

Budget Forecast

Dec. 10, 2018

SDNB's Structural Deficits

What is Causing SDNB's Structural Deficits?

- Annual debt payment of approximately \$3.7 million for Ronald Reagan and West renovations
- Needed upgrades at other buildings done within operating budget:
 - safety/security enhancements and upgrades
 - Americans with Disabilities Act compliance
 - Eisenhower classroom improvements (engineering / science labs, etc.) and pool replacement
 - technology infrastructure
- Not levying to max for several years
- Declining enrollment
- Costs - for everything! - continue to rise

Debt Within the Operating Budget

2019-2020	\$4.3 million	2025-2026	\$3.2 million
2020-2021	\$4.3 million	2026-2027	\$3.0 million
2021-2022	\$3.7 million	2027-2028	\$3.0 million
2022-2023	\$3.7 million	2028-2029	\$3.0 million
2023-2024	\$3.7 million	2029-2030	minimal
2024-2025	\$3.7 million		

* - Debt includes Ronald Reagan and West renovations; Wisconsin Retirement System refinancing; West sewer; Eisenhower boilers

Spring 2018 Projections

Year	Structural Deficit	Long-Range Planning*	Total
2018-19	\$1,351,225	\$3,550,000	\$4.9 million
2019-20	\$3,169,635	\$3,350,000	\$6.5 million
2020-21	\$2,257,341	\$3,350,000	\$5.6 million
2021-22	\$1,654,730	\$3,460,000	\$5.1 million
2022-23	\$2,088,165	\$3,350,000	\$5.4 million

* - includes long-range facility and equipment replacement plans, technology support and safety, curriculum and instructional resources

Closing 2018-19 Gaps

- Froze funding: long-range facility maintenance and remodeling plan and long-range equipment replacement plan (not digital learning)
- Through restructuring, attrition and general reductions, eliminated staff positions in central office, buildings and grounds, and teaching and learning, resulting in \$460,000 in savings (salary and benefits)
 - one district custodial/maintenance position
 - one district receptionist
 - one district administrative assistant
 - one district administrator in business office
 - one instructional coach

Closing 2018-19 Gaps

- 1 percent staff raise - half originally budgeted amount - and administrators zero raise; reduced expenditures by approx. \$300,000
- Further defunded buildings and grounds and curriculum and instruction budgets by \$150,000 each

**Total reductions heading into 2018-19
fiscal year:
\$1.1 million**

Summer 2018 Projections

Year	Structural Deficit	Long-Range Planning*	Total
2018-19	\$251,225	\$3,550,000	\$3.8 million
2019-20	\$2,069,635	\$3,350,000	\$5.4 million
2020-21	\$1,157,341	\$3,350,000	\$4.5 million
2021-22	\$554,730	\$3,460,000	\$4.0 million
2022-23	\$988,165	\$3,350,000	\$4.3 million

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More Action Taken

More Action Taken

- Surplus (>\$3 million than budgeted in 2017-18)
 - Better-than-expected insurance costs
 - Slashed and froze budgets across district
- Reduced additional instructional coaching positions
- Refinanced debt
 - \$244,000 this year, \$187,000 each of next three
- Health care benefit offerings changes (\$250,000)

More Action Taken

- Received one-time, \$120,000 state school safety grant
- Property sale \$185,000
- Membership (general enrollment and summer school) higher than expected for revenue limit change
- Other: reduction in middle school sports; eliminated Mandarin program; increased student fees

Education Foundation of New Berlin

- New Berlin Education Foundation - to support “extras”
 - Additional grants, non-tax revenue
 - Fundraising / capital campaigns



EDUCATION FOUNDATION

OF NEW BERLIN

- www.efnb.org
- www.facebook.com/educationfoundationofnewberlin
- twitter.com/EFNewBerlin

What Else Has Happened?

