



THE AGENDA

CONDUCT BOARD BUSINESS DIFFERENTLY

GOOD HEALTH CARE...

AT AN AFFORDABLE PRICE

REDUCE COSTS BY \$12 MILLION

PUT LID ON THE COOKIE JAR

CUT TAXES OVER \$9 MILLION

ELIMINATE CHAOS—BOARD DECISIONS

PRICELESS

IMPROVE STUDENT ACHIEVEMENT



Don Severson, President, 608/238-8300, Madison
www.activecitizensforeducation.org

Following is a proposal for cost analysis of programs, services, positions and operations in the Madison Metropolitan School District.

1. The District Board of Education (BOE) should move to establish a policy to conduct continuing cost analyses of all programs, services, positions and operations within the district.
 - It is a standard way of doing business
 - It provides clear and adequate information for the board and the public about which to make informed decisions for the allocation of funds
 - It provides the homework for 'due diligence' on real costs of educating our children
2. Points of interest and background
 - Cost analysis approaches have been used in Arkansas, Ohio, Wyoming, Alabama, Alaska, California, Illinois, Kansas, Kentucky, Maryland, Missouri, Massachusetts, North Dakota, Tennessee, New Hampshire, New Jersey, Oregon
 - In 2004, such cost analysis approaches are underway in New York, Vermont, Arizona, Minnesota, Texas and Hawaii
 - The Wisconsin Alliance for Excellent Schools presented "The Wisconsin Adequacy Plan" regarding education finance reform to the Governor's Task Force on Educational Excellence in January. Explore their website at www.excellentschools.org
 - A comprehensive data base of information about costing approaches may be found at www.accessednetwork.org under research, etc.
3. Additional information and assistance
 - The National Association of Boards of Education (NASBE) has information available on the subject
 - The Review of Educational Research shows a variety of resources available regarding the state of Cost-Benefit and Cost-Effectiveness analyses in education
 - An array of research and models are available from various universities, including UW
 - Active Citizens for Education offers its assistance to the district for the review and access to resources and development of a model appropriate for the Madison district

Thank you.

CONDUCT BUSINESS OF BOARD DIFFERENTLY....

GOOD HEALTH CARE... AT AFFORDABLE PRICE

SAVE MORE THAN \$12 MILLION

- Contract for comparative cost / benefit analysis
 - District, city, county and state public plans
 - Evaluate and determine best options

- Work together for Cost Control
 - Determine most cost effective and quality plan(s)
 - Reduce district costs
 - Re-allocate cost reductions to teacher salaries and to student achievement

[Contact: Don Severson, President 608/238/8300 www.activecitizensforeducation.org]

3 SIMPLE THINGS: Conduct Board Business Differently

Good Health Care at an Affordable Price

Put the Lid on the Cookie Jar

Eliminate the Chaos of Board Decisions

Taxpayers in the Madison Metropolitan School District affirm their commitment to financial support in providing for a quality education for pupils in kindergarten through twelfth grades. Quality education must be delivered in the most cost efficient and effective manner toward improving the achievement and conduct of our students. The Board of Education is expected to undertake measures to improve its performance of state required fiduciary responsibilities and to build public trust in its management and leadership of the District's affairs.

While it is recognized that State of Wisconsin school aid statutes are in need of comprehensive review and significant change, it is not a primary role or function of the Madison Board of Education and administration to focus its energies and resources to affect such changes. Regardless of the needs and pressures for change, it is assumed there will be no changes in state laws for the "equalization aid formula" or the "qualified economic offer" (QEO) or state mandates for the delivery of educational services at the local school district level approved by the legislature and signed into law for implementation during the 2007-08 and 2008-09 school years. Even if there are changes made at the state level, the requirements of responsibilities are not diminished for the local control of expenditures and delivery of services.

Therefore, be it resolved that the MMSD Board of Education and administration must focus its energies on management and leadership of its responsibilities for the fiscal efficiency and educational effectiveness of the district. The public calls for the Board of Education of MMSD to immediately and effectively take action to put the district on a solid financial foundation. To achieve that foundation, the following goals must be achieved not later than December 2007.

