
School District of Greenfield

District Update

The Funding Dilemma

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The Funding Dilemma

Historical Perspective

Public K-12 School Funding Background

- Before anyone takes a position on a budget or tax levy, it is critical that the facts about school funding be understood.
 - Local school boards have been placed in a quandary through no fault of their own.
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Public K-12 School Funding Background

- The rules that govern school funding are incredibly complex and confusing.
 - The term “illogical” applies to many aspects of school funding in Wisconsin.
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Public K-12 School Funding Background

- Wisconsin's "three-legged stool" of school finance, established in 1993, has collapsed.



Public K-12 School Funding Background

- State commitment to two-thirds funding
 - Intended to provide property tax relief.
 - No longer exists.
 - Qualified Economic Offer or QEO
 - Limited expenses to about a 4% increase annually.
 - No longer exists.
 - Revenue Limit
 - Limits revenue to about a 2.6% increase annually.
(Only leg still in place, pits taxes against needs of students.)
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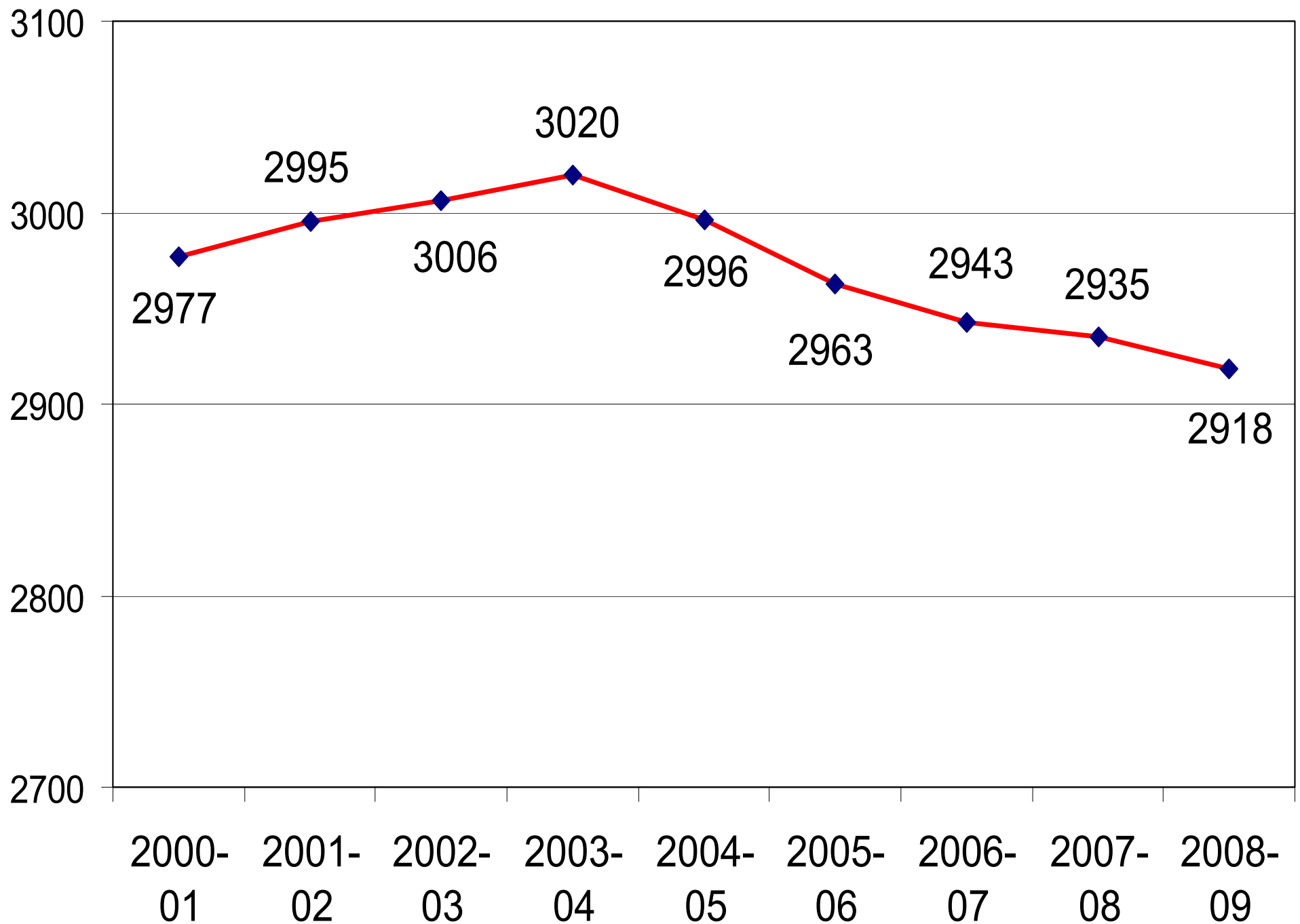
Public K-12 School Funding Background

