

Madison School District faces rising budget gap, may seek health contributions



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Madison school officials are weighing property tax increases, significant program cuts and requiring employees to pay a portion of health insurance premiums to help close a huge budget deficit.

About \$6 million could be saved by making aggressive changes to employees' health care costs, including requiring staff to contribute toward health insurance

premiums, renegotiating contracts with health care providers, and making plan changes, Michael Barry, assistant superintendent of business services, told School Board members Monday.

Overall, the district spends about \$62 million on employee health care costs, which are expected to grow by about 8.5 percent next school year.

The budget shortfall for the fiscal year that starts July 1 was estimated in January at \$10.1 million with the use of all of the district's taxing authority. But it could jump by \$4.1 million if state lawmakers accept Gov. Scott Walker's proposal to cut a special \$150 per student funding stream for next school year, and keep revenue limits and general state aid flat.

Now district officials say the deficit in the roughly \$400 million budget could be as much as \$20.8 million or as low as \$12.2 million for the 2015-16 school year, depending on how much of the school district's unused taxing authority the board uses.

"This is by far the worst budget in the last 10 years in the Madison School District," board member T.J. Mertz said Monday.

Superintendent Jennifer Cheatham said the deficit has the potential to undermine the district's progress in improving student achievement.

"We know that we are going to have to make some significant cuts," she said. "But we also have to take responsibility of moving the district forward. We have to."

She said she would protect school-level staffing and the district's priority programs, and start with looking at ways to cut at the district's central office.

District officials said the best-case scenario would be to bring the deficit down to about \$6 million and then look at possible program cuts. But that would require no increase in health care spending, including a likely requirement that employees contribute to premiums.

“We don’t enjoy proposing this; we recognize what it means, but we think it’s necessary,” Barry said.

But Madison Teachers Inc. executive director John Matthews said the move would be “a kick in the shins” to employees who began contributing to their retirement savings and were no longer allowed to bargain over which health insurance provider to use after Walker’s 2011 Act 10 legislation all but eliminated collective bargaining rights for public school teachers.

Matthews said since the loss of WPS health insurance as an option after Act 10, “MTI has continued to accept lower increases in wages to retain full payment of the health insurance premium by the district.”

“This, in effect, is a double whammy for district employees,” he said in a statement. “The Board of Education takes advantage of paying less in wages than they otherwise would pay, and forces employees to pay the health insurance premium, which the Board agreed to pay. It is a loss in wages to every district employee.”

When the district offered WPS as a health insurance option, employees who chose it contributed to their premiums because the cost was higher than other insurers, a district spokeswoman said. Employees who chose other providers paid nothing toward their premiums.

A new district wellness plan requires employees who do not participate in the wellness plan to contribute to their health insurance in 2016-17.

Mertz said requiring employee health premium contributions in 2015-16 would mean retreating on a promise made to district staff last year when creating the new wellness plan, which he acknowledged is not legally binding. Mertz said his wife is a district employee, and he uses district health insurance, and will recuse himself from decisions.

But Ed Hughes said Monday that given the significant cuts the board is facing, the board would be irresponsible to students and taxpayers to not consider it.

“If we’re talking about taking not a scalpel, but really a machete to our programs given the cuts we’ll make because we’re the only school district in the state that’s unwilling to ask their employees to contribute to their health insurance, I think that would be an impression that we would deservedly receive ridicule for,” Hughes said.

Board member Mary Burke noted Monday that the employee contracts and wellness plan were prepared when the board did not know what the budget for next year would look like.

“We would be irresponsible to the community where basically 99 percent of the people pay contributions to health care” if the board made up the savings with cuts to staff and programs, she said.