



Budget Communication and Transparency

May 17, 2024 – 9:40-10:30

WASBO Spring Conference 2024

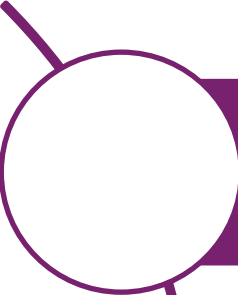
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Recognize when and where school finance communication occurs and what you should be communicating

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Determine effective communication strategies you can implement in your business office

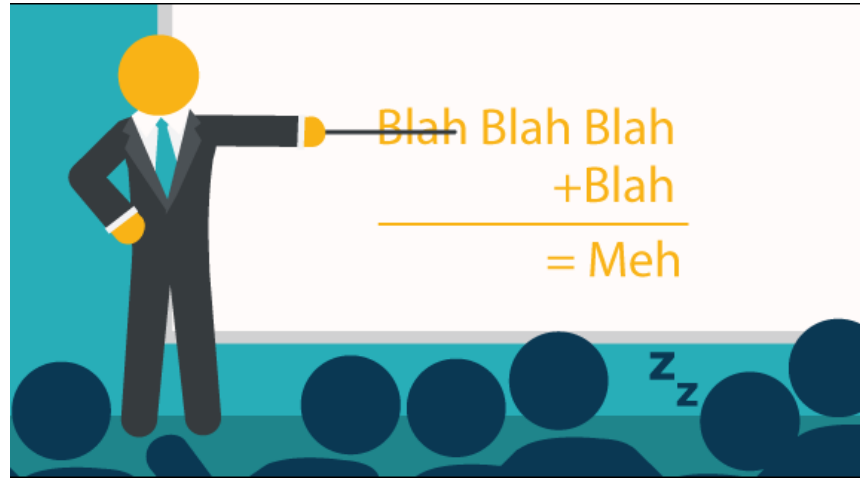
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Plan to be fiscally transparent with your stakeholders

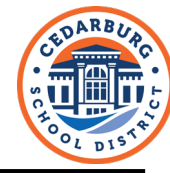
When and Where Are We Communicating?



BAIRD



Why Are We Communicating?



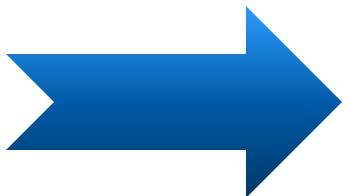
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This is difficult and challenging stuff to understand

People are affected by this

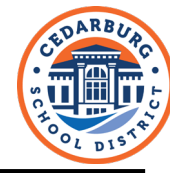
People want to know or may not want to know, but they *should* know

If you do not communicate it, people will write their own narratives



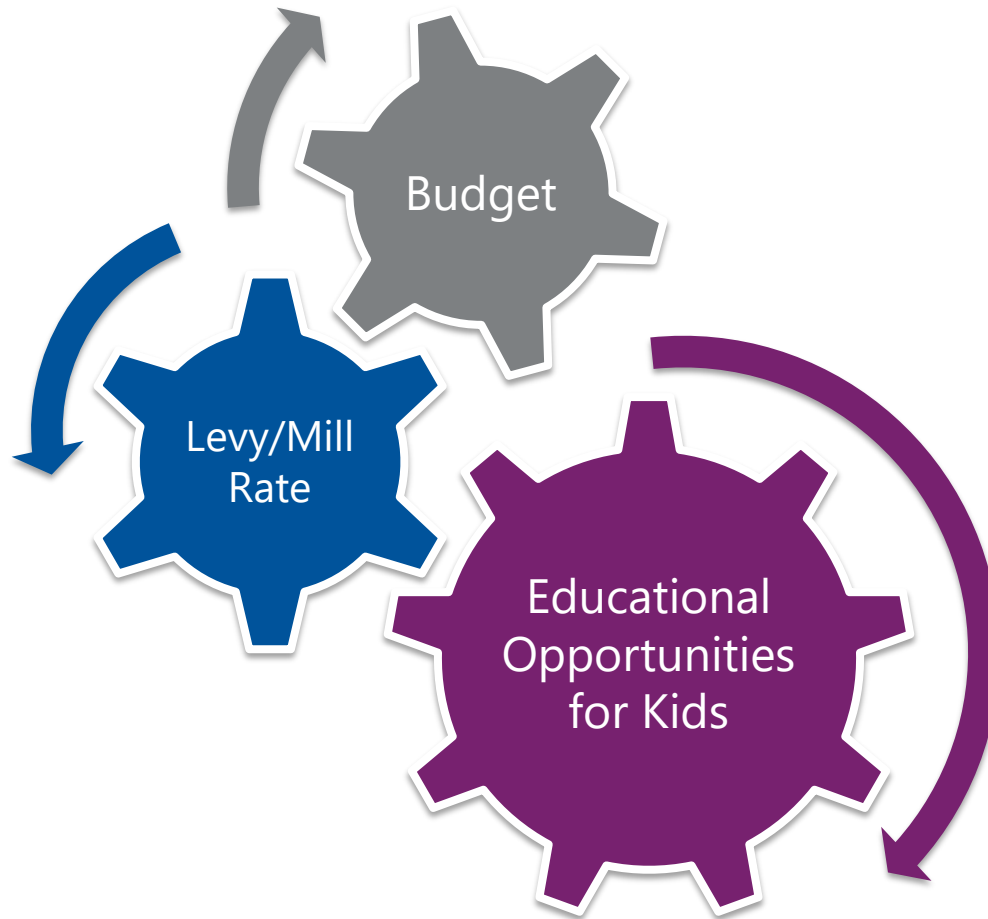
Most people trust their emotions over fact!

