MADISON METROPOLITAN SCHOOL DISTRICT
545 West Dayton Street | Madison, Wisconsin 53703 | www.mmsd.org

WEEKLY UPDATE TO THE BOARD OF EDUCATION

May 26, 2022

A MESSAGE FROM SUPERINTENDENT CARLTON D. JENKINS

Dear Board Members,

After this week ends and our students, staff, and families return from a much-needed Memorial Day weekend break, there will only be two weeks until the end of our fourth quarter. Despite facing myriad challenges, our resilient students, staff, families, and community members continue to provide evidence of living up to the ideals of our Strategic Framework.

The events of this week have illustrated some of the most pressing challenges we face as a nation. Throughout this school year, our district, community, and nation have faced a persistent and ever-changing global health pandemic, which also helped to usher in a time of staffing shortages, global supply chain disruptions, and rising inflation. While facing these formidable challenges, we have also been beset by tragic gun violence, ongoing racial injustice, and a multitude of examples of our nation falling short in the fight for human decency.

Despite these challenges, throughout this school year, our students, staff, families, and community members have leaned forward together in pursuit of equity, excellence, humanity, and intentionality. These efforts have been verified by much evidence during this year. One piece of evidence is the 100% graduation rate of our AVID/TOPS scholars. Another piece of evidence is the numerous accomplishments of our scholars who were recently recognized by the Madison Metropolitan Chapter of The Links. A third piece of evidence comes from our work with a community partner via the Black Excellence initiative, whereby Pasture and Plenty has been providing cook at home programming to teach our scholars life skills and food science. Each of these examples highlight our district’s efforts to ensure all our scholars graduate ready for college, careers, and the community, one breakthrough moment at a time.

As we celebrate the accomplishments of our scholars and staff, we must acknowledge the unlimited potential of our community. Despite our day-to-day challenges, I still believe Madison is a special place which can serve as a beacon of hope for others. Thank you for your ongoing support and partnership. Looking forward to updating you on our district’s progress next week.

Sincerely,

Carlton

Carlton D. Jenkins, Ph.D.

PARTNERSHIPS AND GRANTS

Nita Lowey 21st Century Community Learning Center Grants
Department of Public Instruction recently awarded MMSD $830K in 21st Century Community Learning Center grants. This year's MMSD awards are: Sennett ($115,000); Sherman ($115,000); Wright ($100,000); Allis ($100,000); Henderson ($100,000); Orchard Ridge Elementary ($100,000); Nuestro Mundo Community School ($100,000); and Schenk ($100,000). Funds are used to create community learning centers that provide students with a range of high-quality services to support student learning and development including tutoring and mentoring, homework help, academic enrichment, community service opportunities, music, arts, sports, and cultural activities. Funds will be available 7/1/22.

BOARD OF EDUCATION QUESTIONS

Revenue Limit Changes and Estimates for 2022-23
Please see the attached memo reviewing the revenue limit changes and estimates for 2022-23. Also, review the attached Baird budget forecast models for FY22 Fall budget and FY23 April Budget book.

Changes in Property Value and Equalized Value

Please see attached memo and spreadsheet with information about the changes in property value and equalized value.

OTHER INFORMATION

Staffing Analysis
Please see the attached updated report dated May 23, 2022, detailing our efforts to make sure our schools are staffed and remain open for student learning. This report also includes movement on a number of programs and processes.

Construction Update

Attached you can find our first construction update about La Follette High school. You can expect regular communications about our progress with the contraction projects.

Strategic Framework Timeline

March	Academic Plan calibration Collaboration With MTI Introduction with principals Academic Plan presentation to the Board of Education
April	April IWG: Update on academic plan and literacy adoption Stakeholder Input from scholars' families, staff, community, business community
May	Stakeholder input scholars, families, staff, community, business community
June	Board of Education budget approval and update on the academic and Strategic Framework recalibration process
July	BOE Meeting: Update on the Strategic Framework recalibration and academic plan Sharing the stakeholder input and co-construction
August	Instructional Work Group-presentation on data and input to date and feedback from the Board of Education
September	Instructional Work Group-Presentation to the Board of Education final update on the Strategic Framework recalibration
October	Final plan presented to Board of Education

Weekly Metrics and Ops Recordings and Agendas:

5.24.2022 Weekly Metrics Meeting Agenda & Recording
There was no Biweekly School-Central Office Operations Meeting this week

Article of Interest

MMSD provides mental health resources, support for families after Texas shooting

Great Things Happening Around MMSD

- More than 200 of MMSD's AVID/TOPS seniors celebrated their accomplishments Wednesday, and declared post-high school plans.
- Several MMSD seniors were recognized by the Madison Metropolitan Chapter of The Links this past Sunday.
- Seniors visited elementary schools today for "graduate walks" through the hallways (check out Lancers visiting Henderson, Schenk, and Elvehjem).
- Students from Mendota and O'Keefe showcased their hard work with end-of-year concerts.
- Madison students can cook for their families, with a Black Chef

- Schools continue to hold their community-based Land Acknowledgement ceremonies, like John Muir Elementary; this video shares highlights from the district-wide celebration last month.
- The district held its first community input session Wednesday on the Strategic Framework Recalibration.

