



# **LONG RANGE BUDGET PLANNING**

November 2022



## CONTENT GOALS

- **Build Understanding for:**
  - Wisconsin public school funding - ***the fundamentals***
  - Northern Ozaukee School District budget - ***the facts***
  - Northern Ozaukee School District 5-year projections - ***the future***

# NORTHERN OZAUKEE SCHOOL DISTRICT

## MISSION | Our Purpose

*To educate young men and women to develop strong character and to prepare them for the future.*

## CORE VALUES | Our Words & Actions

*Respect. Responsibility. Integrity. Citizenship. Honesty. Teamwork.*

## STRATEGIC GOALS | Our Direction

**#2: Efficient and effective use of resources.**

## VISION | Our Future...

*To pursue excellence at all levels in our district.*





# **SCHOOL FUNDING**

## THE FUNDAMENTALS

# WISCONSIN PUBLIC SCHOOL FUNDING - OUR HISTORY

**1993 | REVENUE LIMIT ESTABLISHED** to control rise in local property taxes.



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## REVENUE LIMIT | **FORMULA**

STUDENT  
MEMBERSHIP  
[3-YEAR AVERAGE]



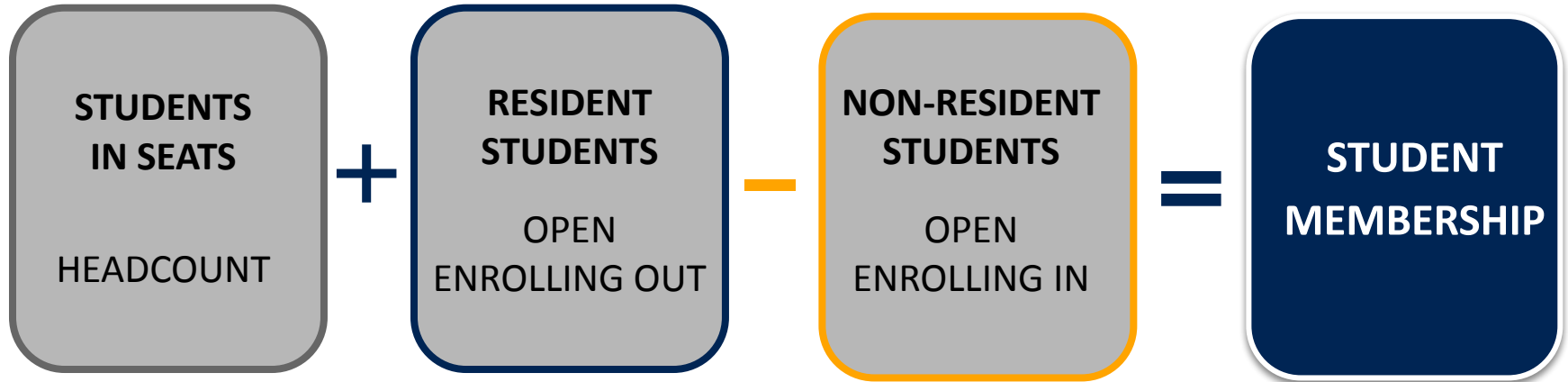
PER PUPIL  
REVENUE  
[STATE SETS LIMIT]

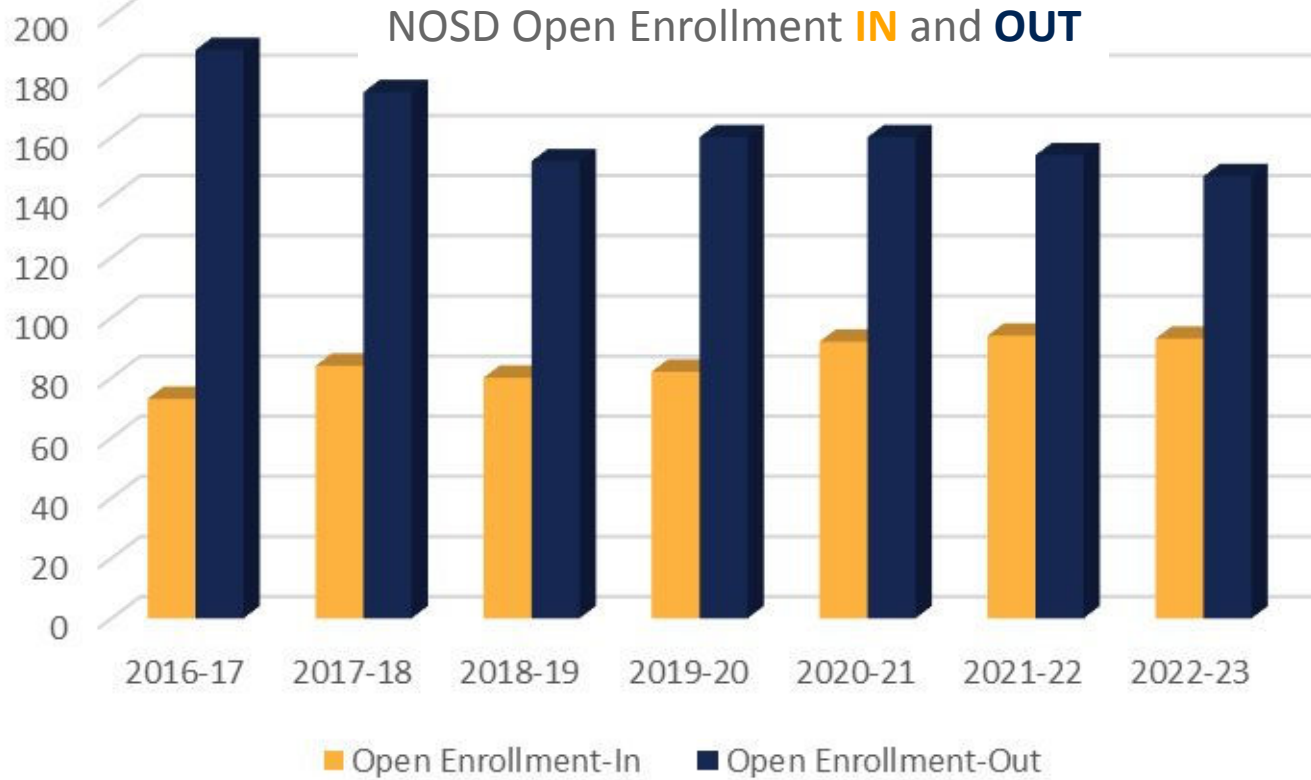


**REVENUE  
LIMIT**

# REVENUE LIMIT | **STUDENT MEMBERSHIP**

**REVENUE LIMIT** is based on the per pupil revenue limit (established by the state) multiplied by **STUDENT MEMBERSHIP**.