How Are We Communicating?

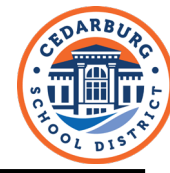


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Staying focused on your "why"



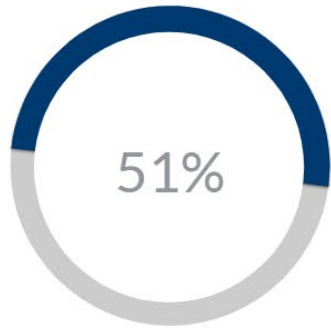
How Are We Communicating?



CHOOSING THE RIGHT VISUAL

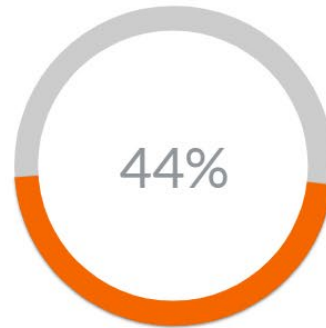
General Fund Revenue By Source

What is the source of funding?



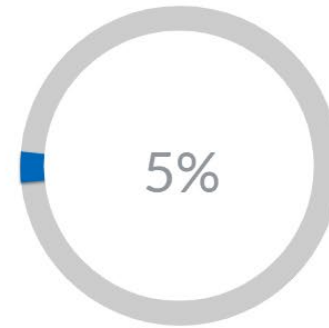
Local Sources

Local property tax levy, school fees, facility use rentals



State Sources

General Aid, various categorical aid



All Other

Federal grants, open enrollment tuition

Revenue for public school districts comes primarily from local and state sources. Over the last few years, revenue from local sources and state sources have both increased due to local factors (property valuation and enrollment) and state factors (the biennial budget).



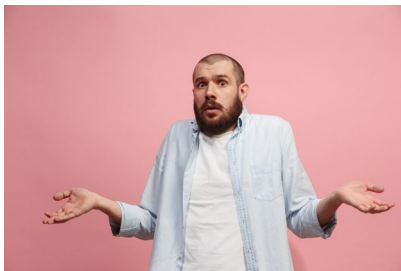
How Are We Communicating?



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CHOOSING THE RIGHT VISUAL

VS.



