

MADISON METROPOLITAN SCHOOL DISTRICT

Functional Analysis



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March 11, 2002

MADISON METROPOLITAN SCHOOL DISTRICT

TABLE OF CONTENTS

Executive Summary	1 – 2
Project Overview	3 – 7
Budget Discussion	8 – 10
Mandate Analysis	11 – 43
Budget Decision Items	44 – 143
Allocation Analysis	144 – 155
Administration	156 – 157
Grant Analysis	158 – 160
Operational Efficiency Review Recommendations	161 – 162
Functional Analysis Model Implementation	163 – 164

Appendices

A – Master Listing of District Functions

B – Grant Information

Executive Summary

The Madison Metropolitan School District (MMSD) is and has historically been recognized as one of the best in the nation. This valid reputation is based on student achievement results, depth of instructional programs, and innovative approaches to serve a student population with diverse needs. Specifically, MMSD is one of the only districts in the nation to see an improvement in reading achievement levels while at the same time experiencing an increase in student population categorized within the lowest poverty levels. It is also known as a district that effectively meets the instructional needs of students with disabilities.

The ability to maintain this high level of quality in serving District students requires a substantial fiscal investment. At present, MMSD spends approximately \$2,000 more per student than its peer districts within the State of Wisconsin to ensure this high standard of quality. During the past decade, astute fiscal management on the part of the District has allowed it to accommodate this commitment to exceptional, quality and comprehensive education for all students.

While MMSD's commitment to quality has not changed, the cumulative impact of state revenue caps (instituted by the Wisconsin Legislature in 1993) has made it impossible for the District to continue to provide the current depth and breadth of quality programming. Combined with stable to decreasing enrollment projections, the District is facing the need to reduce an estimated \$5 million-\$7 million from its base budget in the next fiscal/school year and a similar amount in the following years.

These required reductions will have a significant impact on the level of quality programming the District can realistically continue to provide, but to which residents of the school district are accustomed. During the past five years, the District has already made significant cuts to the base budget that did not adversely affect instructional programming or services to the schools. As such, the District now faces increasingly tough choices in how to accomplish additional budgetary reductions.

Virchow, Krause & Company, LLP, was retained in the Fall of 2001 to assist the District in conducting a functional analysis of all District operations and resources. The main objectives of this analysis were to:

- identify potential functions or programs for consideration in making reductions
- to provide a tool to analyze the impacts of the identified potential reductions

One main assumption in performing the analysis was that functions that are core to classroom (i.e. core to classroom instruction) would not be considered for reduction. Instead, the main focus of the analysis was on functions/programs that were identified as instructional support (i.e. indirect support of the classroom instructor), instructional discretionary (i.e. indirectly related to classroom instruction) and corporate discretionary (i.e. indirectly related to providing core services necessary for the District operation).

The following report provides our methodology for conducting the functional analysis, a menu of budget decision items for District consideration, and documentation supporting the analysis.

Executive Summary (cont.)

Fortunately, we found that although the District is facing some tough choices, the level of cuts required is not yet at the level that requires abandonment of a considerable level of programs or functions. In fact, the analysis shows that the District has many instances where a reduction in service delivery level or modification to the budgetary allocation process can preserve the program or function at a meaningful level (i.e. quality programming). Specific analysis of state and federal mandate requirements shows that given its commitment to quality programming, the District is exceeding mandated programming in several cases (see chart on pages 12 - 43).

Our analysis provides the District with a tool for future analysis of potential areas for budget reduction, and a menu of potential areas for consideration in meeting the first \$5 million reduction required in the next budget. Overall, a range of \$12.7 million to \$21.7 million in budget reductions has been identified. Of this amount, a range of \$8.4 million to \$12.2 million is from specific reductions or elimination in functional or programmatic areas. Another \$4.2 million to \$9.6 million can be gained from consideration of changes to staff allocation methods.

Again, these identified reductions are not recommended reductions, but rather represent available options and the impacts (i.e. fiscal, student, collective bargaining agreement) of implementing the identified reduction. It is our belief that although these identified reductions present realistic options backed by comprehensive analyses, the District may also determine slight variations to the identified reductions are more feasible based on District needs. Our goal was to provide a tool and methodology to ensure decisions are made on common criteria and that can be used for future budget decisions as well.

We are confident that the tool and information provided will assist the District to maintain its commitment to providing a comprehensive and quality educational experience for Madison Metropolitan School District students within the constraints imposed by state revenue caps.