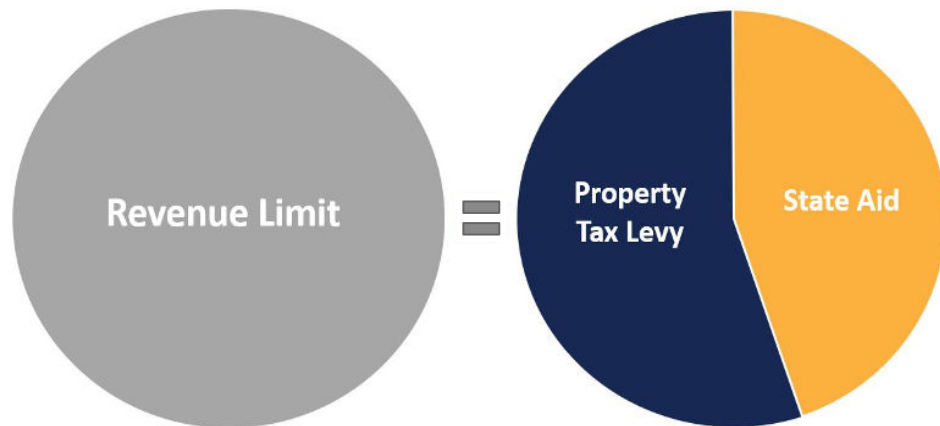


# REVENUE SOURCES | **LOCAL PROPERTY TAX + STATE AID**

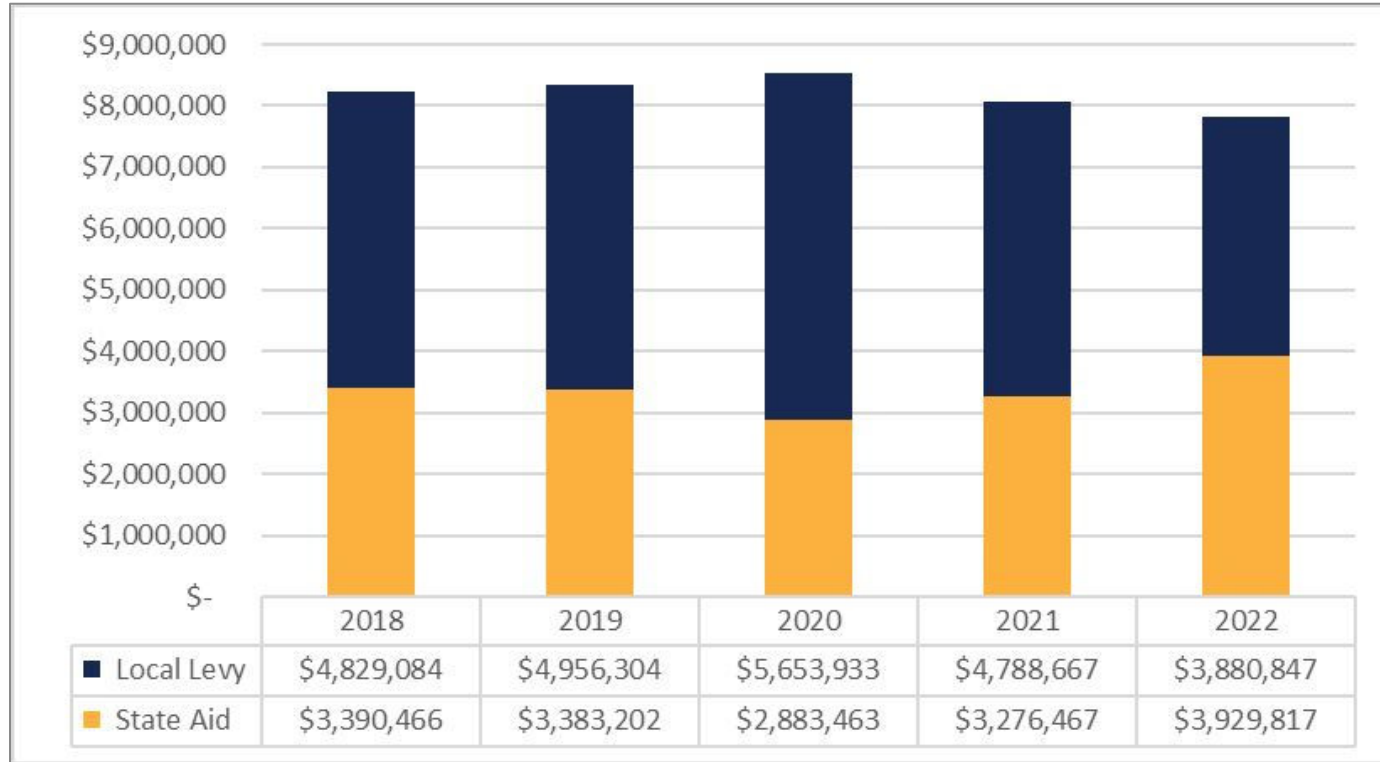
The **REVENUE LIMIT** sets the maximum funds a District may collect from state aid and local property tax combined.

In general...

- When NOSD's state aid goes up, local property taxes go down
- When NOSD's state aid goes down, local property taxes



## NOSD REVENUE LIMIT = LOCAL PROPERTY TAX + STATE AID



# NOSD PRIMARY FUNDING (**Source**) - **NOSD%**

## Primary Funding

- Revenue Limit Per Pupil (**State + Local**) - **73%**
- Categorical Aid Per Pupil (**State**) - **5%**
- Categorical Aids by Type (**State**) - **1%**
- Open Enrollment-In (**Student's Resident District**) - **7%**
- Federal Aid | IDEA-ESSA Grants (**Federal**) - **7%**
- Student/User Fees (**Local**) - **2%**
- Other (**Local**) - **5%**

# NOSD PRIMARY FUNDING | PER PUPIL FUNDING

## Primary Funding

- **Revenue Limit Per Pupil (State + Local) - 73%**
  - **Categorical Aid Per Pupil (State) - 5%**
  - Categorical Aids by Type (State) - 1%
  - Open Enrollment-In (Student's Resident District) - 7%
  - Federal Aid | IDEA-ESSA Grants (Federal) - 7%
  - Student/User Fees (Local) - 2%
  - Other (Local) - 5%
- } **78%**

# CATEGORICAL AID | TWO TYPES

**Categorical Aid** “per pupil” is state aid based on student membership. The per pupil amount historically fluctuates and is not guaranteed year over year.

