

Preliminary school budget calls for pared levy

Written by STEVE OSTERMANN
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Cost savings from increased employee contributions for insurance, pensions expected to offset loss in aid

Despite an anticipated loss of \$741,000 in state aid, Grafton School District officials are preparing a budget that calls for a slight tax-levy reduction for the 2011-12 school year.

The School Board on Monday approved a preliminary spending package supported by a \$16.1 million levy, down 0.5% from the last school year.

The reduction was achieved after adjustments in projected costs, including increased contributions for health-insurance and retirement pensions from staff members, said Mark Powell, the district's director of business services and human resources.

Under the new state budget law, public-employee unions are required to contribute 12.6% of the cost of health-insurance premiums and 5.8% to the Wisconsin Retirement System. Those contributions, which are part of a provision that strips public unions of collective bargaining rights, are expected to save the Grafton district \$941,923 in the coming school year.

Additional cost savings are expected through resignations, retirements and hiring new employees, Powell said. Those savings include \$100,000 when the board decided in spring to combine administrative positions by hiring Powell for his post and Jamie Scofield as director of buildings and grounds.

The district is also continuing to explore options to pare insurance costs, including new carriers and coverage plans.

Driven by the drop in state per-pupil aid, the district is anticipating a \$781,021 loss in total revenue for the 2011-12 school year. However, much of that shortfall will be offset by a \$692,872 decrease in total expenses, according to the preliminary budget.

Despite the projection of a lower levy, the budget's impact on local tax bills remains uncertain. Taxpayers will see a 0.5% drop in the mill rate to support school spending — from \$10.75 to \$10.70 per \$1,000 of equalized valuation — if district's 2010 property value remains unchanged, Powell said.

For the owner of a \$250,000 house, the lower rate would mean \$2,674 in school taxes, down \$13.44. The owner of a \$300,000 house would pay \$3,209, or \$16.12 less.

However, given widespread drops in market values in recent years due to the slumping economy, a more likely outcome is another valuation drop.

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"It would be surprising not to see one," Powell said.

Based on two other budget scenarios:

A 3% decrease in district valuation would mean a 2.6% increase in the mill rate.

The owner of a \$250,000 house would pay \$69.26 more in taxes, up to \$2,756. The owner of a \$300,000 house would pay \$83.12 more, up to \$3,308.

A 5% decrease in district valuation would mean a 4.7% increase in the mill rate.

The owner of a \$250,000 house would pay \$127.30 more in taxes, up to \$2,814. For the owner of a \$300,000 house, the bill would increase \$152.77, to \$3,377.

A final draft of the budget will be presented at the annual meeting Sept. 26, when residents will vote on the total levy.

Property valuation and aid figures will be certified in October, when the Board also adopts the final budget.