

Preparing for Operational (Revenue Limit) Referendums

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WASBO 2023 Spring Conference

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Discover the *Baird Difference*

Meet the Baird School Finance Team



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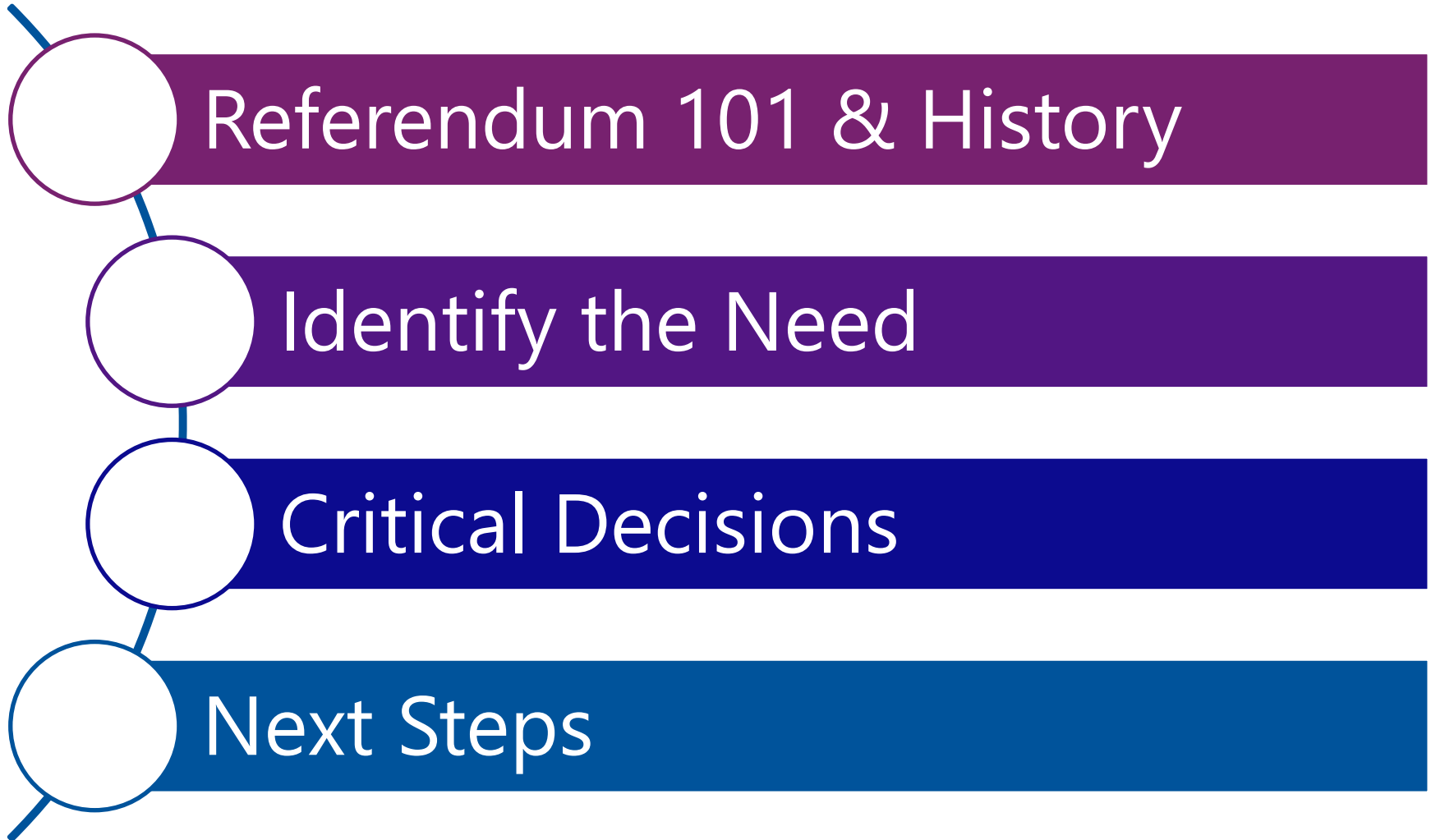
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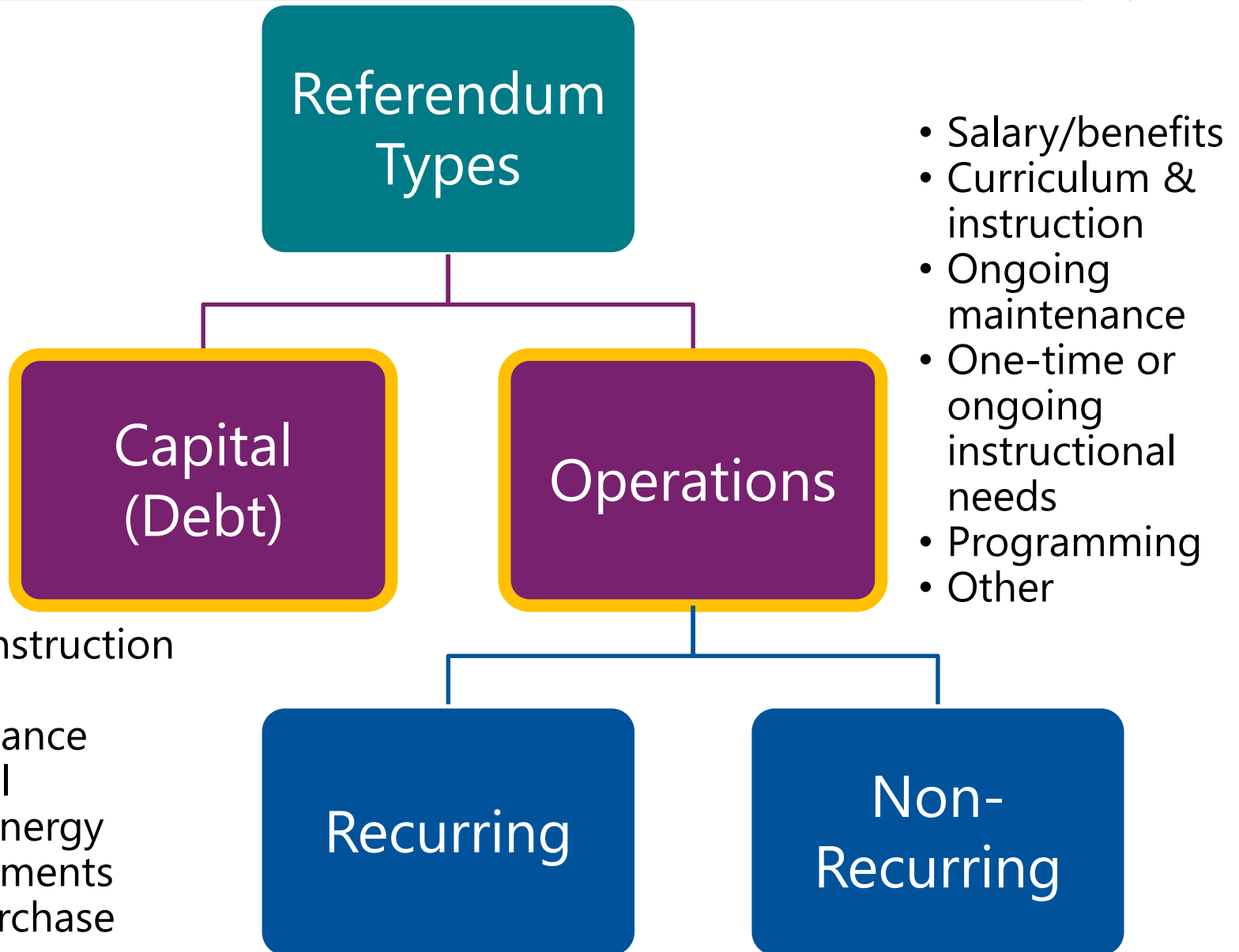