- **Provided \$549,822 in 2021-22 (Student Membership of 741 x \$742)**

**Categorical Aid** “with specific purpose” is state aid provided to fund expenses associated with a specific purpose.

- Aid funds a portion of actual expenses related to the delivery of mandated services.

NOSD examples include:

- **Special Education Aid - \$427,960 based on 2020-21 expenditures of \$1,445,533**
- **Transportation Aid - \$22,994 compared to total 2021-22 expenditures of \$311,599**

**Categorical aids are funded outside of the Revenue Limit**

# FEDERAL AID

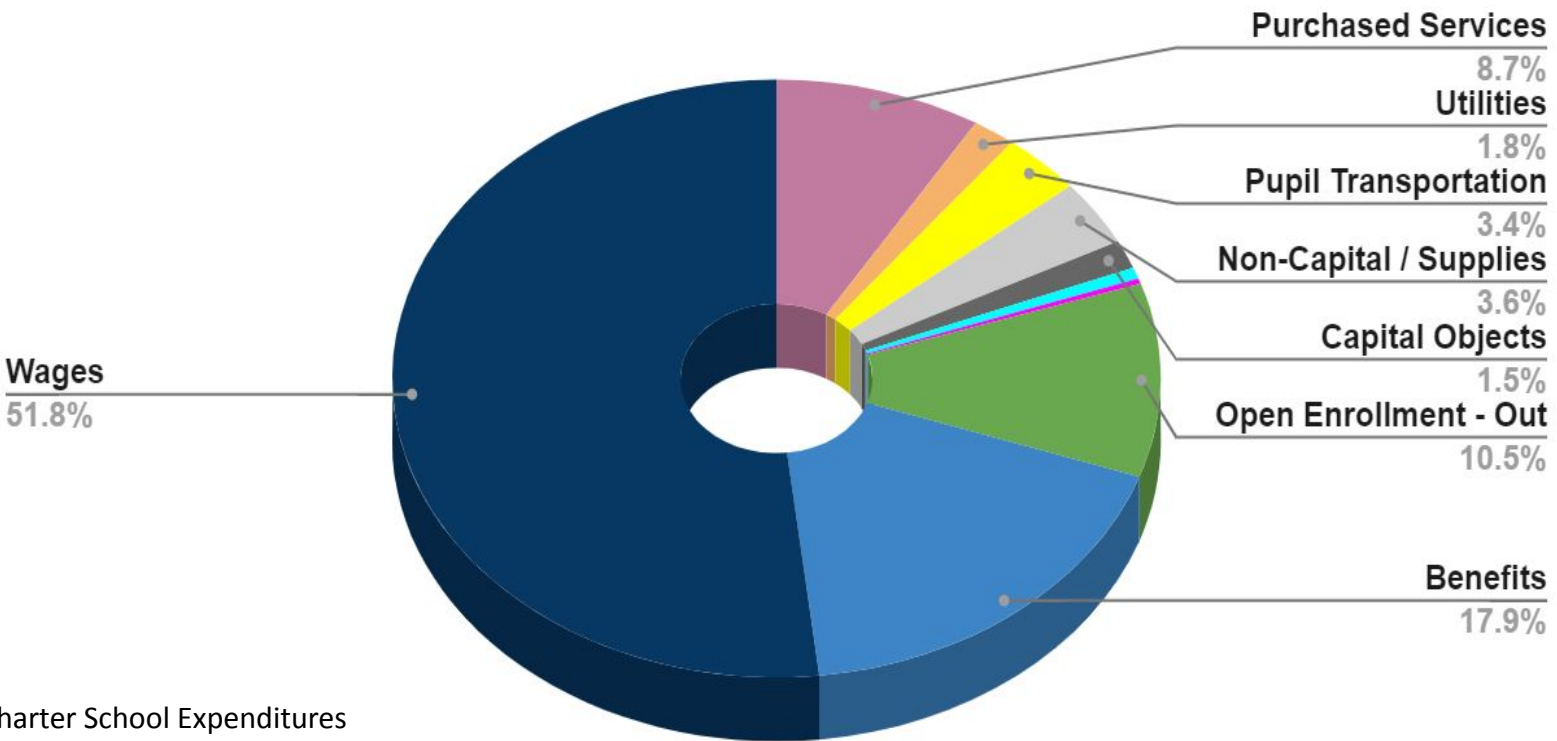
- Individuals with Disabilities Education Act (IDEA)
  - Provides **\$247,000 annually, covering approximately 13% of the total cost of Special Education Services provided to NOSD students.**
- Every Student Succeeds Act (ESSA)
  - **Provides \$85,000 annually**
- ESSER Funds
  - Provided one-time funding (and planned spending) of **\$1,294,111**

# FEDERAL AID

## **Elementary & Secondary School Emergency Relief Fund (ESSER)**

- One time federal relief program provides funding with stipulations on how grant monies can be utilized
- **Total of NOSD's ESSER I, II, and III funding = \$1,294,111**
  - **ESSER funds claimed as of June 30, 2022: \$ 575,579**
  - **ESSER claims included in 2022-23 budget: \$498,447**
  - **Estimated remaining funds for 2023-24 budget: \$220,085**