Other Changes

- Decrease in enrollment was 24 (we predicted 59)
- Decrease in revenue limit membership was 31 (we predicted 52)
- Increase in property value was 4.1% (we predicted 3%)

Results for Taxpayers

- Property tax decrease of \$953,925 to \$50,791,524
- -1.8% tax levy decrease
- Tax decrease of \$155 for home valued at \$250,000

Key Takeaways

- Recent actions yielded short-term results, such as elimination of 2018-19 structural deficit, but most are not sustainable
- Took into consideration concerns / recommendations / suggestions of BOE, community and staff
- Still must address long-range funding needs

Structural Deficit Projections

Year	2019-20	2020-21	2021-22	2022-23	2023-24
Deficit Amount	\$2,270,415	\$911,911	\$706,771	\$1,558,575	\$1,328,371
Cumulative		\$3,182,326	\$3,889,097	\$5,447,672	\$6,776,043

Updated Projections

Year	Structural Deficit	Long-range Planning*	Total	Total w/ Cumulative Structural Deficit
2019-20	\$2.3 million	\$3,350,000	\$5.7 million	\$5.7 million
2020-21	\$900,000	\$3,350,000	\$4.3 million	\$6.7 million
2021-22	\$700,000	\$3,460,000	\$4.2 million	\$7.4 million
2022-23	\$1.6 million	\$3,350,000	\$5.0 million	\$8.8 million
2023-24	\$1.3 million	\$3,350,000	\$4.7 million	\$10.1 million

* - includes long-range facility and equipment replacement plans, technology support and safety, curriculum and instructional resources

Outlook

Outlook

- 10 years of debt within operating budget remain
- Minimal preventative maintenance occurring: reactive vs. proactive
 - Roof, asphalt needs
- Minimal funds for contingencies or acute issues (e.g. Eisenhower wall, both tracks, both baseball fields, etc.)
- Expected cost increases for school safety; tech infrastructure and security; student transportation
- Minimal funds for furniture / equipment
- Student / teacher resources, including core curriculum and resources, will become outdated and / or need replacing

What's Next?

Board Decisions

Potential Reductions

- Continued spending of fund balance
- Further reduction of student programming and / or co-curricular options
- Increase class sizes
- Elementary and / or secondary school consolidation

Potential Revenues

- Virtual charter school
- Solar energy pilot opportunity
- Operational referendum (spring 2019?)

Board Decisions

Continued Spending of Fund Balance

- Currently \$9.4 million; could do so for one year without a policy change
- One-time benefit; expenses carry over to next year
- Would increase district's need for short-term borrowing
- Has adverse impact on district's credit rating

Year	2019-20	2020-21	2021-22	2022-23	2023-24
Deficit*	\$2.3 mil.	\$3.2 mil.	\$3.9 mil.	\$5.6 mil.	\$6.9 mil.
Fund Balance	\$7.2 mil.	\$4.0 mil.	\$100K	N/A	N/A

* - does *not* include long-range facility and equipment replacement plans, technology support and safety, curriculum and instructional resources

Board Decisions

Elementary and / or secondary consolidation

- Secondary schools: \$900,000 to \$1 million approximate annual savings
 - Restructuring: one middle school / one high school
 - Fewer extra- and co-curricular opportunities for students
- Elementary schools: \$500,000 to \$800,000 approximate annual savings
 - Increased class sizes
- For planning, decisions on either need to be made as soon as possible
 - Start of 2019-20 budget year is 6.5 months away
 - Start of 2019-20 school year is 8.5 months away

Additional Funding Authority - \$5 Million

Year	Tax Levy	% Change	Mill Rate	% Change	Add'l. Cost Per \$250,000 Home*
2019-20	\$54,332,910	6.97%	\$10.60	3.82%	\$97.50
2020-21	\$54,545,572	0.39%	\$10.33	-2.55%	-\$67.50
2021-22	\$55,158,727	1.12%	\$10.19	-1.36%	-\$35.00
2022-23	\$54,951,571	-0.38%	\$9.91	-2.75%	-\$70.00
2023-24	\$54,764,123	-0.34%	\$9.63	-2.83%	-\$70.00

* - estimates



ANY QUESTIONS?