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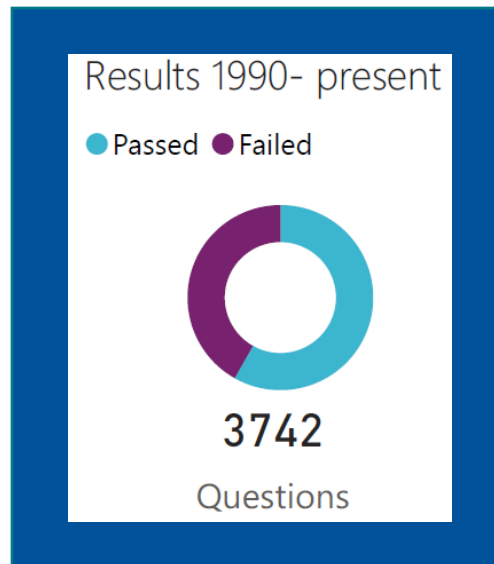
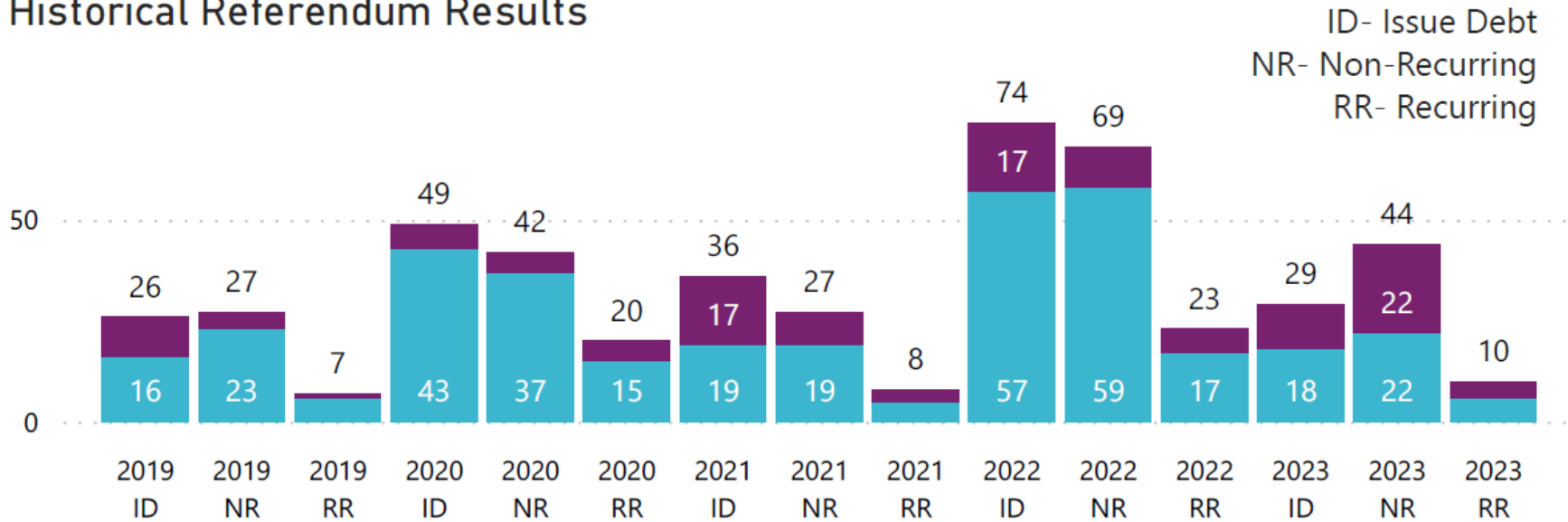
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Referendum 101: 2023 Snapshot