OUR UPCOMING BOARD CALENDAR

Thurs., May 26, 5:15 p.m.	Safety & Student Wellness Ad Hoc Virtual
Thurs., May 26, 6 p.m.	Strategic Framework Recalibration Community Input Session In person- Mendota Elementary School Gym
Wed., June 1, 6 p.m.	Strategic Framework Recalibration Community Input Session In person- Memorial High School Library
Thurs., June 2, 6 p.m.	Strategic Framework Recalibration Community Input Session In person- La Follette High School Cafeteria
Mon., June 6, 5 p.m.	Instruction Work Group Virtual/ In person for BOE members
Thurs., June 8, 5:30 p.m.	City Education Committee Virtual
Wed., June 8, 6 p.m.	Strategic Framework Recalibration Community Input Session Virtual
Mon., June 13, 5 p.m.	Operations Work Group Virtual/ In person for BOE members
Mon., June 13, 6:30 p.m.	Special BOE Meeting- Open Session- WORKSHOP Virtual/ In person for BOE members
Fri., June 17, TBD	Board Retreat In person
Sat., June 18, TBD	Board Retreat In person
Week of June 20	Board Member Briefings Virtual

- Tues., June 21, 5:30 p.m. — Jefferson Renaming Citizens' Ad Hoc
  Virtual

- Mon., June 27, 6 p.m. — Regular BOE Meeting
  In person and virtual – Open to the public

ITEMS ATTACHED FOR INFORMATION

1. Revenue Limit Changes and Estimates for 22/23
2. Changes in Property Value and Equalized Value
3. Staffing Analysis- May 23, 2022
4. Construction Update

MADISON METROPOLITAN SCHOOL DISTRICT

Business Services | 545 West Dayton St. | Madison, Wisconsin 53703-1967 | 608-663-5265 | business.mmsd.org

Ross MacPherson, Interim Chief Financial Officer | Carlton D. Jenkins, Ph.D., Superintendent of Schools

To: Members of the Board of Education

From: Ross MacPherson, Chief Financial Officer

Re: Changes in Property Value and Equalized Value

Date: May 18, 2022

Background:

In the last year, MMSD saw a significant change in our total equalized value that affected our 2021-22 tax levy and mill rate. We know that in Spring 2021, the average home value in the City of Madison increased at a rate of 6.3%. This information was collected from the City of Madison Assessors report for 2021. Since the City of Madison represents 90% of our district equalized value, it has a leading impact on how we can predict our total change in equalized value. However, change in average home value is still only one piece of information. Our local tax levy is assessed on all properties in the ten municipalities we serve. The change in values of residential, commercial, and agricultural properties must also be estimated. Average home value is still a leading factor, but information on valuation of property types is not finalized until well into the summer months, and we have absolutely no control over what these values become.

In this memo, I want to inform the board about what factors moved last fall that caused our mill rate to shift, and what it means when property values do not move in conjunction with changes in average home value. I also want to explain what recent information regarding average home values for 2022-23 will mean for our fall levy discussions, as well as ways to think about the interrelationship of MMSD total levy, mill rate, and property value when we discuss these topics publicly.

Analysis:

When talking about tax levy, mill rate, assessed value, equalization value, and average home value - definitions are helpful. For purposes of the memo, the following definitions are offered for discussion purposes:

Total Tax Levy: The amount of taxes raised by MMSD through a combination of allowable revenue limit authority and any additional levy authority secured for areas outside the revenue limit (e.g. Referendum Debt Fund & Community Services Fund).
Mill Rate: The dollar amount of tax levy assessed for each $1,000 of property value. For example, when we refer to a mill rate of $11.20, this amount can be multiplied by the average home value and divided by 1,000 to determine the estimated impact of the MMSD tax levy on a property.
Assessed Value: The annual assessment of a property by municipalities. Not every property experiences a change in assessment each year. Usually, a significant deviation of value between aggregate assessed valuation and fair market value (equalized value) triggers more assessment activity by municipalities. A property owners' actual assessment is used with the mill rate to determine tax impact.
Equalized Value: The fair market value of property within a municipality. Economic factors play a significant role in housing markets. This can lead to varying difference between assessed value and equalized value. In school finance we are required to use equalized valuation when estimating and setting our tax levy.
Average Home Value: The calculated average assessed value of a residential property. The change in assessment value is monitored by municipalities and incorporates market conditions, new construction, renovations, and other land development that affect total property value. Change in Average Home Value is not reflective of all homeowner's experience each year. If a homeowner is not reassessed in the same year as their neighbor, the impact on their tax bills will be very different.

2021-22 Equalized Value Changes

As previously stated, we know that the change in average home value has had a leading impact on how we estimate our total change in equalized value. In our materials for the 21-22 budget book, we estimated that average home value and equalized value were moving together. In the absence of more concrete information over the summer, this is usually a safe assumption for illustration purposes as we await better data. Last summer, we learned from the Department of Revenue estimates that the City of Madison total equalized value was expected to *decline* for the first time in ten years.

Along with this memo, I'm including the page from the DOR report that references the changes in equalized value for all property types in the City of Madison. At the top of the report, you'll see that total change in residential equalized value was 4%. This is NOT the same as the city assessors report that home value assessments increased 6.3% (Remember, this is a report of change in *equalized* value, not *assessed* value). However, that's not the line that drew my attention. Under commercial property, I've highlighted what appears to a flat 10% reduction in commercial property value. This is the primary reason why the City of Madison equalized value dropped in our fall budget book for 2021-22.

