Wisconsin Association of School Business Officials

Taking Care of Business

A Bimonthly Publication of the Wisconsin Association of School Business Officials - Volume 16, Number 6 - December 2012

Inside This Issue

Investing in Education

By Tony Evers,
State Superintendent of Public Instruction

Tony Evers
State Superintendent

Each year in November, we celebrate American Education Week to raise public awareness about the importance of education. The observance started more than 90 years ago because civic leaders were alarmed that too many World War I draftees were unprepared for service. They didn't have the education or training society needed, often lacking a high school diploma.

So too today, business and industry say we are facing a skills gap. Students need more preparation for jobs in advanced manufacturing, biotechnology, health care, and other high tech industries. Agenda 2017 and my ***Fair Funding for Our Future*** plan calls for reinvesting in education to make sure that every child in Wisconsin, no matter where they live, will graduate with the knowledge and skills needed for success. Through improved standards and instruction, assessments and data systems, school and educator accountability, and school finance reform, we'll work to increase graduation rates, close gaps, and increase career and college readiness. My 2013-15 education budget will reinvigorate career and technical education and invest in science, technology, engineering, and mathematics (STEM) education to help meet the skilled-worker shortage that looms ahead.

My Fair Funding plan is a comprehensive package that invests in education, providing a path back to two-thirds state funding, while holding the line on property taxes. Specifically, the plan will fix our broken school funding formula, guarantee state funding for every student, and account for family income and poverty in allocating general school aid rather than relying only on a school district's property wealth. Fair funding will provide additional revenue limit authority to all school districts and direct all state aid directly to schools. It will bring truth to budgeting by making school funding in Wisconsin more fair, sustainable and transparent.

American Education Week has traditionally called for a focus on how our schools serve our society. During this year's November 11 to 17 observance, we celebrated Wisconsin schools and committed to making them even stronger by reforming our school finance system through the Fair Funding for Our Future plan.

See page 14 for more information on the Fair Funding for Our Future plan.

WASBO Vision - To be the most influential Wisconsin organization for state and national school business management and leadership.

WASBO Mission – To provide professional development, to foster a network of support and to advocate for funding that ensures outstanding educational opportunities for all children in Wisconsin.

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Taking Care of Business c/o WASBO
4797 Hayes Road, Suite 101
Madison, WI 53704
P 608.249.8588 F 608.249.3163
wasbo@wasbo.com
www.wasbo.com

Editor: Woody Wiedenhoeft

President's Message

A Word From Your President

Preparing Today for Tomorrow's Challenges

By Janice DeMeuse, Business Manager, Luxemburg-Casco School District


Janice DeMeuse
WASBO President

Greetings to everyone from hot and sunny Costa Rica. I am on vacation here for two weeks and am thoroughly enjoying the pool, my grandkids and the time away from work. However, I do find it difficult not to think about schools and kids when my life is so regularly involved with these things. I thought I would share with you a little bit of what education is like here.

Costa Rica boasts a 96% literacy rate, defined as reading and writing a short simple statement related to everyday life with understanding. That rate sets them apart from the rest of Central America. In 1869, led by the first president Jose Maria Castro who was a former teacher, Costa Rica was the first country in the world to require a free and compulsory education, funded by coffee wealth. Unlike other countries in Central America, many of Costa Rica's leaders have had an educational rather than military background so education has remained a high priority for the country. The country's constitution requires that the amount of spending on education shall not be less than 6% per year of gross domestic product.

The Ministry of Education regulates education in the country. Core subjects taught are Spanish, social studies, math, science, foreign language, religion and other specialized subjects. Since 1998, English and computer science have been mandatory subjects. Nine years of attendance is required.

Schools offer programs at a "Kinder" and "Preparatory" level prior to first grade. There are approximately 3,711 primary schools offering grades one through six. In a country of approximately 4,579,000 people, there are approximately 529,637 students attending primary schools with 19,235 teachers or approximately a 28-1 pupil/teacher ratio. High schools offer five grades finishing at the 11th grade. At this level, there are approximately 202,415 students being taught by 10,943 teachers. A Bachellerato test is required for high school graduation.

While every community has a school, most are overcrowded. To combat this issue, students generally attend school only 3 ½ hours per day so that two "shifts" of students can be accommodated. Students are required to wear uniforms because of the variance in family incomes. Despite the country's financial commitment to education, many of the rural schools lack basic school supplies and books.

Four state-funded universities and many private universities exist. The University of Costa Rica is the largest and provides services to 35,000 students. Despite costs of only $2,800 per year for undergrad tuition and books and $4,000 per year for graduate students, most students attend with scholarships. Professors are highly trained with many having their Ph.D.

A visit to a primary school in our area was very interesting. While the building itself would not comply with our standards on any level, there were rows of students engaged in activities and learning. The classroom itself did not have the bins of supplies and books that we accept as normal in our classrooms but there was one computer in the room. Students were excited to receive the pencils, crayons and paper that we brought for them. The lesson I took away is that it is nice to have a variety of tools to support techniques to enhance learning, but a dedicated teacher and staff can make it work without all that "stuff."

On behalf of the WASBO Board and staff, I wish you all a joyous and peaceful holiday season.

Executive Director's Report

2011-2012 WASBO Initiatives

By Woody Wiedenhoeft, Executive Director, WASBO

Woody Wiedenhoeft

The holidays are only weeks away. Although it is a very busy time of year between Thanksgiving and Christmas, it is also a time to reflect a few moments about the this year's "new happenings." 2012 has been a very good year for WASBO. Some examples of this good work are as follows.

1. WASBO, WASB and WSPRA introduced an exciting, new, hands-on tool for understanding the variables, stakeholders and nuances of financing Wisconsin's public schools -- **Investing in Wisconsin Public Schools.** The group activity creates conditions in which participants easily learn from each other through engaging and enjoyable discussion. Participants learn by using a Socratic questioning process that facilitates a deeper understanding of school district fiscal literacy. The participants learn from each other without being told what they should believe.
2. WASBO volunteers developed and introduced a new **WASBO Mentoring Program.** This program helps two individuals establish a relationship where knowledge, skills and experiences are shared. The protégé is someone seeking guidance in developing specific competencies, self-awareness and skills early in their career. The mentor is a person who has the experience and expertise in the areas of need identified by the protégé and is able to share wisdom in a nurturing way. Each relationship is unique, based on individual needs, personality, learning styles, expectations and experiences. The process provides a significant, long-term effect on the career and work style of each individual. The handbook includes best practice thinking for mentoring administrators. This program was developed to comply with changes to Wisconsin's licensing rule – PI 34.
3. WASBO and the DPI developed the **Year of Success Program** for newer school business managers, finance managers, bookkeepers and administrators. This program provides support throughout the year to new personnel involved with school business functions.
4. WASBO, WCASS and the DPI developed the first annual **Federal Funding Conference**. This is now one of the highest attended conferences that WASBO provides.
5. WASBO and WASB developed the first annual **WASB School Finance Seminar** for school board members. This seminar delves into fiscal literacy issues at a more detailed level than Investing in Wisconsin Public Schools and is developed specifically for the school board member's role on the school board.
6. The **Wisconsin Collaborative Procurement Network (WCPN)** was established as a working resource for purchasing by WASBO, technical colleges, CESAs and the Wisconsin Department of Administration.
7. WASBO graduated its first class of **Certified School Resource Managers (CSRM).**
8. Áine Calgaro joined the WASBO staff on November 26, 2012. Welcome to WASBO, Áine.

WASBO is proud we finalized a number of other changes and improvements in other goal action areas as well. These improvements were made to existing programs. The above listed accomplishments came to mind because they are new, first-time efforts. All this has been achieved by WASBO volunteers, wishing to give back to their colleagues. WASBO members demonstrate this holiday giving attitude throughout the entire year. It is truly a blessing. Take time to thank your fellow WASBO colleagues for providing a tremendous support network.

Please enjoy the upcoming holiday season.

WASBO wishes you a peaceful holiday season filled with family and friends.

Woody, Tina, Jeanne, Deb and Áine

WASBO Leadership Transitions on ASBO Board of Directors

Erin Green
Greendale SD

WASBO has been fortunate to have the leadership of Erin Green on the ASBO Board for the past seven years. Her involvement as a director, president elect, president and now past president has provided many positive benefits to Wisconsin and our members. Erin's term ends this month and we asked her to reflect on her service.

What do you get when you mix positive energy, a crazy work-harder affiliate (WASBO), extreme professionalism (hey, we have Master's Degrees!), great back office support from WASBO and the Greendale School District and good timing? Wisconsin gets an ASBO International Board member!

It has truly been my pleasure to serve and represent you for the past seven years. You are all great leaders in your districts. You provide energy and expertise to WASBO and ASBO.

Wisconsin should be very proud of our outstanding affiliate, organized by Woody and the staff inlcuding, Tina, Jeanne, Deb and Áine. It is that affiliate that has led to many Wisconsin leaders before me, and the many who will follow in serving WASBO, ASBO and your schools.

I am biking 200 miles in the Florida Keys as I write this from an iPhone. I have learned that Henry Flagler, a founder of Standard Oil, had a dream of a railroad from Miami to Key West in the early 1900s. It is due to his everlasting positive attitude to build a railroad over 100 miles of sea and islands that we can drive (or bike!) today to the outpost of our United States of America, Key West. While the railroad collapsed in the fury of the 1935 hurricane, his bridges lived on and provided the structure for the roads that followed.

It is the same positive spirit that you as leaders in all of your roles bring, even during challenging times.

I hope that my service has provided a little inspiration that "yes you can do it, whatever IT is." Having a leader in ASBO helps provide great opportunities for us. For example, Bambi Statz leading and many of you being involved in developing our SFO credentialing process. Jeff Carew led the Corporate Team for ASBO. Countless others of you are involved in ASBO/WASBO leadership or committees. You would do that regardless of a Wisconsin ASBO leader. However, Wisconsin ASBO has continued its luster nationally and has established its reputation further with all of our efforts.

I toured Hemingway's house in Key West today. His advice? Limit your words to only the essential! So with that, I wish Tom Wohlleber a fine ASBO journey and I know many Wisconsin leaders will follow! As for me, I will continue as Vice Chair of the International Aspects Committee, indulging my belief that ASBO's next frontier is global. We have much to learn from our colleagues around the world.

See you around WASBO!

Tom Wohlleber
Middleton-Cross Plains Area SD

My term as an ASBO Director will begin in January. I would like to sincerely thank my fellow WASBO colleagues, WASBO Board, WASBO staff and Service Affiliate sponsors for making my goal of serving our profession and representing the State of Wisconsin on a national level a reality. Achieving this goal would not have been possible without your encouragement, support and tireless efforts for which I am very grateful. I am humbled and honored to have this opportunity to serve the membership of ASBO. Thanks for making this opportunity possible!

I recently attended the Symposium for Chief Elected and Chief Staff Officers sponsored by ASAE (American Association of Association Executives). It was an outstanding professional development opportunity that focused on association effectiveness, governance, planning and leadership. The training consisted of three primary "threads":

1. Understanding Volunteer Organizations/Associations
2. Responsibilities, Roles & Relationships
3. Competencies of Association Leadership

I will be discussing each of these three threads in more detail in future WASBO newsletters.

The presenters facilitated a discussion of "what is an association?" A relatively common definition of an association as described by the presenters is "a

Continued on page 9

John Forester
SAA Director of Government Relations

Legislative Update

Invite Your Legislators to School

By John Forester, Director of Government Relations, School Administrators Alliance

Have you invited your legislators to school this school year?

The November election has assured a challenging political environment for K-12 education in Madison. Many of you now have new legislators, but even if you don't, now is a good time to renew your relationships.

It is clear to me that in order to meet the challenges posed by the 2013-15 state budget and the private school voucher advocates, SAA members must enhance their ability to influence their legislators at the grassroots.

The best way to influence your legislators is to develop relationships with them. Each legislator has a "small circle of experts" that they count on for advice on various legislative issues. It is important for you to become one of your legislator's experts on K-12 education issues. Inviting your legislators to your school is a great way to begin or continue developing this relationship. Use the visit as an opportunity to showcase your school and to let your legislator know that you are an important source of information for them on K-12 education issues. You'll also have an opportunity to discuss the major issues impacting K-12 education.

If you have not invited your legislators to school yet in the 2012-13 school year, take the time to extend that invitation. In fact, make it a point to meet personally with each of your legislators to review key issues at least once a year. It's a good idea to coordinate these visits with your district's administrative team.

Remember, the SAA's success on state legislative issues is, in large part, dependent upon your ability to influence your legislators at the local level.

SAA Legislative Committee to meet December 10, 2012

The next meeting of the SAA Legislative Committee will be held on Monday, December 10th in Stevens Point. The primary objective for this meeting is to finalize the SAA's 2013-15 Legislative Agenda.

Given the current political environment, the SAA's 2013-15 Legislative Agenda has been the most challenging of the six SAA agendas that I have helped craft. Our greatest challenge is two-fold – making this agenda both representative of the SAA's diverse membership and effective in the State Capitol.

I look forward to sharing this document with you and receiving your feedback. This promises to be an unpredictable legislative session. Buckle up.

As always, thank you for your attention and thank you for all your efforts on behalf of Wisconsin school children.

"Vitality shows in not only the ability to persist but the ability to start over."

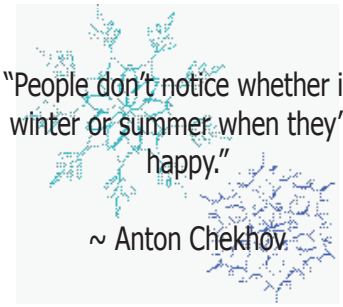
~ F. Scott Fitzgerald

WASBO Leadership Transitions on ASBO Board of Directors

Continued from page 7

group of people who voluntarily come together to solve common problems, meet common needs and accomplish common goals." Membership volunteerism and involvement/ engagement is essential in maintaining a strong and vibrant association. Also extremely important is commitment to an on-going strategic planning process driven by the association's vision. This involves a planning process that recognizes and seeks to understand the challenges faced by its members and their profession, the needs of the members to help them address the challenges that they face and sets meaningful goals that support its members to be successful.

I had the opportunity to participate in the strategic planning process this past summer with the ASBO Board. I was impressed with the thoughtfulness and insight of the planning participants and the integrity of the planning process. I have seen and experienced the commitment that ASBO leadership and staff have for its members. I will make every effort to build upon this commitment during my tenure on the ASBO Board.



Planning for Possible Changes in Your Audit Engagement

By David Odahl, Quality Control Manager, Wegner CPAs

David Odahl

As you plan for your next financial statement audit, there are changes in auditing standards that may impact your engagement. Statements on Auditing Standards (SAS) Nos. 122-125 (referred to as the Clarified Auditing Standards) introduce some changes that go into effect for audits of financial statements for periods ending on or after December 15, 2012. For most organizations, these changes will be effective for the year ending December 31, 2012 or later. Some of the changes will affect all audit engagements, while others only apply in certain circumstances.

Some of the changes that may affect all audit engagements:

- Before the audit begins you can expect your auditors to review the terms of the engagement annually with you. If the terms have changed, expect them to issue a new engagement letter. In addition, management's responsibilities will be spelled out more clearly in the engagement letter as a result of the new standards, but management responsibilities are unchanged.

- Expect your auditors to ask you more questions regarding your legal and regulatory framework and expect your auditors to ask to review correspondence with licensing or regulatory agencies. These procedures will allow your auditors to better understand the environment in which you operate and to better assess risk.

- All confirmations are now required to be in writing. In some circumstances your auditors may have relied on verbal confirmations; however, that is no longer an option. Your auditors may need your help to get cooperation from vendors, customers, etc. if they are not responding to confirmation requests quickly.

- Communications to you regarding internal control deficiencies will now include a description of the potential effect of significant deficiencies or material weaknesses that your auditors identify through their audit procedures. Your auditors won't quantify the potential effect; they will just give a description. Your auditors will also inform you of other deficiencies that they believe are sufficiently important but that don't rise to the level of significant deficiencies or material weaknesses. The expanded reporting is intended to enhance your ability to address internal control issues and reduce the potential risk of material misstatement or fraud.

- The auditor's report has changed, with headings to distinguish each section and a more complete description of management responsibilities. In some circumstances, new paragraphs may be included in the auditor's report to address special situations. Your auditors will discuss the new report format with you and will let you know if any special report paragraphs may apply to your engagement.

There are additional changes that may not affect all audit engagements.

- Your auditors may ask you more questions to ensure their understanding of any special circumstances in your engagement, such as if you report using an accounting method other than generally accepted accounting principles (GAAP), issue a single financial statement or issue summary financial statements.

- If your organization uses a service organization, such as an outside payroll process or or cloud computing provider, for example, expect your auditors to ask you whether the service organization has reported any fraud, noncompliance with laws and regulations or uncorrected misstatements that could affect your organization. Your auditors may have to adjust their audit procedures accordingly.

- If your organization uses a service organization and your auditors rely on the service auditor's report as audit evidence, your auditors will be required to evaluate the report in more depth. Your auditors may have to perform additional audit procedures depending on their evaluation.

- If your engagement includes a disclosure of segment or division information, expect your auditors to discuss with you the methods used to determine the information presented. Your auditors may be required to perform audit procedures that may not have been performed previously.

- If your engagement includes group financial statements, there are significant changes in the way

Continued on page 12

Continued from page 11

these engagements will be performed. The changes apply to both the auditors managing the overall audit and auditors reporting on components of a group.

There are some changes that may only apply in unusual circumstances, some of which are listed below.