DISTRICT:		Cedarburg	1015	2023-2024 Revenue Limit Worksheet	
DATA AS OF 10/17/2023 9 AM					
Line 1 Amount May Not Exceed (Line 11 - (Line 7B+Line 10)) of Final 22-23 Revenue Limit					
2022-23 General Aid Certification (22-23 Line 12A, src 621)	+	14,332,232			
2022-23 Hi Pov Aid (22-23 Line 12B, Src 628)	+	0			
2022-23 Computer Aid Received (22-23 Line 12C, Src 691)	+	35,334			
2022-23 Aid for Exempt Personal Property (22-23 Line 12D, Src 691)	+	70,568			
2022-23 Fnd 10 Levy Cert (22-23 Line 14A, Levy 10 Src 211)	+	16,475,118			
2022-23 Fnd 38 Levy Cert (22-23 Line 14B, Levy 38 Src 211)	+	890,900			
2022-23 Fnd 41 Levy Cert (22-23 Line 14C, Levy 41 Src 211)	+	0			
2022-23 Aid Penalty for Over Levy (22-23 FINAL Rev Lim, June 2023)	-	1,540,434			
2022-23 Total Levy for All Levied Non-Recurring Exemptions*	-	1,540,434			
NET 2023-24 Base Revenue Built from 2022-23 Data (Line 1)	=	30,263,718			
*For the Non-Recurring Exemptions Levy Amount, enter actual amount for which district levied: (7B Hold Harmless, Non-Recurring Referenda, Declining Enrollment, Energy Efficiency Exemption, Refunded/Rescinded Taxes, Prior Year Open Enrollment Pupils, Reduction for Ineligible Fund 80 Expenditures, Other Adjustments, Private School Voucher Aid Deduction, Private School Special Needs Voucher Aid Deduction)					
September & Summer FTE Membership Averages					
Count Ch. 220 Inter-District Resident Transfer Pupils @ 75%					
Line 2: Base Avg:((20+.Ass)+(21+.Ass)+(22+.Ass)) / 3 =					
		2020	2021	2022	2,976
Summer FTE:		76	69	67	
% (40,40,40)		30	28	27	
Sept FTE:		2,958	2,962	2,924	
New ICS - Independent		0.00	0.00	0.00	
Charter Schools FTE					
Total FTE		2,988	2,990	2,951	
Line 6: Curr Avg:((21+.Ass)+(22+.Ass)+(23+.Ass)) / 3 =					
		2021	2022	2023	2,968
Summer FTE:		69	67	63	
% (40,40,40)		28	27	25	
Sept FTE:		2,962	2,924	2,939	
New ICS - Independent		0.00	0.00	0.00	
Charter Schools FTE					
Total FTE		2,990	2,951	2,964	
Line 10B: Declining Enrollment Exemption =					
Average FTE Loss (Line 2 - Line 6, if > 0)				88,000	
	X 1.00				88,000
X (Line 5, Maximum 2023-2024 Revenue per Memb) =				11,000.00	
Non-Recurring Exemption Amount:				88,000	
Fall 2023 Property Values					
2023 TIF-Out Tax Apportionment Equalized Valuation				3,785,893,043	
CELL COLOR KEY: Auto-Calc DPI Data District-Entered					
Worksheet is available at: http://dpi.wi.gov/sfs/limits/worksheets/revenue					
Calculation Revised: 8/5/2020. Rounding in Total FTE buckets.					
1	2023-24 Base Revenue (Funds 10, 38, 41)	(from left)			30,263,718
2	Base Sept Membership Avg (2020+ 4ss, 2021+ 4ss, 2022+ 4ss)/3	(from left)			2,976
3	2023-24 Base Revenue Per Member (Ln 1 / Ln2)	(with cents)			10,169,26
4	2023-24 Per Member Change (A+B)				830.74
2023-24 Low Revenue Ceiling per s.121.905(1):					
A	Allowed Per-Member Change for 23-24		11,000.00		
B	Low Rev Incr (Low Rev Ceiling-(3+4A))-4C NOT<0		325.00		
