

# Money Talks

A WASBO Webinar Series

June 23, 2023



Market Data Provided by:  
PMA Securities, LLC  
[ekass@pmanetwork.com](mailto:ekass@pmanetwork.com)



# ☆ 30-Year Fixed Rate Mortgage Average in the United States (MORTGAGE30US)

DOWNLOAD 

**Observation:**  
2023-06-22: **6.67**  
(+ more)  
Updated: 11:06 AM CDT

**Units:**  
Percent,  
Not Seasonally Adjusted

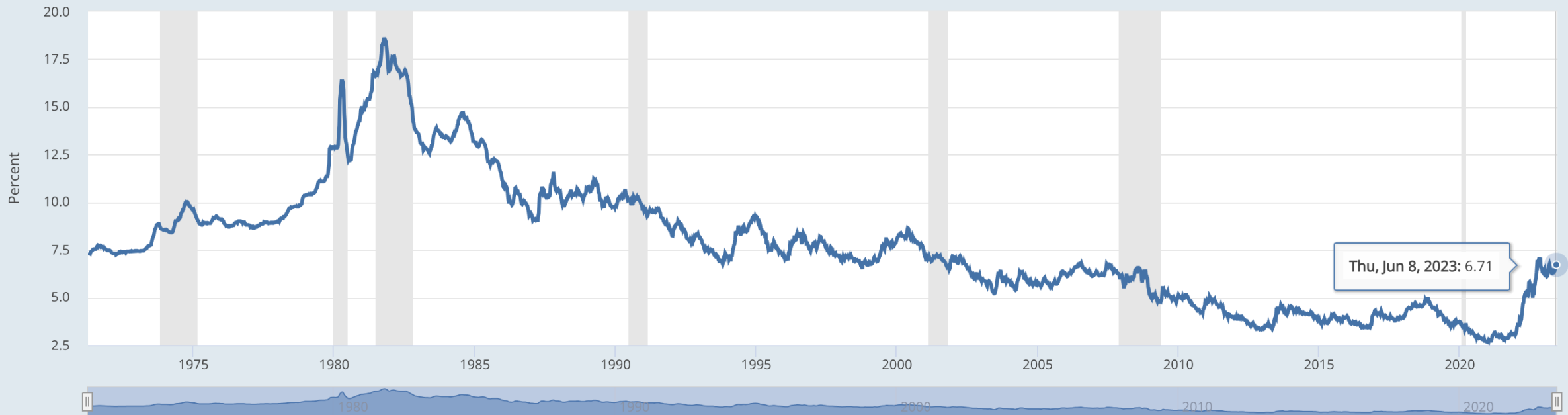
**Frequency:**  
Weekly,  
Ending Thursday

1Y | 5Y | 10Y | Max

1971-04-02 to 2023-06-22

EDIT GRAPH 

## FRED — 30-Year Fixed Rate Mortgage Average in the United States



Shaded areas indicate U.S. recessions.

