



**2016-17**  
**Budget Development v3.0**

**March Operations Work Group**

March 14, 2016

**2016-17 High Level Budget Development Calendar by Month and Role/Responsibility - Last Update 03/10/2016**

|                           | February   | March   | April   | May   | June   |   |   |   |
|---------------------------|--|---|---|---|--|---|---|---|
| Board                     | Based on January input, present Budget V2.0. Seek Board input on strategic priority actions, efficiencies and staffing plan. Required discussion prior to release of staffing plan. February OWG and Retreat.                                  | March Update at OWG; Update Board on Admin Recommendations for Budget Balancing / Focus on Central Office Reductions / Provide Input into Form & Content of April Budget Report | Begin Board Review of Proposed Budget/ Review and Approve Schedule of Opportunities for Public Input / Confirm Process for BOE budget amendments/ Update on Compensation & Health Insurance Plan, and Staffing Progress, from HR & Budget Team - At April OWG and Regular Meeting | Second Review of Proposed Budget/ Report on Public Input / 4-week Window for Amendments / Request Add'l Information as Needed / Early Approval Requests for Budget At May OWG | Third Review of Proposed Budget/ Report on Public Input Request Add'l Information as Needed / Possible Budget Adoption at June Regular Meeting |   |   |   |
| SLT                       | Preview School Staffing Workbook Strategy prior to 2/16 distribution to schools / Review Allocation of School Formula Budgets / Begin Build Decisions on Departments & Programs for Budget Balancing Purposes - SLT Special work session 2/26. | Chiefs Review Results Each School / Adjust Allocation of School Formula Budgets / Communicate Decisions on Departments & Programs for Budget Balancing Purposes - 3/3/16        | <p style="text-align: center; font-size: 1.2em;">March Update at OWG; Update Board on Admin Recommendations for Budget Balancing / Focus on Central Office Reductions / Provide Input into Form &amp; Content of April Budget Report</p>  |   |  | Monitor Budget Discussions / Assist in Communications with Schools & Departments / Help Prepare Responses to BOE Requests as Needed           |   |   |
| Budget Team               | Monitor to Ensure Staffing Plan is Created on Time and on Target/ Allocate School Formula Budgets / Allocate Departmental Budgets / Update Budget as Needed to Create balanced budget / Prepare Presentation for Feb OWG                       | Final Budget Balancing Budget Report and Prepare Board Presentation web-based materials   |   |   |  | Respond to Board / Public requests for Add'l Information / Public Input Sessions on Budget / Follow Up Presentations as Needed                |   |   |
| Human Resources Team      | Develop Health Insurance Strategy w/ BPA and M3 / Review School Staffing Workbooks before Release / Support Schools with Workbook Needs / Early Postings for Key Vacancies / Advise on Admin and Teacher Retirements                           | Work with Budget Team on Staffing Strategy for March OWG / During Workbook Processes for Placement Postings for Key Vacancies   |   |   |  | Postings, Interviews & Hiring   |   |   |
| Communications Team / RAD | Post Budget Updates to website as Needed / Assist with Budget Communications / Track Incoming Questions & Replies / Summarize web-based input for Board Report   | Post Budget Updates as Needed / Assist with Budget Communications / Track Incoming Questions & Replies / Summarize web-based input for Board report                             |   |   |  | Assist in Preparation of Final Budget Report (Graphics, Layout) and Presentation / Schedule Public Input Sessions / Summarize web-based input | Monitor Budget Discussions Respond to Requests for Info Schedule & Facilitate Public Input Sessions | Monitor Budget Discussions Respond to Requests for Info Schedule & Facilitate Public Input Sessions |

# March OWG Agenda

- **Purpose:** Seeking Board Input to Inform April Budget Proposal
- **Presentation:** Brief Review of Budget Development as of March (v3.0)
- **Board Discussion:** Q&A and Discussion on Any Aspect of Budget Development, including Central Office and School Level Reductions, Priority Actions, Staffing Plan, Compensation Strategy, etc.