Historical Referendum Results



Two Types of Operational Referendum



Non-Recurring

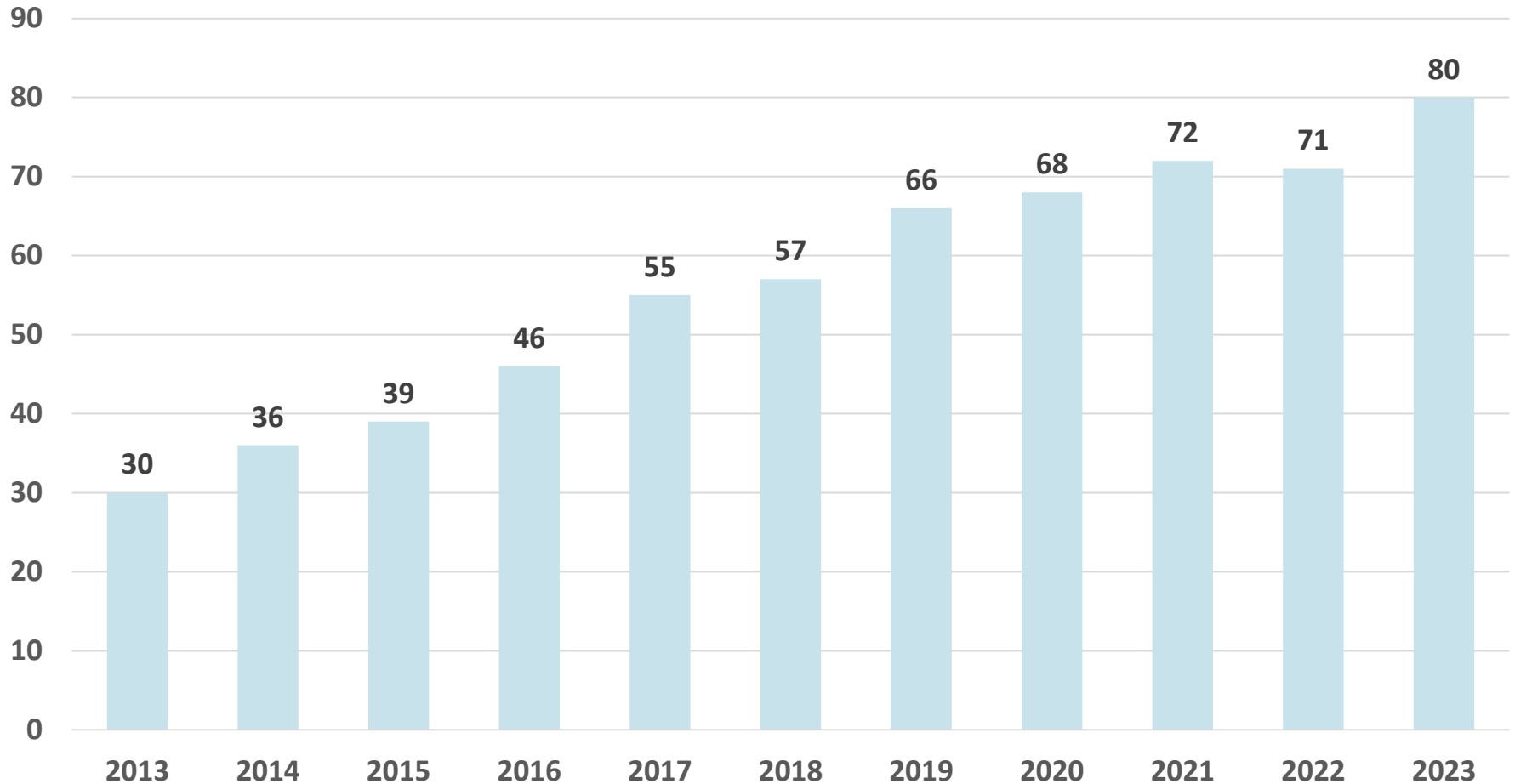
- Tax levy has a sunset
- District must receive referendum approval if additional years are needed
- Most districts will continue to ask for subsequent operational referendum dollars
- More often used by School Districts

Recurring

- Ongoing- funds are added to the districts "base" and carry forward forever
- Longer-term fix
- Although often perceived as such, may not be a permanent fix
- Typically, a one-time amount but can escalate-for example