Source: Freddie Mac

fred.stlouisfed.org

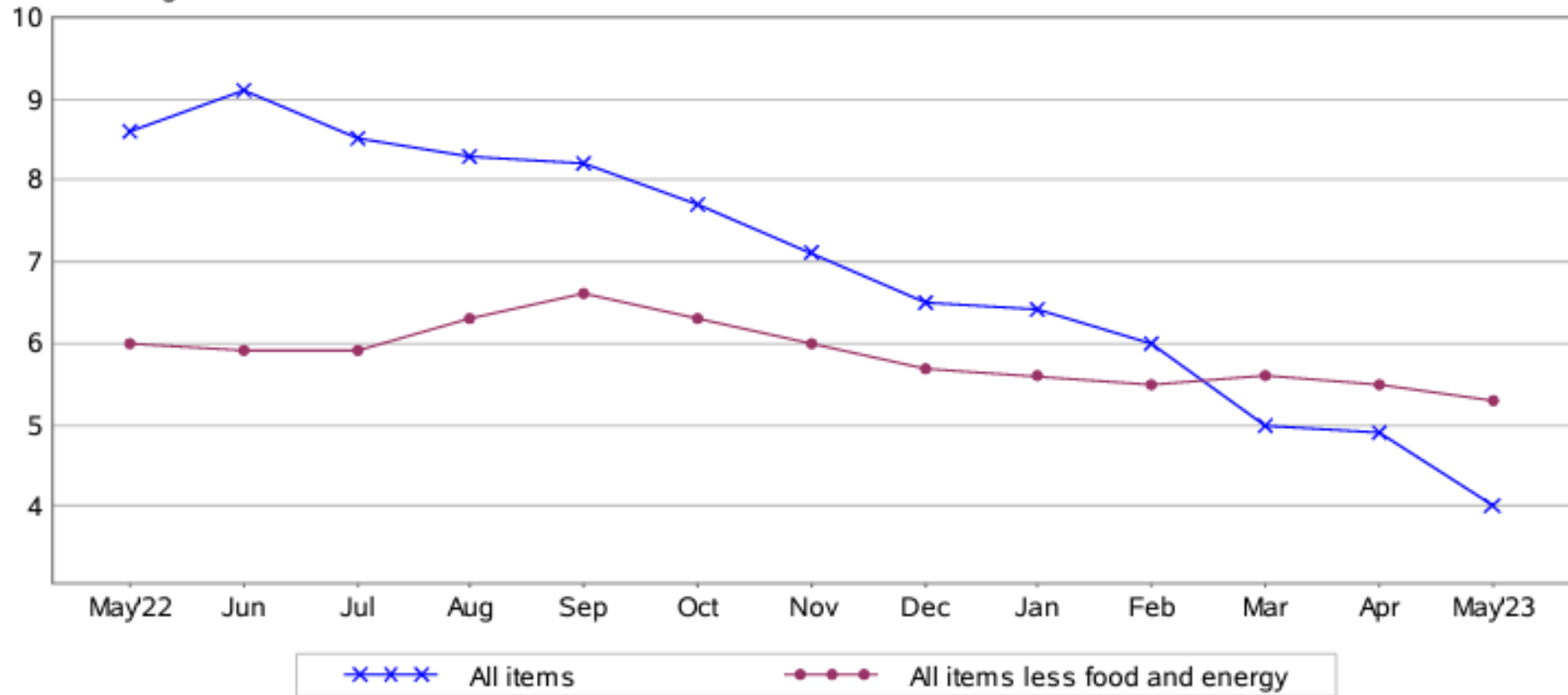
*Affordability is slowing home sales*

# Consumer Price Index (release date June 13, 2023 )

On June 13, the May consumer-price index (CPI) was released with the data showing a continued divergence in the all-items (headline) CPI versus the core CPI. The all-items CPI showed a seasonally adjusted monthly increase of 0.1%, and an increase of only 4.0% over the past 12 months. The so-called core CPI, which excludes volatile energy and food prices, rose 0.4% on a month-over-month basis for the third straight month and on an annual basis gained 5.3%. Below is from the Bureau of Labor Statistics.

**Chart 2. 12-month percent change in CPI for All Urban Consumers (CPI-U), not seasonally adjusted, May 2022 - May 2023**

Percent change



# Investment Rates as of June 21, 2023

The below table provides example rates for several permissible investment options including: (i) current WISC liquid rate, (ii) Certificates of Deposit, (iii) U.S. Treasuries, and (iv) U.S. Agencies.

### Sample School District

1,000,000	Investment Amount
06/21/23	Date of Indication

MATURITY DATE	DAYS	MATURITY AMT	Rate	INTEREST EST.	WISC-IS*	CDs**	UST**	AGY**
09/19/23	90	\$ 1,000,000	5.33%	\$ 13,142	5.07%	5.33%	5.29%	4.98%
12/18/23	180	\$ 1,000,000	5.33%	\$ 26,285	5.07%	5.33%	5.35%	5.29%
03/18/24	271	\$ 1,000,000	5.33%	\$ 39,573	5.07%	5.33%	5.15%	5.30%
06/20/24	365	\$ 1,000,000	5.33%	\$ 53,300	5.07%	5.33%	5.25%	5.30%
12/20/24	548	\$ 1,000,000	5.37%	\$ 80,624	5.07%	5.20%	5.05%	5.37%
06/20/25	730	\$ 1,000,000	5.06%	\$ 101,200	5.07%	5.04%	4.73%	5.06%
12/20/25	913	\$ 1,000,000	4.61%	\$ 115,263	5.07%	-	4.49%	4.61%
06/20/26	1095	\$ 1,000,000	4.89%	\$ 146,700	5.07%	4.89%	4.33%	4.77%

Schedule shown is an illustration only and investment rates are general market rates for illustration only.

Investment rates are indicative as of 06/21/23. Investment Rates at the time of execution may vary, based on market conditions at that time.