- One state law (QEO) required expenses to grow at 4%.
- Another state law (Revenue Limit) only allows revenue to increase at a rate of 2.6%.
- How long can any organization survive when annual expenses are guaranteed to exceed revenues?

Public School Funding Sources

- The majority of school district revenue is obtained through two sources:
 - State Aid
 - Local property taxes
 - Revenue limits cap the funds that can be generated from these sources through a state calculation largely based on resident student enrollment.
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Enrollment Trends



Illogical Assumptions

- The revenue limit is based on unrealistic assumptions as declining enrollment does not mean declining costs.
 - Enrollments do not fluctuate by classroom-sized packages.
 - The District can lose 100 students and not have one less classroom, as students are spread across 15 grade levels and six schools.
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School District of Greenfield

Revenue Caps + Declining
Enrollment - State Aid =
Funding Crisis

School funding reform is imperative.

Public K-12 School Funding Background

- The state cut our 2009-10 funding by 15%.
 - Greenfield is losing \$1,800,218.
 - Did not find out until after budgets had to be in place to start the year.
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School District of Greenfield

District Update

Realities that Cannot Be Ignored

Realities the District Cannot Ignore

- Ultimately, the Board of Education is responsible for making sure every student is provided meaningful learning opportunities in a clean, safe school with effective teachers.
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Realities the District Cannot Ignore

- Unfortunately, many students are not prepared to take advantage of those opportunities.
 - An increasing number of students arrive at our schools with physical, emotional and learning disabilities, among many other obstacles that prevent them from being ready to learn.
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Realities the District Cannot Ignore

- These students require a greater investment in time, staff and resources in order for them to overcome the barriers to achievement...but our resources keep dwindling.
 - In addition to students' needs, there are countless other expenses that cannot be ignored.
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Realities that Cannot be Ignored

- Roofs need to be repaired, fuel and electricity must be purchased.
- Buildings/equipment/grounds must be maintained.
- Supplies must be available.
- Salaries and benefits must be paid.
- Federal, state and local laws, ordinances & mandates must be followed.
- Transportation must be provided.
- Computers/software must be working.

State Funding Impact in Greenfield

- The list of necessary costs that cannot be avoided goes on and on.
 - The bottom line is the state legislature created funding laws in 1993 (revenue limits and QEO) that force budget reductions every year, regardless of students' needs.
 - *We have been in a recession for 16 years.*
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State Imposed Deficits by Year

■ 2002-03	\$604,700
■ 2003-04	\$606,900
■ 2004-05	\$640,210
■ 2005-06	\$680,693
■ 2006-07	\$820,000
■ 2007-08	\$830,000
■ 2008-09	\$606,660
■ 2009-10	\$600,000
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Total	\$5,389,163

Every aspect of the budget has been scrutinized.

- Fewer classroom teachers
 - Significantly larger class sizes
 - No social workers
 - No MS police-school liaison officer
 - Fewer library-media specialists
 - Fewer reading specialists
 - Fewer counselors
-

Every aspect of the budget has been scrutinized.

- Costs have been controlled & property taxes reduced by:
 - ❑ actively managing expenditures
 - ❑ cutting programs
 - ❑ switching health care networks
 - ❑ establishing wellness initiatives
 - ❑ negotiating reasonable employee contracts
 - ❑ controlling energy costs.
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Every aspect of the budget has been scrutinized.

- Fewer secretaries & aides
 - Fewer custodians
 - Fewer administrators
 - Consolidated bus stops and routes
 - Staggered school start & end times
 - Reduced extra-curricular activities
-

Every aspect of the budget has been scrutinized.

- No Human Resources Department
 - No Special Education Administrator
 - No Assessment Administrator
 - No Gifted & Talented Administrator
 - No At-Risk Administrator
 - Eliminated a B&G Administrator
 - No Instruct. Technology Administrator
-

Every aspect of the budget has
been scrutinized.

After 16 years...

and over 120 reductions...

There is nothing left to cut.