I spoke with the City Assessors office and the DOR to inquire about this significant drop in value from one year to the next. Since it's very common to see a construction crane in the Madison skyline, it seems suspect that commercial value would take such a significant downturn in one year. I did not get a straight answer from either office, but there were repeated references to a delay in the City of Madison reporting to the DOR in a timely fashion. Each year, the City Assessors office is required to submit a report called a Statement of Assessments (SOA). It appears that when these reports are delayed, the DOR uses a calculation of market value to *estimate* the changes that would have been outlined in the SOA report. This doesn't explain why commercial property value declined 10% in one year, but it does create confusion about these round number adjustments are seen on the DOR report page.

In the end, I cannot provide proof why these adjustments were made as it is not my data. Regardless, the bottom line of this DOR report highlights that the change in total equalized value for the City of Madison was projected to decline, not increase, for 2021-22. For reference, here is what the total change in each municipality looked like during 2021-22 fall budget approval:

	Equalized Value	% Change
T. Blooming Grove	$110,631,218	6.76%
T. Burke	$10,362,470	10.30%
T. Madison	$488,398,900	6.41%
T. Middleton	$711,780	5.01%
T. Westport	$0	0.00%
V. Maple Bluff	$532,950,200	8.77%
V. Shorewood Hills	$598,545,600	3.61%
C. Fitchburg	$1,618,306,671	5.12%
C. Madison	$27,957,805,482	-1.12%
C. Monona	$720,505	-1.12%
Total	**31,318,432,826**	**-0.43%**

The reduction in total value for the City of Madison of just over (1%) triggered an overall reduction of equalized value of (0.43%). Other municipalities showed property growth in aggregate in line with our June budget book expectations. Based on this information, I believe that an error was made in the adjustments for the City of Madison equalized value. Since we set our tax levy based on our certified information from last fall, there is nothing that can be done to adjust the tax levy we set or the levy impact in the October budget book. If this does represent an error, any corrections would have to be identified during 2022-23 budget development.

<u>2022-23 Equalized Value Changes</u>

For 2022-23 planning, we received the 2022 City Assessors report shortly after completing the budget book in April. This new report for 2022 is showing that average home value increased 12.4% between 2021 and 2022 – from $335,200 to $376,900. Given our experience last year, it is unclear what will happen to our total equalized value. However, it is a safe assumption that our overall valuation is going to be affected by inflation and any corrective action from last year's DOR certification.

In aggregate, the City Assessor Report provides changes in total assessed value based on type of parcel. For illustrative purposes, the following tables appears in the 2021 and 2022 City of Madison City Assessors report respectively:

Assessments in Millions

Class	2020	2021	% Chg
Residential	18,786	20,132	7.2%
Commercial	11,095	11,597	4.5%
Agricultural	15	18	20.0%
Total	**29,896**	**31,747**	**6.2%**

Class	2021	2022	% Chg
Residential	20,119	22,700	12.8%
Commercial	11,550	13,267	14.9%
Agricultural	19	20	5.3%
Total	**31,688**	**35,987**	**13.6%**

Looking at the table on the left, the overall assessment change shows an increase of 6.2% (Note that commercial property assessments increased at a lower rate than residential). Since average home value increased at 6.3%, a total equalized value change of around 6.2% seemed probable. As we know, that's not what came to pass last October. Looking at the table on the right, the aggregate assessment change is now 13.6%, including a larger increase to commercial property versus residential property.

Estimating 2022-23 Equalized Value Change and Mill Rate

If average home value is increasing at 12.4%, estimating what to use for equalized value changes for 2022-23 makes a big difference in what mill rate we generate and what impact that has on the average home. In the April Budget book, we made a conservative 4% estimate on changes to equalized value and average home value. This created an estimated $0.20 reduction in the mill rate (see Page 99 of the April Preliminary Budget):

Total Tax Levy:	$364,812,126
Mill Rate:	$11.20
Levy Increase:	2.22%
Average Home Value (@4%):	$348,608
Total Equalized Value (@4%):	$32,571,170,139
Average Home Impact:	$84.65 increase

*(348,608 * 11.20 / 1000 = $3,904.57)*

Using the April Preliminary Budget as a base, if both Average Home Value and Total Equalized value move at a rate of 12.4% instead, the following figures are generated:

Total Tax Levy:	$364,812,126
Mill Rate:	$10.36
Levy Increase:	2.22%
Average Home Value (@12.4%):	$376,900
Total Equalized Value (@12.4%):	$35,214,550,513
Average Home Impact:	$84.65 increase

*(376,900 * 10.36 / 1000 = $3,904.57)*

In both examples, note that the only significant change is in the mill rate. A change in average home a value has no impact on the total Tax Levy. At 12.4%, the mill rate would drop over a dollar compared to the 2021-22 mill rate of $11.40. Since Average Home Value and Equalized Value is moving at the exact same rate, the impact to the average home is the same.