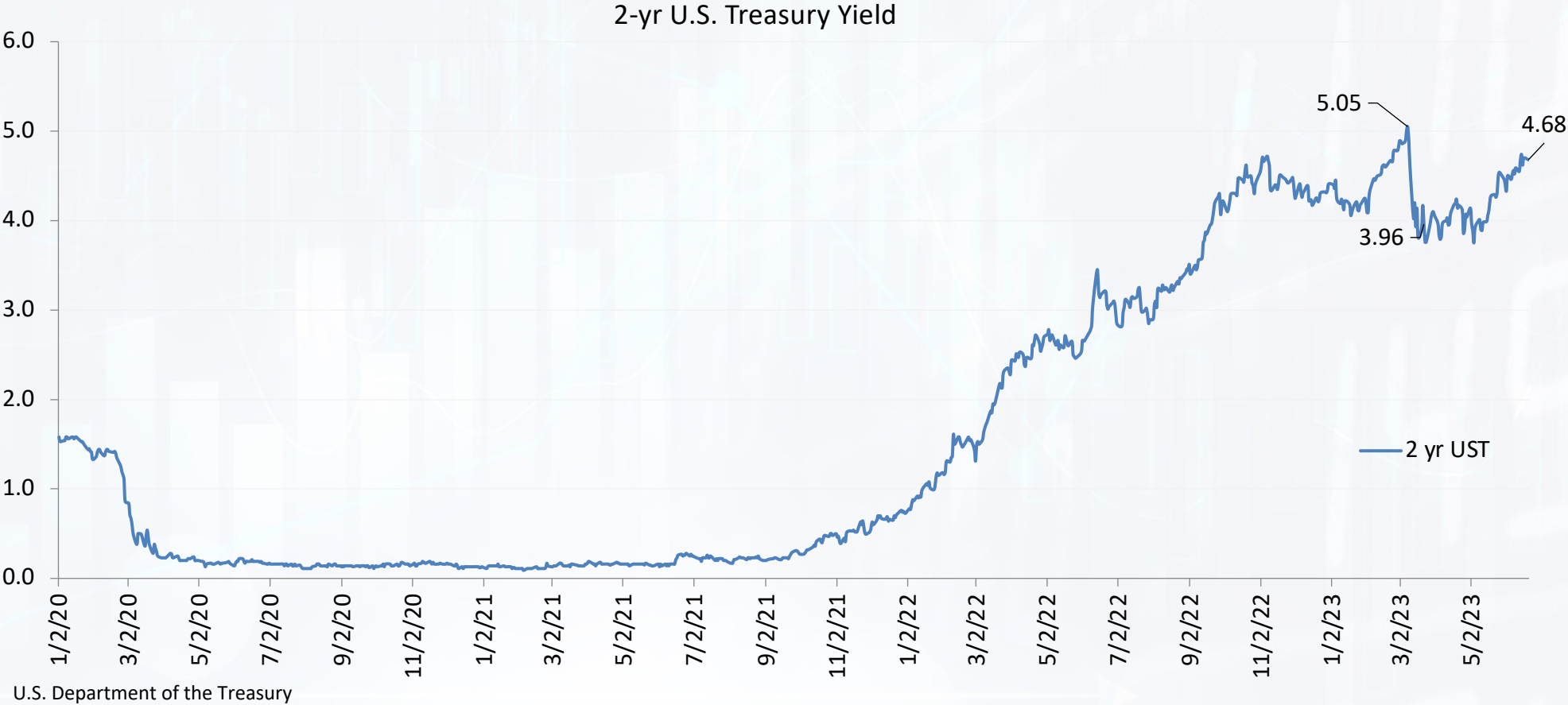
\*WISC-IS rate shown is the daily rate from 6/20/23.

\*\*CDs/UST/AGY rates shown are gross of fees.



# U.S. Treasury Yields (2-year maturity)

After reaching a yield of 5.05% on March 8, 2023, the 2-year US Treasury fell below 4.00% as a result of the March 2023 banking scare (Silicon Valley Bank / Signature Bank), and has been marching upwards since the second week of May.



