

# 2006-2007 BUDGET

**BOARD OF EDUCATION**  
**April 24<sup>th</sup>, 2006**

All Madison Metropolitan School District (MMSD) operating budget documents are available on the MMSD website: [www.mmsd.org](http://www.mmsd.org)

The budget is:

A process and a product

# The Superintendent's Budget

- Final 2006-07 Superintendent's Budget = \$332,947,870
- Total Budget Changes/Reductions = \$6,909,160

# Overview of Presentation

- The Budget Process
- Understanding the Accounting System
- The Proposed Superintendent's Budget
- Reading the Budget Document
- Highlights of the Budget

# Budget Development Process - October to April

- **Preparation**
- **Preliminary Forecast**
- **First Pass Budget Change Framework**
- **Detailed Budget Development**
- **Accounting Reconciliation**
- **Review and Verification**
- **Superintendent's Budget**
- **Board Amendments**
- **Board Working Budget**
- **Final Budget**

# Budget Development Process - October to April

Throughout the process we used two decision filters

- The first level of Priority: **THE BOARD GOALS**
- The second level of Priority: **THE STRATEGIC PRIORITIES**

# Two Budgets - a definition

- There are Two Budgets Prepared During the Budget Process:
  - Budget Forecast
  - Superintendent's Balanced Budget
    - Cost to Continue Budget
    - Balanced Budget

# Budget Development Process - Forecast Budget

- Preparation
  - Enrollment Projection
  - Statutory Revenue Cap Increase Per Student to Determine Revenue Limits
  - Preliminary State Aid Calculation
  - Preliminary Estimate of Entitlement Grants

# Budget Development Process - Forecast Budget

- Forecast Budget
  - Revenue Forecasts from Preparation Data
  - Expenditure Forecasts based on:
    - Continuing to Provide Same Level of Service
    - Expenditure Specific CPI or Projected Expense
    - Estimated Retirements
    - Current Staff Salaries carried forward + negotiated increase
  - Forecast Budget
  - Budget Gap Forecast

# Budget Development Process - Continuing Changes

- From Forecast Budget to Superintendent's Balanced Budget
  - The Budget Process is Dynamic
    - Continual inputs
      - Entitlement dollar changes
      - \$100 Budget Inputs From Community
    - Continual changes
      - Staffing Changes
      - Rate Changes
      - CPI Updates

# Budget Development Process - Preparing the Preliminary Budget Framework

- Creating the Preliminary Budget Change Framework
  - Management Team Prepares Preliminary Budget Change List
    - Changes are Applied to the Forecast Budget
    - Proposed Changes are Prioritized by Impact on BOE Goals and Priorities
    - Final Preliminary Changes Equal Projected Budget Gap

# Budget Development Process - Cost to Continue Budget

- Cost to Continue Budget - means doing the same level of services while including increases and decreases related to:
  - Enrollment Changes
  - Efficiencies Gained
  - Inflation Increases
  - Rate Changes Due to External Factors
    - *Example : Workers Compensation Premium Change - Reduction of \$400,000*

# Budget Development Process - Balanced Budget

- Balanced Budget - The Planned Expenditures to Best Meet the BOE Goals and Priorities Based on:
  - Revenue Cap Limits
  - Increase in Revenue Not Under the Revenue Cap
    - *Example: Fee Increases*
  - Changes to Forecasted Expenditures reflecting:
    - A Level of Service that is Reduced
      - *Example: Service Reduction - Clerical Reductions in the Schools*
    - Changed to a Funding Source Outside the Revenue Cap.
      - *Example : Changing Funding Source - Lead Elementary Principal*

# Budget Development Process - Building the Superintendent's Balanced Budget

- The Final Superintendent's Balanced Budget includes both the Cost to Continue Budget and the Balanced Budget and is:
  - Built by Department Directors for Individual Departments/Divisions
  - Developed from Actual Costs
  - Developed from Zero
  - Developed Line by Line (27,000+)
  - Made up of Changes to Both the Cost to Continue and Balanced Budget
    - Resulting in a Change from \$8.3 million Reduction Forecasted to the \$6.9 million Reduction in the Balanced Budget.

