

District Budget Status

2017-18 and Beyond

Board of Education &
Joe Garza, Superintendent

School Funding And Our Results



How Do School Districts Receive Funding?

Local taxpayers

- 81% of revenue | \$51.7 million



State aid

- 10% of revenue | \$6.5 million

Where does other 9% come from?

- Federal government
- Other sources

Wisconsin's school funding formula is complicated!

It is important to note that “property-rich” districts, like SDNB, receive a higher percentage of revenue from local taxpayers than state aid.

State Funding 101

Key Points

- School funding controlled by state regulation
- School Boards cannot raise taxes above state-imposed revenue limit rules
- Revenue limit increases have not kept pace with inflation
- Costs continue to increase at rate of inflation or greater

How Does SDNB Spend Its Money?

2017-18 Expenditures

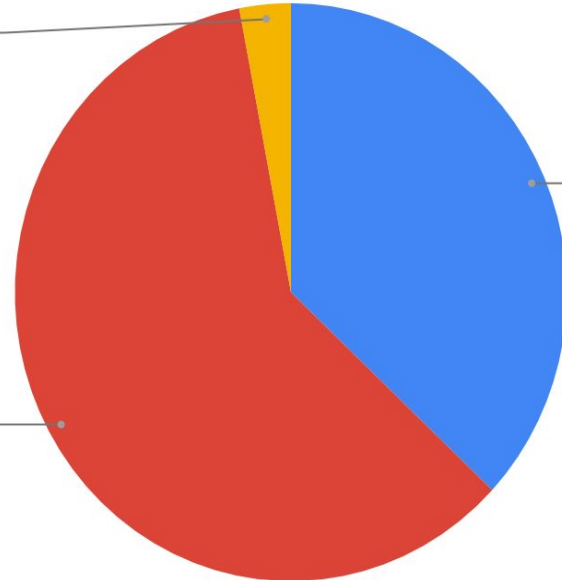
- Total: \$56 million
 - Instruction / Instructional Support - **\$33.6 million**
 - Support Services (transportation, buildings & grounds, administration, post-employment benefits, insurance, etc.) - **\$20 million**
 - Tuition payments to other districts - **\$2.4 million**

SDNB Budget

Tuition Payments
3.0%

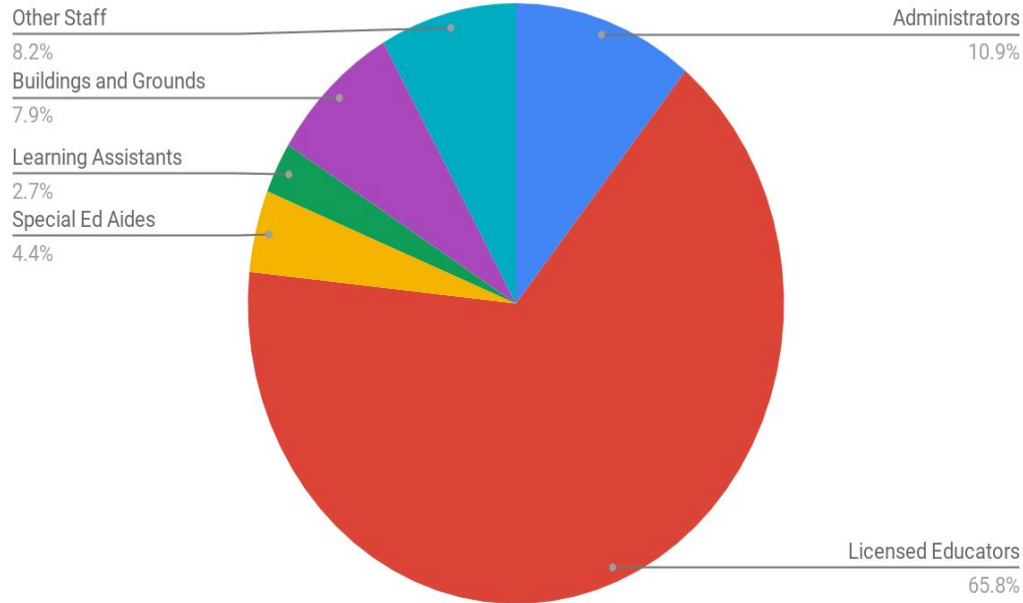
Instruction
60.0%

Support Services
37.0%



How Does SDNB Spend Its Money?