- If you have engaged your auditors to perform an audit for the first time, they will discuss with you the procedures required in an initial audit (or reaudit).
- If your organization uses a financial reporting framework other than GAAP, your auditors may perform additional procedures regarding related party transactions.
- If there are material changes in financial statement classifications from previously issued financial statements, expect your auditors to perform additional procedures to evaluate the changes and possibly highlight them in the auditor's report.
- If your organization issues financial statements that have been prepared in accordance with a financial reporting framework generally accepted in another country for use outside the U.S., options for the auditor's report have changed.

Some of the benefits of the Clarified Auditing Standards include enhanced communication between you and your auditors, improved audit quality and increased confidence in the audited financial statements.

Questions? For more information contact Wegner CPAs – Madison Office: (608) 274-4020, Pewaukee Office: (262) 696-5190, or Toll Free: 888-204-7665 or visit our website at www.wegnercpas.com.

ASBO MEETING DATES

2013 Annual Meeting & Expo
Oct. 25-28, 2013 - Hynes Convention Center - Boston, MA

2014 Annual Meeting & Expo
Sept. 19-22, 2014 - Gaylord Palms Resort & Convention Center - Kissimmee, FL

2015 Annual Meeting & Expo
October 23-26, 2015 - Grapevine, TX

2016 Annual Meeting & Expo
September 23-26, 2016 - Phoenix, AZ

2017 Annual Meeting & Expo
September 22-25, 2017 - Denver, CO

2018 Annual Meeting & Expo
September 21-24, 2018 - Orlando, FL

Tax-Exempt Bonds:

Their Importance to the National Economy and to State and Local Governments

By National Association of Bond Lawyers, September 2012, reprinted with permission
Provided by Quarles & Brady, LLP

Summary

The tax exemption of the interest on State and local government bonds is a proven, effective way to provide needed funding for public infrastructure and the related benefits to the economy from job creation and business development.

- **The exemption of state and local government bond interest helps lower the cost of capital funding for state and local governments.** Any repeal of or change to the exemption of state and local bond interest, including making state and local government bond interest subject to tax for higher-income taxpayers, will increase borrowing costs for state and local governments. The burden of such changes will fall primarily on state and local governments and through them on their taxpayers and ratepayers, not on high-income federal taxpayers.

- **State and local government bonds provide funding for critical infrastructure.** With limited exceptions, state and local government bonds fund capital projects. Unlike Treasury bonds, state and local government bonds are generally not used to fund deficits. State and local government bonds finance schools, roads and highways, bridges, hospitals, universities, airports, water and sewer facilities, and other infrastructure that powers our economy.

- **Changes to the exemption of state and local government bonds will increase state and local borrowing costs, which will be passed on to the public.** These increased borrowing costs will be passed through to taxpayers, ratepayers (e.g., of a municipal water system or utility), or other users (e.g., hospital patients, students or residents in low income housing). Since the facilities benefitted by state and local government bonds are limited to specified public purposes by the Internal Revenue Code, the burden of these increases will be borne regressively by lower and middle income individuals.

- **Principles of federalism support maintaining the current exclusion of state and local government bond interest.** States cannot tax interest on Treasury bonds. Similar treatment of state and local government bonds is consistent with the reciprocal principles of federalism and has a long-standing historical basis.

- **State and local government bonds encourage local control over the development of infrastructure.** State and local governments set the priorities for infrastructure and economic development and shoulder the burden of these investments. If the current system were replaced with one in which the federal government provided grants or loans instead of the assistance now provided by the exclusion of interest on state and local debt, the federal government would inevitably appropriate control over infrastructure and economic development decisions that are now made, effectively, at the state and local level.

- **Infrastructure is important to our economy.** The development of infrastructure provides construction jobs with related multiplier affects to local economies. Public infrastructure is also important to economic activity (i.e., airports, highways, and electric, water and sewer utilities are important to existing businesses and the creation of new businesses).

- **Limiting or eliminating the exemption will mean less infrastructure investment.** Unless substantial amounts of other federal funds are made available state and local governments will be discouraged from infrastructure investments. A lack of investment in infrastructure will hurt long-term economic growth and, in the short term, result in loss of construction-related jobs.

White Paper

The United States today is facing unprecedented challenges in job creation, infrastructure development and deficit reduction. These challenges are interrelated, and one of the key elements to addressing them is tax reform. Tax reform can induce more efficient allocation of capital, thereby stimulating economic growth and job creation. It can generate increased revenue to reduce the deficit. Tax reform can also encourage the investment in infrastructure that is necessary to support economic growth and jobs.

There is general agreement that tax reform should "close loopholes" and "eliminate tax preferences" in the current tax code in order to make the system fairer and more efficient. However, some provisions in the current tax code

Continued on page 15

Fair Funding for Our Future

The Fair Funding plan is part of the Department of Public Instruction's 2013-15 state budget request. The proposal would increase general and categorical school aid by 2.4 percent in the first year of the budget and 5.5 percent in 2014-15 to provide state support for education and property tax relief. Those funding levels and the plan's proposal for predictable growth in state aid create a pathway to restoring the state's two-thirds funding commitment to education by 2017. The plan would provide a guaranteed amount of funding to school districts for each student ($3,000) regardless of where they live. It incorporates a poverty weighting factor of 30 percent into the formula to account for family income rather than just a district's property values. The plan would direct all state aid to school districts, folding in the school levy and first dollar credits.

"We owe it to taxpayers to bring truth to budgeting," Evers said. "Fair Funding for Our Future makes Wisconsin's school funding formula more fair, sustainable, and transparent. It maximizes existing resources and sets the stage for greater state support for education in future years."

The plan restores revenue limit authority to all districts. It calls for an increase in the per pupil revenue limit to $225 per student in the first year of the budget and $230 per student in 2014-15. To assist rural schools, the department's budget request seeks full funding for the sparsity categorical aid program to support about 130 districts that have small student populations and large geographic boundaries. Changes to transportation aid and the addition of a new high-cost transportation aid program would further support rural districts that must transport children significant distances to school.

Reinvesting through Fair Funding

"More than 40 percent of our students live in rural areas," Evers noted. "Fair Funding investments along with collaboration among districts and appropriate technology will ensure that kids in less populated parts of the state have access to a rigorous, well-rounded education that prepares them for college and careers."

The Fair Funding plan would hold the line on net property taxes and result in a gross property tax decrease of more than 18 percent. All school districts would have increased (402) or the same (22) state school aid. The department's budget includes seven new categorical aid programs to focus decisively on Agenda 2017: Every Child a Graduate, College and Career Ready.

"Education paves our way to prosperity. If we invest in our students and their schools, Wisconsin will have a brighter future," Evers said. "Fair Funding for Our Future reforms school finance, protects taxpayers, addresses significant educational needs, and builds a stronger foundation for education in Wisconsin."

For more information on State Superintendent Tony Evers' Fair Funding for Our Future plan go to http://fairfunding.dpi.wi.gov/

Continued from page 13

advance the goals of infrastructure investment and job creation, and with them the economic growth that will help reduce the deficit. This paper looks at one provision — the provision in the tax code that helps state and local governments invest in the infrastructure that forms the basis for economic growth. This provision — the exclusion from gross income of the interest on state and local bonds — supports investment in roads, bridges, schools and ports, among many other examples. This paper summarizes the current use of tax-exempt bonds and considers the impact the elimination, or limitation, of the bond tax exemption would have on state and local governments, their taxpayers and ratepayers, on other qualified tax-exempt bond borrowers and on bond investors.

I. Overview

The United States is simultaneously facing several critical challenges. Congress and elected leaders at all levels feel the need to enact legislation that encourages job creation. Dramatic events, such as bridge collapses on interstate highways, and more everyday events, such as water main ruptures, highlight the desperate need for improvements to and repairs of our crumbling infrastructure. Infrastructure spending helps the overall economy by providing construction-related employment, stimulating demand for manufactured construction materials, and providing the roads, bridges and other support necessary for sustained economic growth.

At the same time, however, the President and Congress are under pressure to reduce the federal deficit and reform the federal income tax system, which requires changes to the Internal Revenue Code (Code). President Obama, Congress and various commissions and commentators recently have been considering proposals to address these interrelated issues.

Some proposals would eliminate or limit the exclusion of interest on state and local government bonds. For instance, the report of the National Commission on Fiscal Responsibility and Reform (also known as the Simpson-Bowles Commission) included, as an illustrative example for tax reform, the repeal of the exclusion for interest on newly-issued state and local bonds. Separately, the Obama Administration has proposed limiting the value of the exclusion, not only with respect to newly-issued bonds but also bonds that are currently outstanding and in the hands of investors.

There are several rationales for these proposals and others like them. One is that eliminating or limiting the exclusion will enhance "tax equity" by increasing the amount of taxes paid by high income taxpayers. According to this view, the exclusion disproportionately benefits high-income taxpayers. Another rationale is that including state and local bond interest in gross income would increase federal tax revenues, helping to reduce the federal deficit. Third, some proponents of these proposals believe that the inclusion of state and local bond interest in gross income would broaden the tax base, thereby permitting a reduction in marginal income tax rates that is considered by many to be the key element in tax reform. These rationales are closely related, and all of them appear to be premised on the notion that the exclusion of state and local bond interest benefits high-income taxpayers and that eliminating or limiting the exclusion of such interest will generate significant new revenues to reduce the federal deficit.

There are serious flaws in these rationales. Moreover, the reduction in infrastructure investment that is likely to occur if the exclusion were eliminated or limited would likely impede economic growth, job creation and deficit reduction.

For one, the economic burden of the elimination or limitation of the exclusion of interest on state and local government bonds would not be borne exclusively by high-income taxpayers. Instead, much of the burden would be borne by state and local governments, their taxpayers and ratepayers, and by other qualified borrowers in the form of higher borrowing costs. By virtue of the subsidy provided by the exclusion of state and local bond interest under current law, investors today are content to require lower interest rates from bond borrowers, because investors do not have to pay tax on the interest they receive. If the exclusion from income tax were to be eliminated or reduced, investors would require bond borrowers to pay higher interest rates.

As a result, the burden of the elimination or limitation of the exclusion will largely fall not on high-income taxpayers because those taxpayers, as bond investors, can "pass-through" their increased federal taxes to the state and local governments. These governments, in turn, pay the interest on their bonds from sales taxes, property taxes, fees, tolls and to a lesser extent, income taxes.[1] As a result, the burden of the elimination or limitation will fall largely on lower and middle income state and local taxpayers and ratepayers in the form of higher fees for such items as water and sewer, higher tolls on roads and bridges, and increased sales and

[1] On the whole, these state and local tax systems, which would be drawn on to service increased debt service on taxable bonds, are regressive and take a greater share of the income of lower and middle-income families than of upper-income families. See Davis, et al., *Who Pays? A Distributional Analysis of the Tax Systems in All 50 States, 3rd Ed.*, Institute on Taxation and Economic Policy, Nov. 2009, at 1.

Continued on page 17

Mark Your Calendar to Attend WASBO Professional Development
Registration Coming Soon at www.WASBO.com

15th Annual WASBO Facilities Management Conference

February 26-27, 2013
Kalahari Resort & Conference Center
Wisconsin Dells, WI

Who Should Attend?
Facilities and Maintenance Directors, Safety Directors, Business Managers, District Administrators

Attendee & Exhibitor Registration at www.WASBO.com/facilities

WASBO Transportation & Bus Safety Conference

February 27, 2013
Wisconsin Dells, WI
Kalahari Resort & Conference Center

Who Should Attend?
Transporation Directors, Contractors, Business Managers, District Administrators

Register at www.WASBO.com/transportation

WASBO Accounting Conference

March 20-21, 2013
Chula Vista Conference Center
Wisconsin Dells, WI

Register at www.WASBO.com/accounting

Who Should Attend?
Business Managers, Directors of Finance, Bookkeepers, Accountants, District Administrators, Human Resources

WASBO/WCASS/DPI Federal Funding Conference

February 28-March 1, 2013
Kalahari Resort & Conference Center
Wisconsin Dells, WI

Register at www.WASBO.com/federalfunding

Sponsorship Opportunties for each conference at www.WASBO.com

Continued from page 15

property taxes. These governments could also reduce services, but those cuts would also fall disproportionately on lower and middle-income households.

Apart from these considerations, the most likely result of the elimination or limitation of the subsidy for state and local bonds would be decreased investment in our nation's infrastructure, with a resulting loss in infrastructure-related employment and the support that infrastructure provides to economic growth.

While the tax equity argument has serious problems, there remain the arguments that the elimination of or limitations on the exclusion would raise significant revenue for deficit reduction, lower marginal tax rates or both. However, the extent to which any change to the treatment of tax exempt interest would result in additional taxes being paid by high-income taxpayers is not certain, since those investors would have an incentive to move their funds to other tax-favored transactions or investments.[2]

In order to maximize the amount of tax revenues resulting from a change to the exclusion of interest on municipal bonds, some of the proposals would apply the repeal or limitation to all outstanding bonds (i.e., retroactively apply the repeal or limitation to existing bonds that were bought by investors on the basis that the interest on such bonds would continue to be fully exempt from federal income tax). *A retroactive change in the taxation of outstanding state and local government bonds would result in an immediate decrease in the market value of much of such outstanding debt, a loss that will be felt by current holders of such bonds, more than three-fourths of whom are retail investors,[3] many of whom are middle income and at least some of whom are older Americans.* Over 5.3 million households with annual adjusted gross income under $250,000 reported tax-exempt income in 2009.[4] Those households reported over 55 percent of all the tax-exempt income reported that year.[5] In addition to the effect on the savings of those investors, if the investors sold those bonds at a loss, federal tax receipts could be lower in the near term.

Because the revenue that might be gained by the elimination or reduction of the exclusion may not be as significant as some think, the opportunity for deficit reduction and base-broadening also would not be as significant.

While the tax equity argument for and revenue benefits to be derived from eliminating or limiting the exclusion of state and local bond interest can easily be overstated, there are important policy reasons to maintain the current Code exclusion, including principles of federalism, encouraging local control over capital projects, and promoting infrastructure development by state and local governments.

II. Background

The municipal bond market has been a key, low-cost source of infrastructure financing in the United States since the mid-1800s. The municipal bond market is large and very diverse, with many different types and sizes of issuers of municipal bonds. As of the end of 2011, there were approximately $2.9 trillion of long-term tax-exempt state and local government securities outstanding, including securities issued to provide "new money" for infrastructure and refundings.[6] These securities were issued by approximately 51,000 state and local government issuers, ranging from villages, towns, townships, cities, counties and states, as well as special districts and authorities, such as school districts and water and sewer authorities.[7] The overwhelming majority of state and local bonds issued by these governmental issuers are issued to finance or refinance capital projects and infrastructure.[8] This is in contrast to the federal government's issuance of debt, which is used to fund current operating deficits.

Municipal bonds are used to finance a broad spectrum of public infrastructure, such as roads, bridges, airports,

[2] See *Portfolio Substitution and the Revenue Cost of the Federal Income Tax Exemption for State and Local Government Bonds,* James M. Poterba and Arturo Ramírez Verdugo, National Tax Journal, June 2011. The authors of this paper conclude that "the revenue gain from repealing interest tax exemption [is likely to be overstated], since at least some current holders of tax-exempt bonds would probably reposition their portfolios to hold other lightly-taxed assets, rather than heavily-taxed bonds, after interest payments on state and local government bonds became fully taxable." Id. at 2. See also Joint Committee on Taxation, *The Federal Revenue Effects of Tax-Exempt and Direct Pay Tax Credit Bond Provisions* (JCX-60-12), July 16, 2012, at 10-16 (noting that "[w]hile investigations into the revenue consequences of more realistic investor portfolio reallocations are important, determining whether the taxable bond substitution assumption either underestimates or overestimates the estimated revenue cost to these alternative assumptions is exceedingly difficult.").

[3] At the end of 2011 there were approximately $3.7 trillion municipal securities outstanding. Households held approximately $1.9 trillion directly, and approximately $930 billion were held in mutual, money market, closed-end and exchange-traded funds. Federal Reserve Board, *Flow of Funds Accounts of the United States,* March 8, 2012, Table L.211.

[4] Internal Revenue Service, Statistics of Income, *Individual Income Tax Table 1.4 All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income, Tax Year 2009.*

[5] Id.

[6] In addition, at the end of 2011 there was outstanding $52.3 billion in short-term state and local debt, $254.4 billion in tax-exempt debt of non-profit organizations and $497.4 billion in debt of other tax-exempt borrowers. *Federal Reserve Board, Flow of Funds Accounts of the United States,* March 8, 2012, Table L.211.

[7] *SEC Release 34-62184A (May 28, 2010)* at 8 & n. 22.

[8] A small portion of municipal bond issues finance cash flow or working capital needs of state and local governments. As a result of federal tax law limitations, these bonds are almost always issued as short term obligations.

Continued on page 18

Continued from page 17

utility systems, schools, hospitals, courthouses, jails, administrative offices, and other public facilities. Some municipal bonds are issued for the benefit of private entities, often nonprofit 501(c)(3) organizations, who use the proceeds to finance educational facilities, health care facilities, senior living facilities, multifamily housing for low or moderate income persons, solid waste disposal facilities and manufacturing facilities. The amount of tax-exempt debt issued to finance new infrastructure projects undertaken by the public and private sectors totaled $1.7 trillion from 1991 to 2007.[9] About three-quarters of those bonds were used for capital spending on infrastructure by states and localities, and the remainder was to fund private capital investment for projects that serve a public purpose, such as non-profit schools and hospitals.[10] In 2009 alone, approximately $365 billion in bonds were issued to finance long-term projects.[11]

The Code has provided an exclusion from gross income for interest on municipal bonds since the modern income tax system was enacted in 1913. Until late in the 20th century, the tax exempt status of interest on state and local government bonds also was believed to be constitutionally protected under the doctrine of intergovernmental immunities, based on the Supreme Court decision in *Pollock v. Farmers Loan & Trust Co.*, 157 U.S. 429, *modified*, 158 U.S. 601 (1895) (holding earlier income tax unconstitutional for various reasons, including the taxation of state and local government bond interest). In *South Carolina v. Baker,* 485 U.S. 505 (1988), however, the Supreme Court concluded that the tax exemption of the interest on state and local government bonds is not constitutionally protected.

