

# Referendum Resolution

Jan. 14, 2019

# Why a Referendum?

## Why a Referendum?

Additional taxpayer funds would be used to ***maintain the district's level of excellence and upward trajectory*** by allowing the SDNB to:

- erase structural deficits by paying toward debt within the operating budget;
- remain proactive in terms of funding long-range plans, which includes facilities and equipment replacement, safety, technology infrastructure and support, and curriculum and instructional resources;
- continue to pay employees fair and competitive wages to attract and retain the highest-quality staff possible.

## What Have We Done in the Past?

Managed structural deficits from **\$850,000 to \$1.9 million** each of last 7 years:

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

# What Have We Done in the Past

## To close 2018-19 / 2019-20 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 across district, cutting more than \$600,000 (salary and benefits)
- Reduced expenditures by providing 1 percent staff raise - half originally budgeted amount - and administrators zero raise
- Refinanced debt - \$244,000 this year, \$187,000 each of next three
- Changed health care benefit offerings (\$500,000 annually)
- Further defunded buildings and grounds and curriculum and instruction budgets by \$150,000 each

## Referendum - Why Now?

- The SDNB faces structural deficits that, if left unaddressed, will disrupt the level of excellence community members expect from our schools.
- Through strategic cuts and adjustments, the SDNB has managed substantial budget gaps the last seven years, but projected deficits are at levels the district has not faced before.
- An operational referendum would prevent the need to make additional budget cuts that would have long-term, adverse effects on the district.

## Referendum - Why Now?

- Maintenance and long-range planning is being deferred
- Retaining and attracting highest quality staff by paying competitive wages is becoming more difficult
- Funding of planned technology, equipment and safety upgrades as well as curriculum and instruction resources, will be put on, or remain, on hold
- Reductions through consolidation of schools is being considered
- Additional staff reductions, causing increased class sizes and elimination of programs and services, will be considered

# What Are the Funds For?

	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Paying toward debt</b>	\$2,270,415	\$3,182,326	\$3,537,508	\$3,732,920	\$3,736,990
<b>Long-Range Facility</b>	\$375,085	\$116,874	\$12,589	\$22,000	\$80,000
<b>Roofing</b>	\$233,500	\$155,000	\$0	\$36,080	\$158,010
<b>Pavement</b>	\$1,075,000	\$500,000	\$854,000	\$304,000	\$0
<b>Technology</b>	\$231,000	\$230,800	\$68,000	\$90,000	\$210,000
<b>Equipment &amp; Furniture Replacement</b>	\$250,000	\$250,000	\$0	\$250,000	\$250,000
<b>Safety</b>	\$415,000	\$415,000	\$415,000	\$415,000	\$415,000
<b>Curriculum &amp; Instruction</b>	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
<b>Plan Totals</b>	\$2,729,585	\$1,817,674	\$1,499,589	\$1,267,080	\$1,263,010
<b>Overall Total</b>	\$5,000,000	\$5,000,000	\$5,037,097	\$5,000,000	\$5,000,000

**Important Notes:**

\* Estimated amount of referendum funds, if approved, to pay existing debt within the operating budget is \$16,460,159.

\* Erasing the structural deficits by paying toward the debt with referendum funds would allow the district to pay fair and competitive wages to staff with current revenues.

\* Totals do not include faulty Eisenhower wall replacement or Eisenhower drainage needs.

## Frequently Asked Question

**Q: Why would the Board seek a 5-year referendum vs. a 10-year?**

A: There are several reasons. First, enrollment and other financial projections become much less accurate to predict beyond five years. There can be changes in the economy, state legislation and more that could affect the district's financial outlook.

Also, a 5-year referendum would give the district the opportunity to show the taxpayers we are doing what we said we would do with the additional funds while maintaining the level of excellence expected of us.

# Deficit Assumptions

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	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Property Value Increase</b>	3.0%	3.0%	2.5%	2.5%	2.5%
<b>Compensation Increase</b>	3.0%	3.0%	2.5%	2.5%	2.5%
<b>Transportation Increase</b>	13.0%	6.0%	6.0%	6.0%	6.0%
<b>Revenue Limit Per Pupil Increase</b>	\$150	\$150	\$100	\$100	\$100
<b>Deficit</b>	(\$2,270,415)	(\$3,182,326)	(\$3,889,097)	(\$5,447,672)	(\$6,776,043)
<b>Change from prior year</b>	(\$2,270,415)	(\$911,911)	(\$706,771)	(\$1,558,575)	(\$1,328,371)

\* - deficit assumes no action taken in prior year

# Resolution

## Referendum Resolution

*BE IT RESOLVED by the School Board of the School District of New Berlin, Waukesha County, Wisconsin, that the revenues included in the School District budget be authorized to exceed the revenue limit specified in Section 121.91, Wisconsin Statutes, by \$5 million per year for the 2019-2020 school year through the 2023-2024 school year, for non-recurring purposes consisting of operational expenses, including paying debt within the operating budget; funding long-range plans for facilities, equipment, safety, technology infrastructure, and curriculum and instruction; and fair and competitive staff compensation.*

## Referendum Question

*“Shall the School District of New Berlin, Waukesha County, Wisconsin, be authorized to exceed the revenue limit specified in Section 121.91, Wisconsin Statutes, by \$5 million per year for the 2019-2020 school year through the 2023-2024 school year, for non-recurring purposes consisting of operational expenses, including paying debt within the operating budget; funding long-range plans for facilities, equipment, safety, technology infrastructure, and curriculum and instruction; and fair and competitive staff compensation?”*

# Tax Impact

## Estimated Tax Impact\*

If approved by voters, the estimated tax impact for the \$5 million revenue cap increase on a \$250,000 home over the next five years is as follows:

	Annual Increase	Monthly Increase
2019-20	\$97.50	\$8.13
2020-21	\$30.00	\$2.50
2021-22	(-\$5.00, or no impact)	No impact
2022-23	(-\$75.00, or no impact)	No impact
2023-24	(-\$145.00, or no impact)	No impact

\* Estimates are based off of estimated mill rates, compared to the 2018-19 levels, and assumes 3 percent property growth in both 2019-20 and 2020-21, and 2.5 percent property growth the remaining three years. Projections are also based on historical data and reasonable expectations for future changes in revenues and expenditures.



# BOARD DISCUSSION