# Budget Development Process - Building the Superintendent's Balanced Budget

- Building the Superintendent's Balanced Final Budget
  - Department and Division Narratives are Prepared
  - Accounting/Budgeting Staff Reviews and Verifies the Calculations in the Line by Line Budgets
  - Accounting/Budgeting Staff Prepares Department and District Summary Documents
  - Public Information Staff Assembles the Preliminary Budget Document
  - Department Directors Review and Verify Compiled Department and Division Narratives and Financial Documents
  - Superintendent, Chief of Staff and Assistant Superintendent/Business Services approves document
  - Public Information Staff Assembles the Final Document
  - Accounting/Budgeting Staff Proofs Final Document
  - Document Printed
  - Superintendent's Budget Presented to Board of Education
  - Document Placed on Website [www.madison.org](http://www.madison.org)

# Understanding the Accounting System

- Complexity - Funds
  - Total budget comprised of different funds
    - Funds are specified and defined by DPI
    - Fund is a separate set of accounting records, segregated for purpose of carrying on an activity
    - Fund is established for accountability purposes to demonstrate that financial resources are being used only for permitted purposes
  - Funds are defined on page 84 of Chapter 1
  - A Summary of Expenditures by Fund is on page 48 and 49 of Chapter 1.
  - A Summary of Revenues by Fund and Object is on pages 43-45 of Chapter 1.

# Understanding the Accounting System

- Complexity - Functions
  - The Accounting System also Tracks Revenues and Expenditures Programmatically by Function
    - Defined by DPI
    - Major Functions are Defined on Pages 82 - 83 in Chapter 1
    - A Summary of Expenditures and Revenues by Function is on Pages 52-81 of Chapter 1

# Understanding the Accounting System

- Complexity - Organization
  - Organization is Defined by Each LEA
  - The Budget is Managed by Department
    - Nine Departments
      - Elementary Schools (1xx)
      - Secondary Schools (2xx)
      - Educational Services (3xx)
      - Teaching and Learning (4xx)
      - Business Services (5xx)
      - Human Resources (6xx)
      - Madison School and Community Recreation (7xx)
      - Student Services (8xx)
      - General Administration (9xx)
    - A Summary of Departmental/Division Revenues and Expenditures is on pages 50 and 51 of Chapter 1.

# Understanding the Accounting System

- Complexity - Objects
  - Defined by DPI
  - Expenditure and Revenues are charged to object codes that define the article or service obtained by the expenditure or the specific source of the revenue.
    - The Department and Division Expenditure Budgets are Stated by Major Object Code in Chapter 2.

# 2006-2007 Superintendent's Proposed Budget

- Total Actual Budget = \$332,947,870
  - \$11,626,677 increase over last year
  - 3.4% Increase
    - Less Than Inflation
  - Many funds make up total budget
    - Not just funds under revenue limits
- Total Summary Budget = \$376,809,209
  - Interfund Transfer to Special Education Budget
    - to Fund 27=\$43,861,339

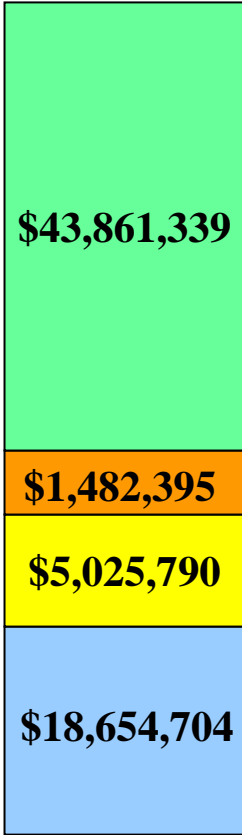
# What is the Interfund Transfer?