1. GOOD HEALTH CARE...SAVE MORE THAN \$12 MILLION

Contract for the conduct of an independent, comprehensive, comparative analysis of costs and benefits of the district's health care insurance plans with plans provided by other public entities. The Board must negotiate with the unions for plans(s) or plan options, at a cost that is comparable in the local market, providing quality health care for teachers and the employees of other bargaining units. [See attached study and data documents]

2. PUT LID ON COOKIE JAR...CUT TAXES OVER \$9 MILLION

A freeze must be placed on tax revenue for the Community Services Fund (Fund 80). A comprehensive and inclusive cost analysis is to be conducted. Tax support must be cut from adult programs, activities and services provided through the Madison School and Community Recreation department. Participants in MSCR must be required to pay fees to cover all costs, thus eliminating taxpayer subsidy and reducing the tax levy. [See attached documents re growth of Fund 80 budget and tax data]

3. ELIMINATE THE CHAOS OF BOARD DECISIONS and ADD VALUE TO CHILDREN'S EDUCATION...PRICELESS

The Board must hire a full-time facilitator to support the work of the Board. Responsible directly to the Board, the facilitator will assist the board in accessing, compiling and communicating data, information and processes for developing and using financial planning and budgeting; long-range planning; public policy development; and for making better-informed decisions, etc. The Board must make sure budget allocations and expenditure accountabilities are completely transparent and which support related policies, priorities and cost/benefit analyses of performance and achievement.

[See attached documents regarding processes, role, and functions]

Active Citizens for Education offers to provide leadership and expertise to assist and support the MMSD Board of Education by working together to achieve these desirable goals.

[Contact: Don Severson, President 608/238/8300 www.activecitizensforeducation.org]

3 SIMPLE THINGS: Conduct Board Business Differently

BACKGROUND INFORMATION AND MEASUREMENT OF GOAL

[Contact: Don Severson, President 608/238/8300 www.activecitizensforeducation.org]

Background information and measures of results for goals proposed to the MMSD Board of Education to put the district on a solid financial foundation by December 2007.

GOOD HEALTH CARE...SAVE MORE THAN \$12 MILLION

1. Contract for the conduct of an independent, comprehensive, comparative analysis of costs and benefits of health insurance plans and negotiate quality health care insurance for teachers/employees at a cost comparable in the local market:

[See attached study parameters for cost/benefit analysis]

- a. The district currently invests nearly \$40 million in payments for health insurance for employees.
Measurement: The Board must negotiate for a minimum 30% reduction (\$12 m) in cost of health benefits to the district and maintain a quality health care program for employees.
- b. The bargained contract between MMSD and MTI (the union representing teachers) stipulates health coverage from a 'preferred provider' (WPS) and a 'health maintenance organization' (GHC). Bids have not been solicited from health care providers in at least 18 years. Comparative monthly premium costs for the employer and the employee in the Madison market are shown in an attached chart.

Measurement: Evidence of conducting an independent, comprehensive, comparative analysis of costs and benefits of the District's health care insurance plans with plans provided by other public entities. Evidence of adoption and negotiation for plan(s) or plan options to result in required minimum reduction in costs.

PUT LID ON COOKIE JAR-CUT TAXES OVER \$9 MILLION

2. Freeze tax revenue for the Community Services Fund (Fund 80) and cut all taxpayer subsidy from all MSCR programs requiring participants to pay fees to cover all costs.

[See attached documents re Fund 80 info, budgets and tax data]

a. The Community Services Fund budget total has increased from \$3.8 m in 2000 to \$14.0 m proposed for 2007-08, a total increase of 271% over 7 years, outside the statutory revenue limits. The tax levy, outside the revenue limits, has increased during the same time period from 61% to 82% in tax subsidy to support programs and services of the total department budget. This Fund has become a convenient ‘cookie jar’ for district officials.
Measurement: Evidence of policies adopted by the Board for its oversight and accountabilities for programs and funding levels approved for Fund 80. Board freezes the budget and tax levy for the non-MSCR portion of the department budget.

b. The Madison School and Community Recreation portion of Fund 80 includes predominantly adult programs. No comprehensive cost analysis has been made of the MSCR programs and activities, nor have participant fees been adjusted significantly over the years. The taxpayer subsidy for MSCR programs rises as the gap increases between actual costs of providing programs and activities and the income from participant fees. This subsidy on the taxpayers is outside the revenue caps and not subject to taxpayer approval.

Measurement: The Board conducts an all inclusive, comprehensive cost analysis of every item in MSCR. Participants will pay all costs through fees to the District. Programs promoted and administered by the MSCR department will not be subsidized by taxpayers. The Fund 80 tax levy will show a resultant decrease.