# Updated Budget Goals

**Close alignment to Strategic Framework** – In our vision to make every school a thriving school that prepares every student to be ready for college, career and community, these budget resources support the district's goals and priorities as defined in our Strategic Framework

**Support recruiting, selection, and retention** – Timely decision-making in the budget process will facilitate personnel recruiting, selection, and retention efforts by announcing and acting on vacancies earlier in the hiring season so that our schools and students will be supported by the most highly-qualified, prepared and appropriately licensed staff and administrators

**More equitable use of resources** – More in-depth reporting on how and where resources are allocated will improve awareness and help inform the process to more equitably distribute resources towards schools with the greatest need

**Greater transparency in budget development** – Presenting the budget document in a more accessible and reader-friendly format will improve accountability and better demonstrate how resources are used to support instruction

# Updated Guiding Principles

- Allocate resources for the greatest impact on students, raising student achievement, and narrowing gaps
- Sustain the focus and momentum of existing priority areas aimed at building capacity necessary to accelerate student achievement
- Maintain a multi-year perspective to support momentum and effective support to schools while ensuring financial sustainability and accountability



# Initial Budget Input

## Website Input Thru Early March

- Just 20 comments reflected here
- Inconsistent data, too few comments to identify themes
- Expect comments to increase as budget process advances

### 2016-17 Budget

Madison schools are on a mission to close the gaps in opportunity that lead to disparities in achievement. We are working to be a model public school district that demonstrates what it looks like to serve all student and families well.

We are making exciting progress, and as we begin our budget process, we will work to stay anchored to our strategy as a district, even in the face of challenges.

This year, we are in the second year of a state budget that is not supportive of public schools. While the lack of support from the state makes our job more difficult, it will not weaken our commitment to make progress on behalf of all students. Over the next several months, you can stay up to date on our budget process by visiting this page. We'll post updates and decisions throughout the process.

#### Timeline

Preliminary discussions of the 2016-17 budget development are taking place in January 2016.

### Budget Development Sequence

|                    |  |
|--------------------|--|
| Goals & Principles | Create Budget Goals and Guiding Principles                     |
| Revenues           | Create Revenue Forecast based on State Budget                  |
| Priorities         | Fund Priority Actions to Support the Strategic Framework Goals |
| Salaries           | Determine Salary Plan  |
| Benefits           | Determine Benefits Strategy                                    |
| Efficiencies       | Identify Cost Savings and Maximize Efficiencies                |
| Staffing Plan      | Define Staffing Plan which Best Supports Instruction           |

Please give your input here.

### Past Budget Information

- 2015-16 Budget Information
- 2014-15 Budget Information
- 2013-14 Budget Information

### Comments:

- Hire from within
- Less Intra-district transportation
- Require Health Ins. Contribution
- Don't Impose a Health Ins. Contribution
- Increase Rental Fees for Users
- Reduce Heat and Electric Costs
- Keep Current Class Sizes
- Use Furlough Days
- Keep Current Case Loads / Do not Increase
- Don't Impose a Health Ins. Contribution
- Don't Favor Tech Spending over Other Needs



# Initial Budget Input

## *From Parent and Teacher Advisories thru March*

### Parent Input:

- Recognize that it will be a difficult budget year
- Rather not increase class sizes
- Be careful to not cut maintenance
- Add student wellness as a priority
- Desire for more information, especially on development of priority actions

### Teacher Input:

- Support for priority actions as long as they are affordable
- Priorities appear to favor secondary more than elementary level
- Understand school level reductions but concerned about impact
- Appreciated expressed regarding compensation study
- Strong value concerning preservation of benefits
- Desire for more information, especially on development of priority actions