Employee Expenditure Breakdown



- Administration salaries/benefits decreased \$350,000 in last 6 years
- Buildings & Grounds salaries / benefits decreased \$257,000 in last 7 years
- Special ed aide salaries/benefits increased \$1 million in last 7 years
- Licensed educators salaries/benefits increased \$932,000 in last 7 years
- Other staff (administrative assistants, tech support) salaries / benefits increased \$362,000 in last 5 years
- Student learning assistant salaries/benefits have remained flat

Our Results

State Report Cards

All 6 Schools 'Significantly Exceeds' or 'Exceeds' Expectations



ELMWOOD
ELEMENTARY SCHOOL



ORCHARD LANE
ELEMENTARY SCHOOL



POPLAR CREEK
ELEMENTARY SCHOOL



RONALD REAGAN
ELEMENTARY SCHOOL



NEW BERLIN
EISENHOWER



NEW BERLIN
WEST



84.7
DISTRICT

= Significantly Exceeds!

Our Results



Eisenhower - 4th in Wisconsin
West - 8th in Wisconsin

Sixth straight year both schools
ranked nationally by Washington Post



Eisenhower - 6th in Wisconsin
West - 11th in Wisconsin

Eisenhower - 1 of 500 schools
nationwide to earn gold (West - silver)



Eisenhower - 1 of Newsweek's top
500 high schools

2nd in Suburban Milwaukee,
5th in Wisconsin

Our Results



Elmwood 1 of 8
Wisconsin schools and
342 nationwide
to receive
National Blue Ribbon



Our Results



Strategic Programming Additions


- Robotics
- WCTC Courses
- Vintage BUILD
- Skills USA
- Certified Nursing Assistant
- Entrepreneurial iAID
- TechKNOW
- Construction
- And others...


Our Results

College AND Career Readiness


2015  2017

Earned an Industry Credential | 5%  12%

Success in Career-Related Coursework | 39%  72%

Earned National Career Readiness Cert. | 23%  48%

Career-Based Learning Experience | 17%  35%

Participated in 2+ Co-Curriculars | 63%  74%

College & Career Ready Grads | 74%  84%

Distinguished College & Career Ready Grads | 9%  25%

Our Results

In the last year...

- 2017 grads earned \$4.3 million in scholarships
- Multiple National Merit Scholars, Herb Kohl Scholars
- 2017 Female Advanced Placement State Scholar
- Perfect ACT score
- Perfect SAT score

Year	College Credits Earned*
2014-15	1,096
2015-16	1,020
2016-17	1,443

*Does not include Advanced Placement credits earned

Our Results

What about our staff?

In the last two years ...

- Eisenhower's **Kristin Springer** – Outstanding Secondary Educator of the Year
- Herb Kohl Fellowship Awards – Orchard Lane's **Erica Mayer**, West's **Rebecca Klug**, Poplar Creek's **Katelyn Morici**; Reagan's **Katie Mulloy**
- **Katie Mulloy** – Wisconsin Health and Physical Education Elementary Teacher of the Year
- Reagan's **Peter Michaud** – Wisconsin Council for the Social Studies Elementary Teacher of the Year

Our Results

What about our staff?

In the last two years ...

- Eisenhower's **Aaron Chamberlain** - Wisconsin Aspirations in Computing Educator of the Year
- Eisenhower/West's **Jeff Martin** - Wisconsin Tech Ed Association Award of Excellence
- Poplar Creek/Ronald Reagan's **Tom Spitz** - Civic Music Educator 2018 Certificate of Excellence for Youth

State Champions

- 2016 Girls Basketball - Ike
- 2016 Softball - West
- 2017 AcDec - Ike
- 2018 AcDec - West

State Runners-Up

- 2017 Football - Ike
- 2018 Girls Basketball - Ike
- 2018 AcDec - Ike



More Highlights

- Individual state champions in swimming, track and field, golf; many other state qualifiers
- State championships in chess, poms
- National qualifiers in DECA
- Tommy Award (theatre) winners

Success Beyond the Classroom

Sparkle Cheer Team Chosen as U.S. Representative at International Cheer Union World Championships



