

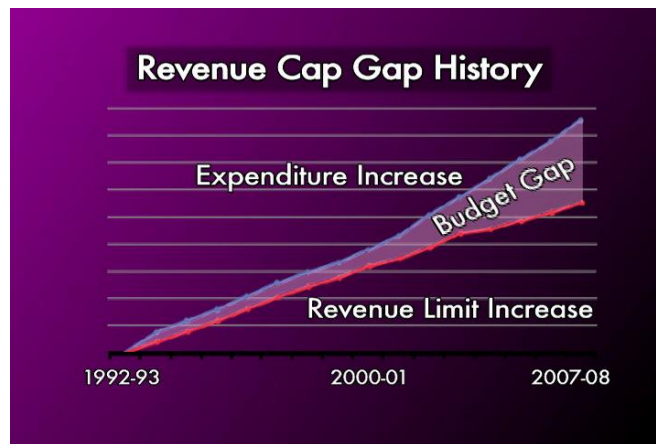
## State Finance and the MMSD Budget

**Key Point:** *State revenue caps mean that operating schools with the teachers in the same classrooms with the same materials leads to annual budget shortfalls.*

State law restricts the amount of funds a Wisconsin school board can raise from the local property tax. The revenue cap (or revenue limit) is from a 1993 state law. For the 2008-09 school year, the law allows the MMSD to increase its total budget by about \$270 per student, or about a 2.5 % increase from the district's previous year's budget.

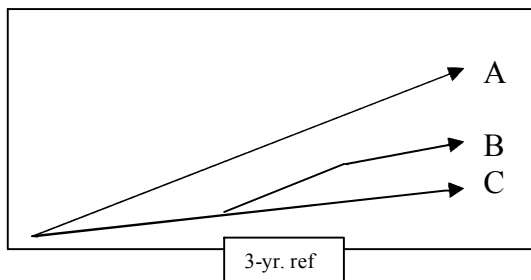
State law also requires that teachers' contracts (salaries and benefits) increase by at least 3.8% (QEO, or Qualified Economic Offer) to avoid arbitration. Since 85% of the district's budget is personnel-related, annual cuts to make up the difference between the QEO and the revenue limit are likely in order to balance the district budget.

The district has cut over \$60 million in programs and services and has eliminated over 700 positions since revenue limits began in the 1993-94 school year.



Top line = Same teachers, same classrooms, same materials, same support systems  
 Bottom line = State revenue caps  
 Budget gap made up from either cuts or referenda.

What would this referendum do?  
 Keep us from falling further behind for three years



A: Expenditure Increase Needed to Maintain Services  
 B: Revenue With Referendum  
 C: Revenue Without Referendum

(If the referendum were not recurring, revenues would drop to the bottom line after the third year, leaving us at C in the long-run. A recurring referendum keeps our schools on the B line.)