Apart from last year, our change in equalized value is usually higher than our change in average home value. There is not a consistent deviation to rely on, but historically this has been true. We have not seen a change in equalized value over 10% since 2002-03 (10.18%). For illustration, here are two more examples of what happens if Equalized Value increases at a different rate that average home value:

Equalized Change < Average Home Change

Total Tax Levy:	$364,812,126
Mill Rate:	$10.49
Levy Increase:	2.22%
Average Home Value (@12.4%):	$376,900
Total Equalized Value (@11%):	$34,763,460,437
Average Home Impact:	$135.32 increase
*(376,900 * 10.49 / 1000 = $3,955.24)*	

Equalized Change > Average Home Change

Total Tax Levy:	$364,812,126
Mill Rate:	$10.22
Levy Increase:	2.22%
Average Home Value (@12.4%):	$376,900
Total Equalized Value (@14%):	$35,214,550,513
Average Home Impact:	$31.23 increase
*(376,900 * 10.22 / 1000 = $3,851.15)*	

The reason for the above examples is to show the dynamic between the change in average home value and the change in equalized value. It can be summarized by saying that when total equalized property value increases at a rate higher than the average home value, the mill rate falls and the average home impact is reduced (and vice versa). In these examples, we still see significant reduction our mill rate because the change in equalized value is five to six times the change in our total tax increase (depending on the example).

Given our experience last year, it is unclear what our equalized value change will be this summer when they are certified by the Department of Revenue. If an adjustment is made to last year's 10% reduction to commercial property, then a situation where equalized value increases at a higher rate than average home value becomes more likely. We will be incorporating this information and revising our estimates for our June budget book discussions.

Please contact me with any questions or comments on this information.

WISCONSIN DEPARTMENT OF REVENUE

2021 STATEMENT OF CHANGES IN EQUALIZED VALUES BY CLASS AND ITEM

County 13 **Dane**
City 251 **Madison**

REAL ESTATE	2020 RE Equalized Value	Removal of Prior Year Compensation	% Change	$ Amount of Economic Change	% Change	$ Amount of New Constr	% Change	Correction & Compensation	% Change	$ Amount of All Other Changes	% Change	2021 RE Equalized Value	Total $ Change in R.E. Value	% Change
Residential														
Land	5,037,692,100	-678,300	0%	171,261,200	3%	20,977,400	0%	-6,785,600*	0%	-697,700	0%	5,221,769,100	184,077,000	4%
Imp	14,518,685,400	-3,637,500	0%	493,479,600	3%	193,922,400	1%	-1,882,600	0%	-1,702,600	0%	15,198,864,700	680,179,300	5%
Total	19,556,377,500	-4,315,800	0%	664,740,800	3%	214,899,800	1%	-8,668,200	0%	-2,400,300	0%	20,420,633,800	864,256,300	4%
Commercial														
Land	2,460,900,100	7,179,500	0%	-246,311,500	-10%	9,442,000	0%	-9,929,400	0%	7,726,600	0%	2,229,007,300	-231,892,800	-9%
Imp	9,947,144,100	10,655,000	0%	-994,099,700	-10%	284,636,200	3%	-33,604,600	0%	6,854,700	0%	9,221,585,700	-725,558,400	-7%
Total	12,408,044,200	17,834,500	0%	-1,240,411,200	-10%	294,078,200	2%	-43,534,000	0%	14,581,300	0%	11,450,593,000	-957,451,200	-8%
Manufacturing														
Land	104,531,000	0	0%	954,400	1%	0	0%	-941,600	-1%	-4,881,600	-5%	99,662,200	-4,868,800	-5%
Imp	279,167,500	1,050,000	0%	1,660,200	1%	8,627,800	3%	-941,600	0%	-2,218,000	-1%	287,345,900	8,178,400	3%
Total	383,698,500	1,050,000	0%	2,614,600	1%	8,627,800	2%	-1,883,200	0%	-7,099,600	-2%	387,008,100	3,309,600	1%
Agricultural														
Land/Total	817,800	-600	0%	30,900	4%	0	0%	-82,000	-10%	209,500	26%	975,600	157,800	19%
Undeveloped														
Land/Total	1,086,900	-200	0%	-8,400	-1%	0	0%	367,400	34%	699,100	64%	2,144,800	1,057,900	97%
Ag Forest														
Land/Total	921,200	0	0%	51,600	6%	0	0%	-225,600	-24%	435,000	47%	1,182,200	261,000	28%
Forest														
Land/Total	0	0	0%	0	0%	0	0%	0	0%	190,000	0%	190,000	190,000	0%
Other														
Land	17,700,000	0	0%	-2,205,000	-12%	0	0%	-10,815,000*	-61%	-4,680,000	-26%	0	-17,700,000	-100%
Imp	4,980,700	0	0%	205,600	4%	0	0%	320,400	6%	1,068,400	21%	6,575,100	1,594,400	32%
Total	22,680,700	0	0%	-1,999,400	-9%	0	0%	-10,494,600	-46%	-3,611,600	-16%	6,575,100	-16,105,600	-71%
Total Real Estate														
Land	7,623,649,100	6,500,400	0%	-76,226,800	-1%	30,419,400	0%	-28,411,800	0%	-999,100	0%	7,554,931,200	-68,717,900	-1%
Imp	24,749,977,700	8,067,500	0%	-498,754,300	-2%	487,186,400	2%	-36,108,400	0%	4,002,500	0%	24,714,371,400	-35,606,300	0%
Total	32,373,626,800	14,567,900	0%	-574,981,100	-2%	517,605,800	2%	-64,520,200	0%	3,003,400	0%	32,269,302,600	-104,324,200	0%