NEW TONIGHT
Nola Santell
CHEERLEADER, 8TH GRADER

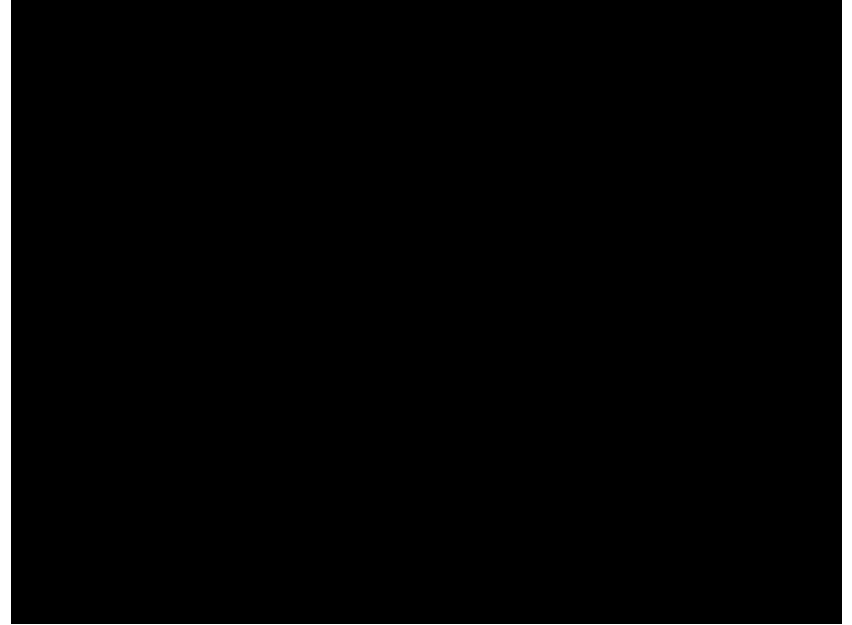


PERSON OF THE WEEK
SPARKLE CHEERLEADING TEAM



Success Beyond the Classroom

Recognized For Our Efforts



Speaker of the House Paul Ryan - Sept. 18

Recognized For Our Efforts



State Superintendent Dr. Tony Evers - Feb. 7

Our Goal?

- Past budgets have strategically shielded classrooms from major cuts.
 - Projected budgets assume same level of programming and opportunities we have been providing to students.
-

We want to maintain the level of excellence our students, families and community have come to expect from the School District of New Berlin.

Our Current Situation



How Do School Districts Receive Funding?

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What is a Structural Deficit?

Definition: amount by which a government body spends more than it receives in taxes or other revenue sources in a particular period



Note: Structural deficits are not unique to the SDNB

SDNB's Structural Deficit History

SDNB has managed structural deficits from \$850,000 to \$1.9 million each of last 6 years:

- Utilized Act 10 “tools”
 - Changed health insurance plans
 - Sharing in employee retirement contributions
- Closed, sold Glen Park Elementary
- Sold other properties
- Refinanced debt
- Energy-saving initiatives
- Paid off Wisconsin Retirement System debt
- Reduced administration, central office and teaching staff to match enrollments
- Restructured custodial, library services
- Partnered with City for better services

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

2018-2019	\$4.3 million	2024-2025	\$3.7 million
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	2029-30	minimal

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

Three Key Takeaways

- Decision to pay for Ronald Reagan & New Berlin West out of operating budget was strategic and purposeful:
 - Addressed significant facility needs and shielded taxpayers
 - Saved community \$26.4 million in principal and interest over 15 years
- Other upgrades typically done elsewhere through referendums
- Provided \$5.7 million tax relief during recession by underlevying

What Does NOT Contribute to the Deficit?

ESCO or Act 32 projects

- Provision under law – implemented at same time as Act 10 – that allowed districts to increase revenue limits to address facility infrastructure needs
- SDNB has upgraded HVAC infrastructure in all six buildings
- Helped avoid unexpected events (i.e. replacing equipment in an emergency)

Projected SDNB Structural Deficits*

2018-19: \$1,351,225

2021-22: \$1,654,730

2019-20: \$3,169,635

2022-23: \$2,088,165

2020-21: \$2,257,341

*Projected deficits assume current programming levels and are based on projected enrollments, rate of inflation, current funding mechanisms, financial trends, etc.

Amounts **DO NOT INCLUDE** funds needed for long-range facility plans or projected needs like enhanced school safety measures, tech infrastructure upgrades, asphalt, roofs and maintenance.

Note: 2018-19 deficit to be addressed through additional cuts to buildings and grounds budget, pausing curriculum update cycle and using fund balance

Projected SDNB Structural Deficits



Can we simply continue to manage structural deficits like we have in the past?

No, we don't believe we can. We've used up and run out of major cost-saving tools that can erase deficits.

Next Steps



What Now?

Board of Education asked administration to investigate:

- Revenue-generating ideas
- Combining Eisenhower & West
- Consolidating elementary schools
- Reducing instructional & non-instructional programming / staff
- Continued use of fund balance
- Reducing employee benefits
- Seeking additional taxpayer support



Board reviewing options and **has made NO major decisions** beyond using fund balance and preserving two high school model

What Now?

Increasing revenues

- Investigated adding open enrollment seats but **NOT** considering this for 2018-19
- New Berlin Education Foundation restarted, in its infancy
- Have raised student / participation fees and may continue to do so
- Engaging alumni through New Berlin Nation
- Grant opportunities
 - **2017-18: \$1.5 million | 2016-17: \$1.3 million**
- Fundraising, donations and sponsorship opportunities
 - **2015-16: \$236,000 | 2014-15: \$268,000**

What Now?