Dependency on Operational Referendum

Districts that have at least 10% of their revenue limit supplemented by non-recurring operating referendum

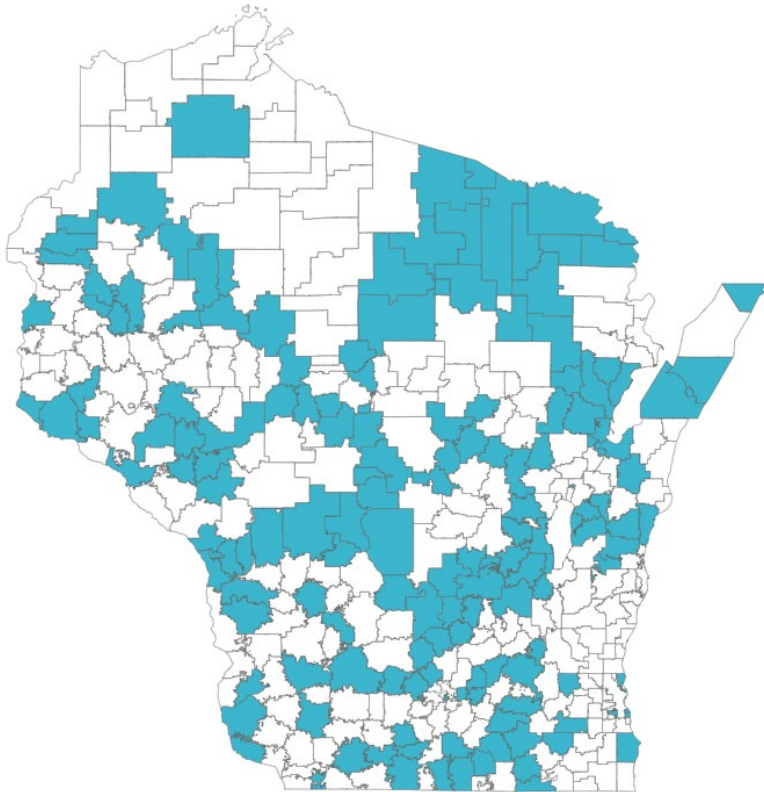


Source: Department of Public Instruction

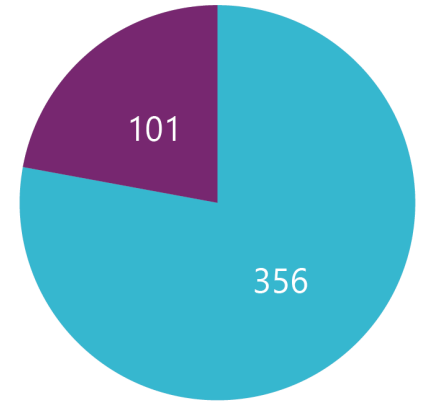
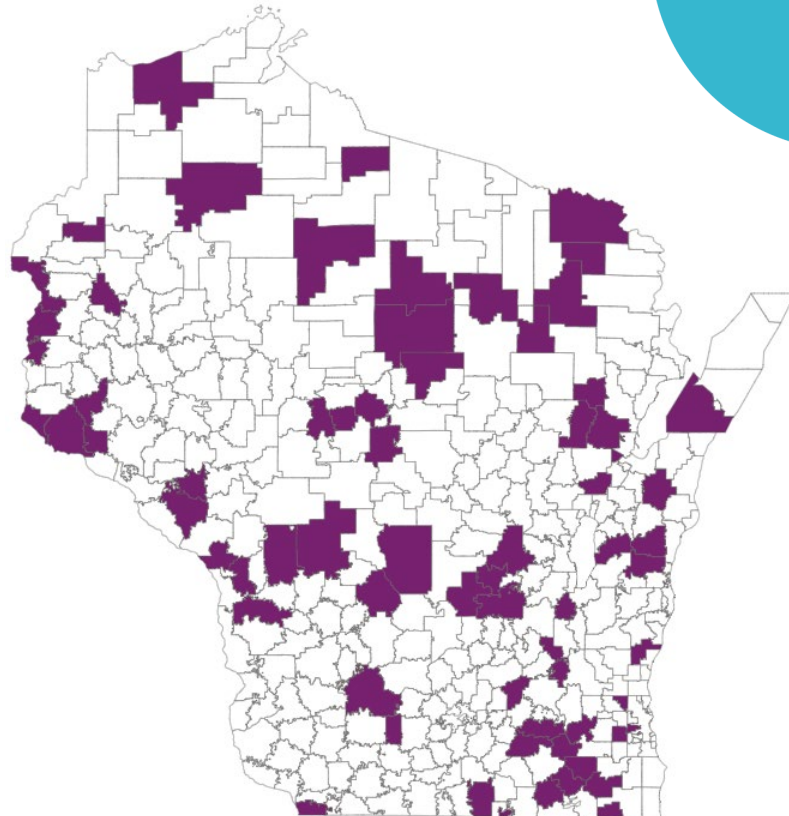
*Numbers based on 2022-23 base revenue limit from the 2022-23 Revenue Limit Worksheet