# NOSD EXPENSE SUMMARY



\* Net of Charter School Expenditures



## NOSD 2022-23 BUDGET WORKSHEET

GENERAL FUND	Audited 2020-21	Unaudited 2021-22	Budget 2022-23
Beginning Fund Balance	1,731,349.29	2,783,957.47	3,816,315.70
<b>Ending Fund Balance</b>	<b>2,783,957.47</b>	<b>3,816,315.70</b>	<b>3,521,924.70</b>
<b>REVENUES &amp; OTHER FINANCING SOURCES</b>			
Transfers-In (Source 100)	5,800.00	16,497.73	0.00
Local Sources (Source 200)	5,794,328.43	5,088,254.48	4,151,215.00
Inter-district Payments (Source 300 + 400)	4,861,781.00	4,872,441.00	4,554,692.00
Intermediate Sources (Source 500)	4,392.32	6,705.57	6,318.00
State Sources (Source 600)	3,525,592.90	3,950,552.63	4,613,123.00
Federal Sources (Source 700)	352,189.89	757,403.53	825,748.00
All Other Sources (Source 800 + 900)	598,648.76	1,324,032.99	588,702.00
<b>TOTAL REVENUES &amp; OTHER FINANCING SOURCES</b>	<b>15,142,733.30</b>	<b>16,015,887.93</b>	<b>14,717,798.00</b>
<b>EXPENDITURES &amp; OTHER FINANCING USES</b>			
Instruction (Function 100 000)	4,079,307.83	4,283,574.10	4,469,543.00
Support Services (Function 200 000)	3,151,204.82	3,605,107.71	3,917,153.00
Non-Program Transactions (Function 400 000)	6,859,612.47	7,094,847.89	6,825,493.00
<b>TOTAL EXPENDITURES &amp; OTHER FINANCING USES</b>	<b>14,090,125.12</b>	<b>14,983,529.70</b>	<b>15,012,189.00</b>

NOSD's 2022-23 Budget is approved with a \$300,000 deficit

# **BALANCING BUDGETS**

## PAST, PRESENT & FUTURE

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# HOW HAS NOSD BALANCED BUDGETS?

## Since the 2019-20 School Year, NOSD has ...

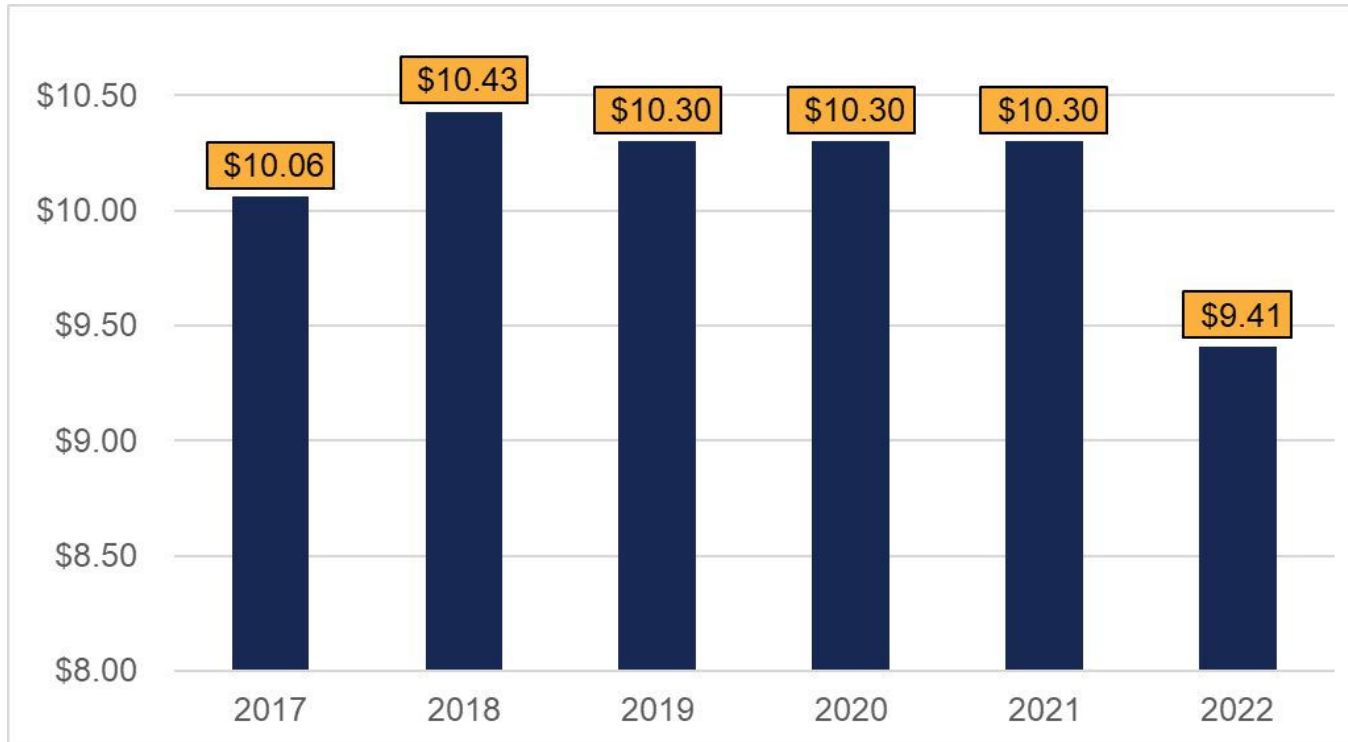
- Reduced administrators, teachers, and support staff
  - 3 Early Elementary Teachers (3 FTE)
  - 1 Science Teacher (1 FTE)
  - 1 Special Education Teacher (1 FTE)
  - High School Principal (1.0 → 0.5 FTE)
  - Middle School Principal + Director of Pupil Services Combined (1.8 → 1.0 FTE)
  - Library Media Specialist (1.0 → 0.5 FTE)
- Reduced administrative costs through consolidation of functions and responsibilities
- Redesigned employee health plans with increased employee costs for premium, co-insurance, and deductible.
- Increased class size at the elementary levels
- Reduced bus routes by 38%

**\$1,750,000 of REDUCTIONS**  
**[CUMULATIVE STAFF & OPERATIONAL]**

# WHAT ARE NOSD'S FINANCIAL GOALS?

- Maintain consistent mill rate for taxpayers
- Reduce interest costs on long-term debt (pre-payment of debt)
- Attract and retain quality educators for every classroom and all staffing groups; provide salaries/wages and benefits that keep up with inflation and compete with local school districts
- Retain mental-health services/programs and important positions established with one-time grant funding (e.g., Guidance Counselor)
- Maintain strict building maintenance schedule to extend - or exceed - building systems' life span
- Prepare for urgent needs and future improvement projects
- Collaborate with neighboring districts, financial planners, and state officials to build relationships and understanding of critical budget concerns
- Promote community awareness and knowledge of key budget challenges; collect community feedback