ELIMINATE THE CHAOS OF BOARD DECISIONS and
ADD VALUE TO CHILDREN'S EDUCATION...PRICELESS

3. The Board must hire a full-time facilitator to support the work of the Board. Responsible directly to the Board of Education, the facilitator will assist the board in accessing, compiling and communicating data, information and processes for developing and using financial planning and budgeting; long-range planning; public policy development; and for better-informed decision-making, etc. The Board must make sure budget allocations and expenditure accountabilities are completely transparent and which support related policies, priorities and cost/benefit analyses of performance and achievement

[See attached documents re analysis processes and role and functions]

- a. The district administration has conducted but one internal, self-evaluation of an educational program cost and benefits (Reading Recovery: the evaluation showed performance results with only 57% of students successfully completing the program--1989-2004. The 2001 costs were estimated at approximately \$8400 per successful student, counting only teacher salaries in the cost). Neither the Board nor the public was informed by the administration of the evaluation until it unexpectedly came to light through a citizen open record request. Measurement: Program, service, activity and curriculum transparency must show through budget allocations and expenditure accountabilities. Relevant cost and benefit analyses are conducted to assist Board decisions in planning and re-allocating monies to priorities established by the Board and to areas in which performance and achievement results are the best practice.
- b. The Board has to have assistance in accessing, compiling and communicating data and information as well as for developing processes to facilitate improved decision-making and communications. Measurement: The Board hires a full-time facilitator, directly responsible to the board.

CONDUCT BUSINESS OF BOARD DIFFERENTLY....

PUT LID ON THE COOKIE JAR

CUT TAXES OVER \$9 MILLION

- Freeze Community Services Fund 80
 - No new or expanded programs or activities
 - Cost / benefit analyses on current programs
 - Begin Board oversight and accountability measures

- Study support for MSCR programs and activities
 - Tax subsidy versus participant costs
 - Eliminate property tax levy for MSCR

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CONDUCT BUSINESS OF BOARD DIFFERENTLY....

ELIMINATE CHAOS OF BOARD DECISIONS

and

**ADD VALUE TO CHILDREN'S EDUCATION-
PRICELESS**

- Board Facilitator to assist Board of Education with
 - cost and result / benefit analyses information
 - financial planning and budgeting processes
 - communications with the public
 - public policy development
 - long-range (3-5 years) District planning
 - curriculum policies and standards development
 - student achievement and expectations standards
 - staff development and performance measures

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MADISON MARKET COMPARITIVE HEALTH CARE COSTS

- The bargained contract between the Madison Metropolitan School District and Madison Teachers, Inc. (representing teachers) stipulates health coverage from a ‘preferred provider’ (WPS) and a ‘health maintenance organization’ (GHC).
- Bids have not been solicited from health care providers in many years.
- Comparative monthly premium costs for the employer and the employee in the Madison market:

<u>Plan Cost</u>	<u>Single Coverage</u>		<u>Family Coverage</u>	
	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>
MMSD (WPS)	\$673.00	\$75.00	\$1,765.00	\$196.00
MMSD (GHC)	\$365.00	\$.00	\$ 974.00	\$.00
City (Dean)	\$406.00	\$13.09	\$1,010.00	\$ 33.00
County (Phys Plus)	\$385.00	\$.00	\$ 905.00	\$.00
State (Dean)	\$438.00	\$22.00	\$1,091.00	\$ 55.00

[Contact: Don Severson, President 608/238/8300 www.activecitizensforeducation.org]



May 31, 2007



ACHIEVING HEALTH INSURANCE COST SAVINGS MMSD EMPLOYEES AND DEPENDENTS

I. Objective Obtain data necessary to make informed decisions on structural changes in order to offer MMSD employees quality health insurance while containing costs in the best interests of budgeting, students, teachers and taxpayers

II. Potential Cost Savings (Based on annual health insurance expense of \$40,000,000)

05% reduction-\$2,000,000

10% reduction-\$4,000,000

15% reduction-\$6,000,000

20% reduction-\$8,000,000

III. Historical Perspective Understand fully what has occurred with MMSD health insurance costs in the period 1990-2005

IV. Current Health Package Obtain a comprehensive picture of the current health packages focusing on premiums, cost sharing, and benefits

V. Proven Cost Containment Strategies Explore proven cost containment strategies in both the public and private sectors

VI. State Employee Health Plan Evaluate options to take MMSD into the state plan

VII. Benefits Study benefit levels with a goal of moderating those benefits that either exceed norms or contribute little to employee health

VIII. Premium Sharing Explore options of meaningful premium sharing for all MMSD employees. Compare sharing with levels in place by other groups in the public sector

IX. Covered Individuals Determine whether individuals covered under the plan are appropriate. Focus on employees with other coverage options, part time employees, retirees, employees on disability, and domestic partners

X. Managed Care Analyze the cost saving potential from using a managed care plan for all employees

XI. Competitive Bidding Evaluate whether competitive bidding for all MMSD employees under a single plan would achieve cost savings

XII. Strategies Develop a listing of cost containment strategies for the district to implement for achieving desired levels of cost management and containment

[Contact: Don Severson, President 608/238/8300 www.activecitizensforeducation.org]



Parameters for Studying Health Insurance Madison Metropolitan School District

I. Objective

To provide the Madison Metropolitan School District (MMSD) with critical information and options that will allow it to negotiate more effectively to provide more cost effective quality health insurance to district employees and their dependents.