PERSONAL PROPERTY	Non-Mfg Personal Property				Manufacturing Personal Property				Total of All Personal Property			
	2020	2021	% Change		2020	2021	% Change		2020 Total	2021 Total	Tot. $ Chg in PP	% Change
Watercraft	0	0	0%		0	0	0%		0	0	0	0%
Machinery Tools & Patterns	0	0	N/A		45,375,500	42,841,900	-6%		45,375,500	42,841,900	-2,533,600	-6%
Furniture Fixtures & Equip	393,495,000	365,507,100	-7%		13,178,100	12,689,900	-4%		406,673,100	378,197,000	-28,476,100	-7%
All Other	192,522,900	229,058,300	19%		18,021,900	18,542,000	3%		210,544,800	247,600,300	37,055,500	18%
Prior Year Compensation	1,278,400	2,426,600			-704,600	0			573,800	2,426,600	1,852,800	
Total Personal Property	587,296,300	596,992,000	2%		75,870,900	74,073,800	-2%		663,167,200	671,065,800	7,898,600	1%
TOTAL EQUALIZED VALUE	**2020 Total**									**2021 Total**	**Total $ Change**	**% Change**
Real Estate & Personal Property	33,036,794,000									32,940,368,400	-96,425,600	0%

*Includes value allocated to/from another property class due to a correction that resulted in a negative total class value

MADISON METROPOLITAN SCHOOL DISTRICT

Business Services | 545 West Dayton St. | Madison, Wisconsin 53703-1967 | 608-663-5265 | business.mmsd.org

Ross MacPherson, Interim Chief Financial Officer | Carlton D. Jenkins, Ph.D., Superintendent of Schools

To: Members of the Board of Education

From: Ross MacPherson, Chief Financial Officer

Re: Revenue Limit Changes and Estimates for 2022-23

Date: May 24, 2022

Background:

School District Revenue Limits have been in place since the early 1990's during the Thompson administration. When they were enacted, revenue limits were designed to place a limit on how much school districts can raise each year for operations.

The revenue limit at its most basic explanation is a comparison of total district enrollment multiplied by a dollar amount per pupil. This resulting figure is what creates the revenue limit for each school district. Once a total revenue limit is generated in a given school year, this amount represents the total amount of resources that can be generated through a combination of state aid and local property taxes. In this memo, I hope to outline some of the complexities of the revenue limit formula, and the specific local impacts of how our current revenue limit is being generated. Copies of the Baird Model Revenue Limit Visuals 101 for 2021-22 and 2022-23 are included with this memo. Please note at the back of this document I've included a list of term definitions that will be used throughout the memo.

Discussion:

Changes in the per pupil change in revenue limit authority were relatively consistent until the 2011-12 school year. Since the implementation of Act 10, the ability for school districts to predict and adapt to changes in revenue limit authority has been increasingly difficult. For purposes of this memo, we will be looking at the specific impacts of the last several years and the changes outlined in the revenue limit calculation for the 2022-23 school year.

The attached excerpts from the Baird model identify the revenue limit factors for the fall 2021-22 budget and preliminary 2022-23 budget. The very top of each model provide a graphical representation of how the revenue limit is generated. Each year, the revenue limit uses a three-year rolling average of enrollment. For the 2021-22 school year, this average was 26,744. This average includes student count data from the summer school and September counts from 2019, 2020, and 2021. For the 2022-23 school year, this average is estimated to include a continued downturn in enrollment, using summer school and September 2020, 2021, and projected 2022 data. The projected three-year rolling average for 2022-23 is 26,306.

The three-year rolling average (or resident membership) is multiplied against a calculated dollar amount per pupil. This amount is different for all school districts and is calculated by looking at the prior year base revenue. The base revenue figure is divided by the prior year three-year rolling average to generate a base dollar amount per pupil. If any per pupil increase exists in the current state budget, this is added to this dollar amount per pupil before it is multiplied against the current three-year rolling average. This resulting figure is the current year revenue limit.

Once the current year revenue limit is calculated, there are exemptions that must be applied. There are two types of exemptions: recurring and non-recurring exemptions. Recurring exemptions create on-going authority in the revenue limit calculation for district use. In the attached models, the recurring exemptions represent the operating referendum authority that was approved in the 2020 referendum. Non-recurring exemptions provide one-time authority in the revenue limit calculation for district use. Use of these exemptions are for specific purposes and include exemptions for declining enrollment, hold harmless, energy efficiency, voucher payments, and school choice pupils. The most important thing to understand about non-recurring exemptions is that they only exist in the year they are generated in the revenue limit calculation. Districts are not allowed to carry over any authority they don’t use from these exemptions.

The combination of current year revenue limit, recurring exemptions, and non-recurring exemptions is the district’s total revenue limit. This figure represents the total operating revenue that can be generated by the school district between general aid and local tax levy. This can be summarized as follows:

Total Revenue Limit – General Aid = Allowable Limited Revenue

The amount a Wisconsin school district receives in General Aid varies depending on property value, spending per pupil, and total enrollment. MMSD receives roughly 10% of it’s revenue limit in general aids from the state. We have a very high property value per student. In the eyes of the state funding formula, we are seen as a high “ability to pay” community. This means most of our revenue limit authority exists in the form of local tax levy. At this point in the revenue limit calculation we know how much revenue authority can be reserved for the revenue limit tax levy.