## NOSD MILL RATE\*

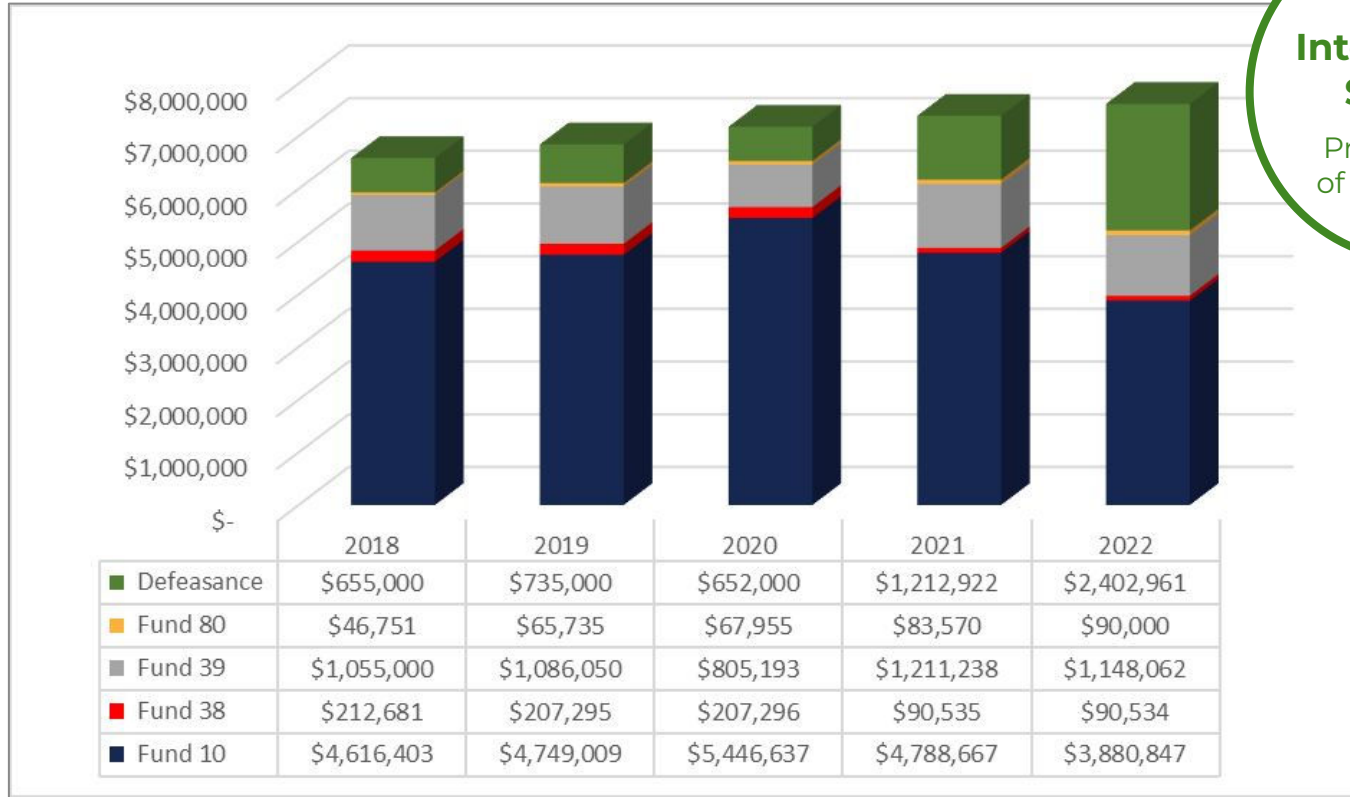


\*Rate determined for school tax purposes based upon total levy amount in combination with equalized property valuations

# NOSD TAX LEVY & FUND ALLOCATION



# NOSD TAX LEVY & DEBT REPAYMENT



**\$2.5M**  
**Interest Cost**  
**Savings**

Pre-Payment  
of NOSD Debt

# NOSD | KEY BUDGET CHALLENGES

## **NOSD BUDGET CHALLENGES:**

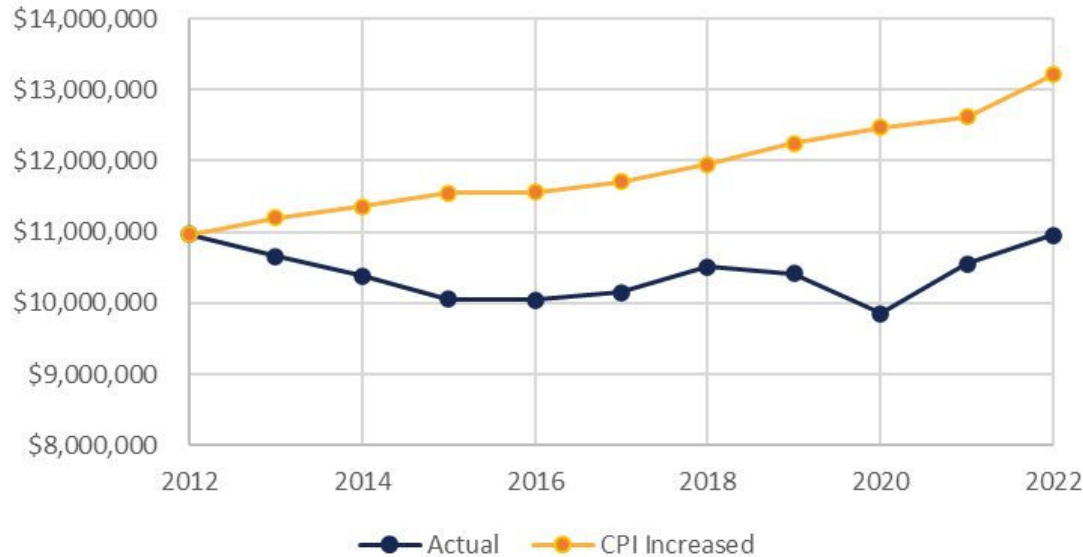
1. Insufficient and unpredictable “per pupil” funding from the State
2. Declining district enrollment (= declining revenues)
3. Increasing costs and escalating inflation
4. Declining fund balance





