

School District of New Berlin Operational Referendum



March 19, 2019

Referendum Information Session

- Value of the School District of New Berlin
- Current Financial Situation
- Operational Referendum
 - What is on the ballot?
 - Why Now?
 - What Would the Funds Go Toward?
 - What Have We Done to Avoid a Referendum?
 - What Would the Tax Impact Be?
 - What Happens if it Does Not Pass?
- Questions / 'Learn More' Opportunities

Value of the School District of New Berlin

Our Structure

4 Elementary Schools K-6
2 Middle / High Schools 7-12



All **'Significantly Exceed'** or **'Exceed'**
Expectations - *Wisconsin Department of
Public Instruction*

85.7

District Significantly Exceeds Expectations
- *Wisconsin Department of Public Instruction*

Academic Achievement

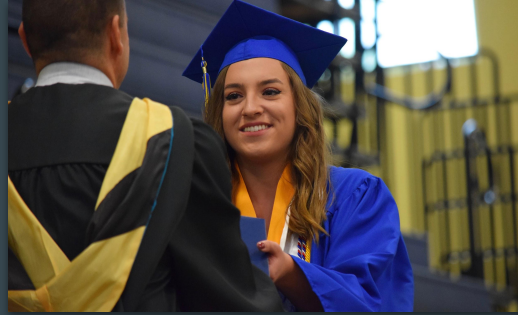


- Eisenhower 2nd, West 4th in Wisconsin
- 2 of 5 in Wisconsin and 500 nationwide to earn gold badge
- National Blue Ribbon Schools
 - Elmwood
 - Eisenhower
 - Former Prospect Hill
- Eisenhower 4th, West 6th in Wisconsin
- Seventh consecutive year both schools ranked nationally by Washington Post

Academic Achievement

Snapshot of Highlights

\$5.5 million in scholarships



23,700 service-based learning hours



75 percent of grads had success in three-plus career-related courses



90 percent of grads engage in at least one college-level experience



Personal Accomplishments

Staff Highlights



Jenna Hietpas
NAMI Mental Health
Professional of the Year



Devin McKinnon
Project Lead the Way
Outstanding Teacher



Dana McLaren
WI Tech Ed Association
Award of Excellence

2017-18

Aaron Chamberlain

Aspirations in Computing Educator of the Year

Jeff Martin

Wisconsin Tech Ed Association Award of Excellence

Katelyn Morici & Katie Mulloy

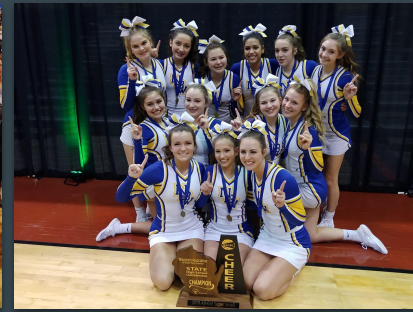
Herb Kohl Educational Foundation Fellowship Awards

Tom Spitz

Civic Music Educator Certificate of Excellence

Team Accomplishments

Snapshot of Highlights



State Champions - Academic Decathlon, Poms, Cheer



Outstanding Musical Award

State
Runners-Up -
Football,
Swimming,
Basketball,
Soccer



SDNB's Current Financial Situation

School Funding

Key Points

- School funding controlled by state regulation
- School Boards cannot raise taxes above state-imposed revenue limit rules without taxpayer authority (with some exemptions)
- Revenue limit increases have not kept pace with inflation
- Costs continue to increase at rate of inflation or greater

Structural Deficit

Q: What is a structural deficit?

A: Amount by which a government body's expenditures outpace revenues received in taxes or other sources in a particular period

SDNB Projected Structural Deficits

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

Structural Deficit

What is causing SDNB's structural deficits?

- Annual debt payment of approximately \$3.7 million for Ronald Reagan and West renovations
- Declining enrollment
- 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
- Costs - for just about everything - continue to rise

Structural Deficit

Key takeaways

- Decision to pay for Ronald Reagan and New Berlin West out of operating budget was strategic and purposeful:
 - Addressed significant facility needs and shielded taxpayers
 - Saved community more than \$30 million in principal and interest
- Other upgrades typically done elsewhere through referendums
- Provided \$5.7 million in tax relief during recession by not levying to the maximum

Structural Deficit

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

Operational Referendum

What have we previously
done to avoid a
referendum?