Although, under the holding in *South Carolina v. Baker*, Congress now has the constitutional power to eliminate or limit the federal tax exemption of interest on state and local government bonds, there are sound policy reasons for Congress not to do so.

The first is based on the fundamental principle that American government is organized as a federal system with co-existing layers of sovereign governments. The federal government was intended to be a limited government, with the powers not expressly delegated to it reserved to the states or to the people. For example, the states are not permitted to tax interest on U.S. Treasury obligations.[12] The exclusion from taxation under the Code of state and local bond interest can, and should, be viewed in this context as a reciprocal expression of federalist principles, recognizing the sovereign primacy of the states, and not as just another "tax expenditure."

Second, the ability of state and local governments to access readily available low-cost financing encourages infrastructure development throughout the United States. To the extent that the cost of borrowing to state and local governments increases, unless substantial amounts of other federal funds, including grants, are made available to compensate them for the higher costs of taxable debt, state and local governments will be discouraged from such infrastructure investments. Public infrastructure is critical to a healthy economy. Businesses depend on airports, highways, and electric, water and sewer utilities and upon quality education systems to provide an educated workforce. A lack of investment in infrastructure will hurt long-term economic growth and, in the short term, result in loss of construction-related jobs.

Moreover, the ability of state and local governments to issue bonds on a tax-exempt basis encourages local control over local capital projects. State and local governments set their priorities for infrastructure and economic development and shoulder the burden of these investments through the issuance of their own tax-exempt debt. They pay all of the principal of and interest on the debt, with the federal government contributing a relatively small portion through foregone tax revenue. If the current system were replaced with one in which the federal government provided grants or loans to replace the assistance now provided by the exclusion of interest on state and local bonds, the federal government would inevitably appropriate control over infrastructure and economic development decisions that are now made, effectively, at the state and local level.

Of course, an alternative to a reduction in infrastructure spending by state and local governments or to a new federal grant or loan program would be for state and local governments to keep the same level of infrastructure investment and fund it entirely on their own. The increased borrowing cost to state and local governments would be borne by taxpayers and ratepayers in every local jurisdiction through the imposition of increased taxes and fees (e.g., ad valorem property taxes, special assessments, sales taxes, toll

[9] Congressional Budget Office and Joint Committee on Taxation, *Subsidizing Infrastructure Investment with Tax-Preferred Bonds* (October 2009) at 9. Note that this figure also includes other types of taxpreferred debt such as tax credit bonds (e.g., QZABs).
[10] Id.
[11] Aaron Barnes, *Municipal Bonds 2009*, Internal Revenue Service, Statistics of Income, Fall 2011.
[12] 31 U.S.C. § 3124

Continued on page 19

Continued from page 18

charges and utility rates) or through service cuts. As pointed out above, these taxes or fees, including especially sales taxes, tolls or user fees, would fall disproportionately on lower and middle-income households, as would service cuts. This would be an ironic result for a change which may have been intended by some proponents to increase the amount of taxes paid by higher income taxpayers.

The same result would also occur with respect to state and local bonds issued for the benefit of nonprofit healthcare or educational institutions to finance hospitals, schools, senior facilities and the like, and for the benefit of certain specified for-profit borrowers, such as small manufacturers and low-income housing. In most if not all of these cases, increased borrowing costs will be passed on to end users, many of whom may be lower- and middle-income households, through higher tuition, bed rates, insurance premiums, rents, and similar charges.

III. Quantifying the Effects of Elimination of or Limitation on Exclusion of Interest on State and Local Government Bonds

Effects on Bond Borrowers

Quantifying the effect on the interest rates that state and local borrowers would pay in the event of the elimination of or limitation on tax-exempt interest is complicated, especially because there would likely be other changes to the Code occurring at the same time. However, investors would demand an increase in the interest rate paid to them so that their after-tax return remained approximately the same. The amount of that increase would depend in large part on how the elimination or limitation of the exclusion were written and on other changes that might be made in the Code as part of tax reform. In addition to the increased rate of return that investors would require to maintain the same after-tax return on their investment, it is also likely that they would demand a "risk premium" to account for the fact that the federal government would have demonstrated that it is willing to change the rules regarding state and local bonds and that, therefore, the federal government might well change the rules in the future. But regardless of the exact magnitude, the direction of the change is clear. State and local borrowers would pay higher interest rates.

State and local borrowers would pay these higher interest rates in two circumstances. First, they would pay a higher rate on newly issued bonds. Second, if the elimination or limitation on state and local bond interest were to apply retroactively to bonds that had already been issued, as proposed for instance by the Obama Administration, state and local governments would pay a higher rate on some of those already-issued bonds if those bonds are "variable rate" bonds. With variable rate bonds, the interest rate is reset periodically (e.g., daily, weekly, monthly, yearly) to whatever the then-current market rate is. For most variable rate bonds, the interest rate would increase shortly after the change in tax law to compensate the investor for the loss of tax exemption. As with newly issued bonds, these increased interest rates would be passed through immediately to the issuer and ultimately to taxpayers, users or ratepayers.

In sum, if there are changes to the interest exclusion for state and local government bonds, it is likely that interest rates will increase and the cost will be borne by the issuing state and local governments. These governments would have three basic choices to get the money to pay for those increased interest rates - increases in taxes or fees, decreases in spending or a combination of increased taxes and fees and decreased spending. However, because the political pressures on state and local governments may limit their ability to implement spending cuts and revenue increases, it is likely that there would be a net reduction in their issuance of bonds and their spending on infrastructure projects. That reduction in infrastructure investment will harm the long-term economic growth of the country and result in a loss in construction-related employment.

Effects on Bond Investors

Investors in state and local bonds would be adversely affected if the elimination or limitation on tax-exempt interest applied to existing bonds, as has been proposed by President Obama. With respect to fixed rate bonds (and those variable rate bonds where the interest rate cannot be adjusted immediately to reflect a change in tax status) the holders of these bonds, whether individuals or financial institutions such as banks or insurance companies, would experience a loss in the market value of their bonds due to the change in tax treatment of the existing bonds.

For example, suppose an investor owns a tax-exempt bond maturing in 10 years with a 5 percent fixed interest rate that was purchased at par for $1000. Under current law, the investor receives the full 5 percent as the after-tax return on the investment. If the exclusion of tax-exempt interest were eliminated or limited for existing bonds, that investor would discover that prospective purchasers would not be willing to pay $1000 for the bond because a holder of the bond would not receive the full 5 percent as an after-tax return. The loss in value could be substantial. If the exclusion for state and local bonds were completely eliminated for existing

Continued on page 20

Continued from page 19

bonds a purchaser would only be willing to pay about $815 for the bond that originally was worth $1000.[13]

The effect of President Obama's proposal to limit the value of the exemption to 28 percent would similarly reduce the value of a $1000 bond maturing in 10 years by more than 5 percent to less than $950.[14] As noted above, there are trillions of dollars of tax-exempt bonds outstanding and about three-fourths of those bonds are held, directly or indirectly, by individuals.[15] Over 5.3 million households with incomes under $250,000 a year reported tax-exempt income in 2009.[16] Retroactive application of changes to tax-exempt status could have dramatic effects on the savings of millions of Americans who are by no means rich.

Conclusion

The extent of the effect of eliminating or limiting the exclusion of interest on state and local bonds would depend in part on whether any change is applied retroactively to all outstanding tax-exempt bonds or only prospectively. If a particular proposal applies retroactively to all outstanding tax-exempt bonds, the loss in value in existing bonds and the increase in the interest rates on many floating rate bonds would be almost immediate. In contrast, applying a change in the Code prospectively to newly issued debt would at least protect investors with respect to their current portfolios but would have an adverse effect on municipal issuers going forward with respect to all newly-issued bonds.

Regardless of whether the change is prospective only or retroactive, the effect on state and local borrowers will be some combination of lower infrastructure spending, higher tax and ratepaying burdens on the public, and lower spending in other areas. These burdens would fall mainly on lower and middle-income households.

Finally, high-income taxpayers have historically been quite resourceful with respect to tax planning. While their current tax planning may include the ownership of tax-exempt bonds, if there are material changes to the Code provisions with respect to tax-exempt bonds, high-income taxpayers may adjust their holdings, either at once or over time, to other tax-advantaged investments and strategies to reduce the taxes they pay. To the extent that taxpayers reallocate their portfolios in that manner, the expected revenues from the elimination or limitation of the tax-exemption may well not be realized.

[13] Certain fixed rate bonds, typically sold in private placements, have been issued with a mechanism whereby the interest rate on the bond would be modified if there are changes in the marginal rate under the Code. It is unclear whether those provisions would be triggered by any particular change to the municipal interest exclusion since some of the proposals would not actually affect the marginal rates but would affect the exclusion itself.

[14] These calculations reflect the lower price that would be necessary to maintain the equivalent posttax yield. The effect may in fact be larger than these calculations indicate, however, if investors demand a risk premium to account for the fact that the federal government would have demonstrated that it is willing to change the tax rules retroactively.

[15] See footnote 3 above.

[16] See footnote 4 above.

WASBO at the ASBO Annual Meeting

Phoenix, Arizona, October 12-15,2012

WASBO attendees were honored to support fellow colleagues at the ASBO Annual Meeting. Tom Wohlleber (Middleton-Cross Plains) was sworn in as a director on the ASBO International Board of Directors and will begin his three-year term on January 1, 2013. Erin Green (Greendale) received a Pinnacle Award for her work in implementing accessible health care in her district.

We would like to thank the following Service Affiliates for their support at the ASBO Annual Meeting:

Conference Shirts - **American Fidelity Assurance Company**

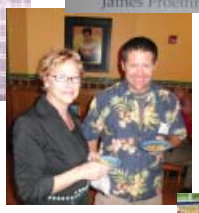
WASBO Pins - **Meemic Insurance Company**

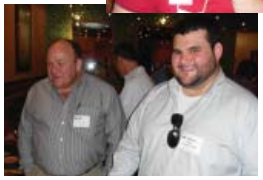
Wisconsin Gathering - **ING** and **PM A Financial Network, Inc.**

Joint Affiliate Reception - **Jackson Lewis LLP** and **Associated Financial Group**







The Importance of Planning

By Debby Schufletowski, School Business Specialist, Robert W. Baird & Co., Inc.

Debby Schufletowski

Budget forecasting is more important than ever. As districts statewide continue to be asked to do more with less, a high quality budget forecasting tool is a must-have. Diligent use of this tool can save your business office time and money and will provide your administrative team and school board the information they need to make timely, informed decisions regarding your school's finances and levy management.

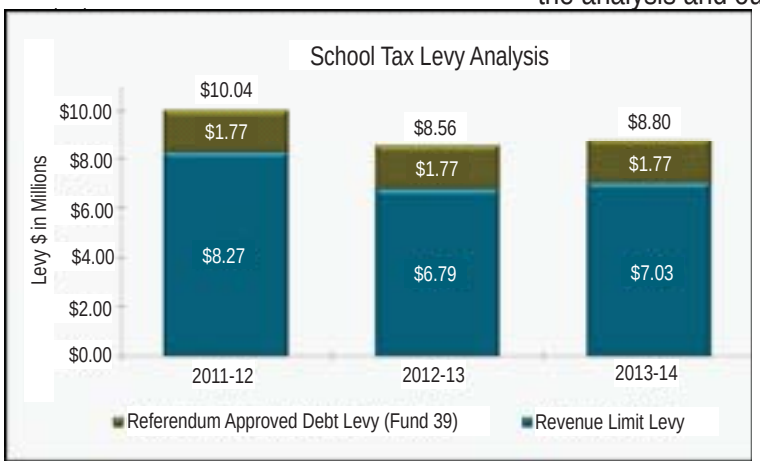
Benefits of Budget Forecasting

- **Easy analysis and verification of current budgets** — Many business offices are small and consist of few people who are truly comfortable "crunching the numbers" of school finances. In this case, there are generally only one or two people reviewing a budget and confirming information is up-to-date and accurate. With a budget forecasting model, your district's data is automatically formatted for year-over-year comparisons, thus making changes in revenue data over time more obvious and ensuring they are addressed.

- **Multi-year planning and development** — A budget forecast tool encourages you to look ahead and anticipate future trends. Whether it's state or local variables, or one-time federal revenue streams, a budget model allows you to input these changes and plan for the year when these funds are unavailable. It allows you to make decisions today with a long-range vision in mind.

Consider your local tax levy, which, along with your mill rate, has become a major topic of public interest. Meanwhile, falling property values have added confusion to the issue, as districts with lower property values could have higher mill rates while levying fewer dollars. If you demonstrate this problem to your constituents – because your planning allows for clear communication – you are more likely to help your board before it is asked to set the levy.

For instance, in the example, increasing the levy would still make for a smaller total levy than the district received two years prior. Such information can make a district's request far more palatable



- **Efficient analysis of local variables** — Many finance variables are interrelated, meaning a change in one can effect a change in many others. For example, a change in September FTE not only affects current year revenue limit calculations, but impacts future year revenue limit base-year membership calculations, as well as future year aid membership counts. A budget model connects all of these data points so any change made automatically updates all affected areas.

- **Efficient analysis of state variables** — This year will bring another state biennium budget. Along with it are unknowns as to the revenue limit per pupil increase, state allocation to equalization aid, etc. A budget model allows you to quickly run "what-ifs", whether for internal budgeting or for communicating with your administrative team or school board. These "what-ifs" provide the planning range for your budget reductions or enhancements both for the upcoming year and for years to come; the next time your board asks how the items noted in the draft biennium budget impact the district, you can simply provide the analysis and outputs.

- **Anticipating and responding to opportunities** — For many districts, budgeting has become a practice of making reductions in order to balance the budget. While reductions may need to be done, a budgeting tool can help identify opportunities to address some of these shortfalls. For example, a district identified an opportunity to pay off Fund 38 debt early. This reduction in Fund 38 obligations not only saved interest expense, but additionally, by eliminating the annual levy obligation, freed up operational dollars for years

Continued on page 20

Mike Clark

Referendum Momentum

By Mike Clark, Director Public Finance, Robert W. Baird & Co., Inc.

How recent referenda history can help districts prepare to address fiscal needs.

Referenda have become a growing source of school funding since revenue limits, two-thirds funding and the QEO law were enacted during the 1993-1994 school year. In fact, the number of referenda questions on the ballot in Wisconsin is over 2,350 since 1995, compared to 263 questions from 1990-1994. And more than 400 school districts have turned to a referendum at least once since 1995 for debt or revenue limit override questions.

Referenda changes over time

- **1995-2004** – Most questions were for approval to issue debt. Revenue limits were fairly new and per member increases were dependable, so districts used decreasing property taxes as an opportunity to address facility issues and maintenance needs.

  During this time, recurring questions were more common – mostly due to the favorable property tax environment and many questions being tied to new building projects to cover operational costs.

- **2004-2011** – Revenue limit override questions became most common as districts tried to meet fiscal shortfalls experienced under revenue limits.

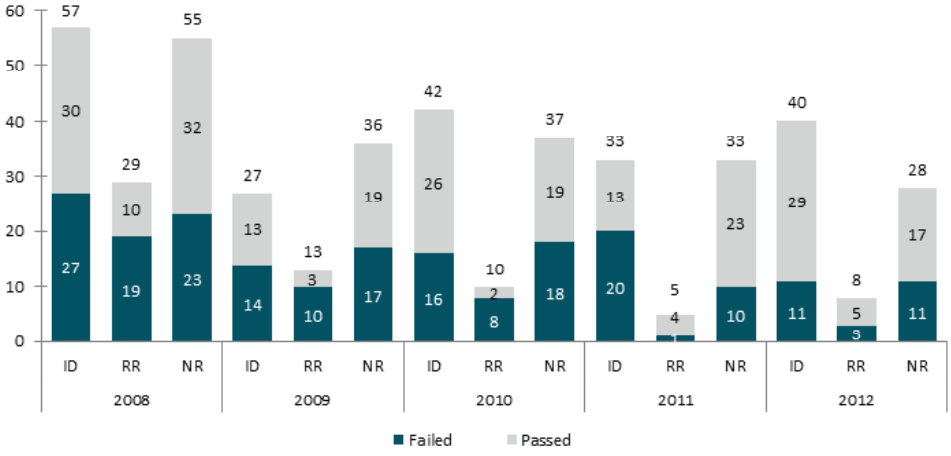
  Nonrecurring questions became more popular, largely due to the greater likelihood of them passing, difficulty identifying and communicating fiscal needs further into the future, and a dramatic decrease in the number of new buildings on the ballot.

- **2012** – Debt questions out numbered revenue limit questions for the first time since 2003, most likely due to Act 10's impact on operational budgets.

Increasing your chances of success

- **Communicate** – Don't let a request for additional property tax support be the first time district residents hear from you. Ongoing communication about your successes, as well as your challenges, builds an understanding of district issues so residents see your need and know where their money goes.
- **Start early** – Allow time for all of your communications to reach residents and give your district enough time to answer all related questions; the more complex your request, the more time you will need.
- **Survey residents** – Gather feedback from residents prior to finalizing your ballot question, especially when your request may be complex. Election Day should not be the first time you gauge residents' opinions.
- **Listen** – Whether through survey results or previously failed referenda, you must listen to the responses residents give you.
- **Demonstrate responsibility** – Voters often want to see that your district has made difficult decisions, such as program modifications or using revenue limit dollars for facility issues, before you ask for their support. Showing district residents that they're not the first place you will turn can increase your chances of gaining their support.
- **Provide your fiscal forecast** – This can be used to clarify your need if considering a revenue limit override question; it can also identify a favorable time to ask for taxpayer support.