**Total  
Summary Budget  
\$376,809,209**



**Total  
Actual Budget  
\$332,947,870**

**Interfund Transfer  
\$43,861,339**



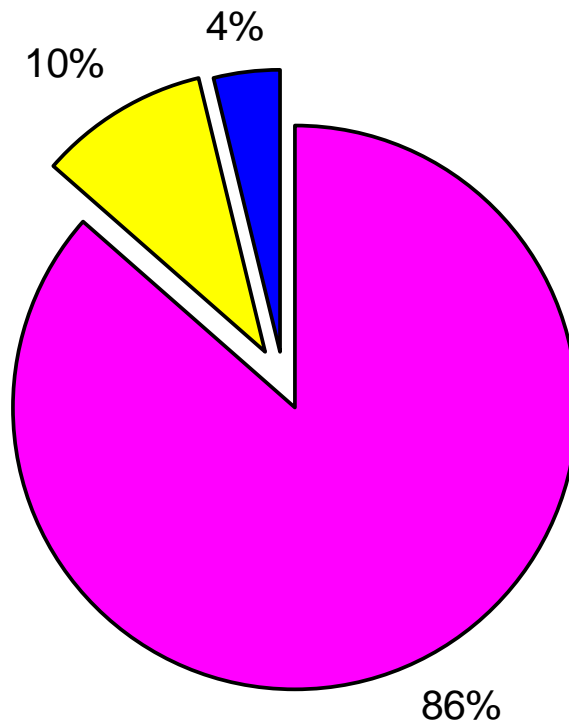
**Other Revenue**

**Federal Aid**

**State Aid**

**Total Fund 27 Expenditures=\$69,024,228**

# Where the budget dollars go --



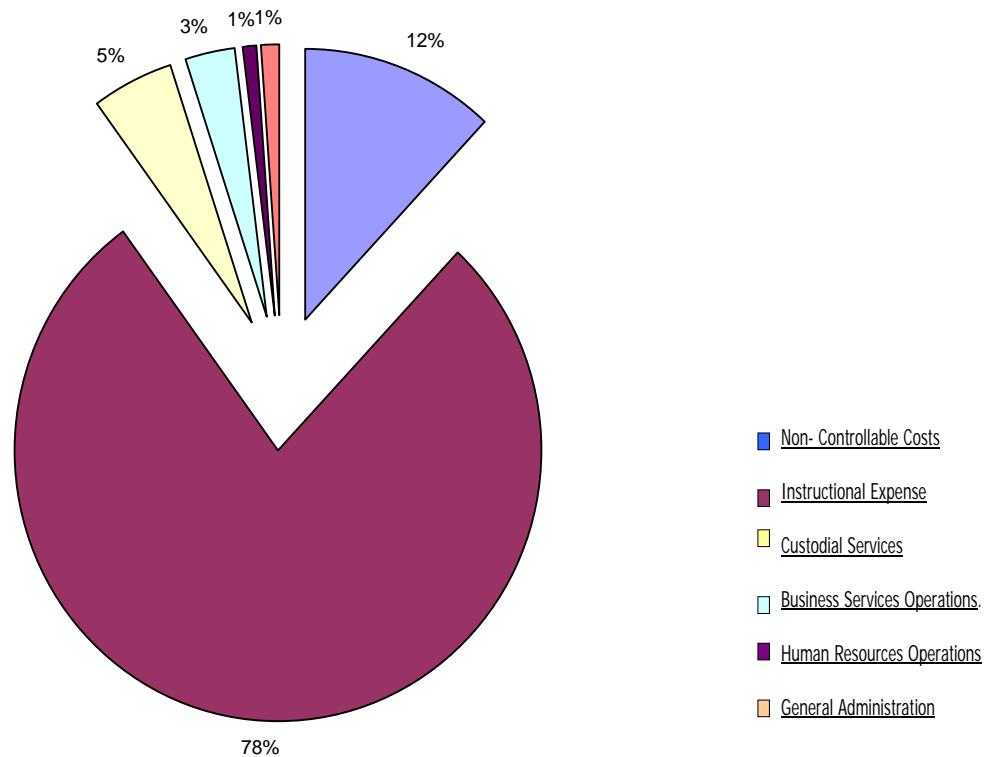
■ Salaries & Fringes

■ Fixed Costs

Utilities,  
Pupil Transportation,  
Maintenance, etc

■ Balance of Budget

# Where the budget dollars go --



# THE BUDGET DOCUMENT

- Executive Summary
- Chapter 1 - Financial Summaries
- Chapter 2 - Department & Division Budgets
- Chapter 3 - School Profiles - will be available in the summer

# Chapter 1

## FINANCIAL SUMMARIES

- **BUDGET PREPARATION, ACCOUNTABILITY and CONTROL**
- **STATEMENT OF FINANCIAL POSITION**
- **DEBT SCHEDULE**
- **TAX LEVY HISTORY**
- **ENROLLMENT PROJECTIONS**
- **ORGANIZATION STRUCTURE**
- **FINANCIAL OVERVIEW**
  - FTE by Funding Source
  - Revenues by Fund
  - Expenditures by Fund
  - Expenditures by Department
  - Revenue by Function
  - Expenditures by Function
- **DEFINITION and GLOSSARY**

# Chapter 2

## DEPARTMENT/DIVISION BUDGETS

- **BUDGET CHANGE/REDUCTION SUMMARY DOCUMENT**
- **OVERALL DEPARTMENT INFORMATION**
  - Background/Information/Description
  - How We Do Our Work
  - Department Summary
  - Relationships to Strategic Plan
  - Effectiveness/Evaluation
  - Department Organizational Chart
  - Detailed Department Budget