# INSUFFICIENT PER PUPIL FUNDING

## NOSD General Fund Expenditures vs Inflation



## Revenue Limit Per Pupil Funding History

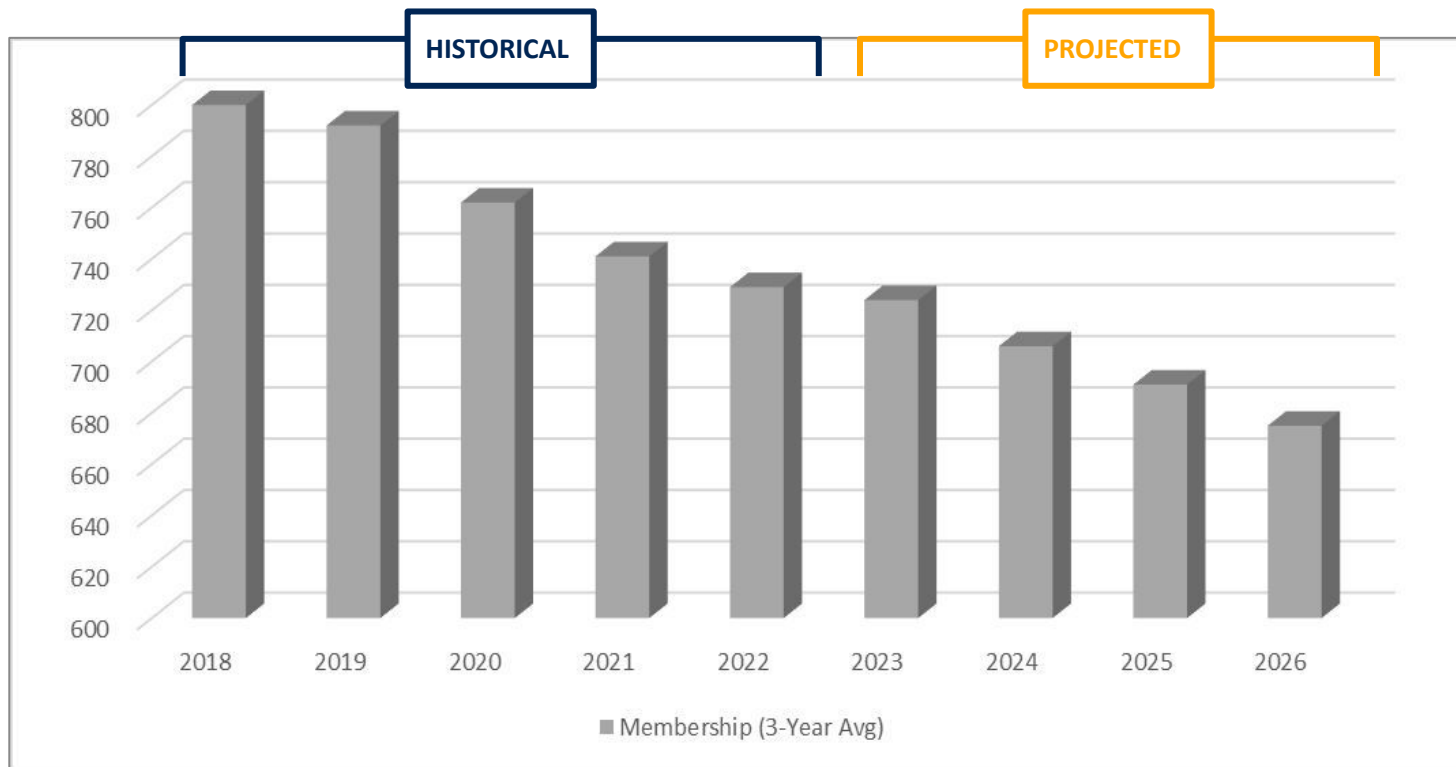
New Revenue (Per Pupil)		Consumer Price Index (CPI)
◇ 2013-14	+ \$ 150	+ 2.07%
◇ 2014-15	+ \$ 150	+ 1.46%
◇ 2015-16	+ \$ -	+ 1.62%
◇ 2016-17	+ \$ 100	+ 0.12%
◇ 2017-18	+ \$ 200	+ 1.26%
◇ 2018-19	+ \$ 204	+ 2.13%
◇ 2019-20	+ \$ 263	+ 2.44%
◇ 2020-21	+ \$ 179	+ 1.81%
◇ 2021-22	+ \$ -	+ 1.23%
◇ 2022-23	+ \$ -	+ 4.70%