II. Executive Summary

The MMSD has seen increases in the cost of providing health insurance that cannot be sustained in the future without threatening educational quality, reducing overall compensation, or requiring the district to exceed state-imposed revenue caps. The district needs to fully understand what has occurred during the past 15 years (1990-2005) and to explore options that would provide a balance between cost containment and the needs of district employees. The exploration of options needs to focus on the level of benefits offered, employee cost sharing, the use of managed care, competitive bidding, individuals covered, and proven strategies that have been used by private and public employers to improve overall cost effectiveness.

III. Historical Perspective

An evaluation of future options is not possible without a complete understanding of trends since 1990. Quantitative data needs to be obtained that tracks overall dollar costs and number of individuals covered annually for the following categories:

- A. Active full time employees and their dependents covered under contract by Madison Teachers, Inc. (MTI)
- B. Active full time employees and their dependents that are not represented by MTI
- C. Retired employees and their dependents
- D. Part time employees covered by health insurance
- E. Disabled employees with district provided health insurance

Information obtained should also include a complete analysis of the coverage provided and any changes made during the past 15 years. Analysis of coverage should include cost sharing of premiums, employee cost sharing at the time care is received, and benefits that are covered and not covered. Data should also be broken out for services provided by the district's insurance carriers, WPS and Group Health Cooperative. Finally, data should be generated that tracks overall health costs as a percentage of total district expenditures.

From this data those factors that appear most to be contributing to increases in cost should be identified.

IV. Proven Cost Containment Strategies

Containment of employee health costs is an issue that is facing virtually every public and private employer in the United States. Many strategies have been employed with mixed results. Data and information should be obtained from approaches that have proven successful. Using available sources, attention should be focused on:

- A. Private employers in Wisconsin
- B. State experience through the State Employee Health Insurance Program
- C. Federal experience through the Federal Employee Health Insurance Program
- D. Wisconsin school districts (i.e. Middleton-Cross Plains, as well as cooperatives)
- F. Public employers throughout the US
- G. Competitive bidding processes

From this information a complete listing of successful cost containment strategies should be obtained for analysis and for possible inclusion into the MMSD benefit program.

V. State Employee Health Plan

Options may exist for the MMSD to join the State of Wisconsin Employee Health Insurance Plan. The cost of utilizing this option should be calculated using options available from the state.

VI. Benefits

It has been proven that a major factor in overall health costs is the level of benefits provided under any employer health insurance plan. An analysis should be conducted focusing on the MMSD benefit structure and benefits that could be restructured or eliminated. The analysis should be guided by continuation of quality health care but with an emphasis on those factors that contribute to cost increases without measurable impacts on overall employee health. The analysis should also focus on strategies of employee cost sharing (at the time care is delivered) that might reduce unnecessary utilization.

National studies have shown that a disproportionate amount of costs for health care come from a small percentage of individuals that either have chronic health problems, a major illness or injury, or unexplainable high utilization. Analysis should include ways that these individuals can be more carefully monitored with the goal of meeting their needs and stimulating more efficient utilization of services.

VII. Premium Sharing

Sharing of overall premium cost between the employer and employee has been used increasingly by employers to provide balance in overall health costs. Data and information should be obtained on strategies that would move the MMSD in this direction in a manner that is fair both to the District's employees and the taxpayers who ultimately must foot the bill. Data should be obtained that evaluates the cost savings that would provide some degree of equality between what taxpayers are receiving and what the District provides.

VIII. Covered Individuals

Meaningful evaluation of health costs is impossible without a complete understanding of who is covered and why under the overall MMSD health plan. Information should be obtained that evaluates this focusing on active employees, domestic partners, individuals on disability, and retirees.

A. Multiple Coverage Employees

Information should also be obtained focusing on cost implications where two or more individuals in the same household are district employees. Finally, information should be obtained on situations where dependents could receive their health insurance through other options provided by their own employers. In particular, attention should be focused on those employees of the district having spouses covered under other public health insurance programs.

B. Part-time Employees

The District employs a number of individuals that is less than full time. The degree to which they are eligible for health insurance should be evaluated. The evaluation should also focus on the degree to which they use this benefit, and the degree to which premiums are pro-rated. Options should be identified that appropriately balance their needs with containment of costs.