10 Year History - Non-Recurring Referenda

PASSED

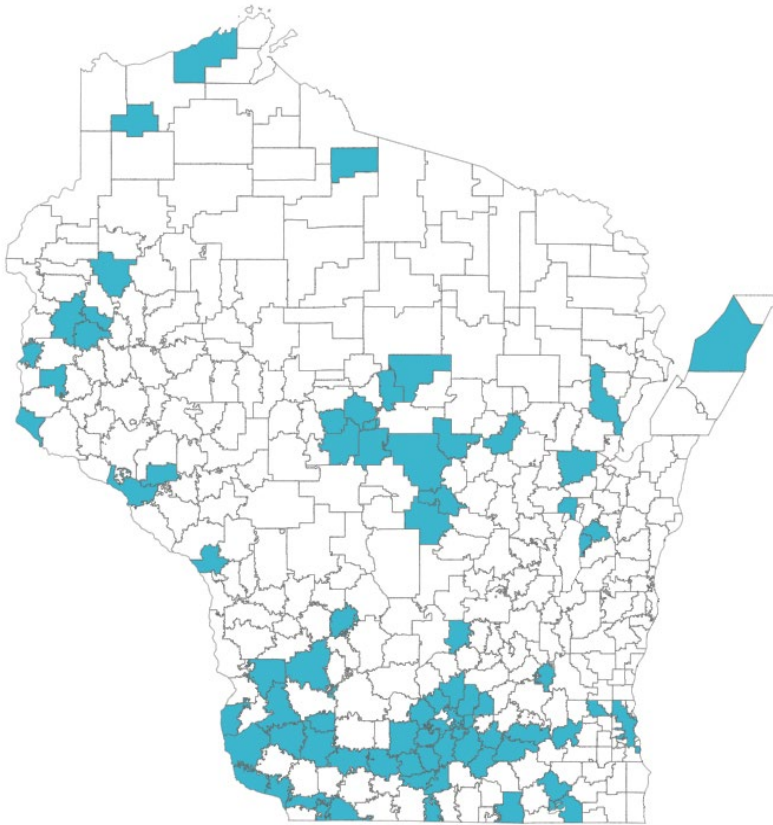


FAILED

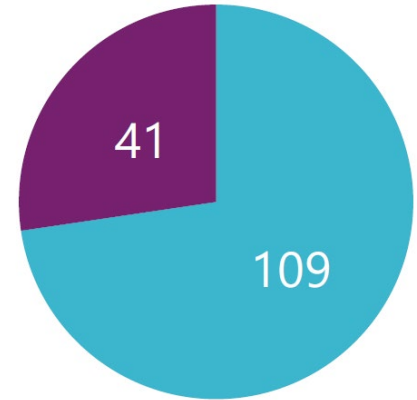
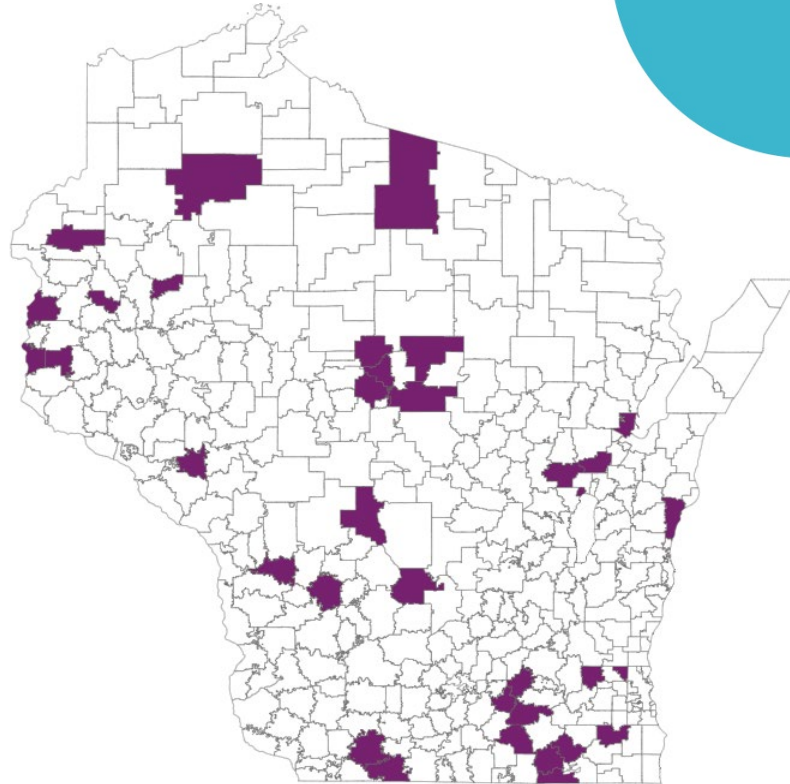