C	Value of the CCDEB (23-24 DPI Computed-CCDEB Dists only)		505.74		
5	2023-24 Maximum Revenue / Member (Ln 3 + Ln 4)		11,000.00		
6	Current Membership Avg (2021+ 4ss, 2022+ 4ss, 2023+ 4ss)/3	(from left)			2,968
7	2023-24 Rev Limit, No Exemptions (Ln7A + Ln 7B)	(rounded)			32,648,000
A	Max Rev/Memb x Cur Memb Avg (Ln 5 x Ln 6)		32,648,000		
B	Hold Harmless Non-Recurring Exemption		0		
8	Total 2023-24 Recurring Exemptions (A+B+C+D+E)	(rounded)			0
A	Prior Year Carryover		0		
B	Transfer of Service		0		
C	Transfer of Territory/Other Reorg (if negative, include sign)		0		
D	Federal Impact Aid Loss (2021-22 to 2022-23)		0		
E	Recurring Referenda to Exceed (if 2023-24 is first year)		0		
9	2023-24 Limit with Recurring Exemptions (Ln 7 + Ln 8)				32,648,000
10	Total 2023-24 Non-Recurring Exemptions (A+B+C+D+E+F+G+H+I)				1,497,994
A	Non-Recurring Referenda to Exceed 2023-24 Limit		0		
B	Declining Enrollment Exemption for 2023-24 (from left)		88,000		
C	Energy Efficiency Net Exemption for 2023-24 (see pg 4 for details)		874,069		
D	Adjustment for Refunded or Rescinded Taxes, 2023-24		0		
E	Prior Year Open Enrollment (uncounted pupil(s))		0		
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		420,577		
I	SNSP Private School Voucher Aid Deduction		115,348		
11	2023-24 Revenue Limit With All Exemptions (Ln 9 + Ln 10)				34,145,994
12	Total Aid to be Used in Computation (12A + 12B + 12C + 12D)				14,617,226
A	2023-24 OCT 15 CERT OF GENERAL AID		14,511,324		
B	State Aid to High Poverty Districts (\$0 per 2023 Act 19)		0		
C	State Aid for Exempt Computers (Source 691)		35,334		
D	State Aid for Exempt Personal Property (Source 691)		70,568		
DISTRICTS MUST USE THE OCT 15 AID CERT WHEN SETTING THE DISTRICT LEVY.					
13	Allowable Limited Revenue: (Line 11 - Line 12)				19,528,768
(10, 38, 41 Levies)					
14	Total Limited Revenue To Be Used (A+B+C)	Not > line 13			19,528,768
Entries Required Below: Enter amnts needed by purpose and fund:					
A	Gen Operations: Fnd 10 Src 211		18,639,343	(Proposed Fund 10)	
B	Non-Referendum Debt (inside limit) Fund 38 Src 211		889,425	(to Budget Rpt)	
C	Capital Exp. Annual Meeting Approved: Fund 41 Src 211		0	(to Budget Rpt)	
15	Total Revenue from Other Levies (A+B+C+D)				5,079,550
A	Referendum Appvd Debt (Fund 39 Debt-Src 211)		4,794,550		
B	Community Services (Fund 80 Src 211)		285,000	(to Budget Rpt)	
C	Prior Year Levy Chargeback for Uncollectible Taxes (Src 212)		0	(to Budget Rpt)	
D	Other Levy Revenue - Milwaukee & Kenosha Only		0	(to Budget Rpt)	
16	Total Fall, 2023 REPORTED All Fund Tax Levy (14A + 14B + 14C + 15)				24,608,318
Line 16 is the total levy to be apportioned in the PI-401 Levy Rate = 0.00650000					
Districts are responsible for the integrity of their revenue limit data & computation. Data appearing here reflects information submitted to DPI and is unaudited.					