Analysis:

The attached models provide a high-level view of the data that we've been discussing with the school board this past year. The revenue limit formula is very nuanced and contains many impacts that require further explanation (*Note: pages 67 & 68 of the April Preliminary Budget Book also contains the same revenue limit information from the attached models in a different view*).

One of the important takeaways from looking at these two models is that we are still experiencing the impacts of declining enrollment in the three-year rolling average. This will continue to drive our declining enrollment exemption in the revenue limit formula for the next several years. On its own, this exemption is supposed to give school districts the ability to adapt to a changing enrollment situation so that in future years, the costs associated with maintaining services can be adjusted to fit the change in demographics.

This kind of declining enrollment adjustment would be fine if it were not combined with the added complexity of zero state investment in the revenue limit itself and the incorporation of the hold harmless exemption. The current state budget provided no inflationary increase to the revenue limit formula for 2021-22 and 2022-23 (see line 4 on page 67 of the April Preliminary Budget Book). In a declining enrollment scenario where no inflationary adjustment exists in the revenue limit the hold harmless exemption is generated for Wisconsin school districts. This exemption represents a situation where the calculation of current year revenue limit is below what is identified as base revenue (see line 7 on page 67).

Why do these two exemptions matter so much when planning for future budgets? The short answer is that these two exemptions are non-recurring – meaning that their use in in the revenue limit is temporary. Part of the base revenue calculation in the revenue limit requires districts to identify what non-recurring exemptions were used in the prior year. This total is removed from base revenue before determining any future hold harmless impacts in the subsequent year. This effectively erodes the revenue limit calculation in the year after these exemptions are generated. This can be seen by looking at the year over year changes in Line 1 of the revenue limit calculation on page 67 of the April Preliminary Budget Book. The base revenue calculation increased $7.9 million between 2020-21 to 2021-22, but increased only $2.7 million between 2021-22 to 2022-23

There are other aspects to finalizing the revenue limit, including how the tax levy is set and how these figures move between the April Preliminary Budget Book timeframe and October approval. However, I will stop here and invite questions of board members about what has been identified in this memo as well as anything in the attached revenue limit models for further discussion.

<u>Definitions</u>:

Please use the following terms and definitions as reference for this memo:

<u>Base Revenue</u>: This term refers to the calculated amount of starting revenue limit authority based on all prior year revenue limit calculations and use of non-recurring exemptions. This is done by adding up all state general aid and tax levy amounts within the revenue limit. This includes Equalization Aid, Computer/Personal Property Aid, and High Poverty Aid. This also includes tax levies for Fund 10 (General Fund), Fund 38 (Non-Referendum Debt), and Fund 41 (Capital Maintenance). The last step in calculating Base Revenue requires all non-recurring exemptions from the prior year revenue limit calculation be subtracted from the sum of the above.

<u>Three Year Rolling Average / Resident Membership</u>: In the revenue limit calculation, the current year enrollment for the school district is not used by itself. Instead, a three-year average is created using the current year and prior two years. This is done to avoid the impacts of any sudden shifts in enrollment that would rapidly affect the revenue limit calculation.

<u>Revenue per Member / $ per Pupil</u>: Each district uses an amount per pupil to multiply against their three-year rolling average. These amounts are not the same between school districts in Wisconsin. The amount used by each district will vary based on changes in student enrollment, operating referenda to exceed revenue limits, or other recurring exemptions that affect base revenue in the subsequent year.

<u>Per Pupil Increase</u>: Historically, the state biennial budget has allowed for an inflationary increase in revenue limits by adding directly to the revenue per member figure. Any per pupil increase is added to the revenue per member before the calculation of the revenue limit for the current year.

<u>Current Year Revenue Limit</u>: Refers to the multiplication of the current year three-year rolling average and the revenue per member. This is the revenue limit before exemptions are applied.

<u>Recurring Exemptions</u>: Refers to an increase to the revenue limit after the initial revenue limit calculation. Recurring exemptions are added to base revenue is subsequent years to grow the revenue limit. The most prominent example of a recurring exemption would be an operating referendum to exceed.

<u>Non-Recurring Exemptions</u>: Refers to a one-time increase in the revenue limit after the initial revenue limit calculation. Non-Recurring exemptions are added to the current year revenue limit for specific purposes, but do NOT become part of base revenue in subsequent years. Some examples of non-recurring exemptions include declining enrollment, private school vouchers, and hold harmless.

<u>Declining Enrollment Exemption</u>: A non-recurring exemption generated when the change in three year rolling average from one year to the next results in a negative number. This negative number is multiplied by the revenue per member to determine the size of the declining enrollment exemption.

<u>Hold Harmless</u>: A non-recurring exemption generated when the revenue limit calculation for the current year is below base revenue. The size of a hold harmless exemption is equal to the difference between base revenue and the revenue limit calculation before all recurring and non-recurring exemptions.

<u>Total Revenue Limit</u>: Refers to the total of the initial revenue limit calculation (three year rolling average * revenue per member) plus all recurring and non-recurring exemptions.