# Budget Development Sequence



**Create Budget Goals and Guiding Principles**

**Create Revenue Forecast based on State Budget**

**Fund Priority Actions to Support Framework Goals**

**Determine Salary Plan**

**Determine Benefits Strategy**

**Specific line item adjustments for contractual increases (e.g. Transportation, Utilities, etc.)**

**Staffing and Non-Personnel adjustments required for balancing the budget**

**Staffing and Non-Personnel adjustments required for balancing the budget**





# 2016-17 Budget Development v3.0

March 2016



| 2016-17 Budget Planning                                  |                            |             |             |
|--|----------------------------|-------------|-------------|
| New Sources of Revenue and Funding                       | Version 1.0                | Version 2.0 | Version 3.0 |
| Revenue and Planned Equity Funding                       | (4,000,000)                | (4,090,000) | (4,170,000) |
| <b>Priority Actions</b>                                  |                            |             |             |
| Total Reserve for Priority Actions                       | In Progress                | 2,060,000   | 2,060,000   |
| <b>Required Allowances, Contract Increases</b>           |                            |             |             |
| Estimate for Required Allowances                         | 3,000,000                  | 2,690,000   | 2,690,000   |
| <b>Salary &amp; Wages</b>                                |                            |             |             |
|  | Change                     |             |             |
| Step Increases & Schedule Adjustment                     | 4,500,000                  | 4,960,000   | 5,160,000   |
| Reduce Anticipated Salary Savings (Year 3 of 4)          | 1,000,000                  | 1,000,000   | 1,000,000   |
| <b>Major Benefits:</b>                                   |                            |             |             |
| Total Benefits Change ( with no change in premium rates) | 1,400,000                  | 1,770,000   | 1,610,000   |
| <b>Central Office Reductions</b>                         |                            |             |             |
| Personnel / Non-Personnel (Target \$3.0MM)               | In Progress                | (2,520,000) | (2,970,000) |
| <b>Building Based Reductions</b>                         |                            |             |             |
| Personnel / Non-Personnel                                | In Progress                | (5,400,000) | (5,400,000) |
| <b>Budget Position - Summary</b>                         |                            |             |             |
| Estimated Budget Gap (Rounded)                           | \$6,000,000 to \$8,500,000 | 500,000     | -           |

# 2016-17 Revenue Forecast

## Less than 1% Revenue Growth

- Use of “Full” Revenue Authority produces less than 1% revenue growth due primarily to these two factors:
  - 1) State budget provides no Increase in Revenue Limit
  - 2) MMSD’s 3-Yr Average of Resident Enrollment is flat
- Draw down \$1.6 MM of Fund Balance next year to bolster funds available
- **Summary: Increase in Operating Revenue and Other Sources for 2016-2017: \$4.1 million**

# 2016-17 Priority Actions

## *Sustaining Focus and Building Momentum*

- Reading intervention
  - Intensive support for middle schools
  - Access to bilingual education
  - Academic and career planning
  - Personalized pathways development
  - Parent academy
  - Mentoring and youth leadership opportunities
  - Community Schools
  - Madison Out of School Time
  - Wellness - Mindfulness
  - Long-range facility planning
  - Capital maintenance funding
  - Alternative program locations
  - Technology plan
- 
- Family Youth and Community Engagement Coordinator

***See Priority Actions Worksheet for Details***

# Budgeting for Salaries and Wages

## *Salary schedule recommendations in budget model v3.0 Funding Steps, Lanes, and Base Wage*

**Step Advancement** is funded in v3.0 of the budget. The employee handbook calls for 'step advancement' on existing wage/salary schedules. The cost of 'steps' is estimated at 1.75% of total wage/salary rates. (\$4,528,492)

**Lane Movement** for Professional Learning is funded in v3.0 of the budget. The handbook calls for 'lane movement' on the existing salary schedule. Lane movement is budgeted for as a lump sum estimate. (\$400,000)

A **Base Wage** allowance is funded in v3.0 of the budget up to the limit allowed per statute, which is 0.12% base wage increase for July 1, 2016 agreements. (\$240,000)

# Budgeting for Employee Benefits

## *Recommendation in Budget Model v3.0*

- **July 1, 2016 Health Insurance Premiums**
  - In budget model v3.0 employer health insurance premiums are **budgeted to increase by 0% effective July 1, 2016**. This outcome is an essential element in the overall budget strategy
  - This outcome will require a combination of rate negotiation, changes in plan design, and/or employee premium contribution
  - Meetings with each HMO began February 29-March 1 and are continuing
  - All work in this part of the budget is coordinated with the HR team's Compensation Study, and in consultation with employee representatives