School District of Greenfield

District Update

More Examples of Sound
Fiscal Practices

Sound Fiscal Management

- The District's Business Administration Committee meets monthly prior to the Board of Education meeting and every invoice is reviewed line by line.
 - The BAC includes a citizen representative, which is further assurance to taxpayers that District expenditures are closely monitored.
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Sound Fiscal Management

- In addition, the District is subjected to a thorough independent audit on an annual basis.
 - Every year, the auditors have found that our general ledger is in sound financial order.
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Sound Fiscal Management

- Sound financial management has resulted in strong bond ratings (A1) from Moody's Investors Service.
 - This enables the District to borrow money at extremely low rates, again saving taxpayer money.
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Sound Fiscal Management

- The District budget has been managed so effectively that interest for short-term borrowing can now be avoided.
 - This allows about \$200,000 to be spent on other important District needs instead of spending taxpayer money on interest for loans.
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Sound Fiscal Management

- The District “self-funds” medical expenses so as to build reserves from “good” years and control insurance costs after “bad years”.
 - The District switched insurance plans (at significant savings) which is not easy when dealing with two different employee bargaining groups.
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Sound Fiscal Management

- Raised employee premium contributions, prescription drug costs and emergency room/urgent care co-pays.
 - The District has used Open Enrollment to generate significant revenue and keep all schools operational.
 - \$900,000 has been avoided through energy conservation program.
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Sound Fiscal Management

- Property Sales:
 - Ramsey Meadows
 - Middle School land (35th & Barnard)
 - Glenwood Street Improvements (51st & Morgan)
 - Chapman property (pending)
 - Property sales generate additional revenue without raising taxes.
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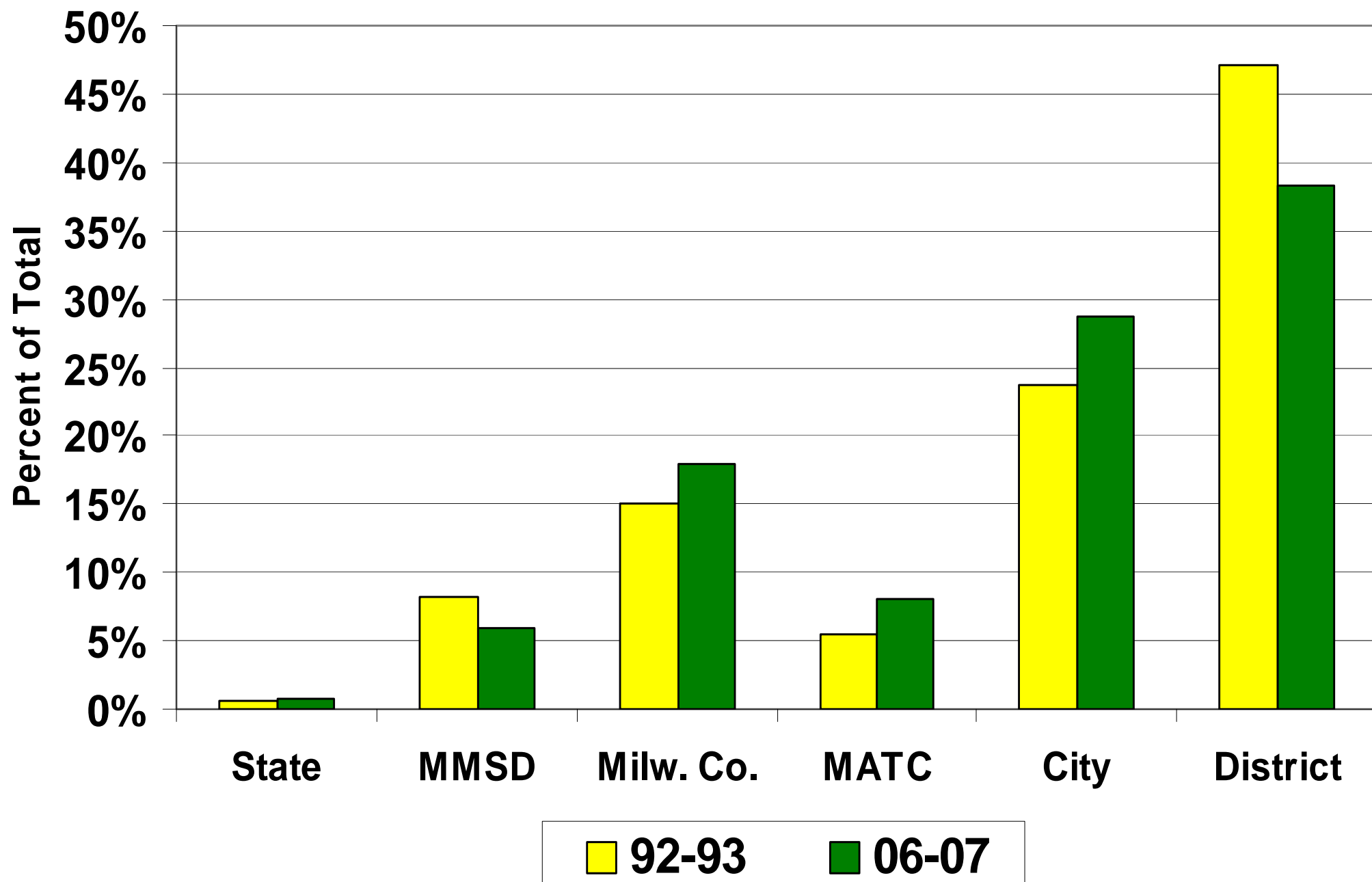
Sound Fiscal Management