Increasing revenues – Open Enrollment

- Open enrollment students bring approximately half the revenue of resident student
- Increases class sizes
- Revenue would vary depending on number of students accepted
- Potential need for additional teachers / support aides and other factors decreases / eliminates net revenue generated from open enrollment
- Student selection is randomized by lottery
- Harder to regulate class sizes (consolidation? influx of students?)
 - City's new 10-year plan just beginning

What Now?

Combining Ike/West

- Eisenhower - middle school; West - high school
- Total savings of approximately \$900K-\$1.1 million
- Potentially close an elementary school, shift all sixth graders to “new” middle school
- Extra/co-curriculars cut in half, some staff positions eliminated
- Would result in fewer opportunities for students
- Would result in major disruption to current academic structure
- City infrastructure not set up to support one high school
- This is **NOT** an option the Board is actively considering

What Now?

Consolidating elementary schools

- Estimated annual savings of \$500K-800K in reduced administration, staff, maintenance
- Would not result in changes to programming or instruction
- Students would be absorbed into current schools without major increases in class sizes
- Closed building could potentially generate rental revenues
- This **IS** an option the Board is actively considering

What Now?

Consolidating elementary schools – class sizes

- Targeted average class-size ranges vary by grades / have increased over years
- Current targeted elementary class ranges:
 - 26 students or less for grades K-3
 - 30 or less grades 4-6
- Teachers have successfully operated at 28:1, 29:1 and even 30:1 at upper grade levels
- Classrooms often equipped with more than just a teacher: special ed teachers / assistants, student learning assistants, student teachers and volunteers are not factored into class-size ratios

What Now?

Consolidating elementary schools – class sizes

- Unused classrooms at all four schools (i.e. Ronald Reagan is a five-section school)
- Consolidation would result in increased class sizes in most classrooms
- Average class sizes at all three schools would still fall into our current targeted average class-size range

What Now?

Programming / staff cuts

- Could help bridge deficit gaps but would go against SDNB's strategic goals related to achievement, staff retention
- Staff cuts would likely result in increased class sizes
- Would likely affect quality/quantity of student educational opportunities
- Would likely disrupt SDNB's upward trajectory
- Some cuts **ARE** already being made, others **ARE** actively being considered

What Now?

Administration reductions

- Have reduced administration by 5 in recent years (6 next year)
- SDNB structure is different compared to other districts: i.e. counselors vs. dean of students vs. associate principals
- Associate principals are instructional leaders: professional development, oversee assessments, lead summer school, local education agent in IEPs and 504s; involved with district-level planning and committees
- Associate principals evaluate teachers per state requirements

What Now?

Building Administration

Per Pupil Expenditures (2015-16)

Waukesha	\$662	Menomonee Falls	\$562
Hartland-Lakeside	\$616	Pewaukee	\$559
Southeastern WI (ave.)	\$604	Mukwonago	\$547
Muskego	\$597	Elmbrook	\$528
State of Wis. (ave.)	\$593	Hamilton	\$510
New Berlin	\$577	Kettle Moraine	\$508
Oconomowoc	\$563		

Source: WI DPI

What Now?

General Administration

Per Pupil Expenditures (2015-16)

Hartland-Lakeside	\$385	Pewaukee	\$208
Muskego-Norway	\$268	New Berlin	\$165
Southeastern WI (ave.)	\$242	Menomonee Falls	\$165
State of Wis. (ave.)	\$237	Kettle Moraine	\$117
Elmbrook	\$232	Waukesha	\$115
Hamilton	\$228	Mukwonago	\$86
Oconomowoc	\$228		

Source: WI DPI

What Now?

Continued use of fund balance

- SDNB's "savings account" for short-term borrowing and emergencies
- Board policy requires fund balance to be 10% of subsequent year's budget
- Going below 10% would have adverse effect on SDNB's credit / bond rating and result in increased need for short-term borrowing
- Limited - approximately \$6.5 million remaining after this year
- Fund balance IS being used to balance 2017-18 & 2018-19 deficits
- The Board IS considering using more in future years

What Now?

Seeking an operational referendum

- Increasing state-mandated revenue limit through referendum would allow SDNB to address future structural deficits and fund long-range plans
- Would result in higher taxes for all residents and businesses in what is known as a fiscally responsible and prudent community
- Estimated \$5 million / 6-10 years
- Estimated annual \$200-250 tax increase on a \$250,000 home
- This IS an option the Board is actively considering

What Now?



- Board reviewing options and **has made NO major decisions** beyond using fund balance and preserving two high school model
- FAQ based on questions/feedback will be here: www.nbexcellence.org/district/community-budget-conversations.cfm
- Seeking **community and staff input** to help determine next steps

Community Survey

Engage

A survey gives community an opportunity to be heard and 'weigh in'.

Inform

A survey gives us an opportunity to educate and inform.

Data

Survey data is helpful and may shape Board's next steps.

Questions?

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