

## Budget Discussion

### **OVERALL DISTRICT EXPENDITURES AND COMPARISON**

The District's 2001-2002 budget includes a total of \$280.8 million in expenditures and \$279.3 in revenues.

#### **Expenditures by Major Program Category (in millions of \$)**

|                                 | <u>Million</u>  | <u>%</u>   |
|---------------------------------|-----------------|------------|
| Elementary Schools              | \$ 60.1         | 21.4       |
| Secondary Schools               | 64.9            | 23.1       |
| General District Administration | 4.2             | 1.5        |
| Teaching and Learning           | 7.2             | 2.6        |
| School Planning                 | 2.5             | 0.9        |
| Educational Services            | 60.2            | 21.4       |
| Student Services                | 16.0            | 5.7        |
| Business Services               | 46.8            | 16.7       |
| Human Resources                 | 6.4             | 2.3        |
| MSCR/Community Recreation       | 4.3             | 1.5        |
| Debt Service                    | 7.0             | 2.5        |
| Miscellaneous District-wide     | <u>1.2</u>      | <u>0.4</u> |
| TOTALS                          | <u>\$ 280.8</u> | <u>100</u> |

Notable is the fact that debt service costs have declined from \$9.7 million in 1999-2000 to \$7.0 million in 2001-2002, a decline of 28%.

Salaries and fringe benefits in all program functional areas listed above are approximately 86% of the District's budget (\$241.5 million).

The budget increased 4% in 2001-2002 from 2000-2001, while the property tax levy increased 3%. The corresponding increases in 2000-2001 from 1999-2000 were 5.4% and 2.65%, respectively.

### **MAJOR REVENUE SOURCES**

The largest three sources of revenue: property taxes, general state aid, and handicapped aids comprise 83.5% of budgeted District revenues in 2001-2002. Listed below are all major sources:

|                            | <u>Million</u> | <u>%</u>   |
|----------------------------|----------------|------------|
| Property Taxes             | \$155.6        | 55.7       |
| General State Aid          | 60.4           | 21.6       |
| Handicapped Aid            | 17.4           | 6.2        |
| Interest on Investments    | 3.0            | 1.1        |
| Computer Aid               | 2.5            | 0.9        |
| Title I                    | 3.2            | 1.1        |
| Food Service               | 6.5            | 2.3        |
| Safe Schools Grant         | 2.7            | 1.0        |
| Federal Entitlement Grants | 3.1            | 1.1        |
| MSCR/Community Recreation  | 2.3            | 0.8        |
| All other                  | <u>22.6</u>    | <u>8.1</u> |
| TOTALS                     | <u>\$279.3</u> | <u>100</u> |

Data source: Madison Metropolitan School District Proposed Budget, 2001-2002

**MAJOR REVENUE SOURCES** (cont.)

Expenditure and revenue comparison to similarly sized districts (2000-2001 budgeted)

| District                                     | Total Per Student Expenditures | % Revenues from* |             |            |
|--|--------------------------------|------------------|-------------|------------|
|  |                                | Local            | State       | Federal    |
| <b>Madison Metropolitan</b>                  | <b>\$10,166</b>                | <b>63.6</b>      | <b>30.6</b> | <b>5.6</b> |
| Racine                                       | \$8,713                        | 30.0             | 63.4        | 6.3        |
| Kenosha                                      | \$8,683                        | 32.2             | 60.0        | 7.2        |
| Green Bay Area                               | \$8,889                        | 38.5             | 53.9        | 6.3        |
| Appleton Area                                | \$8,270                        | 38.5             | 58.4        | 2.8        |
| Waukesha                                     | \$8,942                        | 55.3             | 41.5        | 2.7        |
| Eau Claire Area                              | \$9,398                        | 41.3             | 53.4        | 4.7        |
| Oshkosh Area                                 | \$8,026                        | 34.3             | 60.8        | 3.8        |
| Janesville                                   | \$8,343                        | 35.5             | 60.2        | 3.8        |
| Sheboygan Area                               | \$9,381                        | 35.6             | 61.5        | 3.8        |
| Total Schools >10,000 pupils (minus Madison) | \$8,738                        | 37.9             | 57.0        | 4.6        |
| % Madison above avg.                         | 16.3%                          |                  |             |            |
| <b>State of WI – all schools</b>             | <b>\$8,786</b>                 | <b>39.1</b>      | <b>54.7</b> | <b>5.0</b> |
| % Madison above avg.                         | 15.7%                          |                  |             |            |

\*Operating revenues

Source: [SchoolFacts01](#), Wisconsin Taxpayers Alliance

As the table indicates, Madison's total per student budgeted expenditures for 2000-2001 were approximately 16% higher than the statewide average and the average for the nine (9) districts having more than 10,000 students excluding Milwaukee.

In addition, Madison's reliance on local funding, largely from the property tax, is significantly higher than the statewide average. Conversely, Madison receives a much smaller share of its budget for operations from state aid, 30.6% vs. the statewide average of nearly 55%. The lower proportion of state aid is a result of the state equalization aid formula whereby "property rich" districts receive a much lower percentage of state aid. The formula is built on the premise that districts with a higher ability to pay with local funding (higher property values per student) should receive less state aid.

State revenue caps, enacted to lower and stabilize school property taxes in 1993 when the state significantly increased its share of public school costs, restrict the amount of revenue the Madison School District can raise from local property taxpayers. The revenue limit law is tied to enrollment and the District, projecting declining enrollments, is particularly adversely affected. As enrollments decline, the revenue caps allow a lower percentage increase in the amount of property taxes that can be levied for elementary and secondary education. Hence, it will need to reduce an estimated \$5 million from its 2001-2002 base budget for fiscal/school year 2002-2003, \$10 million in 2003-2004, \$15 million in 2004-2005, \$20 million in 2005-2006, and \$25 million in 2006-2007, according to District projections.

Essentially, fewer students do not mean proportionally lower costs. Fixed costs for such things as utilities and transportation, for example, are the same as enrollments decline. In addition, the District faces increasing costs for most of its expenditures, especially salary and fringe benefit costs.

**MAJOR REVENUE SOURCES** (cont.)

Hence, the state revenue caps are forcing the District to reduce its base budget unless a referendum to exceed the caps is approved.