C. Retiree Coverage

A complete understanding should be obtained of retiree health costs for the District. Analysis should focus on criteria for receiving this benefit, how and where it is provided, and effective coordination for those employees who have become eligible for Medicare. Options should be identified that would achieve cost savings for this significant group.

D. Disability Coverage

Individuals who have become “disabled” frequently have access to District provided health insurance. Information should be obtained on the criteria for disability, the number of individuals covered, the degree to which “disabled” employees work elsewhere, and the approach for review and removal from disability status. Total dollars for these individuals should be examined from a standpoint of cost effective options.

E. Domestic Partner Coverage

Information should be obtained on the number of individuals covered under the District’s domestic partner benefits. Criteria should be analyzed to determine appropriateness of eligibility.

IX. Competitive Bidding

The MMSD has not utilized a true competitive bidding process for its entire health benefit package in recent years. Information should be obtained that analyzes potential cost savings that could result from the following options. The analysis should focus both on the existing benefit level and a level that incorporates benefit reductions/employee cost savings identified in the previous points.

A. Putting all MMSD employees under a single program competitively bid for a three-year period under a full “freedom of choice plan”

B. Putting all MMSD employees under a single program competitively bid for a three-year program under a managed care option

C. Competitively bidding a plan that continues to offer MMSD employees a choice of a managed care plan and a plan that includes freedom of choice as part of covered services

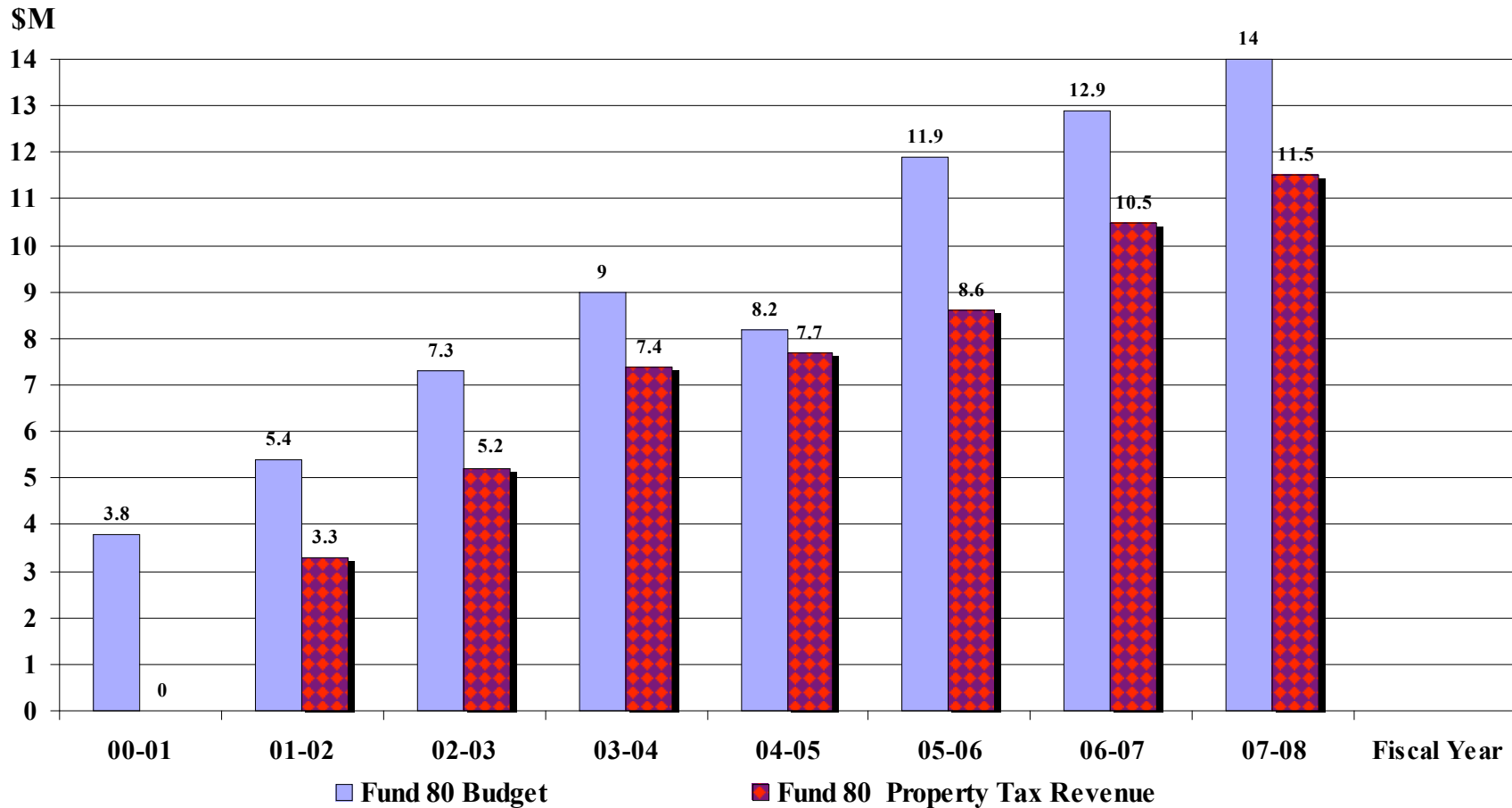
From this analysis, information should be obtained on the potential costs compared to what can be expected under the status quo.