- The Board has not raised fees for many years in recognition that approved referendums would increase taxes.
 - The District has managed expenditures so as to finish the last three years below the projected budget...increasing state aid and keeping taxes lower.
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Sound Fiscal Management

- As a percentage of a typical tax bill, the school district's share dropped dramatically from 1993 to 2007.
 - Decreased from over 47% of the bill to about 38%.
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Percent of Tax Bill



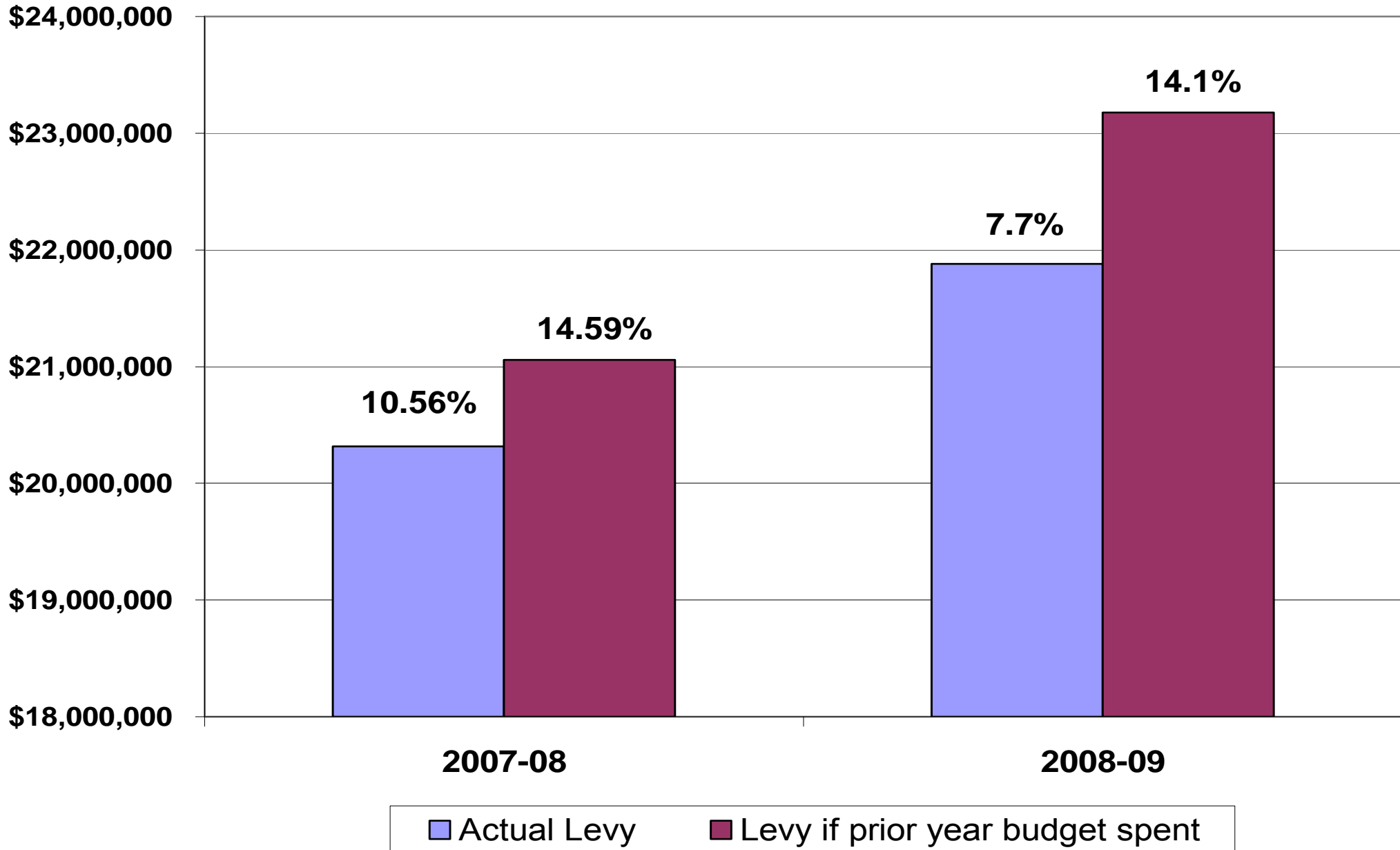
Sound Fiscal Management

- Because the Greenfield community approved raising taxes through four building referendums, every effort has been made to control spending in order to positively impact the District's aid from the state...doing so keeps taxes down.
- Had the District not managed expenditures so well, last year's levy would not have been as low as it was (7.7%).