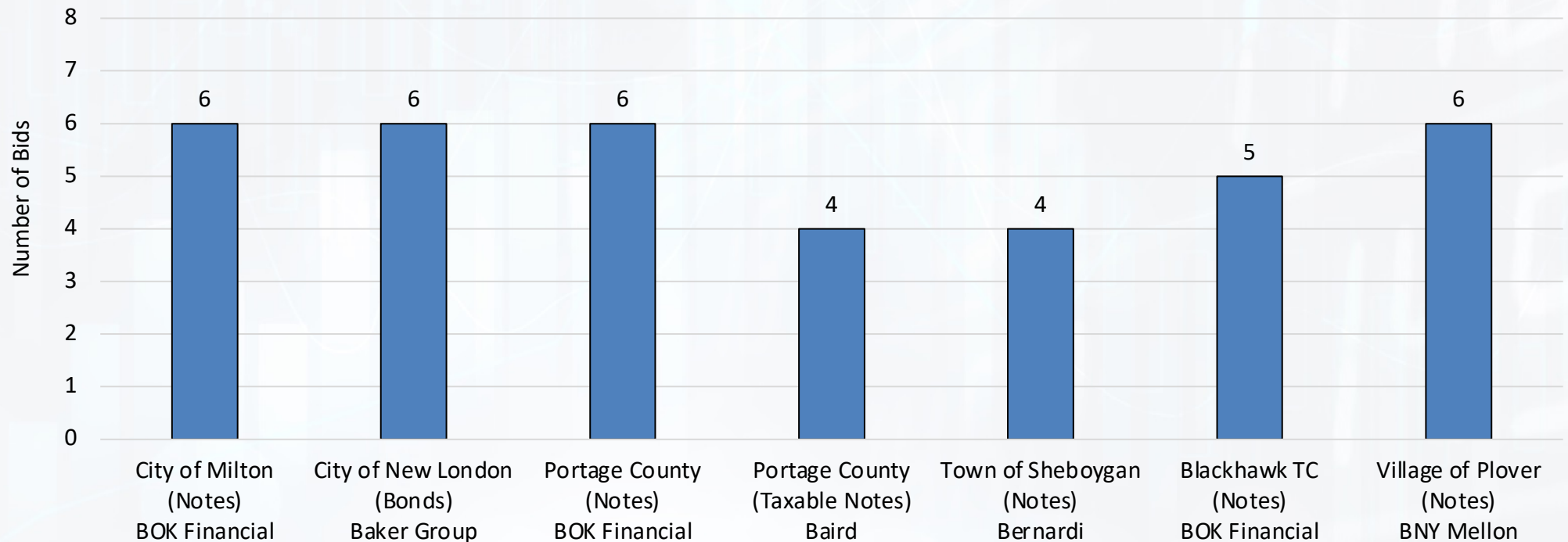
U.S. Department of the Treasury



# Wisconsin Municipal Debt Sales (this week)

There were six Wisconsin municipal debt issues that priced this week utilizing the competitive public sale process. Below provides the issuer name, number of bids, and name of the winning municipal securities underwriter. As one can see there continue to be a number of firms bidding on debt issued by Wisconsin units of local government.

WI Competitive Sales: Number of Bids and Winning Bidder  
(June 21-22, 2023)