10 Year History - Recurring Referenda

PASSED



FAILED



Setting the Stage

Enrollment

State biennial
budget

Staffing

One-time
revenues or
expenses

Inflation

Forecasting Scenarios

	Base Scenario - No Referendum			Current Model Scenario			
	Historical	Current Year	Budget Year	Forecast			
	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028
Sept Membership (FTE)	853	879	874	869	864	859	854
Per Pupil Increase	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Per-Pupil Categorical Aid \$	\$742	\$742	\$742	\$742	\$742	\$742	\$742
TIF Out Equalized Valuation Growth	11.89%	17.32%	5.00%	2.00%	2.00%	2.00%	2.00%
Fund 10 Revenues	\$12,619,252	\$12,913,708	\$11,880,730	\$11,967,690	\$12,047,845	\$11,979,569	\$11,930,310
Fund 10 Expenditures	\$12,825,639	\$13,151,528	\$13,313,130	\$13,619,953	\$13,941,348	\$14,274,984	\$14,556,955
Surplus (Deficit)	(\$206,387)	(\$237,820)	(\$1,432,401)	(\$1,652,263)	(\$1,893,503)	(\$2,295,415)	(\$2,626,646)
Fund Balance	\$2,655,790	\$2,417,970	\$985,569	(\$666,694)	(\$2,560,197)	(\$4,855,612)	(\$7,482,258)
Fund Balance as % of Expenditures	20.71%	18.39%	7.40%	-4.89%	-18.36%	-34.01%	-51.40%
Total School-Based Tax Levy	\$4,932,044	\$5,653,158	\$3,326,582	\$3,419,992	\$3,197,344	\$2,908,606	\$2,603,160
% change		14.62%	-41.16%	2.81%	-6.51%	-9.03%	-10.50%
Mill Rate (per \$1,000 EQ Value)	\$9.19	\$8.98	\$5.03	\$5.07	\$4.65	\$4.14	\$3.64
% change		-2.30%	-43.96%	0.79%	-8.34%	-10.81%	-12.26%
Non-Recurring Referendum \$	\$1,025,000	\$1,150,000	\$0	\$0	\$0	\$0	\$0
Recurring Referendum \$	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Energy Efficiency Exemption	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Average tax impact: \$100,000 home	\$919	\$898	\$503	\$507	\$465	\$414	\$364

Non-Recurring Flat Dollar Amount

NR Flat	Scenario 1						
	Historical 2021 - 2022	Current Year 2022 - 2023	Budget Year 2023 - 2024	Forecast			
				2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028
Sept Membership (FTE)	853	879	874	869	864	859	854
Per Pupil Increase	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Per-Pupil Categorical Aid \$	\$742	\$742	\$742	\$742	\$742	\$742	\$742
TIF Out Equalized Valuation Growth	11.89%	17.32%	5.00%	2.00%	2.00%	2.00%	2.00%
Fund 10 Total Salaries Increase	9.49%	4.33%	2.52%	2.61%	2.63%	2.76%	2.69%
Fund 10 Total Benefits Increase	13.64%	5.91%	2.51%	2.61%	2.63%	2.76%	2.69%
Fund 10 Revenues	\$12,619,252	\$12,913,708	\$13,880,730	\$13,967,690	\$14,047,845	\$11,979,569	\$11,930,310
Fund 10 Expenditures	\$12,825,639	\$13,151,528	\$13,313,130	\$13,619,953	\$13,941,348	\$14,274,984	\$14,556,955
Surplus (Deficit)	(\$206,387)	(\$237,820)	\$567,599	\$347,737	\$106,497	(\$2,295,415)	(\$2,626,646)
Fund Balance	\$2,655,790	\$2,417,970	\$2,985,569	\$3,333,306	\$3,439,803	\$1,144,388	(\$1,482,258)
Fund Balance as % of Expenditures	20.71%	18.39%	22.43%	24.47%	24.67%	8.02%	-10.18%
Non-Recurring Referendum \$	\$1,025,000	\$1,150,000	\$2,000,000	\$2,000,000	\$2,000,000	\$0	\$0
Recurring Referendum \$	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Referendum Debt Levy	\$1,755,890	\$2,080,137	\$1,065,651	\$1,062,671	\$1,062,034	\$1,060,414	\$1,062,574
Total School-Based Tax Levy	\$4,932,044	\$5,653,158	\$5,326,582	\$5,419,992	\$5,197,344	\$2,908,606	\$2,603,160
Mill Rate (per \$1,000 EQ Value)	\$9.19	\$8.98	\$8.05	\$8.04	\$7.55	\$4.14	\$3.64

Declining enrollment; increases to salary and benefits; 10% increase to transportation

Non-Recurring Step-Up Dollar Amount

Step NR							Scenario 2
	Historical	Current Year	Budget Year	Forecast			
	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028
Sept Membership (FTE)	853	879	874	869	864	859	854
Per Pupil Increase	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Per-Pupil Categorical Aid \$	\$742	\$742	\$742	\$742	\$742	\$742	\$742
TIF Out Equalized Valuation Growth	11.89%	17.32%	5.00%	2.00%	2.00%	2.00%	2.00%
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Fund 10 Total Benefits Increase	13.64%	5.91%	2.51%	2.61%	2.63%	2.76%	2.69%
Fund 10 Revenues	\$12,619,252	\$12,913,708	\$13,380,730	\$13,967,690	\$14,547,845	\$11,979,569	\$11,930,310
Fund 10 Expenditures	\$12,825,639	\$13,151,528	\$13,313,130	\$13,619,953	\$13,941,348	\$14,274,984	\$14,556,955
Surplus (Deficit)	(\$206,387)	(\$237,820)	\$67,599	\$347,737	\$606,497	(\$2,295,415)	(\$2,626,646)
Fund Balance	\$2,655,790	\$2,417,970	\$2,485,569	\$2,833,306	\$3,439,803	\$1,144,388	(\$1,482,258)
Fund Balance as % of Expenditures	20.71%	18.39%	18.67%	20.80%	24.67%	8.02%	-10.18%
Non-Recurring Referendum \$	\$1,025,000	\$1,150,000	\$1,500,000	\$2,000,000	\$2,500,000	\$0	\$0
Recurring Referendum \$	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Referendum Debt Levy	\$1,755,890	\$2,080,137	\$1,065,651	\$1,062,671	\$1,062,034	\$1,060,414	\$1,062,574
Total School-Based Tax Levy	\$4,932,044	\$5,653,158	\$4,826,582	\$5,419,992	\$5,697,344	\$2,908,606	\$2,603,160
Mill Rate (per \$1,000 EQ Value)	\$9.19	\$8.98	\$7.30	\$8.04	\$8.28	\$4.14	\$3.64
Declining enrollment; increases to salary and benefits; 10% increase to transportation							