Continued on page 23



Upcoming Regular Election Dates*

	2013		2014		2015		2016	
	Primary	General	Primary	General	Primary	General	Primary	General
Spring	02/19/13	04/02/13	02/18/14	04/01/14	02/17/15	04/07/15	02/16/16	04/05/16
Fall			08/12/14	11/04/14			08/09/16	11/01/16

**The governing board should adopt a resolution at least 73 days prior to the election date indicating the amount and purpose of borrowing.*

The Importance of Planning

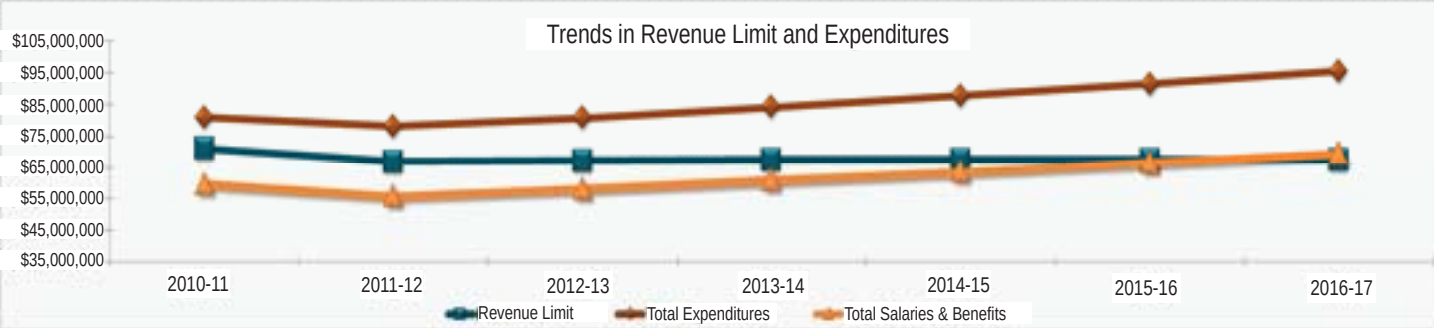
Continued from page 21

to come. Referendum planning, taking advantage of potential levy reductions or TIF closures are additional opportunities a model can identify.

- **Projection and Communication Tools** — While more people than ever may be discussing school finance, most of your constituents know little more about the subject than they did before Act 10 passed last spring. That makes it more important than ever that you get accurate information to them in a form they can understand.

A budget forecasting model can help you develop charts and graphs, like the sample below, that communicate complex finance topics in an easy-to-read format. It also allows you to automatically update them when assumptions change – and you can do all this with no additional effort.

Whether it's referendum planning, levy management or ensuring your district is maximizing taxpayer dollars, a budget forecast will provide you the tools needed to run scenarios, anticipate upcoming opportunities, and analyze and communicate the effect on the budget and on local taxpayer dollars.



Referendum Momentum

Continued from page 22

- **Consider a phased approach** – When considering facility project referenda, total project costs may be too large for voters to support. A phased approach, on the other hand, can make your need seem more manageable to taxpayers and allow for layering of debt payments for a more favorable tax impact.

Every community is different and there is no formula to ensure a successful referendum. Considering how referenda have changed over time, however, and building strong relationships with your community will give you the best chance.

Service Affiliate Checklist

- Sponsorship Opportunities available for upcoming conferences at www.WASBO.com
- Facilities Management Conference Exhibits - registration coming soon
- Spring Conference Exhibits - registration opens to sponsors December 17 and to all exhibitors January 2
- Taking Care of Business Articles due January 15 for February issue.
- Update your profile and Buyer's Guide categories at www.WASBO.com.
- Join a WASBO Committee

Andy Weiland
WASBO Director

Director's Corner

Serving Our Customers

By Andy Weiland, Business Manager, Oregon School District

With all the challenges we face in the business office and public education these days, it is important to take time to consider how to increase customer service and efficiency while maintaining the accountability that is required. Now that the budget is finished and the tax levy is submitted, it is an opportune time for you to take advantage of a calmer period to ponder how you can accomplish this objective with the resources that you have available in your district.

There are many ways to make progress in this area. One method to identify that you are in a target rich area for improvements is to ask the question "Why do we do the process the way we do?" If the reply is "I don't know....we have always done it that way," you may want to dive a bit deeper. There may be a legal requirement or even a political requirement or it may be that no one has questioned the process in this Millennia. If you find such a process, there is usually an opportunity to make it more efficient and more customer friendly. The customer may be another department, an administrator or the staff. It may even be the parents and guardians of your students or the students themselves.

Examples of this kind of efficiency improvement can be as easy as finding a paper form that you have printed in triplicate for the last 30 years and replacing it with an online form. If your district or business happens to use Google Apps, I would suggest seeing if a Google Form from Google Drive will serve the purpose. You can quickly make a user friendly form that will build a spreadsheet for you to share with multiple stakeholders. There is even a way to alert the different stakeholders when a new form has been submitted.

Does your district have a beginning of the year registration process for your families? Does it require your parents to physically go to each school that they may have a student in? Do they ever complain about that process? If the answer is yes to these three questions, is there a way to centralize your resources and your parents' attendance to one location to increase the service level and make the process more efficient? Better yet, is there a way for you to get the majority of the information you need from your parents/guardians online in order to streamline the process?

On the topic of online processes, sometimes it is possible that multiple districts can work together to increase efficiency and customer service because they have similar needs. Several years ago the Oregon School District discovered we had developed a process for our own needs that other districts had an interest in. Over the years, a small consortium of districts has grown and contributed intellectually and financially to build a robust registration system for summer school and community education programming. The computer system is hosted in Oregon for easy access by the Database Specialist who built the system and whose position is now partially funded by a portion of the different participating districts' annual contributions. These contributions allow for ongoing maintenance and improvements to the system each year.

Take the time now to ask the question and listen to your customers. You may discover a better way to accomplish a goal that your colleagues in WASBO could benefit from. If you do, please remember to share. It is that sharing that makes our organization vital to our members.

Best wishes to you and your family this holiday season!

Director's Corner

The Vision and Mission of What We Do

By Jay Clark, Associate District Administrator, School District of Holmen

Jay Clark
WASBO Director

I am continually humbled by the work of the school employees and parents around me. Perhaps it is noticing the good of others that gives me pause to reflect upon what type of contribution I've made. Maybe such reflection is part of the aging process. Regardless, I hope that after nearly 25 years as a public school administrator I played some part in making schools better.

In these moments of reflection, I ask myself, "Is there a single activity that delivered the greatest positive impact upon Holmen's schools?" I've had the good fortune to be part of many impactful activities. Limiting the impactful activities to those related to our school district's support services narrows things down. Qualifying as the most impactful support services activity would require the activity to have attributes such as: a positive and direct impact upon students, an impact sustained into the future, a positive influence upon behaviors across multiple departments, an impact upon multiple stakeholders, to name a few. Such attributes pointed me toward the development of our support services department Vision and Mission Statements as the most meaningful activity to date.

Good things seldom fall into one's lap. Developing our Vision and Mission Statements was no exception. It required hard work and a different type of focus. We used surveys to involve staff, parents and the community at large. When we weren't satisfied with the level of stakeholder involvement, we sought out more. We studied the most successful private sector counterparts, including those delivering contracted services in schools, to learn what made the performance of certain contractors stand out from the rest. We reflected upon the topics receiving attention in trade magazines, at conferences and in the media. We made lists of what we did well and identified the root causes for variability in our performance.

We completed the first draft of our Support Services Vision and Mission Statements in 2001, "Customer Service of the Highest Quality and Value." Our Mission Statement identifies values which guide our behaviors in achieving our Vision. The Mission Statement focuses on values such as remaining positive and professional, nurturing children, stewardship, celebrating, treating others with dignity, being creative, remaining flexible and being part of the solution. Go back and read that list again. It's a pretty tall order. Yet, we knew high expectations of ourselves would serve as a pathway to success. Once we identified what we wanted to achieve, and how we would behave to get there, some big questions emerged.

How would we know if we were achieving "Customer Service of the Highest Quality and Value?" Answering this question resulted in our support services departments developing quantifiable "service quality" and "cost effectiveness" performance results measures. We trend our performance in these areas, benchmark our performance against others, set performance targets and set goals to make measurable improvement in our performance.

How would we know if we were aligning our human resources and human performance to "Customer Service of the Highest Quality and Value?" Answering this question resulted in changes to our hiring process, job descriptions, staff development and staff evaluation standards.

How would we make sure we lived "Customer Service of the Highest Quality and Value" on a day-to-day basis? Answering this question led to acknowledging employee contributions to our Vision and Mission, starting meetings with reflections on Vision and Mission success stories, and supervisors responding to employee questions with the empowering reply, "What do you believe would be most consistent with our Vision and Mission?"

It has been a great 25 years for me. God willing there will be a few more. During that time, I will continue to admire and be thankful for the great things public schools do for children, families and community. To my wife's dismay, I will continue reflecting upon what we do, why we do it and how to do it better. Each day I will be looking for the best way to provide "Customer Service of the Highest Quality and Value."

Wishing you a wonderful holiday season!

"When you have vision it affects your attitude. Your attitude is optimistic rather than pessimistic."

~ Charles R. Swindoll

GASB Statements 67 and 68:

Accounting and Financial Reporting for Pensions and Pension Plans Summary

Summary reprinted with permission from ASBO Accents Online E-Newsletter, November 15, 2012

Keeping up with federal changes in financial reporting is a huge part of the school business official's job. The Governmental Accounting Standards Board (GASB) continues to reach out with plain-language explanations of how to address these changes.

This past June, GASB approved the following:

Statement No. 67, *Financial Reporting for Pension Plans* (replacing Statement No. 25) addresses financial reporting for state and local government pension plans. Statement No. 68, *Accounting and Financial Reporting for Pensions* (replacing Statement No. 27) establishes new accounting and financial reporting requirements for governments that provide their employees with pensions.

Both apply to governments and pension plans in which a government's contributions used to administer a pension plan are irrevocable, restricted to paying pension benefits, and beyond the reach of creditors.

It should be noted that these Statements relate solely to accounting and reporting issues—how pension costs and obligations are measured and reported. They do not address how governments approach pension plan funding—how much money they will contribute to an annual pension plan.

The Statements address:

Recognizing a Liability Related to Pension Promises for Single and Agent Employers

Governments are required to pay deferred benefits in the future (total pension liability) once they have been earned. They must also report the net pension liability in their accrual-based financial statements.

Measuring the Pension Liability

New pension standards reflect changes in how governments calculate their total pension liability through

- Projecting future benefit payments for current/former employees and beneficiaries.
- Discounting the payment to their present value.
- Allocating the present value over past, present, and future periods of employee service.

Calculating Pension Expense

New standards better align the recognition of pension expense with the period in which the related benefits are earned.

Reporting by Governments in Cost-Sharing Multiple-Employer Plans

Cost-sharing governments will be required to report a net pension liability, pension expense, and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all governments in the plan.

Note Disclosures and Required Supplementary Information

Governments participating in a defined benefit pension plan need to include a variety of information, including

- Descriptions of the plan and benefits.
- Assumptions employed in measuring the net pension liability.
- Descriptions of benefit and assumption changes.
- Assumptions related to the discount rate and the impact on total pension liability.
- Net pension liability and deferred outflows of resources and deferred inflows of resources.

Special Funding Situations

These surround specific circumstances resulting in the non-employer government recognizing its proportionate share of the net pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to the employer's pensions in its own financial statements.

Reporting by Governments in Defined Contribution Plans

The new standards carry forward the current requirements regarding defined contribution pensions.

Reporting by Pension Plans

Statement 67 improves financial reporting through enhanced note disclosures and new RSI schedules.

Effective Dates

Statement No. 67 takes effect for pension plans in fiscal years beginning after June 15, 2013. Statement No. 68 takes effect for employers and governmental non-employer contributing entities in fiscal years beginning after June 15, 2014. GASB recommends implementation of both standards before these dates.

"We have an obligation and a responsibility to be investing in our students and our schools. We must make sure that people who have the grades, the desire and the will, but not the money, can still get the best education possible."

~ Barack Obama

New GASB Pension Statement to Bring About Major Improvements in Financial Reporting

By Governmental Accounting Standards Board of the Financial Accounting Foundation, June 2012
Reprinted with permission.

In June 2012, the GASB approved a pair of related Statements that reflect substantial improvements to the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 67, *Financial Reporting for Pension Plans*, addresses financial reporting for state and local government pension plans. Statement No. 68, *Accounting and Financial Reporting for Pensions,* establishes new accounting and financial reporting requirements for governments that provide their employees with pensions.

The guidance contained in these Statements will change how governments calculate and report the costs and obligations associated with pensions in important ways. It is designed to improve the decision-usefulness of reported pension information and to increase the transparency, consistency, and comparability of pension information across governments.

Statement 67 replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, for most public employee pension plans. Statement 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* for most government employers. The new Statements also replace the requirements of Statement No. 50, *Pension Disclosures*, for those governments and pension plans.

Background

To ensure that GASB pronouncements continue to be of high quality and are in sync with the continuously evolving government environment, the GASB periodically reexamines its standards. Reexamination typically takes place after a Statement has been in place and fully implemented for at least five years. Research on the GASB's pension standards indicated opportunities for significant improvement.

Governments provide pension benefits through various types of *defined benefit* pension plans, which specify the *amount of benefits* to be provided to the employees after the end of their employment. *Single-employer* pension plans provide pension benefits to the employees of one employer (a *single employer*). *Multiple-employer* pension plans provide pension benefits to the employees of more than one employer. Under an agent multiple-employer pension plan, the assets of a multiple-employer pension plan are pooled for investment purposes but separate "accounts" are maintained for each individual *agent employer*, so that each agent employer's share of the pooled assets is legally available to pay the pensions of only its employees. In a *cost-sharing* multiple-employer pension plan, *cost-sharing employers* share their assets *and* their obligations to provide pension benefits to their employees—plan assets can be used to pay the pensions of the employees of any employer that provides pensions through the plan. The new Statements address all of these types of plans, as well as *defined contribution* plans, which stipulate the amount to be contributed to employee accounts each year, not the amount of benefits that will be paid in the future.

The Statements apply specifically to governments and pension plans in which a government's contributions to the trust used to administer a pension plan are (a) irrevocable, (b) restricted to paying pension benefits, and (c) are beyond the reach of creditors. Pension benefits provided through trusts that do not meet those three criteria are not addressed in these new Statements and those pension benefits would continue to be accounted for and reported following Statements 25, 27, and 50.

It is important to note that the new Statements relate to *accounting and financial reporting* issues only—how pension costs and obligations are measured and reported in audited external financial reports. The Statements do not address how governments approach pension plan *funding*—a government's policy regarding how much money it will contribute to its pension plan each year. While there has been a close relationship between how governments fund pensions and how they account for and report information about them until now, the new guidance establishes a decided shift from the *funding-based* approach to an *accounting-based* approach. The Board crafted its new Statements with the fundamental belief that funding is squarely a policy decision for elected officials to make as part of the government budget approval process.

Reporting by Governments in Defined Benefit Plans

Recognizing a Liability Related to Pension Promises for Single and Agent Employers

State and local government employees often earn two types of compensation in return for their efforts—current compensation and deferred

Continued on page 28

Continued from page 27

compensation. Salaries and other forms of current compensation reflected in the paycheck are received by employees during their employment. On the other hand, deferred compensation, including pension benefits, is not received until after the employee's tenure with the government has concluded and vesting and age requirements have been met.

Nevertheless, a government has a present obligation to pay these deferred benefits in the future—a total pension liability—once they have been earned. When the *total pension liability* exceeds the pension plan's net assets (now referred to as plan net position) available for paying benefits, there is a *net pension liability*. Governments will now be required to report that amount as a liability in their accrual-based financial statements (for example, the government-wide statement of net position). The pension plan's net position available for paying benefits is to be measured using the same valuation methods that are used by the pension plan for purposes of preparing its financial statements, including measuring investments at fair value.

This is an important change that will more clearly depict the government's financial position. While this information will, in some cases, give the appearance that a government is financially weaker than it was previously, the financial reality of the government's situation will not have changed. Reporting the net pension liability (or asset, if plan net position exceeds the total pension liability) on the face of the financial statements will more clearly portray the government's financial status because the pension liability will be placed on an equal footing with other long-term obligations.

Measuring the Pension Liability

The new pension standards reflect several changes from those currently in place regarding how governments calculate their total pension liability. The measurement process detailed in the new standards involves three essential steps:

1. Projecting future benefit payments for current and former employees and their beneficiaries
2. Discounting those payments to their present value
3. Allocating the present value over past, present, and future periods of employee service.

The standards continue the general existing practice of incorporating expectations of future employment-related events into projections of pension benefit payments—like projected salary increases and projected years of service—if they affect the amount of pension payments employees will receive. Provisions for automatic cost-of-living adjustments (COLAs) and other automatic benefit changes (which generally are written into the pension benefit terms) will also continue to be included in projections. On the other hand, *ad hoc* COLAs and other ad hoc benefit changes—which are made at the discretion of the government—will only be included in projections if they occur with such regularity that they are effectively automatic.

To discount projected pension benefit payments to a present value, governments assume a *discount rate*. Standards now in effect require governments to apply a discount rate equal to the long-term expected rate of return on the investments of the pension plan. The long-term expected rate of return will continue to be the starting point for the discount rate. However, the new standard makes it clear that this rate should be applied only to available pension plan assets that are expected to be invested using a strategy to achieve that return.