More ≠ Better

How Are We Communicating?



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RELATE TO PERSONAL EXPERIENCES

	20xx	
	Surplus/Deficit	
	Calculation	
	\$44,445,707	Revenues
-	\$43,781,793	Expenditures
	\$663,914	Surplus

That's A LOT!

We could have had
"x" and "y"!

They DO NOT
know what
they're doing!

"... 1.5% variance... compare to being within \$1,500 for an \$100,000 home budget..."



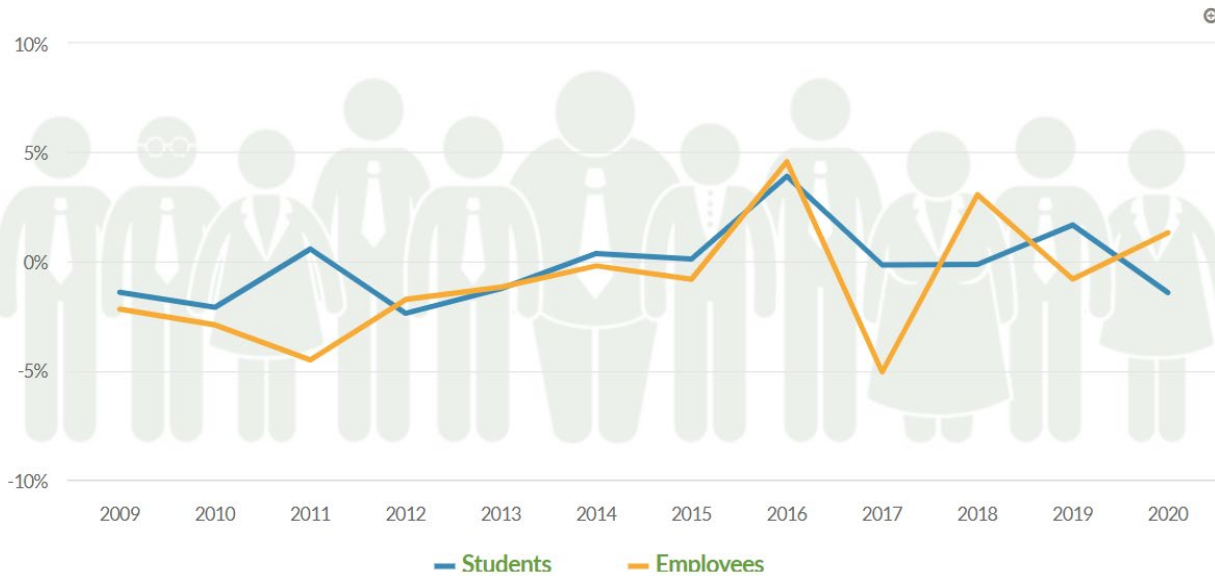
Teachable moment before year-end



How Are We Communicating?

USE DATA TO DRIVE DECISIONS

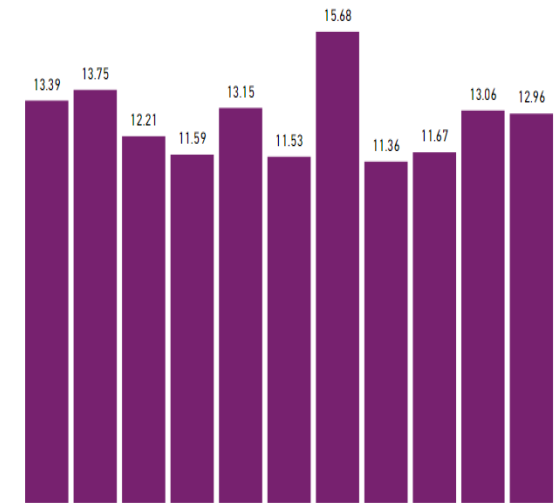
EMPLOYEES VS. STUDENT BODY GROWTH (YEAR OVER YEAR)