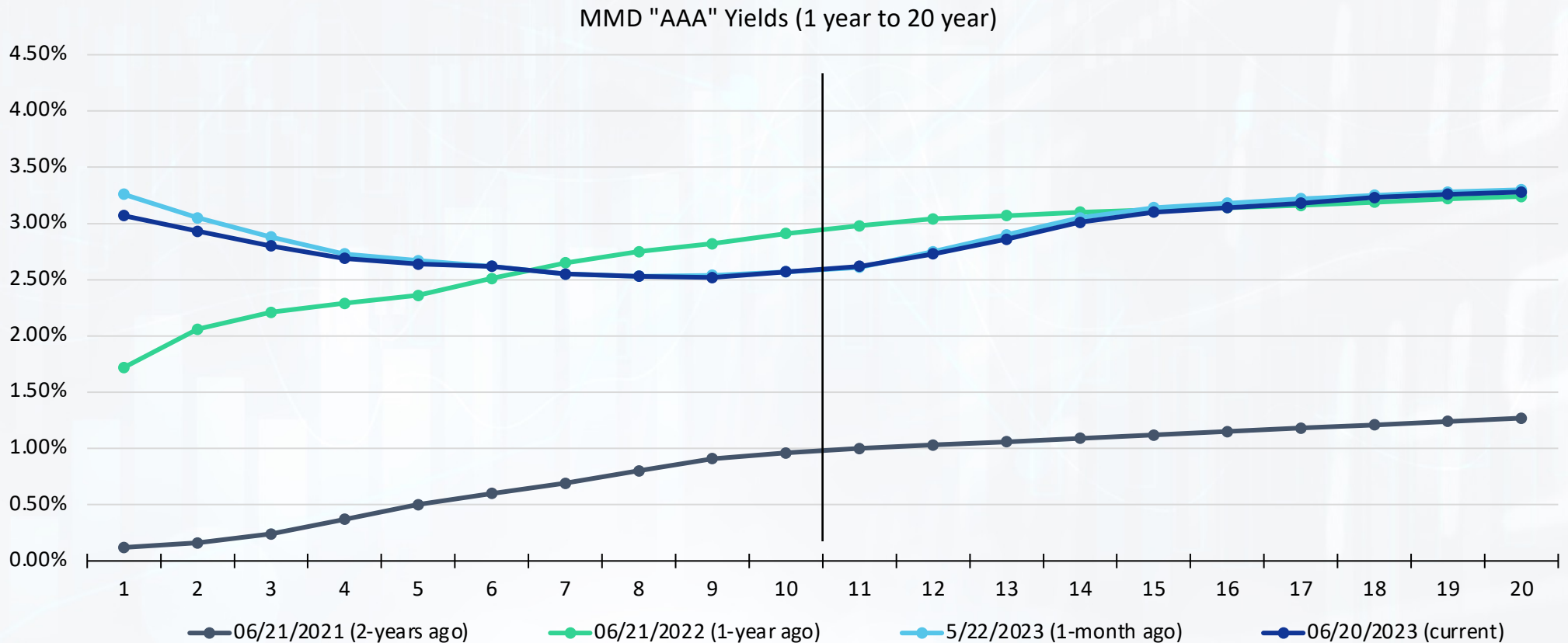


Source: REFINITIV Municipal Market Monitor (TM3)



# AAA Tax-Exempt Yields (1-20 years)

Below shows how AAA-rated tax-exempt yields (1 year to 20 year) have changed over the past month, one year ago, and two years ago. In June of 2021 and 2022, we had classic upwards sloping yield curves. Currently we have an inverted yield curve as measured by the spread between the 2-year and the 10-year maturities.



REFINITIV MMD yield for a AAA rated General Obligation (5.00% coupon).



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# State Budget Conversation with WASBO Research Director Anne Chapman

*Note: The contents of this presentation are based on the latest information available as of June 22, 2023*



# Revenue Limits/General Aids

- \$325 per pupil increase in 2023-24;
- \$325 per pupil additional increase in 2024-25 in ***revenue limits***.
  
- Provide increases of \$154,700,000 in 2023-24 and \$379,600,000 in 2024-25 in ***general school aids***.

# The Revenue Limit: Low Revenue Ceiling

The low revenue adjustment amount in the revenue limit formula will be set at **\$11,000 per pupil in 2023-24 and each year thereafter**. This allows school districts with per pupil spending under \$11,000 to raise their spending to that level without having to go to referendum.

*What is 2017 Wisconsin ACT 141 relating to the low revenue ceiling and why does it matter?*

# Applying the Low Revenue Ceiling

A. From the 2022-23 Revenue Limit Worksheet, divide Line 9 by Line 6. This will be your base revenue per member.

B. Add the allowed increase of \$325 per member to the base revenue per member

C.

If the sum is less than \$11,000 then add an additional amount sufficient to reach \$11,000

