected – (blended rate of all 3 HMO's)
 - Plus Additional Impact of the ACA 30-hour rule – TBD
- **Budget impact of health, dental and other benefits for 2015-16:**
 - \$6.2 million
 - Includes Early Estimate for ACA (TBD)
- **Recommend:**
 - Set a financial target/goal to minimize budget impact for 2015-16
 - Consider a combination of plan design changes and/or employee contributions due to budget limitations



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Next Steps - Budget Calendar

For the Period between February and March Operations Work Group Meetings

February 10, 2015	Budget Review by Senior Leadership Team at SLT
February 17, 2015	Budget Review by Senior Leadership Team at SLT
February 20, 2015	SLT Budget Overview # 2 Confirm High Level Budget Strategy Based on State Budget Early Info Confirm Priorities for Budget Review of Departments and Programs for Budget Reduction Review Status of Staffing Plan
February 27, 2015	Enter 2015-16 school allotments (for other-than-personnel) directly into MUNIS Begin Staffing Process for 2015-16 at School & Dept Level: Distribution of School Allocation Workbooks HR Distribution of Staffing Reports & Directions
March 3-12, 2015	Workbook Labs for Principal Support
March 6, 2015	Confirm Central Office departmental staffing (BAM)



Appendix

MADISON METROPOLITAN SCHOOL DISTRICT



The budget gap is based upon initial projections for both revenues and expenditures. This table shows the underlying cost projections used in the initial budget gap analysis. These projections are subject to change.

Preliminary Budget Allowances: 2015-16	Amount	Notes on Budget Status
Salary & Wages (w/ Fica & WRS)	\$4,500,000	<i>A required budget increase based upon existing agreements in place for 2015-16</i>
Employee Benefits - Premium Increase & ACA	\$6,200,000	<i>A limited adjustable item, in that cost reduction strategies could be introduced within existing agreements to offset the expected rate increase</i>
Year 2 - Tech Plan Increase & Add'l Prof Development	\$620,000	<i>An adjustable item, this is the year-two funding increase per the Tech Plan with funding for professional development</i>
Transportation Rates, TEP, and Add'l Bus Passes	\$450,000	<i>A required contractual rate increase and a required budget adjustment for underfunded accounts</i>
Utilities Allowance	\$220,000	<i>A required budget increase based upon reasonable rate projections</i>
Capital Maintenance Increase (\$5.0 MM total)	\$500,000	<i>A adjustable item, this is a partial restoration of prior year budget reduction</i>
Workers Compensation Insurance Premium	\$270,000	<i>A required budget increase based upon actual worker compensation plan experience</i>
Reduce Personnel Vacancy Allowance	\$1,700,000	<i>A required budget adjustment - personnel vacancies (or 'salary savings') has been overstated in recent budgets</i>
All Other	\$640,000	<i>A summary of required items in smaller budget line items and accounts</i>
Total	\$15,100,000	Total will change as budget decisions are made
Additional FTE:	None	