To the extent that a pension plan's net position and projected contributions associated with active and inactive employees, including retirees, is expected to fully cover projected benefit payments for those individuals, the long-term expected rate of return will be used. If there comes a point in the projections when plan net position and contributions related to active and inactive employees is no longer projected to be greater than or equal to projected benefit payments related to those employees and administrative expenses, then from that point forward a government would be required to discount the projected benefit payments using a municipal borrowing rate—a tax-exempt, high-quality (an average rating of AA/Aa or higher, including equivalent ratings) 20-year general obligation bond index rate.

Finally, benefit payments—discounted to their present value—are allocated to past, current, and future periods. The new standards require all governments to use the entry age actuarial cost method to allocate present value, and to do so as a level percentage of payroll. Under this method, the present value of projected benefits is attributed to employees' expected periods of employment starting from when employees first begin to earn benefits.

Calculating Pension Expense

A government's net pension liability varies from year to year for a variety of reasons, including actual earnings on plan investments, employee compensation changes, interest on the outstanding pension liability, contributions from employers and employees, and actual economic or demographic changes not matching up with assumptions made in the actuarial calculations. When these period-to-period changes should be included in the calculation of the cost

Continued on page 29

Continued from page 28

of a government's operations—as expenses in the accrual-based financial statements—is a key issue.

The new standards will better align the recognition of pension expense with the period in which the related benefits are earned. Considered in total, the changes set forth by the GASB will have the overall effect of expense recognition being accelerated. Under the new standards, several causes of change in the net pension liability will be factored into the calculation of pension expense *immediately* in the period in which the change occurs:

1. Benefits earned each year.
2. Interest on the total pension liability.
3. Changes in benefit terms.
4. Projected earnings on plan investments.
5. Changes in plan net position from other than investments.

The effects on the total pension liability of (a) changes in assumptions and (b) differences between assumptions and actual experience are to be recognized initially as deferred outflows of resources or deferred inflows of resources and then introduced into the expense calculation systematically and rationally over the average remaining years of employment of employees (active employees and inactive employees, including retirees). This period is likely to be significantly shorter than the period of up to 30 years over which governments may now recognize portions of their pension expense.

The difference between the expected earnings on plan investments and actual investment earnings is to be recognized as deferred outflows of resources or deferred inflows of resources and included in expense in a systematic and rational manner over a five-year closed period rather than longer periods that are allowed under the current standards.

Reporting by Governments in Cost-Sharing Multiple-Employer Plans

Under the pension standards now in effect, cost-sharing employers have not been required to present actuarial information about pensions. Instead, information has been required to be presented in the pension plan's own financial statements for all of the participating governments combined.

Through its research, the GASB concluded that the needs of users of information regarding cost-sharing employers do not differ significantly from those interested in single and agent employers. Therefore, the GASB believes it is important to give users of the financial statements of cost-sharing employers access to better, more transparent financial information. Consequently, under the new standards the GASB is requiring that cost-sharing governments report a net pension liability, pension expense, and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all the governments in the plan.

Note Disclosures and Required Supplementary Information

The new standards contain requirements for disclosing information in the notes to the financial statements and presenting required supplementary information (RSI) following the notes. Due to the complexity of the array of pension plan features, the Board concluded it was critical that financial statement users have access to certain basic plan information through governments' own financial statements. The Board believes that including this information will enhance the usefulness of financial reports for both decision making and assessing accountability.

All governments participating in a defined benefit pension plan will now include the following information in their note disclosures:

- Descriptions of the plan and benefits provided.
- Significant assumptions employed in the measurement of the net pension liability.
- Descriptions of benefit changes and changes in assumptions.
- Assumptions related to the discount rate and the impact on the total pension liability of a 1 percentage point increase and decrease in the discount rate.
- Net pension liability and deferred outflows of resources and deferred inflows of resources.

Single and agent governments also will be required to disclose, for the current period, the beginning and ending balances of the net pension liability, and the effects of changes during the period (such as the effects of service cost, benefit changes, and actual investment earnings).

Single and agent governments will be required to present RSI schedules with the following information for each of the past 10 years (generally on a prospective basis):

- The beginning and ending balances of the total pension liability, the plan trust's net position, and the net pension liability, and their components.
- Total pension liability, the plan's net position, the net pension liability, a ratio of the plan's net position to the total pension liability, the covered-employee payroll, and a ratio of the net pension liability as a percentage of the covered-employee payroll.

If a single, agent, or cost-sharing government has an actuarially determined annual pension contribution (or, if not actuarially determined, then the statutorily determined contribution), it is also required to present an RSI schedule with the following information

Continued on page 30

Continued from page 29

for each of the past 10 years (generally on a prospective basis): (1) the actuarially determined annual pension contribution (or, if not actuarially determined, then the statutorily determined contribution), (2) the amount of employer contribution actually made, (3) the difference between 1 and 2, (4) the payroll of employees covered by the plan, and (5) a ratio of 2 divided by 4.

Governments are also now required to present notes to the RSI schedules regarding factors that significantly affect the trends in the schedules. For single and agent employers, significant assumptions also should be disclosed.

Special Funding Situations

Special funding situations are circumstances in which (a) a *nonemployer contributing entity* (such as a state government) is legally responsible for contributions directly to a pension plan that is used to provide pensions to the employees of another government (such as school districts located within that state) and (b) one or both of the following is true:

1. The nonemployer is the only entity with a legal obligation to make contributions directly to the plan.
2. The amount of the contributions for which the nonemployer is legally responsible is not dependent upon one or more events unrelated to the pensions.

In a special funding situation, the nonemployer has essentially assumed a portion of the employer entity's pension obligation as its own. Consequently, if the nonemployer is a government, it will recognize its proportionate share of the net pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to the employer's pensions in its own financial statements.

The government benefitting from the nonemployer's contributions in a special funding situation will calculate its net pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions prior to the nonemployer government's support, but would *recognize* in its financial statements only its proportionate share.

Reporting by Governments in Defined Contribution Plans

As previously noted, defined *contribution* plans stipulate the *amount to be contributed to an employee's account* each year, and not the amount of benefits employees will receive after the end of their employment. The new standards generally carry forward the existing requirements regarding defined contribution pensions. Governments will report an expense equal to the amount they are required to contribute for employee service each year and a liability equal to the difference between that required contribution and what the government actually contributes. Governments will also make descriptive disclosures about the plan and its terms, and the method by which contributions to the plan are determined.

Reporting by Pension Plans

Statement No. 67 on plan reporting details guidance for financial reporting by *defined benefit pension plans* administered through trusts that meet the criteria described earlier. This guidance generally carries forward the present framework for the separately issued financial reports of defined benefit pension plans. Statement 67 will significantly improve related financial reporting through enhanced note disclosures and new RSI schedules. The Statement also details note disclosure requirements for *defined contribution pension plans* administered through trusts that meet the criteria.

Effective Dates

Statement No. 67 will take effect for pension plans in fiscal years beginning after June 15, 2013 (that is, for years ended June 30, 2014 or later). Statement No. 68 will take effect for employers and governmental nonemployer contributing entities in fiscal years beginning after June 15, 2014 (that is, for years ended June 30, 2015 or later). However, the GASB encourages plans and governments to implement the new standards earlier.

Obtaining the New Statements

The new Statements are available to download free from the GASB website (www.gasb.org) or to purchase in printed form.

Don Mrdjenovich

The Person and the Duty

By Don Mrdjenovich, Retired WASBO Executive Director

In the workplace, we all have specific duties and responsibilities. There is an expectation that we perform them to the best of our abilities, even if they are at odds with our personal feelings. When we perform those duties we often engender animosity. When you get to the root of the animosity, it is often based on the inability of the affected person to distinguish between the duty which must be performed and the person who must perform it. For example in downsizing staff there may an understanding of the need to do so, but there is usually a tendency to blame someone. I call it "finding a devil." Cutting one area of the budget and increasing or retaining another usually results in bad feelings that become personalized. Again, an example of not being able to separate the person from the duty which must be performed. Most of us know people who have been demonized because of the duty they were required to perform. As difficult as it may be, our lives would be better served if we cut each other more slack instead of viewing the person and the duty as being one in the same, especially in the work place. Doing one's duty is often stressful and unpleasant. Being demonized for it just adds to it.

During World War II, the Allies broke the Germans' communications code. It was the Allies' single most important "weapon" that could lead to victory. To protect their secret, the Allies found it necessary to allow German bombers to attack certain targets, even though they knew the dates and times they were coming. They also found it necessary to allow German spies, which they had compromised, to send accurate information about bombing raids to be carried out. That information resulted in the deaths of many Allied airmen. Why did they do it? Not to have done so would have tipped off the Germans that the code they believed to be unbreakable had already been broken. The goal was to win the war. To do so, they needed the intelligence they gained daily by tapping into German communications. Churchill, Eisenhower, Roosevelt and others did what duty demanded of them. In a much smaller way, so do many of the people in your organization.

Need a New Year's resolution? Let us all try to do a better job of separating the duty to be performed from the person who must perform it. It may be a difficult thing to do because it may carry with it a heavy dose of forgiveness. This is the season we usually give that a lot of thought.

Happy Holidays to all.
Don and Betty

WASBO Foundation 2013 Scholarship Program

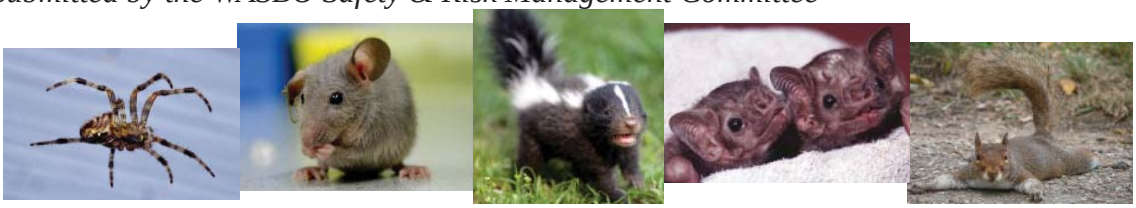
Application Deadline March 1, 2013

Jennifer Everhart

What is Bugging You?

Integrated Pest Management as a Proactive and Cost Effective Approach

By Jennifer Everhart, Consultant, CESA 10 Environmental Health & Safety Services
Submitted by the WASBO Safety & Risk Management Committee



I have a mouse in my room! Why are there ants in my sink? I can hear bats scratching in the soffits after practice when I wait outside for my dad to pick me up and I am scared!! Oh my, what was that??!!

We have all heard the concerns regarding pests of all kinds in our school buildings. It happens in every one of our buildings. Pests just love to find their way in! However, most facility operators have dealt with the challenge by simply hiring a local company to come in each month and do routine spraying. This includes routine spraying of the inside of the building(s), along the outside walls, the athletic fields, the lawns and the like. Spraying chemicals all over where our students and staff spend much of their time.

The question I ask is, do you need that? Are you spraying for what is bugging you? Do you know what is bugging your buildings and grounds? Do you know why they are there? What can you do about it in a more effective and healthy way?

Integrated Pest Management (IPM) is a systematic approach to controlling pests by relying on an effective combination of commonsense practices that eliminates favorable condition for insects, rodents, weeds and other unwanted organisms. With few exceptions, living things do not thrive without a nearby source of food, moisture and shelter. By maintaining buildings and plants such as gardens, lawns, turf, landscape, school forests, and greenhouses, pest populations may be reduced with minimal need for pesticide products.

IPM has proven results as demonstrated by decades of research and practice. A proven approach includes a focus on prevention of pest problems as a key factor. A sound IPM program includes a diligent preventative maintenance program, high sanitation standards, staff education and participation, along with pest monitoring, accurate pest identification and good record keeping practices.

Verifiable IPM programs have many benefits. Several include:

- Fewer missed days of school for students and staff from better indoor air quality and fewer pest related allergens.
- Lower teacher turnover resulting from higher quality indoor environments. Elements include: air quality, lighting levels and improved school maintenance.
- Increased productivity from a healthier and more comfortable environment for students and staff.
- Typically lower cost to the district for pest management. Using better monitoring and recordkeeping techniques, resources are spent more wisely, thus reducing overall costs.

Things you can do to start the process include:

- **Inspect all buildings and grounds for pest evidence**
  Look for rub marks, feces, scratch marks, fur, webbing, holes in the ground or digging points. Look at lawns and gardens for weeds, overgrowth, spots or other signs of disease.
- **Look for entry points around the building perimeter**
  Look at all plumbing, utility and other inlets and outlets. Look at building materials as a whole and look for cracks, breaks, holes, gaps and other points of entry. Door sweeps are one of the most prevalent points of entry in school buildings.
- **Scope out sources of food, water and harborage**
  This may include: trimming trees and bushes from touching the buildings, sealing cracks and holes around the foundation and in block or brick walls, and replacing or repairing all door sweeps and weather stripping. Tidy up your waste management area by clearing clutter, making sure the containers are in good repair, have lids and the lids are kept closed and that any and all trash is put in the container.
- **Establish a monitoring program with monitoring traps**
  Check your traps and note your findings. If you have a contract with a pest management company, now is the time to review their duties and their past findings. Make sure you know what pests have been present and what to look for as you inspect your buildings.
- **Set up a recordkeeping system**
  Record when you perform

Continued on page 34

Creating Green & Healthy Schools in Wisconsin

By Victoria Rydberg, Environmental Education Consultant, Wisconsin Department of Public Instruction

Over the past year, the Wisconsin Sustainable Schools Coalition has been working to support *Wisconsin's Plan to Advance Education for Environmental Literacy and Sustainability in PK-12 Schools* from the Department of Public Instruction (DPI), Wisconsin Center for Environmental Education (WCEE), and Wisconsin Environmental Education Foundation (WEEF) by creating Green & Healthy Schools in Wisconsin. Through strong partnerships, which helped Wisconsin win one of five Environmental Protection Agency grants to expand the state's Green and Healthy Schools program, we have redesigned the program to provide a more streamlined, accessible program that recognizes school efforts at multiple levels. You can read more about the program, view resources, and find a link to the application by visiting www.GHSWisconsin.org. By completing the Green & Healthy Schools application by January 11, 2013, schools may also be considered for nomination for the US Department of Education Green Ribbon Schools recognition.

You are invited to learn more about Green & Healthy Schools at the State Education Convention in Milwaukee at a session on Friday, January 25, 2013 from 9:15-10:15 a.m. in the Hilton's Juneau Room (Session #395). Presenters from the Wisconsin Sustainable Schools Coalition will provide an overview of the program and examples from districts who are "going green." Attend and learn how the Wisconsin Sustainable Schools Coalition is working with Facilities Directors and other partners to assist in providing support for teachers and students and how your school buildings can be used in the learning process. Join us for this session, and you will leave with resources for your district to begin to cultivate a green & healthy school culture!

For more information:
Victoria Rydberg
Environmental Education Consultant
608-266-0419
victoria.rydberg@dpi.wi.gov
http://cal.dpi.wi.gov/cal_environmental-ed
Follow me on Twitter @WisDPIenviroed

Wisconsin Sustainable Schools Coalition
http://eeinwisconsin.org/net/content/go.aspx?s=98558.0.16.2209

Wisconsin's Plan to Advance Education for Environmental Literacy and Sustainability in PK-12 Schools
http://eeinwisconsin.org/Files/eewi/2011/env-literacy-plan-2522.pdf

What is Bugging You?
Continued from page 33

inspections and monitoring and what the findings are. Correctly identify the pests that are found. Document any concerns/findings. Document and track times of day and times of year to indicate any trending data. Also, if pesticides are applied, document what is applied and how much.

Pests are not always born and bred on public soil. Often pests such as bed bugs are brought in from home. While this is not always avoidable, there are things you can do to help detect a hitch-hiker as quickly as possible. Such things include: encourage cleaning of backpacks, cubbies, lockers and other areas of storage for articles from home. Discourage staff from bringing in furniture from home, or purchased or donated from a non-academic manufacturer. Discourage excessive pillows, blankets, stuffed animals, and other harborage type materials in the classrooms. Report any issues with the parents if you detect an issue with their child as quickly as possible to help get the situation under control. Also, alert other parents if the problem spreads and poses a potential threat to their children. Hopefully, this allows parents to help guard against repeat infestation with preventative or corrective measures.

"I see the families that have cockroaches, fleas, and bed bugs and then I get calls from schools where they find these bugs in the classroom because they hitched a ride in a book bag or on a coat. I try to address the issue before they get to school, but this is something that could be at least addressed in a plan the school may have for pest management." Troy Moris, RS, Environmental Health Coordinator for Grant County, WI and surrounding counties.

Does this sound like a solid approach that would fit nicely into your school's curriculum? If you answer "yes" – contact CESA 10 Environmental Health and Safety. CESA 10 strives to provide Wisconsin school districts with the best portfolio of services. Recently CESA 10 Environmental Health and Safety was awarded a generous grant from the US Environmental Protection Agency (EPA) to help support school IPM efforts across the state of Wisconsin. Contact Jennifer Everhart, CESA 10 project manager of the grant, at 888.947.6048, if you are interested in learning more about the grant or have questions regarding IPM.

This article was written with help and support from Texas A&M Extension office, Janet Hurley, University of Florida Extension office, Faith Oi, Grant/Richland/Iowa/Lafayette/Vernon Counties, Troy Moris and the IPM Institute.