General Aid: State financial assistance to public school districts in Wisconsin. General aid in the revenue limit calculation refers to all state aid that represents a cost-sharing relationship with school districts. In the Revenue limit, this includes Equalization Aid, Computer Aid, Personal Property Aid, and High Poverty Aid (if applicable).

Allowable Limited Revenue / Revenue Limit Tax Levy: Refers to the Total Revenue Limit minus all applicable General Aids in the revenue limit. This figure represents what is the potential maximum tax levy for Fund 10 (General Fund), Fund 38 (Non-Referendum Debt), and Fund 41 (Capital Maintenance).

Non-Controlled Levies: Refers to tax levies with taxing authority outside the revenue limit. This refers to Referendum Approved Debt (Fund 39), Community Services Fund (Fund 80), and prior-year levy chargebacks.

Prior-Year Levy Chargebacks: Refers to a situation where a portion of the total tax levy is deemed uncollectable by municipalities and is “charged back” to school districts. When this occurs, a school district is allowed to add this amount to the following year levy to make up the loss in owed taxing authority from the prior year.

3269 - Madison Metropolitan

School Finance 101 Visuals
2021 - 2022

2022

Resident Membership (FTE): 26,744
×
$ per pupil: $13,059
+
One-time (Non-recurring) exemptions

Hold Harmless	$5,288,972
All Others	$9,470,396

+
On-going (Recurring) exemptions: $8,000,000
=
Total Revenue Limit Authority: $372,018,892

Revenue Limit Authority: $372,018,892
−
Equalization Aid & Others

EQ Aid	$40,256,461
High Poverty Aid	$1,443,569
Computer Aid*	$1,754,226
Personal Property	$1,327,105

=
Allowable Limited Revenue (Revenue Limit Tax Levy): $327,237,531

Referendum Approved Debt Levy (Fund 39): $18,622,856

Community Service Tax Levy (Fund 80): $13,440,741

Revenue Limit Tax Levy*

Fund 10	$315,993,263
Fund 38	$3,667,783
Fund 41	$5,000,000

Total School-Based Tax Levy: $356,903,095

Prior Year Levy Chargeback and Other

Chgbck	$178,452
Other	$0

Over/underlevy= $ (2,576,485.00)
Computer Aid = $ -

*Starting in 2019, Computer Aid is computed as a part of Total Aid

Total School-Based Tax Levy: $356,903,095
÷
Equalized Property Value: $31,318,432,826
×
$1,000
=
Mill Rate: $11.40

3269 - Madison Metropolitan

School Finance 101 Visuals
2022 - 2023

2023

Resident Membership (FTE): 26,305
×
$ per pupil: $13,358
+
One-time (Non-recurring) exemptions

Hold Harmless	$5,864,445
All Others	$9,158,535

+
On-going (Recurring) exemptions: $9,000,000
=
Total Revenue Limit Authority: $375,418,059

Revenue Limit Authority: $375,418,059
−
Equalization Aid & Others

EQ Aid	$36,168,718
High Poverty Aid	$1,443,569
Computer Aid*	$1,754,226
Personal Property	$1,327,105

=
Allowable Limited Revenue (Revenue Limit Tax Levy): $334,724,441

Referendum Approved Debt Levy (Fund 39): $15,938,229

Community Service Tax Levy (Fund 80): $14,149,456

Revenue Limit Tax Levy*

Fund 10	$329,724,441
Fund 38	$0
Fund 41	$5,000,000

Total School-Based Tax Levy: $364,812,126

Prior Year Levy Chargeback and Other

Chgbck	$0
Other	$0

Over/underlevy= $ -
Computer Aid = $ -

*Starting in 2019, Computer Aid is computed as a part of Total Aid

Total School-Based Tax Levy: $364,812,126
÷
Equalized Property Value: $32,571,170,139
×
$1,000
=
Mill Rate: $11.20

Madison Metropolitan School District
Staffing Analysis
May 23, 2022

This report is a snapshot of all the work that is being done for this week as well as movement on a number of programs and processes.

The substitute office is working in tandem with the Chiefs to make sure that all schools are staffed with the usage of 40+ central office staff to supplement needs within the schools. Also, please note that Absence Management does not necessarily indicate why staff is out of the building; rather, Absence Management depicts who needs a substitute for a particular date.

The deployment of central office personnel will sub on Thursdays/Fridays and select one additional day between Monday through Thursday. This deployment plan will last until the end of the school year.

- Looking at Absence Management for week of May 23, 2022:
    - **The week of May 23, 2022 – This is an overall look at absences**:
        - Absences – **1418 (720 Unfilled)**
        - Percent Filled – **49.08**
        - Percent Unfilled – **50.92**
    - <u>Monday – May 23, 2022</u>
        - Absences – **340 (173 Unfilled)**
        - Percent Filled – **52.00**
        - Percent Unfilled – **48.00**
        - Percent with Central Office Usage – **59.01**
        - Number of Central Office Personnel – **3 (1 available half day)**
    - <u>Tuesday – May 24, 2022</u>
        - Absences – **338 (172 Unfilled)**
        - Percent Filled – **53.00**
        - Percent Unfilled – **47.00**
        - Percent with Central Office Usage – **54.30**
        - Number of Central Office Personnel – **3 (1 available half day)**
    - <u>Wednesday – May 25, 2022</u>
        - Absences - **346 (184 Unfilled)**
        - Percent Filled – **47.60**
        - Percent Unfilled – **52.40**
        - Percent with Central Office Usage – **50.21**
        - Number of Central Office Personnel **– 6**
    - <u>Thursday – May 26, 2022</u>
        - Absences - **394 (203 Unfilled)**
        - Percent Filled **– 51.90**
        - Percent Unfilled – **48.10**
        - Percent with Central Office Usage – **57.51**
        - Number of Central Office Personnel – **15 (2 available half day)**