- Upgrades done within operating budget:
 - safety/security enhancements and upgrades
 - Americans with Disabilities Act compliance
 - Eisenhower classroom improvements (engineering / science labs, etc.) and pool replacement
- Utilized Act 10 “tools”
 - Changes in health insurance plans, resulting in \$14 million in savings
 - Sharing in employee retirement contributions, resulting in \$11.7 million in savings

Operational Referendum

What have we previously
done to avoid a
referendum?

- Reduced administration, support services, central office and teaching staff to match enrollments
- Closed, sold Glen Park Elementary; sold other properties
- Refinanced debt, paid off Wisconsin Retirement System debt, resulting in \$39+ million in taxpayer savings
- Energy-saving initiatives
- Restructured custodial, library services
- Partnered with City for better services

Operational Referendum

What have we previously
done to avoid a
referendum?

Just last year ...

- 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

Operational Referendum

What have we previously
done to avoid a
referendum?

Just last year ...

- Refinanced debt - \$244,000 this year, \$187,000 each of next three
- Changed health care benefit offerings for \$500,000 annual savings
- Further defunded buildings and grounds and curriculum and instruction budgets by \$150,000 each

Operational Referendum

Operational Referendum

What is on the ballot?

“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 2019-20 school year through the 2023-24 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?”

Operational Referendum

Why now?

- Costs for nearly everything continue to rise while revenues do not
- \$3.7 million to \$4.3 million of debt within the operating budget
- District has erased deficits up to \$1.9 million each of last seven years
- District is facing its largest deficits yet - \$2.3 million - for 2019-20 and beyond

Operational Referendum

Why now?

- Unable to set aside funds to cover deferred maintenance and long-range plans
 - Facilities and equipment replacement
 - Curriculum and instruction
 - Safety
 - Technology and support
- Struggling to pay teachers competitive wages

Operational Referendum

What would the funds go toward?

- Erasing structural deficits by paying down debt within the operating budget
- Being proactive in terms of funding long-range plans, which include facilities and equipment replacement, safety, technology infrastructure and support and curriculum and instructional resources
- Paying employees fair and competitive wages in order to attract and retain high-quality staff

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

*** Approximately \$16.5 million of \$25 million used to pay debt within operating budget**

Operational Referendum

What would the funds go toward?

Q: Why doesn't the chart show paying employees fair and competitive wages in order to attract and retain high-quality staff?

A: Erasing the structural deficits by paying debt within the operating budget with referendum funds would allow the District to pay fair and competitive wages to staff with current revenue streams.

2019-20

Debt - \$2,270,415

Long-range facility - \$375,085

- ADA, fire-rated doors, etc. (multiple locations)
- Baseball field drainage (Eisenhower and West)
- Temporary track repair (Eisenhower and West)

Roofing - \$233,500

- New Berlin West

Pavement - \$1,075,000

- Orchard Lane rear drive, parking and playground
- Elmwood rear drive

Technology - \$231,000

- Wireless upgrade (year 1 of 2)
- Network switch upgrade (year 2 of 2)
- Security camera replacement

Equipment & Furniture Replacement - \$250,000

- Classroom furniture / equipment
- West physical education and athletics
- Eisenhower physical education and athletics

Safety - \$415,000

- Equipment / facility upgrades
- Staff training
- Staffing

Curriculum & Instruction - \$150,000

- Resources for K-12 math, business-related courses and art

2020-21

Debt - \$3,182,326

Long-range facility - \$116,874

- Tuck pointing (Eisenhower)

Roofing - \$155,000

- New Berlin West

Pavement - \$500,000

- Poplar Creek west parking lot and playground

Technology - \$230,800

- Wireless upgrade (year 2 of 2)
- Central computer and storage upgrade

Equipment & Furniture Replacement - \$250,000

- Classroom furniture / equipment
- West physical education and athletics
- Eisenhower physical education and athletics

Safety - \$415,000

- Equipment / facility upgrades
- Staff training
- Staffing

Curriculum & Instruction - \$150,000

- Resources for K-12 math

2021-22

Debt - \$3,537,508

Long-range facility - \$12,589

- Project Lead the Way (engineering) classroom update (West)

Roofing - \$0

- Nothing allotted this year

Pavement - \$854,000

- West parking lot

Technology - \$68,000

- Central firewall replacement

Equipment & Furniture Replacement - \$0

- No funding this year due to other needs

Safety - \$415,000

- Equipment / facility upgrades
- Staff training
- Staffing

Curriculum & Instruction - \$150,000

- Resources for K-12 English Language Arts, hospitality, tourism, human services, world languages