\$1,246 (11.3%) Increase over 10 years vs 20.5% CPI

*Base includes Revenue Limit, Per Pupil Categorical Aid (\$11,012)*

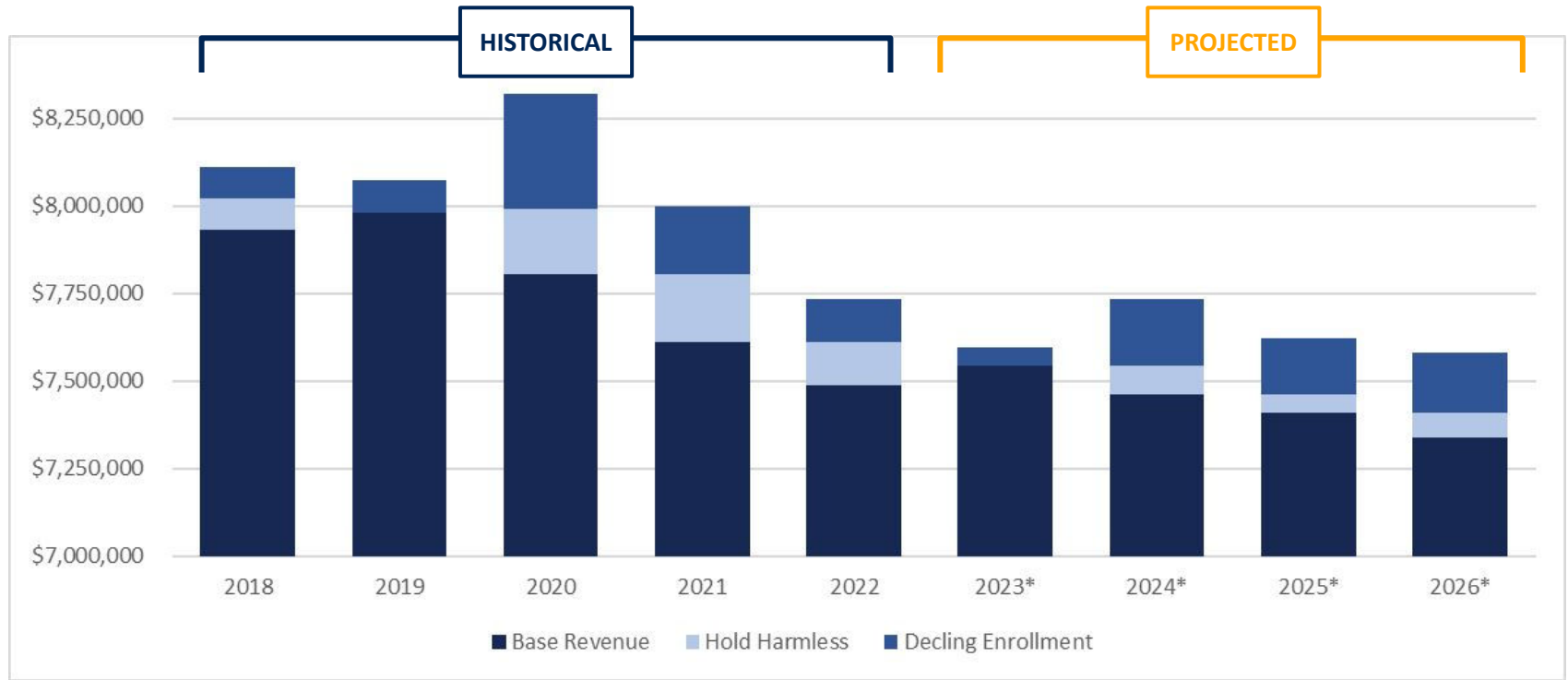


# NOSD DECLINING ENROLLMENT





# NOSD DECLINING BASE REVENUE\*

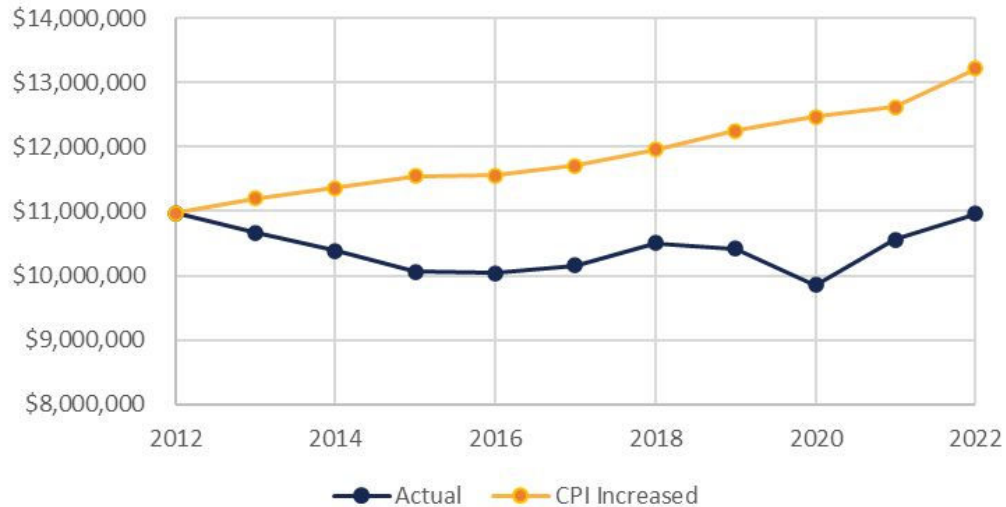


\*2023-26 projections based on \$150 per pupil increase, per year



# NOSD ESCALATING COSTS & INFLATION

NOSD General Fund Expenditures vs Inflation

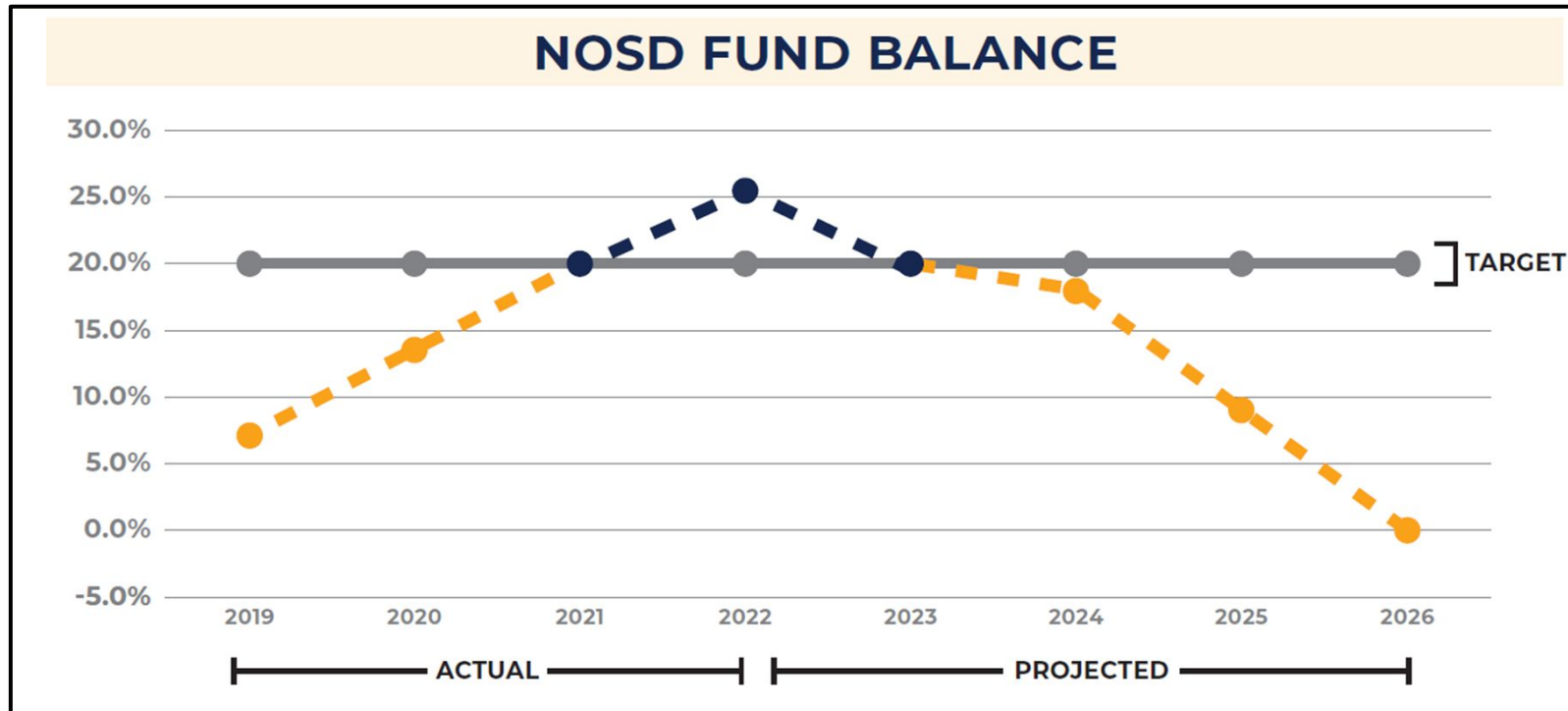


## NOSD 2021-22 Expense Summary

- Inflation (+ 8%)
- Salary/Wage (+3.9%)
- Health Premiums (+9%)
- Departmental Budgets (static)
- Special Education Aid (static)



# NOSD DECLINING FUND BALANCE



# **FUTURE BUDGETS**

## 5-YEAR PROJECTIONS

# 5-YEAR BUDGET PROJECTION

SCENARIO PLANNING with a **\$0 PER PUPIL INCREASE** from the State...

Zero Increase to Revenue							Base
	Historical	Current Year	Budget Year	Forecast			
	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027
Sept Membership (FTE)	717	729	711	697	672	661	644
Per Pupil Increase	\$179	\$0	\$0	\$0	\$0	\$0	\$0
Per-Pupil Categorical Aid \$	\$742	\$742	\$742	\$742	\$742	\$742	\$742
TIF Out Equalized Valuation Growth	4.92%	2.90%	12.79%	0.00%	0.00%	0.00%	0.00%
Fund 10 Revenues	\$15,142,733	\$16,015,888	\$14,717,798	\$13,929,276	\$13,816,802	\$13,693,750	\$13,685,564
Fund 10 Expenditures	\$14,090,125	\$14,991,181	\$15,012,189	\$14,507,012	\$14,949,016	\$15,154,404	\$15,464,043
Surplus (Deficit)	\$1,052,608	\$1,024,707	(\$294,391)	(\$577,736)	(\$1,132,214)	(\$1,460,654)	(\$1,778,479)
Fund Balance	\$2,783,957	\$3,808,664	\$3,514,273	\$2,936,538	\$1,804,324	\$343,670	(\$1,434,810)
Fund Balance as % of Expenditures	19.76%	25.41%	23.41%	20.24%	12.07%	2.27%	-9.28%
Assumed all revenues and expenditures to carry forward from the 2022-23 budget. Assumed \$0 per pupil revenue limit increase.							



## 5-YEAR BUDGET PROJECTION

**SCENARIO PLANNING** with a **\$150 PER PUPIL INCREASE** from the State...

\$150 Per Pupil Increase in Revenue Limit Calc (10-year average)							Scenario 1
Label Scenario Here	Historical	Current Year	Budget Year	Forecast			
	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027
Sept Membership (FTE)	717	729	711	697	672	661	644
Per Pupil Increase	\$179	\$0	\$0	\$150	\$150	\$150	\$150