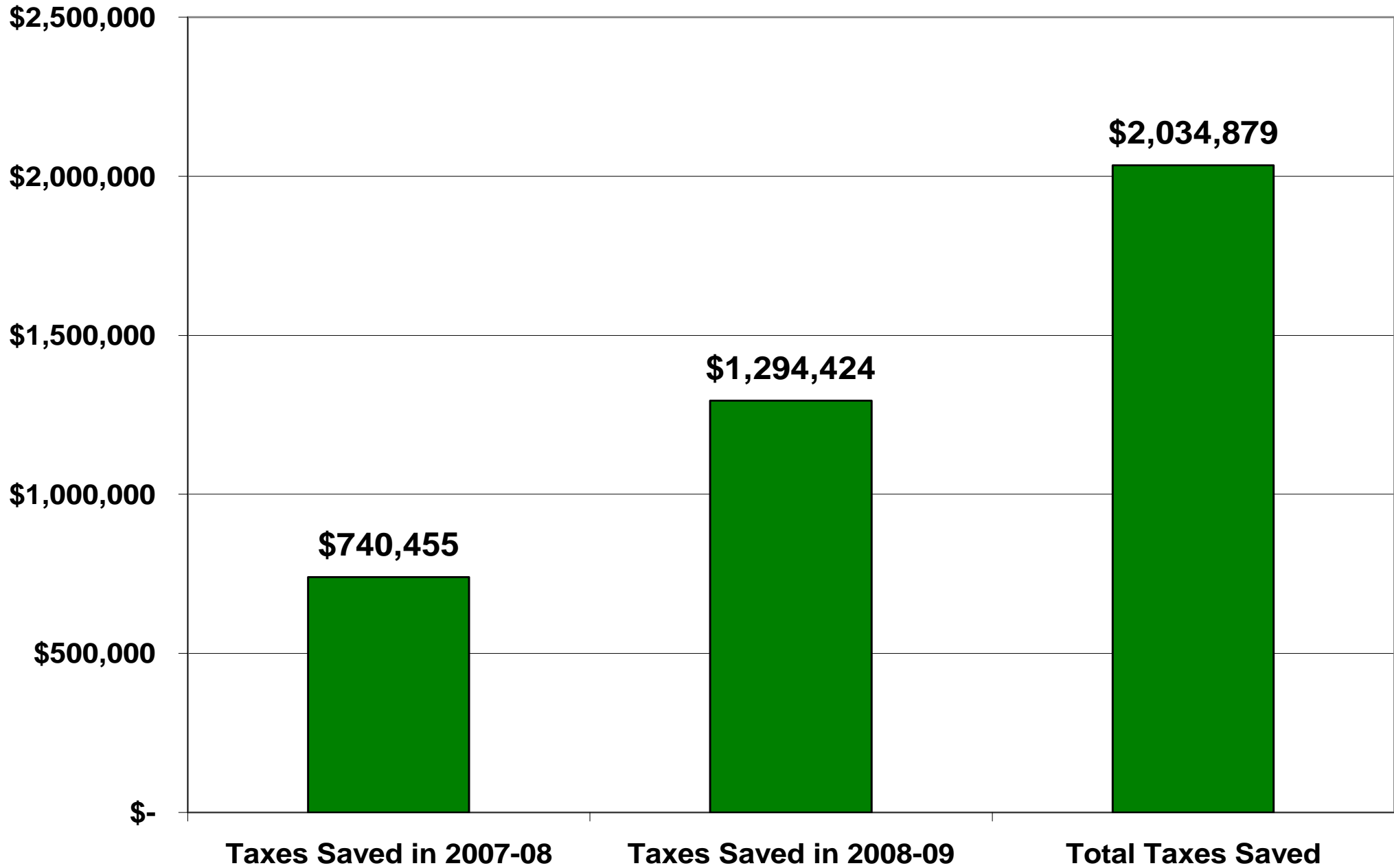
Sound Fiscal Management

- The levy increase for 2008-09 would have been 14.1% (instead of 7.7%).
 - The levy increase for 2007-08 would have increased by 14.59% (instead of 10.56%).
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Actual Levy vs. What Could Have Been



Taxes Saved by Controlling Costs



Sound Fiscal Management

- All of these examples are evidence that the Board of Education has managed the District budget effectively within the revenue limits...saving the taxpayers from unnecessary expenses.
 - There are no frivolous or wasteful expenses.
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School District of Greenfield

District Update

Local Property Tax Levy

Budget Summary

- 2009-10 General Fund Budget Increase of \$1,268,098 or 3.82%.
 - Tax levy increase: \$2,448,054 or 11.2%
 - 2009-10 All Fund Budget: \$54,099,516
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Value of Home 2008→2009	% Increase in Assess- ed Value	2008-09 School Tax	Est. 2009-10	Annual Increase	Monthly Increase	Daily Increase
\$150,000→ \$157,500	5%	\$1,851	\$1,704	\$(146)	\$(12.24)	\$(0.41)
\$150,000→ \$165,000	10%	\$1,851	\$1,785	\$(65)	\$(5.48)	\$(0.18)
\$150,000→ \$172,500	15%	\$1,851	\$1,866	\$15	\$1.29	\$0.04
\$150,000→ \$180,000	20%	\$1,851	\$1,947	\$96	\$8.05	\$0.27
\$150,000→ \$187,500	25%	\$1,851	\$2,028	\$177	\$14.81	\$0.49
\$150,000→ \$195,000	30%	\$1,851	\$2,109	\$258	\$21.58	\$0.72

Important Levy Facts

- Had the state just provided the same amount of aid as the previous year, the levy would only be going up 3.2%.
 - Lowering the levy can be done two ways, both of which have negative consequences.
 - Levy below the revenue limit.
 - Use reserves to lower levy amount.
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Important Levy Facts

Using reserves or “fund balance” to lower the levy will have consequences.

- insufficient funds to last beyond 2013-14
 - forces short-term borrowing
 - state aid formula punishes district
 - drastic measures to stay in business
 - postpones inevitable; likely worse later
-

Summary