2022-23

Debt - \$3,732,920

Long-range facility - \$22,000

- Project Lead the Way (engineering) classroom updates (West)
- Bathroom updates (West)

Roofing - \$36,080

- Roof patching (Eisenhower and West)

Pavement - \$304,000

- Poplar Creek east parking lot and playground

Technology - \$90,000

- Network switch replacements (year 1 of 2)

Equipment & Furniture Replacement - \$250,000

- Classroom furniture / equipment
- West physical education and athletics
- Eisenhower physical education and athletics

Safety - \$415,000

- Equipment / facility upgrades
- Staff training
- Staffing

Curriculum & Instruction - \$150,000

- Resources for K-12 social studies and physical education

2023-24

Debt - \$3,736,990

Long-range facility - \$80,000

- Resurface field house floor (West)

Roofing - \$158,010

- Eisenhower

Pavement - \$0

- None allocated this year

Technology - \$210,000

- Wireless upgrade (year 1 of 2)
- Network switch replacements (year 2 of 2)

Equipment & Furniture Replacement - \$250,000

- Classroom furniture / equipment
- West physical education and athletics
- Eisenhower physical education and athletics

Safety - \$415,000

- Equipment / facility upgrades
- Staff training
- Staffing

Curriculum & Instruction - \$150,000

- Resources for K-12 science, printing and publishing

Operational Referendum

What would the estimated tax impact be?

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

The estimated tax impact assumes an increase in property values of 2-3% per year, additional state funding, increased labor costs of 2.5-3%, transportation cost increases and a modest increase in other costs. The impact assumes that, after the first two years, the increase in property value will outpace the increase in property taxes and that new property values will be sufficient to absorb tax increases. This is consistent with what happened during the last 10 years.

Operational Referendum

What would the estimated tax impact be?

Year	Tax Levy	% Change	Mill Rate	% Change
2019-20	\$54,332,910	6.97%	\$10.60	3.82%
2020-21	\$54,545,572	0.39%	\$10.33	-2.55%
2021-22	\$55,158,727	1.12%	\$10.19	-1.36%
2022-23	\$54,951,571	-0.38%	\$9.91	-2.75%
2023-24	\$54,764,123	-0.34%	\$9.63	-2.83%

The estimated tax impact assumes an increase in property values of 2-3% per year, additional state funding, increased labor costs of 2.5-3%, transportation cost increases and a modest increase in other costs. The impact assumes that, after the first two years, the increase in property value will outpace the increase in property taxes and that new property values will be sufficient to absorb tax increases. This is consistent with what happened during the last 10 years.

Operational Referendum

What would the estimated tax impact be?

HISTORICAL & PROJECTED TAX RATE

Illustrating a decline in the levy rate (due in part to increasing property values) and the impact of a referendum:



13520 W Terrywood Ct, New Berlin

Tax Key: NBC 1202009

Year	Assessed Value	Estimated Market Value	Net Property Tax	\$ Tax Change per Year	\$ Tax Change Cumm	% Tax Change per Year	% Tax Change Cumm
2008	329,000	365,300	5,642				
2009	342,500	355,300	5,570	(72)	(72)	-1.3%	-1.3%
2010	342,500	380,200	5,699	129	57	2.3%	1.0%
2011	342,500	339,300	5,668	(32)	26	-0.6%	0.5%
2012	311,700	325,100	5,722	54	80	1.0%	1.4%
2013	311,700	318,100	5,747	25	105	0.4%	1.9%
2014	311,700	327,300	5,648	(99)	6	-1.7%	0.1%
2015	332,200		5,680	31	38	0.6%	0.7%
2016	332,200	341,900	5,701	22	59	0.4%	1.1%
2017	332,200	355,000	5,643	(59)	1	-1.0%	0.0%
2018	364,800	373,300	5,596	(47)	(46)	-0.8%	-0.8%

Actual New Berlin Tax Bill Example

Operational Referendum

Previous example
takeaways

- Over 10-year period, the individual homeowner's total property taxes (all taxing districts) went down \$46 (0.8% decrease)
- Over same period, the district increased property taxes 16.9%
 - Illustrates how increase in school property taxes is absorbed by property value growth
- Assessed property value increased \$35,800 or 10.9% (during recession)
- Estimated market value increased \$8,000 or 2.2%

Operational Referendum

What happens if it does
not pass?

The following will likely occur:

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

Learn More

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www.nbexcellence.org/district/referendum-2019.cfm

Comments & Questions