Written by STEVE OSTERMANN
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Spending package that calls for slight decrease in tax rate to be presented at district's annual meeting

A 2011-12 budget that calls for a slight tax-levy reduction will be presented to Grafton School District residents at the annual meeting Monday, Sept. 26.

During the 7 p.m. meeting in the Grafton High School auditorium, 1950 Washington St., residents will be asked to approve a $16.1 million levy to support the spending package. The projected levy is down 0.5% from the last school year, but the budget's impact on local tax bills has yet to be finalized.

Taxpayers will see a 0.5% decrease in the mill rate — from $10.75 to $10.70 per $1,000 of equalized valuation — if the district's 2010 property value remains unchanged.

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 $16.13 less.

Final equalized valuation of district property will not be provided by the Department of Public Instruction until early October. Given widespread decreases in market values in recent years due to the slumping economy, a valuation drop is possible.

If the district has a 3% valuation drop, for example, the mill rate would increase 2.6%.

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

On the other hand, an increase of 2% in districtwide valuation would result in a 2.45% decrease in the mill rate.

That would mean the owner of a $250,000 house would pay $65.88 less in school taxes, down to $2,621. The owner of a $300,000 house would pay $79.05 less, down to $3,146.

District officials pared the budget despite an anticipated loss of $741,000 in state aid. The reduction was achieved by adjusting projected costs, including increased contributions for health-insurance and retirement pensions from staff members.

The state budget requires public employees to pay 12.6% of the cost of health-insurance premiums and 5.8% of the cost of retirement pensions. Those contributions — which are part of a provision that strips unions of collective bargaining rights — are expected to save the Grafton district $942,000 in the 2011-12 school year.

Additional cost savings were achieved in the district through resignations, retirements and hiring new employees. The district is also exploring options to pare insurance costs, including new carriers and coverage plans.

The district anticipates a loss of $781,021 in total revenue, driven largely by the drop in state per-pupil aid. However, much of that shortfall is expected to be offset by a $693,000 decrease in total expenses.

The School Board is scheduled to adopt the final budget Oct. 24.