- The proposed District budget is not even close to what our students need.



Summary

- The District cannot provide the type of small group and one-on-one interventions that meet the needs of our students, particularly at-risk learners.
 - Gifted and Talented students cannot be provided specialized one-on-one or small group instruction.
 - Regular education classrooms are so full that all students receive less personal attention.
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Summary

- To expect an institution that has been in a 16-year recession to continue to make dramatic reductions ignores inarguable realities.
 - Especially when that institution is responsible for educating our youngest citizens, which includes helping them become as knowledgeable and skilled as possible so they can remain marketable and employed in tough economic times.
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What are the options?

- The current flawed state funding formula raises at least two important questions:
 - What are the options when students' needs exceed funding?
 - What are the options when a District runs out of money?
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What are the options?

- If nothing changes at the state level, local districts have only one option.

Referendum

- Under the current funding laws, there are two types of districts, those that have gone to an operational referendum...
 - and those that will.
-

What are the options?

- 212 districts have asked for 366 operational referendums since 2004.
 - The Board has not asked Greenfield citizens to approve an Operational Referendum even after 16 years of revenue limits.
 - If not successful, it is not clear what will happen but it is clear the district will have insufficient revenue to operate beyond 2013-14.
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School District of Greenfield

Public Education as we know it cannot be sustained under the current funding mechanisms.

Only our state legislators can change the laws so students' needs and actual costs are considered when funding schools.

Thank You!