Assignment Area

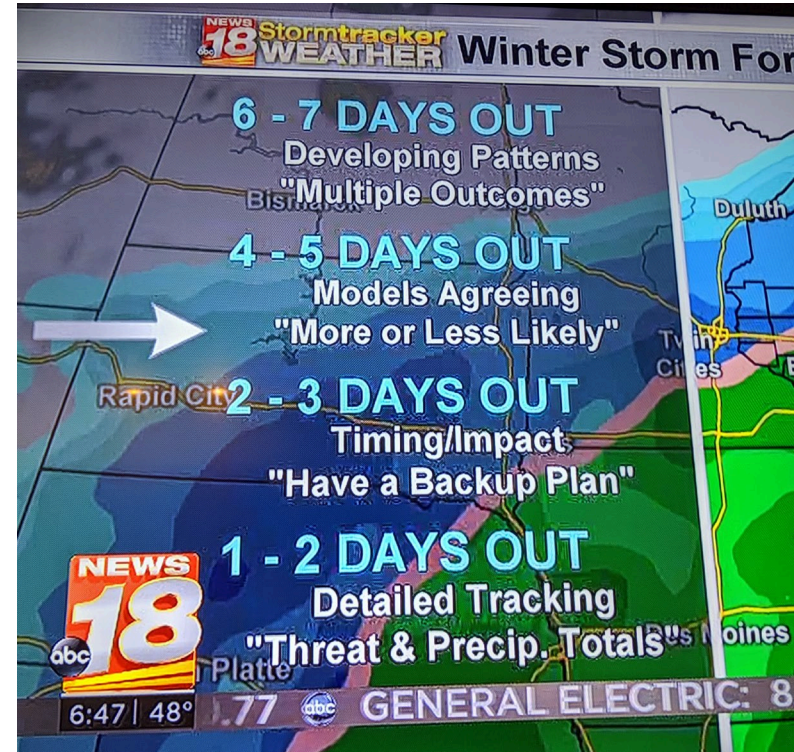
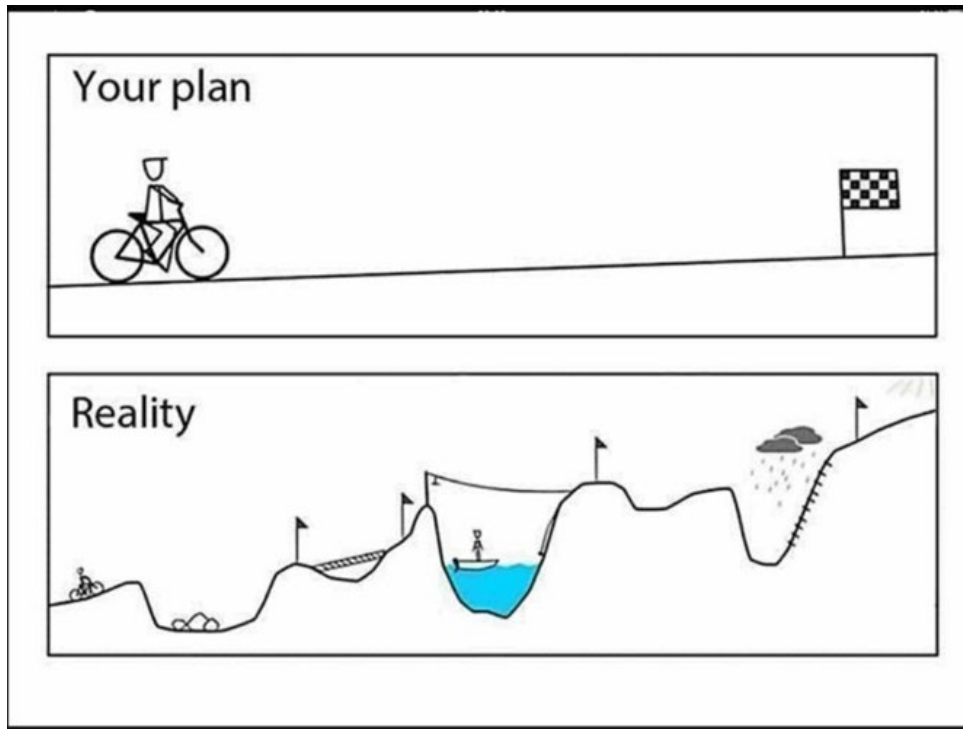
All

Student:Teacher Ratio



- Use comparator data
- Include historical and projected information
- Data & narratives can often tell different stories

How Are We Communicating?



BE TRANSPARENT

- Be proactive
- Prepare multiple scenarios
- Look forward
- Consider the long-term impact of your decision

How Are We Communicating?



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LOOK THROUGH THEIR LENS

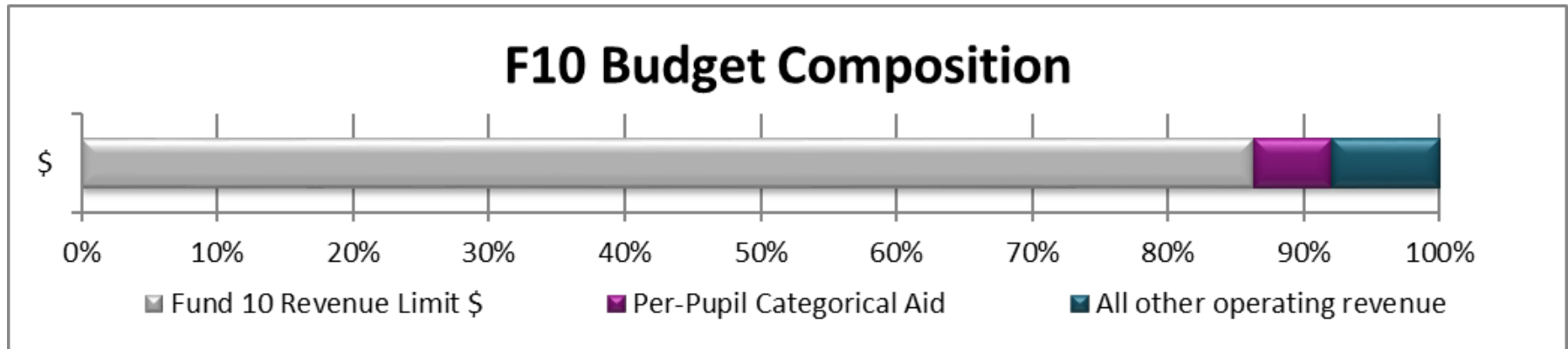




Concepts – Revenue Limits

BUDGETING BASICS – REVENUE LIMIT

- Restricts amount a school district can levy to the community
- Based on a formula that uses residential enrollment
- Operational budget largely controlled by state calculations



Revenue Limit

What is it and how does it impact the budget?