Legal and Ethical Standards Related to Attendance at the State Education Convention

By Michael Julka, Partner, Boardman & Clark, LLP

Reprinted with permission from Wisconsin School News, November 2012

Michael Julka

Many school districts will be sending administrators and school board members to Milwaukee to attend the annual WASB/WASDA/WASBO State Education Convention (Convention), in January 2013. School district administrators and school board members may have concerns about their obligations to comply with the legal and ethical standards established for local public officials that affect their participation in Convention-related events. This Legal Comment will discuss the Open Meetings Law and the Code of Ethics for Local Public Officials as these laws relate to and govern the actions of administrators and school board members while in attendance at the Convention.[1]

Open Meetings Law

Convention participants whose school districts send more than one school board member to the Convention should consider how Wisconsin's Open Meetings Law may impact their ability to participate in Convention-related activities.[2] The Wisconsin Attorney General has issued a number of opinions that offer guidance to school board members and administrators with regard to their attendance at conferences, workshops, seminars, and conventions, including, but not limited to, the State Education Convention.

As the Attorney General explained within these opinions, the fundamental purpose of the Open Meetings Law is to ensure that the public has access to full and complete information regarding governmental affairs.[3] In order to advance this purpose, generally speaking, all meetings of state and local governmental bodies, including school boards, must be held in locations reasonably accessible to members of the public and must be open to all citizens at all times unless otherwise expressly provided by law. The Wisconsin Supreme Court has held that a "meeting" of a governmental body, including a school board, occurs whenever: (1) there is a purpose to engage in governmental business, and (2) the number of members present is sufficient to determine the governmental body's course of action (i.e., a quorum, including a walking quorum, negative quorum, etc.).[4]

In one of the opinions on this topic, a writer specifically asked the Attorney General whether the social nature of many activities offered at the Convention allows participants to be exempt from the Open Meetings Law.[5] It is well-established that a "social or chance encounter" of members of a governmental body is *not* a meeting of the body requiring public notice and accessibility pursuant to the Open Meetings Law.[6] Any presumption that the members are present to engage in governmental business is rebutted when members meet in a social setting or by chance. However, according to the Attorney General, the attendance of school board members and administrators at a conference, convention, or seminar, does not constitute a chance encounter because such attendance is pre-planned. Moreover, such attendance is not a purely social gathering because such conferences, conventions, and seminars are designed for school board members to discuss issues related to the responsibilities, authority, power, or duties delegated to or vested in the school district.

Nevertheless, the Attorney General also concluded that attendance at the Convention did not necessarily constitute a "meeting" of the school board. According to the Attorney General, the discussion at the Convention, generally, involves concerns common to all school districts, rather than a discussion about a particular school district's business. As such, even if the number of school board members present is sufficient to determine the school board's course of action, the purpose of the gathering is not to engage in the business of the particular school district, but to take advantage of the Convention-related activities. Therefore, the Attorney General has concluded that, by itself, attendance of a quorum of the school board at the Convention does not result in a "meeting" of a governmental body, as defined in the Open Meetings Law.

The Attorney General has warned, however, that, during the Convention and all related activities, including the ride to and from the Convention, when a quorum of the school board or any committee or subunit is present, the members must not discuss business specifically related to the school district.[7] Moreover, the school board members should not formally attempt to convene during any of the Convention-related activities.

In order to avoid the perception that a school board is violating the Open Meetings Law, many school districts choose to post a notice, in accordance with the board's policies, that is designed to communicate to the community that a certain number of school board members and/or other school district officials will be attending the Convention. The notice should

Continued on page 36

Continued from page 35

explain that the school board will *not conduct any school board business* during the trip or at the Convention.

The Code of Ethics for Local Public Officials

Regardless of the number of school board members and/or school district administrators being sent to the Convention to represent the interests of the school district, the Code of Ethics for Local Public Officials should be considered in order to determine how this law may restrict the activities and events in which the school board members and/or school district administrators participate during the trip.[8]

Generally speaking, the Code of Ethics for Local Public Officials prohibits officials (e.g., school board members, district administrators, business managers, etc.) from accepting: (a) items or services of substantial value for private benefit, or for the benefit of the official's immediate family or associated organizations, if offered because of one's public position; (b) anything of value that could reasonably be expected to influence the official's vote, official action(s) or judgment; and/or (c) anything of value that could reasonably be considered a reward for official action(s). The Code of Ethics for Local Public Officials is enforced by the Government Accountability Board.

The Government Accountability Board has opined that an official may attend conventions and participate in convention-related activities, by and large, without violating the Code of Ethics.[9] Specifically, while attending a convention authorized by and on behalf of a municipality, including a school district, a local public official may accept meals, refreshments and the like without charge that are provided, sponsored, and/or sanctioned by the event organizer. According to the Government Accountability Board, when a school board authorizes a school district official's attendance at the Convention, it is fair to presume that the official's attendance is in furtherance of a public purpose or benefit and that the school board contemplates that the official will partake fully in all the Convention has to offer, including forums and receptions that are sponsored by the event organizer. Given this interpretation, as long as the school board has authorized the school district official's attendance at the Convention, he or she is not required to pay the cost of meals, refreshments and the like offered during the Convention by its organizers, i.e., WASB, the Wisconsin Association of School District Administrators, and/or the Wisconsin Association of School Business Officials, in order to remain in compliance with the Code of Ethics.[10]

However, during the Convention, school district officials must be cautious about accepting food, drinks and/or entertainment, without charge or at less than fair value, that are offered at social events sponsored by entities or organizations other than the event organizers when the entities or organizations may be current or prospective school district vendors. According to the Government Accountability Board, beer, wine, liquor, meals, buffets, and the like have more than token value, and a purely social event, such as a hospitality suite, a happy hour, or a dinner, provides a primary benefit to the official, rather than to the school district that authorized his or her attendance. School district officials, who are responsible for making or approving purchasing decisions for the school district, should not accept food, drinks and/or entertainment, without charge or at less than fair value, from current or prospective vendors because receipt of such items of value could serve as the basis for an allegation that the items influenced the officials' decisions regarding the purchase of goods or services from the vendor.

Thus, a school district official is advised to avoid attending an event that is purely social, sponsored by a current or prospective vendor of the school district, *and* provided to the official without charge or at less than fair value. This is true even if the event is identified in the Convention program or in the Convention materials. That said, the school district official may attend such an event and avoid a Code of Ethics violation, by paying the vendor for the full cost of the meal, refreshments and the like offered at the event.

Finally, while attending the Convention, a school district official may accept educational or informational materials, prizes or other giveaway items for the purpose of conveying the item to the school district for the use or benefit of the school district. However, if the school district official wishes to keep the item for himself or herself, the item must be of nominal or insignificant value, in contrast to an item of merchantable value, in order to remain compliant with the Code of Ethics. The statute does not establish a specific dollar value as a "merchantable" value. The determination of whether an item has more than token or inconsequential value is left to the official's discretion. That said, the Government Accountability Board has opined that some tote bags, caps, t-shirts, mugs, pens, rulers, refrigerator magnets, and key chains containing a company logo are likely to be of inconsequential value; while other items, including jackets and watches, are likely to have more than inconsequential value, i.e., merchantable value.

Continued on page 37

Continued from page 36

Furthermore, school district policies may address the issue of the receipt of gifts by school district officials. Accordingly, before the official accepts a prize or other giveaway item from a vendor exhibiting at the Convention, it is important for the school district official to review and apply the school district's policy on the subject to determine whether he or she may keep the item.

Conclusion

The Convention offers the opportunity for school district administrators and school board members to obtain new information about the latest products, services, and developments in education. However, in doing so, it is important for them to be aware of the rules and requirements of the Open Meetings Law, as well as to understand and recognize how the Code of Ethics for Local Public Officials regulates when they may accept food, drink, or other items of value, without charge or at less than fair value, and when such acceptance will be problematic. Moreover, under no circumstances should receipt of any such items influence the decisions of the school district officials. Finally, it is also important for school district administrators and school board members to review local school board policies for additional, more restrictive rules about Convention attendance and participation, and to direct any additional questions or concerns to the school district's legal counsel.

ENDNOTES

* This *Legal Comment* was written by Michael J. Julka and Todd J. Hepler of Boardman & Clark LLP, WASB Legal Counsel.

1. For additional information on related topics, see *Wisconsin School News*: "The Government Accountability Board" (March 2008); "Compliance with Wisconsin's Open Meetings Law, Part I" (September 2004); "Compliance with Wisconsin's Open Meetings Law, Part II" (October 2004).
2. Wis. Stat. s. 19.81 et seq.
3. See, e.g., Office of the Attorney General, Informal Opinion to Clifford Miller (May 25, 1977).
4. *State ex rel. Newspapers v. Showers,* 135 Wis. 2d 77, 97, 398 N.W.2d 154 (1987).
5. Office of the Attorney General, Informal Opinion to Donald MacTaggert (May 25, 1977).
6. Wis. Stat. s. 19.82(2); see, also, *Wisconsin School News*: "Meeting or Chance Encounter? The Wisconsin Supreme Court Interprets the Open Meetings Law" (September 1993).
7. Office of the Attorney General, Informal Opinion to Beatrice Weiss (January 20, 1981).
8. Wis. Stat. s. 19.59 et seq.
9. At its January 2009, meeting, the Government Accountability Board reaffirmed 1992 Wis. Eth. Bd. 31 (November 25, 1992), wherein the Ethics Board concluded that a vendor should not sponsor a river cruise for local public officials if more than an insignificant number of the officials attending are responsible for making or approving purchasing decisions that could involve the vendor's goods. At that same meeting, the Government Accountability Board indicated an intention to revisit that opinion in the future; however, to date, no further action with regard to this opinion has been taken and there are no plans to do so in the immediate future.
10. 1993 Wis. Eth. Bd. 8 (November 3, 1993).

SEEKING BOARD OF DIRECTOR CANDIDATES

The WASBO Nominating Committee is seeking candidates for two elected Director positions on the WASBO Board of Directors. The names of the candidates are required to be presented to the membership at the WASBO Business Meeting as part of the January State Education Convention. Any active WASBO member who desires to have their name placed on the ballot should contact a member of the Nominating Committee before December 31, 2012.

Sincerely,

WASBO Nominating Committee Co-Chairs
Mary Ellen Van Valin, vanvalinm@milton.k12.wi.us
Tom Wohlleber, twohlleber@mcpasd.k12.wi.us

Nominating Committee Members
Bob Avery, Beaver Dam (Board Liaison)
Mike Garty (Retired)

"The difference between one man and another is not mere ability - it is energy."
- Thomas Arnold

Special Education Attorney's Fees and Sanctions

By Gary Ruesch, Partner, Buelow Vetter Buikema Olson & Vliet, LLC, Reprinted with permission, Legal Update, November 19, 2012, Buelow Vetter Buikema Olson & Vliet, LLC

Gary Ruesch

The cost of attorney's fees in special education litigation can be significant and often exceeds the cost of the special education services in dispute. Normally, attorney's fees are only awarded to parents when they are a prevailing party against a school district. However, the 2004 IDEA Amendments and the Federal Rules of Civil and Appellate Procedure empower a court to require parents or their attorney to pay fees to a school district. Recently, the 7th Circuit Court of Appeals required a parents' attorney to pay the New Berlin School District $500 in sanctions under Rule 38 of the Federal Rules of Appellate Procedure. While this is not a large amount, it is a rare and significant statement from the 7th Circuit of importance for school districts, Bingham v. New Berlin School District, 550 F.3d 601 (7th Cir. 2008, Order Issued October 2012).

In 2006, New Berlin School District parents filed a request for a due process hearing with the Wisconsin Department of Public Instruction. In their due process hearing request, they alleged that the District had failed to comply with certain provisions of the IDEA, and requested that the District reimburse the parents for the cost of their child's private school tuition. The District, without admitting liability, voluntarily paid the parents the amount they requested. The parents accepted the payment but did not withdraw the due process hearing request.

Both the due process hearing judge and the federal district court ruled that the parents were not prevailing parties, denied their motion for attorney's fees and dismissed the action. The dismissals were based upon their determination that there was no actual existing controversy, so that the matter became moot. The parents appealed the denial of payment of their attorney's fees to the 7th Circuit.

Before the 7th Circuit, the parents' attorney "expended much ink and paper (and many minutes at oral argument) parading the misdeeds of the District." The 7th Circuit concluded that the parents were not prevailing parties since there was not a material alteration in the legal relationship of the parties that was in the form of an enforceable judgment or court-ordered consent decree. The settlement offer made by the District did not entitle the parents to attorney's fees. The 7th Circuit further admonished the parents' lawyer for failing to cite the controlling law and for continuing to litigate the case against the District without a reasonable basis for doing so. After giving the parents and their lawyer a further opportunity to show why sanctions should not be awarded to the District, it ordered the payments. This case demonstrates the importance of managing and considering the district's overall litigation strategy at the time a due process hearing is requested. Developing and communicating a settlement offer, where appropriate, at the outset of the dispute is critical. Carefully drafting and including the required component parts can often dissuade parents from continuing the litigation. It can serve not only as a bar to an attorney's fees claim by the parents, but also, as in this case, allow for a legitimate claim by a school district against the parents or their attorney for fees or sanctions.

Please contact Gary Ruesch at (262) 364-0263 or gruesch@buelowvetter.com or your Buelow Vetter attorney to discuss this case.

This *Legal Update* is intended to provide information only on general compliance issues and should not be construed as legal advice. Please consult an attorney if you have any questions concerning the information discussed in this *Legal Update.*

MIDWEST Facility Masters CONFERENCE

The fifth annual Midwest Facility Masters Conference was held at the Kalahari Conference Center in Wisconsin Dells on October 29-30th. Attendance continued to grow this year with 229 attendees and 93 exhibiting companies. Attendees came from Illinois, Minnesota, Iowa, Missouri and Wisconsin. In addition to David Horsager's keynote on The Trust Edge, there were over 60 breakout sessions to choose from. We would like to thank our sponsors for helping to make this another outstanding professional development opportunity:
Gold Sponsors - **INSPEC, SchoolDude.com, Stalker Flooring, Inc.** and **Universal Commercial Services**, Silver Sponsor - **Siemens**, Bronze Sponsors - **Ingersoll Rand Security Technologies** and **TSP** and Friend Sponsor - **Cawley Digital ID**

Convention 2013

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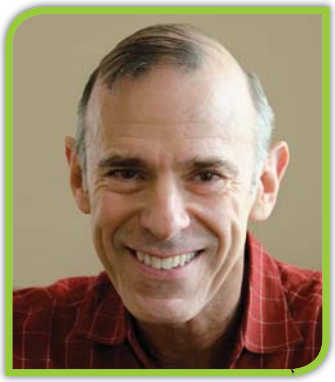

Tony Wagner

Tony Wagner consults around the world on strategies for systemic change to improve learning for all students. A frequent speaker at international conferences, Tony is a widely published author. His latest book is *Creating Innovators: The Making of Young People Who Will Change The World*.

Chester Elton

Best-selling author Chester Elton is internationally recognized for his work on leadership training and motivation. Called "creative and refreshing," Elton is a highly sought-after speaker and consultant on how to build a better workplace. He has authored five best sellers including *The Carrot Principle*.

Chef Jeff Henderson

Chef Jeff Henderson is an award-winning chef, motivational speaker, *New York Times* best-selling author, and Food Network television personality. His story and work with troubled youth offers a powerful reminder of the importance of reaching out and providing opportunities for all students.

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JANUARY 23-25, 2013

Delta Center (formerly the Frontier Airlines Center) MILWAUKEE, WISCONSIN

Register Today! Visit WASB.org

Join WASBO at the State Education Convention

By John Stellmacher, Director of Business Services, School District of Hartford Jt #1

John Stellmacher Co-chair, WASBO Joint Convention Committee

Do you ever drive home from work on a Wednesday evening and hear on the radio about the "extra" State Equalization Aid that your local District is receiving? Does caller after caller ask your Superintendent about how the local schools will spend that "extra" money? Does your board wonder why you are proposing an increase in the tax levy, even though you've made budget cuts and frozen the total amount of spending year to year? Are you thinking about proposing a referendum, but are not sure how to approach local business and civic leaders to educate them about the district's mission, resources, needs, and strategic goals? The WASBO Joint Convention Committee has two opportunities for you, your Superintendent, and your Board of Education.

Back for a sixth year, the ***School Finance Puzzle*** is a pre convention workshop held from 1:00-5:00 pm on Tuesday, January 22nd. Nearly twenty business officials from around the State will present the basics on Revenue Caps, Referenda, State Equalization Aid, and relate these concepts to district planning through an interactive activity to give board members (new and veteran alike) a chance to expand their understanding of school finance.

Additionally, for the first time at the State Education Convention, WASBO is also hosting an ***Investing in Wisconsin Public Schools*** workshop from 1:30-4:00 p.m. on Wednesday, January 23rd. This unique program has been collaboratively developed by WASBO, WASB and WSPRA to help address the challenges of educating stakeholders on public school finance. This comprehensive process includes large scale visual maps, key data points, and engaging discussion questions, which are designed to be used in small groups guided by facilitators.

We live in challenging times. WASBO is working to provide value for administrators and board members attending the State Education Convention. We invite you to take advantage of these opportunities to increase the awareness and base of knowledge in school finance for your local education leaders. Pre-Registration for the ***School Finance Puzzle*** is required. You will be asked to indicate your intention to attend the ***Investing in Wisconsin Public Schools*** workshop as part of registering for the State Education Convention on the WASB website.

If you have feedback for how the State Education Convention can create more value for you, your Superintendent, and your Board of Education, please feel free to contact me at stellmacher@hartfordjt1.k12.wi.us or consider joining our WASBO Joint Convention Committee. See you in January!