X. Conclusion

Review of health insurance costs has never been an exact science with totally predictable results. What can be obtained is a listing of options that, if implemented, hold considerable promise to lower future increases that MMSD must ultimately absorb. From information obtained from the points enumerated above, a listing of options should be provided that would include a range of anticipated cost savings. The listing of options should include some that could be implemented individually and others that might be implemented as part of a package of changes. For all options, it should be emphasized that the District’s greatest asset is its employees and they deserve a health plan that provides quality care and reasonable access. The options must recognize that this goal needs to be balanced with responsibility to the taxpayer and recognition that maximum dollars should be available to educate the children of MMSD.

. [Contact: Don Severson, President 608/238/8300 www.activecitizensforeducation.org]

**MADISON METROPOLITAN SCHOOL DISTRICT
FUND 80
(Community Services Fund, including Madison School Community Recreation)**



\$11.0 M of the \$14.0 M of the 2007-08 budget goes to MSCR outside the revenue caps.

[Contact: Don Severson, President 608/238/8300 www.activecitizensforeducation.org]



May 31, 2007

FUND 80 (Community Services Fund)

Analysis: (UPDATED-05/29/07)

School Fund 80 Year	Budget	Fund 80 Tax Revenue	Tax Revenue/ Budget Ratio	Equalized Property Valuation Base	Mil Rate
00-01	\$3.8 m				
01-02	\$5.4 m	\$3.3 m	61%	\$13.5 b	12.27
02-03	\$7.3 m	\$5.2 m	71%	\$14.9 b	11.96
03-04	\$9.0 m	\$7.4 m	82%	\$16.1 b	12.18
04-05	\$8.2 m*	\$7.7 m	94%	\$16.8 b	11.89
05-06	\$11.9 m	\$8.6	72%	\$17.1 b	10.43
06-07	\$12.9 m	\$10.5	81%	\$18.5 b	10.02
07-08	\$14.0 m	\$11.5 m	82%		

1. The expenditures for the Community Services Fund (80) have grown from \$3.8 million to \$14.0 million in seven years.
2. The percent of the expenditures supported by the property tax levy (outside the statutory revenue cap) has grown from 61% to 82% in six years. This growth in property tax revenue support is a result of reductions in the amount of grants, fees and other sources of income received to support Fund 80.
3. While the mil rate has decreased, the tax revenues have increased due to the continuing rise of the equalized property valuation base.
4. \$11.0m of the \$14.0m of the 2007-08 budget goes to MSCR outside the revenue caps.

[Contact: Don Severson, President 608/238/8300 www.activecitizensforeducation.org]



ACTIVE CITIZENS FOR EDUCATION

WHITE PAPERS ON EDUCATION

Purpose: to present independent information and analyses about key educational issues concerning curriculum, instruction, administration and operation of concern to the Madison Metropolitan School District and to the community-at-large.

The reader is requested to keep in mind that as additional information becomes available these papers will be updated.

COMMUNITY SERVICE FUND (FUND 80)

Background: The Community Service Fund is used as an administrative and accounting mechanism for activities such as adult education; community recreation programs, such as evening swimming pool operation and softball leagues; elderly food service programs, non-special education preschool; day care services; and other programs which are not elementary or secondary educational programs but have the primary function of serving the community. Expenditures for these activities, including cost allocations for salaries, benefits, travel, purchased services, etc. are to be paid from this Fund to the extent feasible. The district may adopt a separate tax levy for the Fund. Building use fees charged for utilities and other operational costs must be charged in the General Fund if no cost allocation was made for these to the Community Service Fund.