or

If the sum amount is greater than \$11,000 then use the sum amount

# Revenue Limit Base Per Member

		J	K
<b>2022-2023 Revenue Limit Worksheet</b>			
1.	2022-23 Base Revenue (Funds 10, 38, 41)	(from left)	56,470,084
2.	Base Sept Membership Avg (2019+.4ss, 2020+.4ss, 2021+.4ss)/3	(from left)	5,295
3.	2022-23 Base Revenue Per Member (Ln 1 / Ln 2)	(with cents)	10,664.79
4.	2022-23 Per Member Change (A+B)		0.00
	2022-23 Low Revenue Ceiling per s.121.905(1):	10,000.00	
A.	Allowed Per-Member Change for 22-23	0.00	
B.	Low Rev Incr ((Low Rev Ceiling-(3+4A))-4C) NOT<0	0.00	
C.	Value of the CCDEB (22-23 DPI Computed-CCDEB Dists only)	0.00	
5.	2022-23 Maximum Revenue / Member (Ln 3 + Ln 4)		10,664.79
6.	Current Membership Avg (2020+.4ss, 2021+.4ss, 2022+.4ss)/3	(from left)	5,227
7.	2022-23 Rev Limit, No Exemptions (Ln 7A + Ln 7B)	(rounded)	56,470,084
A.	Max Rev/Memb x Cur Memb Avg (Ln 5 x Ln 6)	55,744,857	
B.	Hold Harmless Non-Recurring Exemption	725,227	
8.	Total 2022-23 Recurring Exemptions (A+B+C+D+E)	(rounded)	246,084
A.	Prior Year Carryover	0	
B.	Transfer of Service	246,084	
C.	Transfer of Territory/Other Reorg (if negative, include sign)	0	
D.	Federal Impact Aid Loss (2020-21 to 2021-22)	0	
E.	Recurring Referenda to Exceed (If 2022-23 is first year)	0	
9.	2022-23 Limit with Recurring Exemptions (Ln 7 + Ln 8)		56,716,168
10.	Total 2022-23 Non-Recurring Exemptions (A+B+C+D+E+F+G+H+I)		2,410,128
A.	Non-Recurring Referenda to Exceed 2022-23 Limit	0	
B.	Declining Enrollment Exemption for 2022-23 (from left)	725,206	
C.	Energy Efficiency Net Exemption for 2022-23 (see pg 4 for details)	0	
D.	Adjustment for Refunded or Rescinded Taxes, 2022-23	16,127	
E.	Prior Year Open Enrollment (uncounted pupil[s])	84,038	
F.	Reduction for Ineligible Fund 80 Expenditures (enter as negative)	0	
G.	Other Adjustments (Fund 39 Bal Transfer)	0	
H.	WPCP and RPCP Private School Voucher Aid Deduction	1,226,122	
I.	SNSP Private School Voucher Aid Deduction	358,635	
11.	2022-23 Revenue Limit With All Exemptions (Ln 9 + Ln 10)		59,126,296
12.	Total Aid to be Used in Computation (12A + 12B + 12C + 12D)		11,420,335
A.	2022-23 <b>OCT 15 CERT OF GENERAL AID</b>	11,205,738	
B.	State Aid to High Poverty Districts (not all districts)	0	
C.	State Aid for Exempt Computers (Source 691)	99,827	
D.	State Aid for Exempt Personal Property (Source 691)	114,770	
<b>DISTRICTS MUST USE THE OCT 15 AID CERT WHEN SETTING THE DISTRICT LEVY.</b>			
13.	<b>Allowable Limited Revenue:</b> (Line 11 - Line 12)		<b>47,705,961</b>



# Private Vouchers and Others

**TABLE 5**

**Per Pupil Payments Under Bill and Proposal**

	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>Total Change -- 2022-23 to 2024-25</u>	
				<u>Amount</u>	<u>Percent</u>
Private school choice - K-8 pupil	\$8,399	\$9,874	\$10,271	\$1,872	22.3%
Private school choice - 9-12 pupil	9,045	12,368	12,765	3,720	41.1
Special needs scholarship	13,076	15,046	15,443	2,367	18.1
Independent charter school	9,264	11,366	11,763	2,499	27.0

# Categorical Aids

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**Provide**

Provide increases of \$40,146,700 in 2023-24 and \$56,887,700 in 2024-25 for special education aid to achieve an estimated 33.3% reimbursement rate (not sum sufficient).

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**Provide**

Provide \$2,943,800 increase annually over base for high-cost transportation aid. It is estimated that this amount would fund 75% estimated eligible expenses to districts in each year.

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**Increase**

Transportation aid: Increase the reimbursement rate for pupils transported over 12 miles to and from school in the regular school year from \$375 to \$400 beginning in 2023-24.

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**Provide**

Provide \$630,200 increase annually over base for sparsity aid. This is estimated to fully fund payments to eligible districts.

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# Categorical Aids (*continued*)

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*School-based mental health services grants:* provide a one-time increase of \$15 million above base funding of \$10 million for grants to school districts and independent charter schools. Modify the program to require DPI to distribute funds on a per pupil basis to eligible schools under current law *instead of a competitive grant program*. Program purpose was changed from collaboration with “community mental health agencies” to “mental health providers”.  
*(It is estimated that this amount of funding would provide payments of approx. \$31 per pupil in 2023-24 and 2024-25 and \$12 per pupil in future years.)*

# Other Possible Impacts

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Place \$50 million in the JFC supplemental appropriation for an ***early literacy and reading improvement*** program.

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Place \$5 million in the JFC supplemental appropriation for ***shared school district services***.

# What's Next?



STATE GOVERNMENT  
ACTION



BUSINESS OFFICE ACTIONS