## Chapter 2

# DEPARTMENT & DIVISION BUDGETS - CONT'D

- **DIVISION INFORMATION**
  - Division Description
  - Division Organizational Chart
  - Division Financial Summary
  - Major Non-Salary Expenditures
  - Budget Changes
  - Major Division Highlights and Anticipated Challenges
  - Detailed Division Budget

# HIGHLIGHTS

- **Maintained:** (see pages 6 - 7 of Exec Summary)
  - District Wide
    - Classroom Teachers
    - Student Support
    - Safety and security for staff and students
  - Elementary Schools
    - Current Class Size
    - Core Curriculum for All Students
    - Supplemental Staff Allocations based on Educational Need of the School

# HIGHLIGHTS

- Maintained - cont'd
  - Secondary Schools
    - New Middle School design
    - Athletics and extracurricular activities
    - Comprehensive High School course offerings
    - Safety and Security
  - Educational Services
    - Current Student/Teacher Ratios at Beginning of the Year for Special Education and ESL/Bilingual programs

# HIGHLIGHTS

- **Maintained - cont'd**
  - **Teaching and Learning**
    - Increase funding for textbooks to 03-04 levels
    - Literacy coaches at high need schools
    - Capacity to implement research based curricula
    - Library media services
    - Support for School and Community Education Library
  - **Business Services**
    - Dollars for maintenance
    - Dollars for technical support
    - Accounting and finance operations
    - Breakfast program and subsidies for meals

# HIGHLIGHTS

- **Maintained - cont'd**
  - **Human Resources**
    - Capacity to recruit and advertise
  - **Madison School and Community Recreation**
    - Funding growth according to CPI
    - New High School extra murals and clubs
  - **Student Services**
    - Off-school site alternative programs
    - Health services, social work and psychology support
  - **General Administration**
    - Capacity to continue Race & Equity work
    - Legal Services
    - Capacity to respond to the public

# HIGHLIGHTS

- **Changes and Reductions** (see pages 6 - 7 of Exec Summary)
  - Eliminated 5 administrator positions
    - Coordinator of Reading Recovery (reduced from Cost to Continue)
    - Payroll Manager
    - Architect and Project Manager
    - Purchasing Manager
    - Assistant Middle School Principal
  - Since 2000-01 Have Reduced Central Office Administrative Staff funded by all funds from 76.5 to 63.75 or 17%.
  - Since 2000-01 Have Reduced Central Office Administrative Staff Funded by the Operating Budget from 59 to 41.2 or 25%

# HIGHLIGHTS

- Changes and Reductions - cont'd
  - District Wide
    - Included Leopold addition & remodeling
    - Reprioritized use of entitlement dollars
    - Moved positions to entitlement from the Operating Budget
    - Reduced clerical, SEA, library pages and EA staff at all Schools
  - Elementary Schools
    - Restructuring Elementary Music Program & begins phasing out 4/5 strings program
    - Reduced School Improvement Planning Support
    - Increase Lincoln Elementary School 4/5 Classroom Ratio to Same as Other Schools.

# HIGHLIGHTS

- Changes and Reductions - cont'd
  - Secondary Schools
    - Reduce non-classroom teachers at Middle School
    - Increased Student Activity Fees @ MS
    - Reduce Discretionary Teaching Staff by 1 at Each High School
    - Implemented a student activity fee @ HS
  - Education Services
    - Reduced capacity to add staff as needs arise
    - Reduced dollars for professional development and program improvement
  - Teaching and Learning
    - No Resident Literacy Coaches in Other Than Title 1 Schools

# HIGHLIGHTS

- Changes and Reductions - cont'd
  - Business Services
    - Funded custodial services supporting community activities in community services
    - Reduced capacity to:
      - Respond to unanticipated external factors
      - Provide staff for planning and improvement projects
      - Conduct exploratory requests for proposals
    - Increased cost of student meals
    - Delays in work order completion
    - Sub contract garbage pickup
  - Human Resources
    - Reduce Newspaper Advertising

# Detailed Budget Changes

- Summary of Budget Changes by Department pages 3 and 4 of Chapter 2
- Detailed Budget Changes are Located in the Appropriate Division Budget Pages in Chapter 2 and include:
  - Description of Budget Change
  - Total Savings
  - Impact
- Matrix of a Cross Walk between Fund and Department Summaries in Chapter 1, Summary of Budget Changes and Detailed Division Budget Changes is a Separate Handout.

The final result:

**A Balanced Budget**