Statutory Authority: 120.13(19) Community Programs and Services – “A school board may establish and maintain community education, training, recreational, cultural or athletic programs and services, outside the regular curricular and extracurricular programs for pupils, under such terms and conditions as the school board prescribes. The school board may establish and collect fees to cover all or part of the cost of such programs and services. Costs associated with such programs and services shall not be included in the school district’s shared cost under 121.07(6).”

The Fund 80 property tax levy was removed from revenue limit control (cap) starting in the 2000-01 school year (121.91(2m)(e)1). The tax levy for Fund 80 has never been a factor in the equalization aid calculation. This means that Madison, as a high property value community/school district, does not pay into the state any extra revenue related to the Fund 80 tax levy in order to help equalize state aid to poorer or lower property value districts as Madison does for the tax levy under the state imposed revenue cap.

Description: It is NOT “Community Service” if

1. ...in general, it involves activities that provide instruction and supporting services to K-12 pupils
2. It is part of a regular instructional program
3. It is only open to pupils enrolled in the district
4. It includes operational costs that support K-12 educational activities
5. It incurs costs not specifically identified with community service activities

Analysis:

School Year	Fund 80 Budget	Fund 80 Tax Revenue	Tax Revenue/ Budget Ratio	Equalized Property Valuation Base	Mil Rate
00-01	\$3.8 m				
01-02	\$5.4 m	\$3.3 m	61%	\$13.5 b	12.27
02-03	\$7.3 m	\$5.2 m	71%	\$14.9 b	11.96
03-04	\$9.0 m	\$7.4 m	82%	\$16.1 b	12.18
04-05	\$8.2 m*	\$7.7 m	93%	\$16.8 b	11.89

1. The expenditures for the Community Services Fund (80) have grown from \$3.8 million to \$8.2 million in five years.
2. The percent of the expenditures supported by the property tax levy (outside the statutory revenue cap) has grown from 61% to 93% in four years. This growth in property tax revenue support is a result of reductions in the amount of grants, fees and other sources of income received to support Fund 80.
3. While the mil rate has decreased, the tax revenues have increased due to the continuing rise of the equalized property valuation base.

Questions to Consider upon Reviewing the Data:

1. Are charges to this fund made to avoid the revenue limits in the general fund?
2. What criteria is used to determine a program or service should be included in Fund 80 and not in the regular district budget?
3. Does the Board fulfill its responsibility for making policy decisions that program operations should be subsidized by a separate community tax levy?
4. What Fund 80 oversight and policy direction is provided by the MMSD Board of Education?
5. What programs and services have been transferred from the MMSD general fund to Fund 80?
6. To what is attributed the growth in Fund 80 over the past five years?
7. What is the cost of the separate tax levy for Fund 80 over and above the tax levied under the revenue cap?
8. How are the priorities determined to spend money for programs and services in Fund 80?
9. Are programs evaluated on an annual basis? By whom? To whom reported?
10. Does the State Department of Public Instruction (DPI) review or monitor the District's use of Fund 80?
11. Are all current Fund 80 programs "community programs" or part of MMSD's instructional program?
12. Should the District utilize property tax revenues to provide after school child care?

13. Should the District subsidize rent, utilities and custodial services for private child care providers to provide after school child care in school facilities?
14. Should the District use tax revenues to purchase after school services from private providers for students eligible for fee waivers (students who qualify under federal free and reduced lunch guidelines?)
15. Do fees charged for the Madison School and Community Recreation (MSCR) program cover all of the costs associated with the program?
16. Should the school district continue to run the MSCR program? Should the district examine how a partner relationship with the city and county might better serve the community?

Notes:

1. Information was obtained from the web sites of the Department of Public Instruction (DPI) and the Madison Metropolitan School District (MMSD). The address for the DPI web site for the Community Services Fund is www.dpi.state.wi.us/dpi/dfm/sfms then click on “Community Service Fund” on the left-hand side bar.
The address for the MMSD web site is www.madison.k12.wi.us
2. Active Citizens for Education (ACE) is a Madison based non-profit, non-partisan organization committed to identifying, analyzing and presenting reliable information about issues concerning curriculum, instruction, administration and operation of the Madison Metropolitan School District. It is expected this information will assist in stimulating widespread public debate and increasing enlightened decision-making by the public and policy-makers to enhance the effectiveness, efficiency and performance of the Board of Education, administration, staff and pupils of the District. Contact: ACE, Don Severson, President at P.O. Box 5303, Madison, WI 53705; 608/238-8300; www.activecitizensforeducation.org
3. For further information please refer to these additional documents by Active Citizens for Education:
 - a. “Comparative Performance Results” chart of academic test results.
 - b. “District Administration Costs & Administration Staffing Levels” comparing MMSD with four peer districts.
 - c. “Retention Rates: Comparatives to MMSD”
 - d. “Per Pupil Costs” comparing MMSD with four peer districts.