WASBO Sessions at the State Education Convention

Tuesday, January 22, 2013

The School Finance Puzzle, DPI School Finance Team and Practicing School Business Officials - 1:00-5:00 pm, Hyatt/Regency B (Pre Convention Session)

Wednesday, January 23, 2013

- ***Planning District Technology Infrastructure for the Future,*** Dr. David Gundlach, Oshkosh SD - 8:45-9:45 am, Delta Center/201B
- ***SAA Legislative Update***, John Forester, School Administrators Alliance - 1:30-2:30 pm, Delta Center/102DE
- ***Regional Pupil Transportation Cooperative and Benchmarking***, Dave VanSpankeren, Jim Burgraff and Shantanu Bose, CESA #6 - 1:30-2:30 pm, Delta Center/101CD
- ***Investing in Wisconsin Public Schools***, WASBO/WASB/WSPRA - 1:30-4:00 pm, Delta Center/202DE (To ensure that we have a sufficient number of facilitators for this session, kindly indicate if you are planning to attend this session in the registration process through WASB. There is no additional fee for attending.)
- ***Feed Your Community's Children, Your Budget and Your Test Scores!*** Janelle Marotz and Lynee Tourdot, Beloit SD; Gina Wilson, Second Harvest Food Bank of Southern Wisconsin; Anthony Capozziello, Professional Educator; Dawn Smith ARAMARK Corporation and Amy Kolano, DPI - 3:00-4:00 pm Delta Center/101 A

Thursday, January 24, 2013

- ***Facility Services-Out Source or In House Staff?*** – Gary Rosploch, Muskego-Norway SD and Dale Zabel, Kettle Moraine SD - 8:45-9:45 am, Delta Center/102DE
- ***What to Do When a Referendum Fails,*** Dale Zabel, Kettle Moraine SD; Doug Linse, Watertown SD; Matt Gibson, Retired Elmbrook SD and Kit Dailey, Eppstein Uhen Architects - 10:15-11:15 am, Delta Center/201B
- ***Why Are My Taxes Always Going Up?*** – John Stellmacher, Hartford Joint #1 and Lisa Voisin, Robert W. Baird & Co. –1:45-2:45 pm, Delta Center/102C

Friday, January 25, 2013

- ***A Systematic Approach to Budget Reductions*** – Jerrud Rossing, Craig Gerlach and Susan Fox, Monona Grove SD - 8:00-9:00 am, Hilton/Wright C
- ***Green and Healthy Schools*** – Jim Beckmann, Glendale-River Hills SD and Victoria Rydberg, DPI – 9:15-10:15 am, Hilton/Juneau

Public Safety Health Insurance Deductibles are Bargainable According to Judge Colas

Reprinted with permission, October 26, 2012, Legal Update, Buelow Vetter Buikema Olson & Vliet

The long-awaited Circuit Court decision on the Eau Claire County/WPPA dispute over public safety employee health insurance deductibles was issued on October 25, 2012 by Dane County Circuit Court Judge Juan B. Colas. Unfortunately, Judge Colas once again came down on the unions' side and reversed the Wisconsin Employment Relations Commission (WERC) decision.

Over a year ago, Eau Claire County filed a petition with the WERC seeking a declaratory ruling to determine if a Wisconsin Professional Police Association bargaining proposal was a prohibited subject of bargaining. The proposal of the Association was as follows:

The Association fully acknowledges the right of the Employer to choose the carrier and to establish the plan design. Should the Employer design or choose a plan design which includes a deductible, the employees shall be responsible for paying the first two hundred fifty ($250)/five hundred dollars ($500) of the deductible.

The County argued that bargaining over the deductible for public safety employees was a prohibited subject of bargaining because the deductible is part of the "design and selection of health insurance plans" which is a prohibited subject of bargaining as a result of Act 32.

The WERC ruled in favor of the County, finding that bargaining over the deductible is prohibited because the design and coverage of a plan would typically encompass the deductible applicable to various aspects of the coverage.

The WPPA then filed a Petition for Review with the Dane County Circuit Court. The WPPA and County disagreed on the standard of review which should be applied by the Court to the Commission's decision. The Court determined that this was an issue of first impression for the Commission because it involved the interpretation of a new statute. For that reason, Judge Colas applied the de novo standard of review. As a result, the Court didn't defer to the Commission's interpretation of the statute and was able to independently interpret Act 32.

Judge Colas interpreted the statute as not including "matters that are outside of the plan, such as the sharing between employer and employee of the costs of deductibles or premiums." Because the Court found that the allocation of deductible costs between the employer and employee is not part of the design of the insurance plan, Judge Colas did not consider the question of "... the impact of the design of the plan on wages, hours or other conditions of employment."

Needless to say, this decision is a setback for municipalities and counties across the state. If the decision is applied by the Commission on a statewide basis to other employers with protective service employees, then the unions will be able to bargain over deductibles and potentially any other costs imposed under a health insurance plan. We anticipate that this decision will be appealed by Eau Claire County.

Please contact Daniel Vliet at (262) 364-0259 or dvliet@buelowvetter.com or your Buelow Vetter attorney to discuss the impact and ramifications of this decision as it relates to bargaining as well as to develop a plan of action for bargaining going forward.

This Legal Update is intended to provide information only on general compliance issues and should not be construed as legal advice. Please consult an attorney if you have any questions concerning the information discussed in this Legal Update.

Upcoming Events

WASB/WASDA/WASBO State Education Convention
Jan. 23-25, 2013 - Delta Center, Milwaukee (Viterbo Credit)

WASBO Facilities Management Conference
Feb. 26-27, 2013 - Kalahari Conference Center, WI Dells (Viterbo Credit)

WASBO Transportation & Bus Safety Conference
Feb. 27, 2013 - Kalahari Conference Center, WI Dells

WASBO/WCASS/DPI Wisconsin Federal Funding Conference
Feb. 28-March 1, 2013 - Kalahari Conference Center, WI Dells (Viterbo Credit)

WASBO Accounting Conference
March 20-21, 2013 - Chula Vista Conference Center, WI Dells (Viterbo Credit)

WASBO Spring Conference & Exhibits
May 9-10, 2013 - KI Convention Center, Green Bay (Viterbo Credit)

Visit www.WASBO.com for future WASBO Professional Development & Networking!

Dane County Judge Denies Stay of Decision Regarding Act 10 and 32

Reprinted with permission, For Your Information, October 2012, Boardman & Clark LLP

On October 22, 2012, Dane County Circuit Court Judge Juan Colas denied a motion for a stay pending appeal of his September 14, 2012, decision regarding Acts 10 and 32. This case involves an action filed by Madison Teachers, Inc., and other plaintiffs against defendants Governor Walker and members of the Wisconsin Employment Relations Commission (WERC) alleging that sections of Acts 10 and 32 are unconstitutional. In his September 14, 2012, decision, Judge Colas determined that portions of Acts 10 and 32 are unconstitutional. The defendants appealed to the court of appeals.

After the September 14, 2012, decision, the defendants requested that Judge Colas issue a "stay" of his decision pending a decision from the court of appeals (which would have effectively put the decision on hold, and importantly, reinstated critical provisions of Acts 10 and 32 outlined below, until the court of appeals decides the issue). Judge Colas denied this request. The denial of the stay means that his decision will be in effect while it is appealed (unless, as noted below, the court of appeals makes a determination to issue a stay of the decision). This article will briefly address the important aspects of this decision.

Prior Decision Still in Effect

As a result of his denial of the stay, Judge Colas' decision remains in effect, in which he concluded that the following provisions of Acts 10 and 32 are unconstitutional:

- Wis. Stat. § 111.70(1)(f) (which prohibits "fair share" dues provisions except for public safety bargaining units);
- Wis. Stat. § 111.70(3)(g) (which prohibits voluntary dues deductions);
- Wis. Stat. § 111.70(4)(d)3. (which requires annual certification elections);
- Wis. Stat. § 111.70(4)(mb) (which prohibits bargaining on anything other than base wage rates);
- Wis. Stat. § 118.245 (which requires a school district to seek a referendum if it seeks to provide an increase in total base wages greater than CPI); and
- Wis. Stat. § 111.70(2) (third sentence) (which states that an employee has the right to refrain from paying dues while remaining a member of a collective bargaining unit). On October 10, 2012, Judge Colas clarified that he intended to include this sentence as part of his prior decision.

Factors Addressed by Judge Colas

In his denial of the stay, Judge Colas addressed a number of factors to determine whether a stay should be issued. One factor was whether there would be harm to the public interest if the stay was denied. In this respect, the defendants argued that, if the stay was denied, there would be widespread confusion because of the shifting and confusing legal landscape. Judge Colas dismissed this argument. Instead, he stated his prior decision was narrow and specific.

In this respect, he noted that his prior decision only requires municipal employers, such as school districts, to bargain in good faith over "wages." Unfortunately, he did not define the term "wages." Instead, he noted that the plaintiffs pointed out that this term was well-defined by decades of administrative decisions and case law. The plaintiffs' briefs, however, despite citing various cases on this issue, do not seem to provide much clarification in the manner in which "wages" should be defined.

Judge Colas also noted that his prior decision did not require municipal employers to agree to any proposals made in collective bargaining. He also mentioned that his decision did not restore binding arbitration, and as a result, municipal employers would be allowed to impose a compensation plan and other conditions of employment if bargaining did not produce an agreement. Of course, the law has never required parties to automatically agree to proposals made in collective bargaining; instead, parties were able to reject proposals made at the table. The current law indeed allows municipal employers to implement its final proposal at impasse.

Application of the Decision to Non-Parties

In his denial of the stay, Judge Colas also discussed, but did not clarify, whether his decision applies to non-parties. He pointed out arguments made by the defendants that the decision could apply to non-parties, but he never stated a conclusion on this issue. Indeed, even if Judge Colas had determined this issue, his interpretation of this issue likely would not have had any legal effect. Whether his decision applies to non-parties will likely be a determination made by another court involving the same issue(s) with different parties.

Labor organizations may argue that this decision applies to non-parties. However, typically, such circuit court

Continued on page 44

Continued from page 43

decisions do not necessarily apply to parties other than those named in the lawsuit. Still, in a subsequent case involving different parties on the same issue(s), a different court may decide that it is "precluded" from deciding this issue(s) because another court has previously decided the issue(s).

Also, the WERC could be faced with answering this question through a petition for a declaratory ruling. A declaratory ruling is an action that is filed requesting the WERC to make a determination on a specific issue, such as whether the parties need to bargain over a specific subject of bargaining. If a school district receives a request to bargain, seeking a declaratory ruling from the WERC is certainly an option as it will offer the parties certainty regarding the scope of the duty to bargain. It is significant that Judge Colas did not enjoin the WERC from enforcing those provisions that he found unconstitutional.

Court of Appeals May Still Issue Stay

The Department of Justice, attorney for the defendants, intends to request the court of appeals to stay Judge Colas' decision pending appeal. If the Court of Appeals grants a stay, then Judge Colas' decision will not be effective during the appeals process. It is not clear when the Court of Appeals will decide this issue, but it likely may be decided within three or four weeks.

Considerations for Your District

Certainly, many school districts are either considering bargaining at this time or being requested to bargain at this time. For example, some school districts may have pre-Act 10 collective bargaining agreements that have recently expired on June 30, 2012, and are looking to bargain an agreement for the 2012-2013 school year. Alternatively, some school districts may have pre-Act 10 collective bargaining agreements that extend until June 30, 2013, and are considering bargaining for the 2013-2014 school year. Because of the likely impending determination by the court of appeals on a stay of Judge Colas' decision, school districts may consider delaying any bargaining until the court of appeals makes its determination on this motion. At that time, the parties may have greater clarification on the scope of bargaining and perhaps may have new rules from the WERC regarding base wages.

Other school districts may have other varying circumstances. In some instances, school districts may have reached a settlement on total base wages for the 2012-2013 school year, but there may be requests now to reopen bargaining for the 2012-2013 school year. Such districts should carefully consider their own individual circumstances, but generally, once an agreement is reached, both parties must reach agreement to reopen bargaining.

Some school districts may be in the process of drafting or modifying provisions in their employee handbooks, particularly provisions that may be considered "wages" under Wis. Stat. s. 111.70. If so, these districts may want to consider whether it is prudent to delay such changes to the handbook until any motion to stay the circuit court decision is made by the court of appeals.

Of course, our firm is continuing to monitor the status of all litigation involving Acts 10 and 32 and will continue to evaluate each decision as it relates to bargaining in your district. However, each district should carefully consider its own individual circumstances before taking action to bargain and/or modify or implement handbook provisions.

Book Review

Continued from page 45

the just-in-time, immediate gratification values of the marketplace.

Dr. Stephen Covey's book will transform the way you think about conflict and the purpose of your life, your organizations and of mankind. *The 3rd Alternative: Solving Life's Most Difficult Problems* is highly recommended for those who desire to be a 3rd Alternative thinker in this new leadership era.

WASBO Welcomes Áine Calgaro as Communications & Membership Coordinator

Áine Calgaro joined the WASBO staff as Communications and Membership Coordinator on November 26th. She is a graduate of Bradley University, where she majored in journalism and public relations. Áine was on the staff of the Wisconsin Association of School Boards in the late '90s and early '00s, and has worked with several other associations during her career. More recently, she was a marketing specialist for MyWeather.com/Weather Central, which is now owned by The Weather Channel Companies.

Áine is a certified feng shui practitioner and a web designer. She is involved with International Student Exchange, having hosted a student from Brazil in 2010. Her family, which includes two MMSD graduates and two Pomeranian dogs, has lived in the Madison area for nearly 25 years.

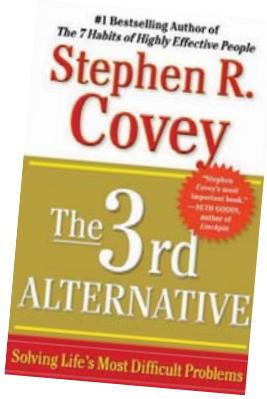
Orvin R. Clark, EdD, RSBA

Book Review

"The 3rd Alternative: Solving Life's Most Difficult Problems"

Dr. Stephen R. Covey, Author

Review by Orvin R. Clark, EdD, RSBA, Chair, Graduate Council, Educational Leadership Department, University of Wisconsin - Superior



The 3rd Alternative: Solving Life's Most Difficult Problems, written by Stephen R. Covey, presents finding harmony with an alternative. Dr. Stephen R. Covey is an internationally respected leadership authority, teacher, organizational consultant, and Co-Chairman of Franklin Covey Company. Dr. Covey is the author of several acclaimed books including *The Seven Habits of Highly Effective People, Principle-Centered Leadership, First Things First* and *The 8th Habit: From Effectiveness to Greatness*.

The 3rd Alternative: Solving Life's Most Difficult Problems is 480 pages in length and is based upon four paradigms—ways of thinking—that are completely different from the paradigms involved in conflict and compromise. In most conflicts, there are two alternatives: ***my way*** and ***your way***. The key to resolving conflicts in a win-win way is to find a 3rd Alternative —***our way***. The four paradigms are:

- "I see myself"
- Accept and care for the other person in the conflict
- "You disagree? I need to listen to you!"
- Synergy

Dr. Covey acknowledges that synergizing effectively is a challenge and he offers four steps to synergy:

- **The first step is to ask**, "Are you willing to go for a solution that is better than any of us have come up with yet?"
- **The next step is to define the criteria.** "What would better look like?" Specifically, what would a solution that delights both of us look like?
- **The third step is creating the 3rd Alternative** that meets the defined criteria and therefore, leaves both sides delighted with the outcome.
- The creating of a 3rd Alternative is not easy; it **requires brainstorming new frameworks, thinking completely differently from the past and suspending judgment**, at least for a while.

The majority of the book is contained in seven chapters that illustrate, with real-life examples, how the 3rd Alternative applies to work, home, school, law, society, world and life. The school chapter, for example, describes the familiar 2nd Alternative debate over education. On one side of the debate are educators who believe that inequity, poverty, racism, dysfunctional families, and low resources are the cause of the problems in education. On the other side of the debate are what Dr. Covey labels generally as "business." That is, those who believe that if education were run more as a business, the problems would be solved. The business side of what Dr. Covey calls "the great debate" sees the educators themselves as a major problem.

3rd Alternative thinkers, whether they are educators or business, work synergistically with others to find unique, never-before-seen solutions. Wendy Kopp, for example, founded an organization called Teach for America that recruits the best students from the best universities to spend two years teaching in disadvantaged schools before they begin their careers.

Another example is A. R. Combs Elementary School in Raleigh, NC, which was about to be shut down due to the poor condition of facilities, demoralized teachers, unhappy parents and disadvantaged socio-economic students. All factors pointed to failure when Principal Muriel Summers met with the stakeholders involved in the school, including parents, teachers, community and business leaders. She asked them a 3rd Alternative question: What would our ideal school look like? Together the stakeholders developed a new mission for the school: "To develop global leaders." The results were incredible and the school has won national awards.

Universities and colleges are also undergoing an identity crisis. The question asked is "What is the purpose of a university?" Some say it's to prepare people for the job market. Universities are currently seen as ivory towers of intellectuals that do young people no favor by wasting their time for four years and ending up with "degrees to nowhere." Some say that the real job to be done is vocational training, thus the huge boom in for-profit Universities that focus on job skills. The emphasis is on convenience, service, quality and affordability. In this generation the central mission of universities to advance and transmit knowledge and scholarship has been largely ousted by

Continued on page 44

WASBO Remembers Dr. George Gray

Many WASBO members were well served by Dr. Gray between 1969 and 1993. "Fairly Normal School" was first created by Dr. Gray in his efforts to teach many of us school finance, budgeting and operations. Numerous WASBO members received their Business Manager license under his tutelage. In addition to being a great teacher, Dr. Gray served as a placement counselor and mentor for countless school administrators throughout the state during his career. We will miss George. We send our condolences to his family and friends.