# Required Allowances

*Based on Review of Actual and Anticipated Needs  
Required for Accurate Budget*

|  | Budget<br>FY2015 | Actual<br>FY2015 | Budget<br>FY2016 | Actual<br>FY2016 YTD<br>(Jan) | Budget<br>FY2017<br>Increase |
|--|------------------|------------------|------------------|-------------------------------|------------------------------|
| <b>K12 Substitute Teachers</b>                     | 2,581,881        | 3,244,612        | 2,765,374        | 1,290,164                     | <b>300,000</b>               |
| <b>Retiree Costs (TERP/ARP/Escrow)</b>             | 3,693,869        | 4,329,137        | 4,689,093        | 2,462,758                     | <b>200,000</b>               |
| <b>Transportation Costs</b>                        | 10,675,900       | 11,200,904       | 11,323,382       | 5,638,721                     | <b>500,000</b>               |
| <b>Workers Comp and Liability</b>                  | 2,389,770        | 2,415,452        | 2,856,470        | 2,826,914                     | <b>230,000</b>               |
| <b>Utilities Increase</b>                          | 5,371,645        | 5,457,142        | 5,372,245        | 2,786,629                     | <b>240,000</b>               |
| <b>New Special Education Open Enrollment Rules</b> | -                | -                | -                | -                             | <b>250,000</b>               |
| <b>Open Enrollment In/Out Net</b>                  | 5,706,100        | 5,558,715        | 6,469,551        | -                             | <b>537,484</b>               |
| <b>Centro Hispano and ERO Move to Fund 10</b>      | 320,000          | 348,951          | 442,179          | 148,030                       | <b>442,000</b>               |
| <b>Total</b>                                       |                  |                  |                  |                               | <b>2,699,484</b>             |

*See Worksheet for Details*

# Identify Efficiencies & Cost Savings

## *Actions required for budget balancing*

- With minimal revenue growth, budget v3.0 requires \$8.5 million of budget balancing reductions, apportioned to:
  - **Central office**: \$3.0 million from department allocations and non-personnel budgets, with a focus on efficient services for schools
  - **School-based**: \$5.5 million from staffing allocations and non-personnel formula budgets, with a focus on excellence and equity

# Identify Efficiencies & Cost Savings

## Central Office Budget Reductions and Reclassifications

Goal: Identify **\$3.0 MM** to minimize impact on school level reductions

| <b>C/O Reductions</b>  | <b>Non-<br/>Personnel</b> | <b>Personnel</b> | <b>FTE<br/>Reduced</b> | <b>FTE<br/>Reclassified</b> | <b>Net<br/>Reduction</b> |
|------------------------|---------------------------|------------------|------------------------|-----------------------------|--------------------------|
| Local Reductions       | 675,500                   | 1,525,318        | 17.000                 | -                           | 2,200,818                |
| Reclass to Title       | 180,000                   | 246,225          | -                      | 2.500                       | 426,225                  |
| Reclass to IDEA        | -                         | 243,689          | -                      | 2.000                       | 243,689                  |
| Reclass to Other Funds | 49,000                    | 52,018           | -                      | -                           | 101,018                  |
|                        | <b>904,500</b>            | <b>2,067,249</b> | <b>17.000</b>          | <b>4.500</b>                | <b>2,971,749</b>         |

**See Central Office Reductions Worksheet**



# Finding Cost Savings in Daily Operations

## *Recent Efforts to Support Schools by Reducing Operating Costs*

**Employee Health Insurance** – MMSD has saved millions in health insurance costs over the past two years through closer engagement with the HMO's, while including employee representatives and health insurance consulting team at M3

**Student Transportation Contract** – beginning July 1, 2014, MMSD consolidated student transportation under a single vendor contract with Badger Bus, and required greater fuel efficiency, saving approximately \$ 375,000 per year

**Utility Purchases** – this spring, MMSD is buying bulk natural gas up to two years in advance while commodity prices are historically low



# Finding Cost Savings in Daily Operations

## *Recent Efforts to Support Schools by Reducing Operating Costs*

**TEP Shared Cost Reduction** – In October, 2015 MMSD researched WI statutes and found that costs associated with TEP transportation are excludable from ‘shared costs’. DPI approved the innovation and removed over \$1.0 million of shared costs, thereby increasing state aid and decreasing the tax levy

**Consolidate Copier Contract** – beginning in 2014, MMSD consolidated all photocopiers under a single master agreement with Ricoh, networked all copiers; this significantly improved efficiency, saved approximately \$12, 000 per year, while eliminating recurring copier payments from school budgets

# Identify Efficiencies & Cost Savings

## School Level Budget Reductions

|                   | 2015-16<br>Projected<br>Enrollment | 2015-16<br>Actual<br>Enrollment | 2016-17<br>Projected<br>Enrollment | 2016-17 Proj.<br>Enrollment<br>(Feb. Adjustment) | 15-16 Proj. to<br>16-17 Proj.<br>(Feb. Adjustment) | Change in FTE<br>(Teacher Equiv.) |
|-------------------|------------------------------------|---------------------------------|------------------------------------|--|--|-----------------------------------|
| Elementary School | 12,430                             | 12,304                          | 12,115                             | 12,115   | (315)  | (24.5)                            |
| Middle School     | 5,414                              | 5,334                           | 5,270                              | 5,275  | (139)  | (11.5)                            |
| High School       | 7,285                              | 7,135                           | 7,238                              | 7,295  | 10   | (16.3)                            |
| <b>TOTAL</b>      | <b>25,129</b>                      | <b>24,773</b>                   | <b>24,623</b>                      | <b>24,685</b>                                    | <b>(444)</b>                                       | <b>(52.3)</b>                     |
|                   |                                    |                                 |                                    |  | Unallocated Adjust.                                | (2.7)                             |
|                   |                                    |                                 |                                    |  |  | <b>(55.0)</b>                     |