Revised: 09/01/04



The Madison Metropolitan School District provides a variety of programs and services through an administrative department called Madison School and Community Recreation. The State Legislature provided statutory authority for local school boards to establish a community service fund and removed it from revenue limit control starting in the 2000-01 school year. This Community Service Fund, commonly referred to as Fund 80, is used to account for activities such as adult education, community recreation programs, non-special education preschool, day care services and other programs which are not elementary and secondary educational programs but have the primary function of serving the community. The district adopts a separate tax levy for the fund. The State Department of Public Instruction provides no oversight of local school program inclusions in Fund 80, nor provides for any state level audit or accountability for tax levies and other sources of revenue.

Parents, taxpayers, private non-profit program and service providers and various community groups, such as our Active Citizens for Education, have been asking questions and requesting specific information from school district officials about the decision-making, budgeting/accounting, administration and accountability of Fund 80 for several months. Responses from the district have been sporadic, piecemeal and confusing at best. Reviews of the information and budget reveal “accounting ploys” and a consistent lack of transparency as to line item expenses attributable to specific programs and services. The Board of Education has established no policies regarding program operations and evaluation. The board has routinely given ‘carte blanche’ approval to the administration’s budget proposals and tax levy requirements. The board has not established criteria for determinations as to whether a program or service should be included in the regular budget or in Fund 80. The budget for Fund 80 has increased 216% in five years from \$3.8 million to \$8.2 million. The percent of the Fund 80 budget supported by the separate tax levy outside the state mandated revenue cap has grown from 61% in 2001-02 to 93 percent in 2004-05. Please refer to the ACE ‘White Paper’ and charts entitled “Community Service Fund (Fund 80)”

Active Citizens for Education, therefore, calls upon the Madison Metropolitan School District Board of Education (BOE) to initiate an outside, independent audit of the Community Service Fund (80). This audit should be conducted with no ‘strings’ attached and a report, with recommendations, made to the Board of Education and the community not later than January 3, 2005.

The audit should include, but not limited to:

- Does the BOE make a policy decision that program operations should be subsidized by a separate community tax levy?
- What criteria has the board established to determine a program or service should be included in Fund 80?
- What programs and services have been transferred to Fund 80 and by what authority?
- To what is attributed the growth in Fund 80 over the past five years?
- What is the impact of the separate tax levy for Fund 80 on property taxes in district?
- What programs and services have been evaluated, by what means and reported to whom?
- Are individual programs outside the usual instructional time frame?
- Is each program open to everyone in the community and what is the differentiated enrollment data for these programs and services over the past five years?
- What is the cost analysis for providing each program and service?
- To what extent (dollars and percentage) do fees cover the costs of individual programs and services?
- Do the accounting procedures and mechanisms provide for a transparency and an understanding of program goals, costs and benefits?

The Board of Education and the community deserves and has the right to know the important information and recommendations provided by such an audit. The audit information will help everyone conduct more informed discussions and make more enlightened decisions about the stewardship and accountability of priority programs and services in affordable and effective results-oriented approaches.

The goals of this audit request are to

- Obtain facts that are reliable
- Build trust among the Board, administration parents and the community
- Engage the Board and community interactively in communications and decision-making processes
- Identify accountabilities for personnel, policies, processes, procedures and decisions

Active Citizens for Education is pleased to announce a radio campaign which will begin inform the public about Fund 80, raise awareness of the impact of recent district actions regarding after school care programs and urging the community to contact board members about their concerns.

Thank you.

Notes:

1. Information was obtained from the web sites of the Department of Public Instruction (DPI) and the Madison Metropolitan School District (MMSD). The

address for the DPI web site for the Community Services Fund is www.dpi.state.wi.us/dpi/dfm/sfms then click on “Community Service Fund” on the left-hand side bar.

The address for the MMSD web site is www.madison.k12.wi.us

2. Active Citizens for Education (ACE) is a Madison based non-profit, non-partisan organization committed to identifying, analyzing and presenting reliable information about issues concerning curriculum, instruction, administration and operation of the Madison Metropolitan School District. It is expected this information will assist in stimulating widespread public debate and increasing enlightened decision-making by the public and policy-makers to enhance the effectiveness, efficiency and performance of the Board of Education, administration, staff and pupils of the District.
Contact: ACE, Don Severson, President at P.O. 5303, Madison, WI 53705-5303
Phone: 608/238-8300
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