Recurring Flat Dollar Amount

Flat RR							Scenario 1
	Historical	Current Year	Budget Year	Forecast			
	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028
Sept Membership (FTE)	853	879	874	869	864	859	854
Per Pupil Increase	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Per-Pupil Categorical Aid \$	\$742	\$742	\$742	\$742	\$742	\$742	\$742
TIF Out Equalized Valuation Growth	11.89%	17.32%	5.00%	2.00%	2.00%	2.00%	2.00%
Fund 10 Total Salaries Increase	9.49%	4.33%	2.52%	2.61%	2.63%	2.76%	2.69%
Fund 10 Total Benefits Increase	13.64%	5.91%	2.51%	2.61%	2.63%	2.76%	2.69%
Fund 10 Revenues	\$12,619,252	\$12,913,708	\$13,880,730	\$13,985,890	\$14,075,146	\$14,000,045	\$13,939,410
Fund 10 Expenditures	\$12,825,639	\$13,151,528	\$13,313,130	\$13,619,953	\$13,941,348	\$14,274,984	\$14,556,955
Surplus (Deficit)	(\$206,387)	(\$237,820)	\$567,599	\$365,937	\$133,798	(\$274,939)	(\$617,546)
Fund Balance	\$2,655,790	\$2,417,970	\$2,985,569	\$3,351,506	\$3,485,304	\$3,210,365	\$2,592,819
Fund Balance as % of Expenditures	20.71%	18.39%	22.43%	24.61%	25.00%	22.49%	17.81%
Non-Recurring Referendum \$	\$1,025,000	\$1,150,000	\$0	\$0	\$0	\$0	\$0
Recurring Referendum \$	\$0	\$0	\$2,000,000	\$0	\$0	\$0	\$0
Referendum Debt Levy	\$1,755,890	\$2,080,137	\$1,065,651	\$1,062,671	\$1,062,034	\$1,060,414	\$1,062,574
Total School-Based Tax Levy	\$4,932,044	\$5,653,158	\$5,326,582	\$5,438,192	\$5,224,645	\$4,929,082	\$4,612,260
Mill Rate (per \$1,000 EQ Value)	\$9.19	\$8.98	\$8.05	\$8.06	\$7.59	\$7.02	\$6.44

Declining enrollment; increases to salary and benefits; 10% increase to transportation

Recurring Step-Up Dollar Amount

Step RR								Scenario 2
	Historical	Current Year	Budget Year	Forecast				
	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028	
Sept Membership (FTE)	853	879	874	869	864	859	854	
Per Pupil Increase	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Per-Pupil Categorical Aid \$	\$742	\$742	\$742	\$742	\$742	\$742	\$742	
TIF Out Equalized Valuation Growth	11.89%	17.32%	5.00%	2.00%	2.00%	2.00%	2.00%	
Fund 10 Total Salaries Increase	9.49%	4.33%	2.52%	2.61%	2.63%	2.76%	2.69%	
Fund 10 Total Benefits Increase	13.64%	5.91%	2.51%	2.61%	2.63%	2.76%	2.69%	
Fund 10 Revenues	\$12,619,252	\$12,913,708	\$13,380,730	\$13,981,337	\$14,070,573	\$13,995,489	\$13,934,879	
Fund 10 Expenditures	\$12,825,639	\$13,151,528	\$13,313,130	\$13,619,953	\$13,941,348	\$14,274,984	\$14,556,955	
Surplus (Deficit)	(\$206,387)	(\$237,820)	\$67,599	\$361,384	\$129,225	(\$279,495)	(\$622,077)	
Fund Balance	\$2,655,790	\$2,417,970	\$2,485,569	\$2,846,953	\$2,976,178	\$2,696,683	\$2,074,606	
Fund Balance as % of Expenditures	20.71%	18.39%	18.67%	20.90%	21.35%	18.89%	14.25%	
Non-Recurring Referendum \$	\$1,025,000	\$1,150,000	\$0	\$0	\$0	\$0	\$0	
Recurring Referendum \$	\$0	\$0	\$1,500,000	\$500,000	\$0	\$0	\$0	
Referendum Debt Levy	\$1,755,890	\$2,080,137	\$1,065,651	\$1,062,671	\$1,062,034	\$1,060,414	\$1,062,574	
Total School-Based Tax Levy	\$4,932,044	\$5,653,158	\$4,826,582	\$5,433,639	\$5,220,072	\$4,924,526	\$4,607,729	
Mill Rate (per \$1,000 EQ Value)	\$9.19	\$8.98	\$7.30	\$8.06	\$7.59	\$7.02	\$6.44	
Declining enrollment; increases to salary and benefits; 10% increase to transportation								

What are the district's priorities?