- Budget balancing requires a reduction of 55 FTE from the school level
- FTE reductions include a correction from projected 2015-16 enrollment used in staffing workbooks to actual 2015-16 enrollment
- The decrease in enrollment accounts for most of the elementary and middle school reductions
- To limit further FTE reductions, school formula budgets for non-personnel items may be reduced by approximately 6-8% next year



# Identify Efficiencies & Cost Savings

## *School Level Budget Reductions*

- Enrollment projection for 2016-17 was used to create staffing workbooks
- Principals received staffing workbooks February 16 and completed by March 4
- Staffing workbooks were reduced by 55 FTE (versus current year) for budget balancing, based in part on lower enrollment projection
- Actual enrollment will be monitored closely throughout on-line and in-person registration. Staffing adjustments will be made as needed to align with MMSD class size guidelines

# Annual Report on Staff Attrition

## *Attrition: Key Findings and Conclusions*

- Attrition rates vary significantly across job types, with food services workers (17.8%), security assistants (17.2%), and the clerical/technical unit (15.0%), having the highest rates over the past year
- The attrition rate among teaching staff, the largest job type in MMSD, reached a five-year high at **9.4%**, driven by an increase in retirements. This falls below national teacher attrition rates, estimated to be around 11%
- Typical attrition rate for MMSD is significantly greater than the position reductions in the proposed budget

---

Fall 2015 Staff Attrition Report: <http://tinyurl.com/jlpwo7d>

# Tax Levy Estimate

March 2016

| <b>MMSD - DRAFT</b>                               |  |                           |              |                           |               |
|---|--|---------------------------|--------------|---------------------------|---------------|
|   |  | <b>Current<br/>Budget</b> |              | <b>Working<br/>Budget</b> |               |
| <b>TAX LEVY:</b>                                  |  | <b>'15-'16</b>            | <b>% Δ</b>   | <b>'16-'17</b>            | <b>% Δ</b>    |
| <b>TOTAL FUND 10 LEVY</b>                         |  | 254,455,895               | 3.76%        | 259,370,195               | 1.93%         |
| <b>Plus: FUND 39 LEVY</b>                         |  | 5,498,873                 | 30.84%       | 8,671,500                 | 57.70%        |
| <b>Less: FUND 39 LEVY OFFSET</b>                  |  | -                         |              | (672,341)                 |               |
| <b>Less: FUND 39 LEVY OFFSET</b>                  |  | -                         |              | -                         |               |
| <b>Plus: NEW FUND 39 LEVY</b>                     |  | -                         |              | -                         |               |
| <b>Plus: FUND 38 LEVY</b>                         |  | 3,884,075                 | 33.09%       | 4,185,688                 | 7.77%         |
| <b>Less: FUND 38 LEVY OFFSET</b>                  |  | -                         |              | (146,044)                 |               |
| <b>Plus: NEW FUND 38 LEVY</b>                     |  | -                         |              | -                         |               |
| <b>Plus: FUND 41 LEVY</b>                         |  | 4,500,000                 | 0.00%        | 4,500,000                 | 0.00%         |
| <b>Plus: FUND 80 LEVY</b>                         |  | 11,654,696                | 0.00%        | 11,738,809                | 0.72%         |
| <b>Chargeback Levy</b>                            |  | 1,165,020                 |              | 500,000                   | -57.08%       |
| <b>TOTAL LEVY</b>                                 |  | <b>281,158,559</b>        | <b>4.71%</b> | <b>288,147,807</b>        | <b>2.49%</b>  |
| <b>TOTAL TAX RATE PER \$1,000 EQUALIZED VALUE</b> |  | <b>\$12.08</b>            | <b>1.17%</b> | <b>\$11.96</b>            | <b>-0.99%</b> |

Early Levy Estimate