We asked WASBO members to share their experiences with Dr. Gray. Here are their stories.

I first met George Gray when I was about 12 years old, so I could tell many stories about things that happened when he was my high school biology and chemistry teacher, basketball and golf coach, school principal, college professor and deer hunting companion. Since I believe some humor is appropriate at a time like this, I'll tell one story in which George was the butt of a joke that we laughed about for years in deer camp.

George, my father and I had a tradition of visiting our deer stands one last time the day before the season opened just to make sure all was ready. In late afternoon, we went to "Toad's Abode," a hunting trailer owned by George's cousin Todd (Toad), where we enjoyed some old fashioned BS and a couple of Toad's "world famous" Southern Comfort old fashions before proceeding to the local golf course for their fish fry. During one such visit to the golf course, Toad began introducing George to bar patrons as "Dr. Gray, a world famous brain surgeon." The rest of our group got into the joke and poor George just couldn't convince people he wasn't really a brain surgeon. He finally stopped protesting and went along with the joke for the rest of the evening.

George and I shared a lot of good times beyond the classroom and I will miss him greatly, especially when deer season rolls around each year.

Doug Johnson, Business Manager, Whitnall School District

The one thing I will never forget about Dr. Gray was the method he used for Comprehensive Exams (I chose not to do a thesis). Dr. Gray gave us a SHORT list of topics to study to assist us with passing the exam. The day of the exam, the room was full of students from all departments, I completed my exam and was one of the first to leave. The feeling was great!! I passed and have an awful lot for which to thank Dr. Gray. My career would not have been possible without his guidance. Side Note: I also happened to grow up in Milton Junction and was familiar with his parents' Furniture Store. Thanks and have a great day!!

Al Gosda, retired

In my early tenure as Superintendent of schools in Janesville, I hired Dr. Gray as a consultant to assist me in developing a long range financial plan. This was in response to the School Board's concern that we do more to "run it like a business." Most of our WASBO members know how difficult it can be to predict the future with so many variables and unknowns, but with George's expert guidance, we did the best we could. Would you believe we nailed it for three years, not because we were clairvoyant, but our errors in projections and assumptions were, for the most part, offsetting. We didn't highlight that fact and we took credit for a job well done. We had a lot of good laughs about it over the years.

Don Mrdjenovich, retired

In 1987, I was offered the Business Manager position in Howard-Suamico. At first, I accepted. A few days later, I called the Superintendent back and declined the offer. After a week and some restless nights, I changed my mind again. I called George and asked his advice. "I'm interested in the position but need more money to make the move. What will the Superintendent say? Will he still be interested in me?" I recall George saying, "If you were the number one candidate before, you still are." He advised me to make the call. I did, got more money, and spent 16 years in the District. Oh, unbeknownst to me at the time, George called the Superintendent beforehand. Perhaps that's why he didn't hang up on me.

John Keller, retired

My condolences to the Gray family. Dr. Gray's school business management program presentation during a Careers class at UW-Whitewater was the beginning of my career in school business management. I enjoyed Dr. Gray's classes more than any other taken at UW-Whitewater. The classes were relevant and very interesting. He mentored many school business managers and I was lucky enough to have been one of his mentees. He was such a great resource to school districts throughout the state.

Steve Kopecky, Business Manager Arrowhead Union High School District

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I remember Dr. Gray's "random" process for determining who in the class would have the "privilege" of presenting the "Fairly Normal School District" budget at a mock Annual Meeting. Excuse my French, but his use of the term "random" was b#*?%@*t. He

Continued on page 48

Continued from page 47

already had the names in the hat when he showed up for class. I'm certain there were at least five sheets of paper that said Jay Clark. As all great teachers do, Dr. Gray understood the unique needs of all the students in his classroom. He then set up lessons to best meet the needs of his students. Thank you Dr. George Gray for helping me learn and grow.

Jay Clark, Assoc. District Administrator
School District of Holmen

I graduated in 1991 from UW-Whitewater. I will always remember how George had hundreds of connections with Superintendents across the state. I thank George for getting me started in the profession and a successful career.

Phil Frei, Deputy District Administrtor
Sun Prairie Area School District

When I began the program in 1990 with Dr. Gray, his enthusiasm for the profession and knowledge about EVERYTHING confirmed for me that I had made a good choice for a career shift! His classes not only taught us the "mechanics" and "technical" side, but the human side and what we today call "soft skills" of the profession, the pitfalls, and how to stay out of trouble. I am grateful to George Gray for everything he has done for the profession. I have tried to carry forth his message and enthusiasm with WASBO and ASBO and what a career it has been! Thank you!

Erin Green, Director of Business
Greendale School District

I remember going to visit Dr. Gray after I finished my BBA degree at UW Whitewater. Dr. Gray and I talked about my time growing up on my family's dairy farm. Dr. Gray asked, "what did you like about growing up on a farm?" I explained to Dr. Gray that I liked the fact that as the seasons changed so did my responsibilities and daily tasks. I liked the fact that my work was diverse and that I never got bored. I also stated that no one ever told me I milked a cow wrong. Dr. Gray went on to say that the job of a school business manager changed with the seasons, was diverse and that I would never be bored. Dr. Gray stated that I would probably end up running the largest fleet in the area, the largest food service operation in the area and be the largest facility manager in the area. I was hooked and ended up registering for Dr. Gray's next school business management course, even though Dr. Gray stated that someone along the way would probably complain about something I did. Dr. Gray's insights and guidance helped me, and for that I thank him.

Michael C. Pieper
VP of Finance & Operations
Western Technical College

Dear WASBO Friends,

I would like to take this opportunity to thank the many WASBO friends who were able to attend the funeral or have sent me condolences and very kind words on my father's passing. He was very proud of his association with the WASBO members and admired your success whether you were one of his students or not. I remember back in high school and undergrad at UW-Whitewater how he would talk with great pride about his former students who at the time I did not know; John, Bucky, Mike, Doug, Bill, Bambi, Mark, Steve, and so on, but especially some guy named Woody!

His favorite philosopy was that as the Business Manager, you were really the one in control of what was happening at your district. I remember him saying you were 'driving [the district] from the back seat.' When I stepped into the Superintendent's role five years ago, he reminded me that I'm no longer driving the car. I think he may have been right on that one!

Thanks everyone...and keep that 'car' on the right side of the road!

Todd Gray
Son of George Gray

George Henry Gray
July 22, 1930 - Oct. 20, 2012

George Gray, 82, was born in Janesville, to Henry and Bernice Baumbach Gray. George grew up in Milton, graduated from Milton Union High School in 1948 and Milton College in 1952. He was an accomplished athlete and lettered many times in three sports both in high school and in college.

On March 29, 1952, George married Etta Mae Geier in Madison. He was drafted into the Army in November 1952, during the Korean War, and served on a supply ship that operated in the Pacific Northwest region and off the coast of Korea. He was stationed in Seattle, Washington, until 1954. He taught science at Williams Bay High School from 1955 to 1965 and served as principal from 1965 to 1966. While at WBHS, George coached basketball, golf and football. From 1969 to 1978, George served on the Williams Bay School Board and was director of CESA 18 for many years. In 1969, George received his Ph.D. from the University of Wisconsin-Madison. He was then employed as director of the Office of Budget, Planning and Analysis at the University of Wisconsin-Whitewater until his retirement in 1993. He was responsible for creating the School of Business Management Master of Science degree program at UW-Whitewater that trained many of Wisconsin's school business managers.

In his retirement, George was able to devote more time to his passion of growing and cultivating new hybrids of rhododendron plants. His science background served as the basis for his interest in creating new hybrids that could withstand Wisconsin winters.

George is survived by his wife, Etta Mae Gray, Williams Bay; sons, Todd (Karen) Gray, Waukesha, and Mark (Julie)

Continued on page 51

Welcome New Members

October - November 15, 2012

District Professional Members

- **Andrew Brown**, Facility Information Manager, Elmbrook School District
- **Chris Carlton**, , School District of Menomonee Falls
- **Dustin Lundt**, Food Service Supervisor - Purchasing, Madison Metropolitan School District
- **Mike Meyers**, Buildings and Grounds Director, School District of the Menomonie Area
- **Tad Wehner**, Principal, Edgerton Elementary

Service Affiliate Members

- **Adam Eberle**, Sales Team Manager, Skyward, Inc.
- **Eamon Kelly**, Executive Vice President, OrganicLife LLC
- **Jennie Lee**, Sales Associate, Siemens Industry, Inc
- **Jarrod Lofgren**, Sales Engineer, Johnson Controls, Inc.
- **Steve Nelson**, Shareholder, von Briesen & Roper, s.c.
- **Kyle Ransom**, Superintendent, Gillett School District
- **Donald Schoenfeld**, Shareholder, von Briesen & Roper, s.c.
- **Aaron Stelzer**, Account Executive, AJF Christiansen Roofing
- **Bob Wede**, Business Development Manager, Performance Services

"Never put off until tomorrow what you can do today."
- Thomas Jefferson

On the Move

- **Kevin Korn** from Noresco to McKinstry, Account Executive

Retirements

- **Christine Rebarchik,** Stone Bank School

ASBO International New Members September and October 2012

- **Dawn Mejer,** Barron Area School District
- **Gail Thiede,** School District of Baraboo

ASBO International Membership Milestones

- **David L. Ross,** West Bend SD #1 (20 years)

Keep us Posted!

Retiring?

Contact us before you leave so we can update your member type to retired and get your contact information. We want to keep in touch! If you are interested in being added to our interim list, send an email to Woody Wiedenhoeft at wwiedenhoeft@wasbo.com.

Changing Districts?

Be sure to update your profile at www.wasbo.com so you don't miss any communications. Give us a call at 608.249.8588 if you need help.

"It happens to everyone as they grow up. You find out who you are and what you want, and then you realize that people you've known forever don't see things the way you do. So you keep the wonderful memories, but find yourself moving on."
— Nicholas Sparks

Stay Connected

Volunteer at the State Education Convention - Look for emails soliciting volunteers to staff the WASBO booth and seeking trained table coaches for the Investing in Wisconsin Public Schools session.

WASBO Holiday Schedule - The WASBO office will be closed on December 24-25 and December 31-January 1. Staffing will be light December 26-28 so if you get voicemail, leave us a message and we will get back to you as soon as possible.

Share Your Best Practices - For the second year as part of the Accounting Conference, WASBO will be asking you to submit your best practices. These submissions will be reviewed by conference attendees that will vote for the one they think most benefits students and the district, and other districts could also implement. The winner will be recognized at the Accounting Conference. We thank **Key Benefit Concepts** for providing this opportunity.

It is also time to submit your best practice for the WASBO Business Services Award, sponsored by **Robert W. Baird & Co.** This award provides a $1,000 professional development grant to the winning district. Submissions are due March 1, 2013. Submitting your best practice not only offers your district a chance to receive professional development funds, it also benefits your school business colleagues with a good idea they can implement in their own district.

WASBO Spring Conference - We listened to you and moved the Spring Conference up two weeks in 2013, so it does not bump up against Memorial Day weekend. Plan to be in Green Bay May 7-10, 2013 for this year's conference. Planning is well underway. Registration will open in January. Start thinking about Silent Auction donations to benefit our ASBO International involvement.

Upcoming Sponsorship Opportunities for WASBO Service Affiliate Members - WASBO Service Affiliate Members provide many resources to WASBO, both educational through articles and presentations, and monetary through exhibiting and sponsorships. Both are vital to WASBO's ability to provide outstanding professional development and services to our members. If you would like to support WASBO with a sponsorship, go to www.WASBO.com. We are currently accepting sponsorships for the following conferences:

- WASBO Facilities Management Conference
- WASBO Transportation & Bus Safety Conference
- WASBO/WCASS/DPI Federal Funding Conference
- WASBO Accounting Conference
- WASBO Spring Conference

2011-12 ASBO International Meritorious Budget Award Wisconsin Recipients

The Meritorious Budget Awards Program promotes and recognizes excellence in school budget presentation and enhances the school business officials' skills in developing, analyzing and presenting a school system budget.

Howard-Suamico School District
School District of Chilton

2011 ASBO International Certificate of Excellence Award Recipients as of October 1, 2012

The Certificate of Excellence (COE) in Financial Reporting program recognizes school systems for excellence in the prepartion and issuance of their Comprehensive Annual Financial Reports (CAFR)

Gateway Technical College District
School District of Kettle Moraine

WASBO Remembers Dr. George Gray
Continued from page 48

Gray, Williams Bay; and daughter, Anne (Ben) McCready, Whitewater. He is further survived by grandsons, John (Annie) Gray, Washington DC; Ted Gray, Phoenix, AZ; Charlie Gray, Milwaukee, and Bo (Brittany) McCready, McFarland. He is also survived by his brother-in-law, Wayne Jenson, Burlington; and a nephew, Aaron Jenson, San Francisco.

He was preceded in death by his parents and his sister, Phoebe Jenson.

ASBO International's Call for Presentations Is Now Open

ASBO invites you to submit a proposal to present at the 2013 Annual Meeting & Expo (AM&E) in Boston, October 25–28. Presenting at the AM&E is a great way to share your expertise and success stories, as well as increase your visibility within the school business management profession. Whether you are just starting your career or have been in the profession for years, you have valuable insight to share.

The 2013 Call for Presentations is open until Friday, January 11, 2013.

Visit http://www.asbointl.org/CallforPresentations/7493.htm for more information or to submit your presentation idea now.

Wisconsin Association of School Business Officials
4797 Hayes Road, Suite 101
Madison, WI 53704

Upcoming Events - www.wasbo.com

Professional Development

WASB/WASDA/WASBO State Education Convention
Jan. 22-25, 2013 - Delta Center, Milwaukee (Viterbo Credit)

WASBO Facilities Management Conference
Feb. 26-27, 2013 - Kalahari Conference Center, WI Dells (Viterbo Credit)

WASBO Transportation & Bus Safety Conference
Feb. 27, 2013 - Kalahari Conference Center, WI Dells

WASBO/WCASS/DPI Wisconsin Federal Funding Conference
Feb. 28-March 1, 2013 - Kalahari Conference Center, WI Dells (Viterbo Credit)

WASBO Accounting Conference
March 20-21, 2013 - Chula Vista Conference Center, WI Dells (Viterbo Credit)

WASBO Spring Conference & Exhibits
May 9-10, 2013 - KI Convention Center, Green Bay (Viterbo Credit)

WASBO Custodial & Maintenance Conference
June 19, 2013 - Indian Trail High School & Academy, Kenosha Unified School District

Looking for products and services? Check our WASBO's Service Affiliate Members on the Buyer's Guide at www.WASBO.com Member Cental

Committee Meetings

Accounting Committee
January 23, 2013 at 1:30 pm, Delta Center, Milwaukee

Fall Conference Committee
January 23, 2013 at 1:30 pm, Hilton, Milwaukee

Joint Convention Planning Committee
December 11, 2013 at 2:30 pm, Conference Call

Safety & Risk Management Committee
All meetings at 12:00 pm, WASBO Offices, Madison
Jan. 8, 2013, April 9, 2013, Aug. 13, 2013

School Facilities Committee
All meetings at 9:30 am, WASBO Offices, Madison
Jan. 8, 2013, April 9, 2013, Aug. 13, 2013

Service Affiliate Committee
January 23, 2013 at 10:00 am-12:00 pm, Exhibit Hall Commons, Delta Center, Milwaukee

Spring Conference Planning Committee
All meetings at 2:00 pm, WASBO/Conf. Call unless otherwise noted. Dec. 17, 2013, Jan. 24, 2013, 1:30-3:00 pm, Hilton, Milwaukee, Feb. 13, 2013, March 19, 2013, April 18, 2013

WASBO Business Meetings
January 24, 2013 - Milwaukee, State Education Convention
May 10, 2013 - Green Bay, Spring Conference

Board of Directors Meetings

December 19, 2012	Madison
February 6, 2013	Black River Falls
April 24, 2013	Manitowoc
June 11, 2013	Madison

Connect on WASBO's Peer to Peer Communication Forum at www.WASBO.com Member Cental

Regionals
Check www.WASBO.com for more information.

Bay Area - Meetings start at 9:00 a.m.
Dec. 14, 2012 Kimberly
Feb. 22, 2013 DePere Jt. Mtg with NE Regional
May 31, 2013

Madison Area - Meetings start at 9:00 a.m.
Feb. 1, 2013 - Cambridge, April 5, 2013 - Beaver Dam, May 3, 2013 - Lodi

Northeast - Meetings start at 11:00 a.m.
Dec. 14, 2012 - Kimberly, Feb. 22, 2013 - DePere, Jt. Mtg w/ Bay Regional, April 19, 2013 - Fond du Lac, May 31, 2013 - Manitowoc

Northwest - Meetings start at 10:00 a.m. at Lehman's Supper Club in Rice Lake.
Dec. 5, 2012, Feb. 6, 2013, March 6, 2013, April 3, 2013, June 5, 2013

Southeast - Meetings are from 12:00-2:30 pm.
January 11, 2013 - Oak Creek, February 8, 2013 - Muskego-Norway, April 12, 2013 - Hamilton

Southwest - Meetings start at 12:30 pm. at CESA 3
February 20, 2013, April 17, 2013

West Central - Meetings are from 10 am - 1 pm at the Sparta Area SD Administration & Education Center
January 3, 2013
February 7, 2013, March 7, 2013
April 4, 2013, May 2, 2013
June 6, 2013

WI Valley - Coffee at 9:00, Meeting at 9:30.
December 14, 2012 - Wausau, February 15, 2013 -Stevens Point, March 15, 2013 - Auburndale, April 19, 2013 - Rhinelander, June 14, 2013 - D.C. Everest, August 16, 2013

Save with Professional Development Coupons www.wasbo.com/coupons