What will the state provide?

Are there budget adjustments that could be made in order to reduce the need?

The right answer in one district is likely not the right answer in another

Critical Decisions & Next Steps

Critical Decisions



1. When needed.

2. Legal Considerations:

- **No more than two** board resolutions in a calendar year
- Referendums only on regularly scheduled election dates*
- Certify to municipalities **≥ 70 days prior** to election date
- Is there a “penalty” if we ask and it fails? *Possibly.*

	2024	2025	2026
Resolution Deadline Primary	12/12/2023 02/20/2024	12/10/2024 02/18/2025	12/09/2025 02/17/2026
Resolution Deadline General	01/23/2024 04/02/2024	01/21/2025 04/01/2025	01/27/2026 04/07/2026
Resolution Deadline Primary	06/04/2024 08/13/2024		06/02/2026 08/11/2026
Resolution Deadline General	08/27/2024 11/05/2024		08/25/2026 11/03/2026

* Exception made for natural disasters

Do you ask both questions at the same time

Plan for opportunities to go to voters

Remember the two resolutions limit in a calendar year

What is the greatest need

Contact bond counsel



Legal timelines



Resolution



Ballot question

Board Resolution

Report to DPI



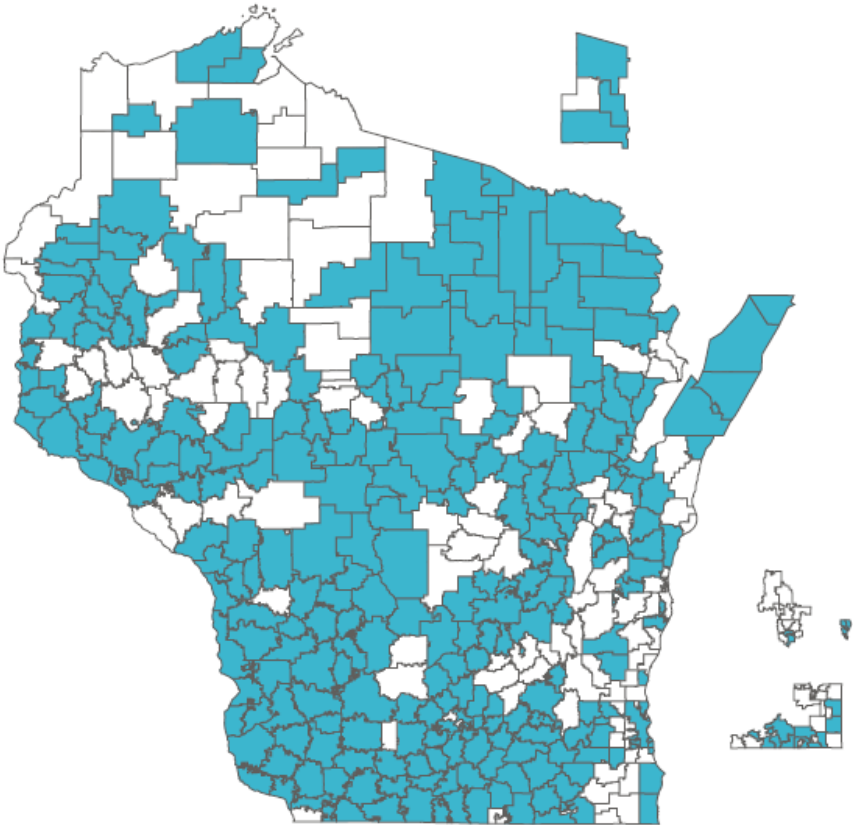
Pre- and post-
referendum

<p>Set the Stage</p> <ul style="list-style-type: none"> Needs Estimated Cost
Contact Bond Council
<p>Gather Feedback</p> <ul style="list-style-type: none"> Meet with parent groups Meet with staff members Meet with community groups Meet at each building impacted by referendum
<p>Analyze Data</p> <ul style="list-style-type: none"> District reviews reaction of initial referendum Identify areas needing emphasis or additional
<p>Educate Electors</p> <ul style="list-style-type: none"> Prepare written information materials Schedule presentations with same target groups we met Meet with media <ul style="list-style-type: none"> Seek endorsements See weekly coverage of plan details
<p>Finalize Scope of Referendum</p> <ul style="list-style-type: none"> The governing board is required to certify resolution at least 70 days prior to the election date indicating the amount
<p>Final Communication Efforts</p> <ul style="list-style-type: none"> Mail informational materials Meet with target groups Final contact with media

- Timeline determined by scope and need
 - Renewal vs. New
 - Size
 - Need
- Feedback and analysis pre-resolution; communication post
- Consider a survey
- Education not advocacy

Operational Referendum History

Districts who have passed an Operational Referendum Question
(since 1992)



No "one size fits all" plan

Provide continuous education

Make sure your Board is on board

Talk to your financial consultants

Consider multiple scenarios

Communication is key!

Questions?



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