COVID Leave:
Covid Relief was approved for five (5) days on January 10, 2022, for benefit eligible employees. The leave is available from January 11, 2022, through June 30, 2022. **To date, we have had an additional 54 leave requests bringing the overall total to 1160.**

COVID Hardship Leave Launch:
Covid Hardship Leave was approved for fifteen (15) days which are available from September 23, 2021, to June 20, 2022. A communication was sent on March 15th announcing the application was now available. **To date, we have received 65 requests bringing the overall total to 881.**

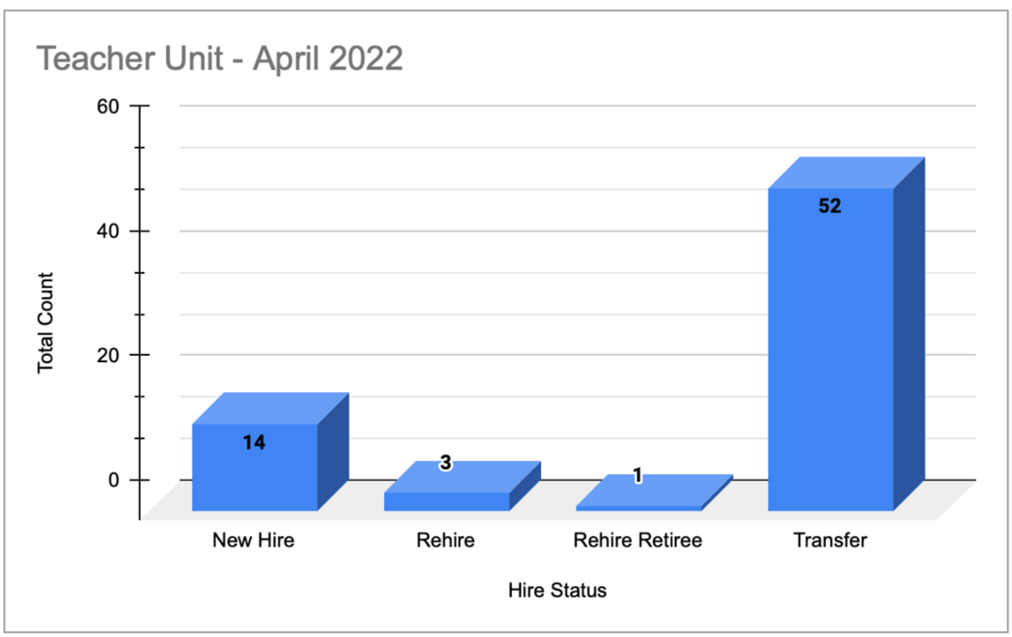
Current Updates:

Processes and Procedures
IT and HR hosted the State Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI) in a two-day audit that encompassed the fingerprinting and background check processes of the district. IT was involved in the part of the audit that dealt with processes related to confidential information storage, retrieval and dissemination.

The second day was focused on background checks and the collaboration with DOJ and state standards. HR works in tandem with IT on making sure that the processes and procedures are being monitored and the collaborative efforts that goes with keeping data safe and secure. This type of audit happens every three years and we completed the audit with great success.

We are also working with IT to audit operational procedures that we can computerize and/or create dashboards where HR and IT work intersects.

Hiring
We took a snapshot of the categories of applicants and the hires for the teacher unit for April.



Future Ready
Construction Update

PROVIDED BY FINDORFF

Madison Metropolitan School District 05.27.22

This week's update:
La Follette High School

We are committed to keeping you informed as we complete construction from the MMSD 2020 facilities referendum.

Preparing the site of the new athletic addition for excavation after Memorial Day

Construction is happening!

The District's construction manager, Findorff, started the first phase of construction at La Follette High School.

There's quite a bit of activity happening outside the building. The soil onsite is being prepped for the School's new athletic addition, where excavation will start after Memorial Day.

Construction crews have been working onsite after hours to avoid school traffic during the day. This helps limit disruptions to school activities and ensures safety for students and staff. Demolition has started with the removal of ceiling tiles and existing piping.

Concrete is cut and new pipes are installed in the boiler room

Construction crews are working hard after hours

- Removing ceiling tiles through halls and classrooms
- Starting new mechanical, electrical, fire protection, and plumbing piping
- Removing two of the four boilers and prepping for new, more energy efficient equipment to be installed, which will improve the School's water heating system

DID YOU KNOW?

One inch of rain can penetrate the soil between 6-15 inches deep and can take up to three days for the ground to completely dry.

For additional information or questions,
scan the **QR CODE** to be directed to the MMSD construction page.

Findorff
BUILDING & BEYOND

Removing exterior stadium bleachers in preparation for construction this summer

Construction trailers are on site and gravel is laid to prepare the site for construction activities

Architectural rendering of the new main entrance at La Follette High School