Per-Pupil Categorical Aid \$	\$742	\$742	\$742	\$742	\$742	\$742	\$742
TIF Out Equalized Valuation Growth	4.92%	2.90%	12.79%	0.00%	0.00%	0.00%	0.00%
Fund 10 Revenues	\$15,142,733	\$16,015,888	\$14,717,798	\$13,987,276	\$13,931,102	\$13,912,450	\$14,006,414
Fund 10 Expenditures	\$14,090,125	\$14,991,181	\$15,012,189	\$14,507,012	\$14,949,016	\$15,154,404	\$15,464,043
Surplus (Deficit)	\$1,052,608	\$1,024,707	(\$294,391)	(\$519,736)	(\$1,017,914)	(\$1,241,954)	(\$1,457,629)
Fund Balance	\$2,783,957	\$3,808,664	\$3,514,273	\$2,994,538	\$1,976,624	\$734,870	(\$722,960)
Fund Balance as % of Expenditures	19.76%	25.41%	23.41%	20.64%	13.22%	4.85%	-4.68%

Assumed all revenues and expenditures to carry forward from the 2022-23 budget. Assumed \$150 per pupil revenue limit increase all within revenue limit authority and not within Per Pupil Categorical Aid.





# ADDRESSING BUDGET DEFICITS

## **NOSD will explore:**

- Cost to retain *current* programs, staff, and student services
- Cost to fund adequate/competitive cost of living increases and benefits
- Cost to address planned maintenance and capital improvement projects
- Further reductions to operating expenses
- Opportunity to increase revenues (via grants and/or operating referenda)



## INCREASE REVENUE

- Utilize referenda tools provided by State Legislature:
  - Capital Referendum: used for building projects, major remodeling or new construction. Typically incurs 20-year debt. **NOSD's voters supported this type of referendum in 2018 to update facilities.**
  - Operational Referendum: used to add (levy) revenue over the the state-imposed Revenue Limit for district operations such as increased staff, staff compensation, programs, materials, or maintenance costs. **NOSD has never secured funding for this type of referendum funding.**

# NEXT STEPS...

- Communicate Website Resources w/Budget Information
- Create Broad Awareness of Long-Range Budget Planning Goals
- Collect Broad Community Feedback on Key Budget Challenges
- Community Survey for All Residents
- Explore Potential Solutions to Avoid Deficits
  - Expense Reductions
  - Operating Referendum

# THANK YOU FOR STAYING INFORMED!

Winter 2023 information sessions will be scheduled and communicated to all residents.

- January - Date TBD
- February - Date TBD
- March - Date TBD