General Aid

General Aid, or Equalization Aid, is certified every year on October 15th. Membership, property values and spending trends determine the distribution of aid per district.



Tax Levy

The other portion of the revenue limit is the tax levy. A district is not allowed to set a levy that exceeds the revenue limit unless approved through a referendum or exemption.



Revenue Limit

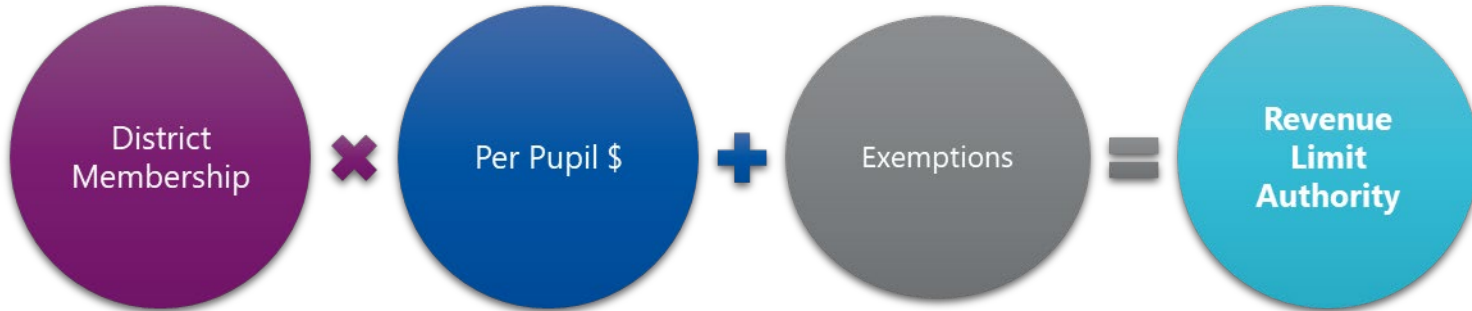
A complex formula is used to set the revenue limit each year. The biggest factors that can change the revenue limit are membership and per pupil changes from the state.

The revenue limit for the Cedarburg School District is projected to increase by \$2,341,842 in 2023-24. This additional funding within the revenue limit is due to a \$325 per pupil increase in funding included in the 2023-25 state budget and an increase in the low revenue ceiling. In total, both of these funding changes increased the revenue limit by \$831 per member in 2023-24, which helped the District balance the budget.

School Formulas



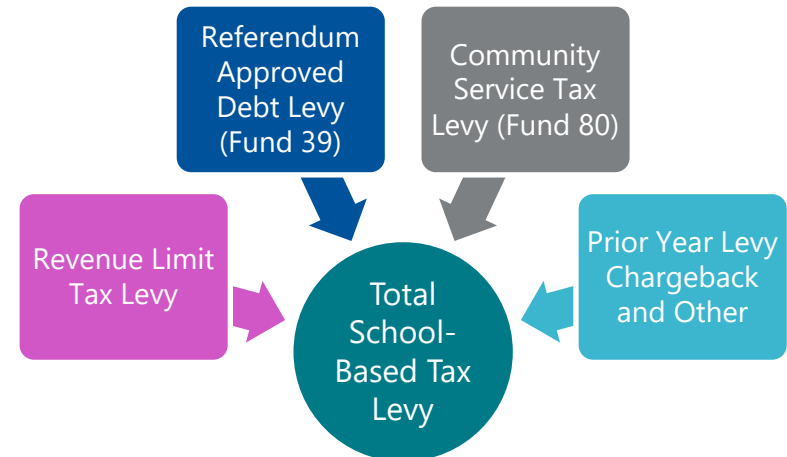
TOTAL REVENUE LIMIT AUTHORITY



BUDGETING BASICS – REVENUE LIMIT



BUDGETING BASICS – REVENUE LIMIT

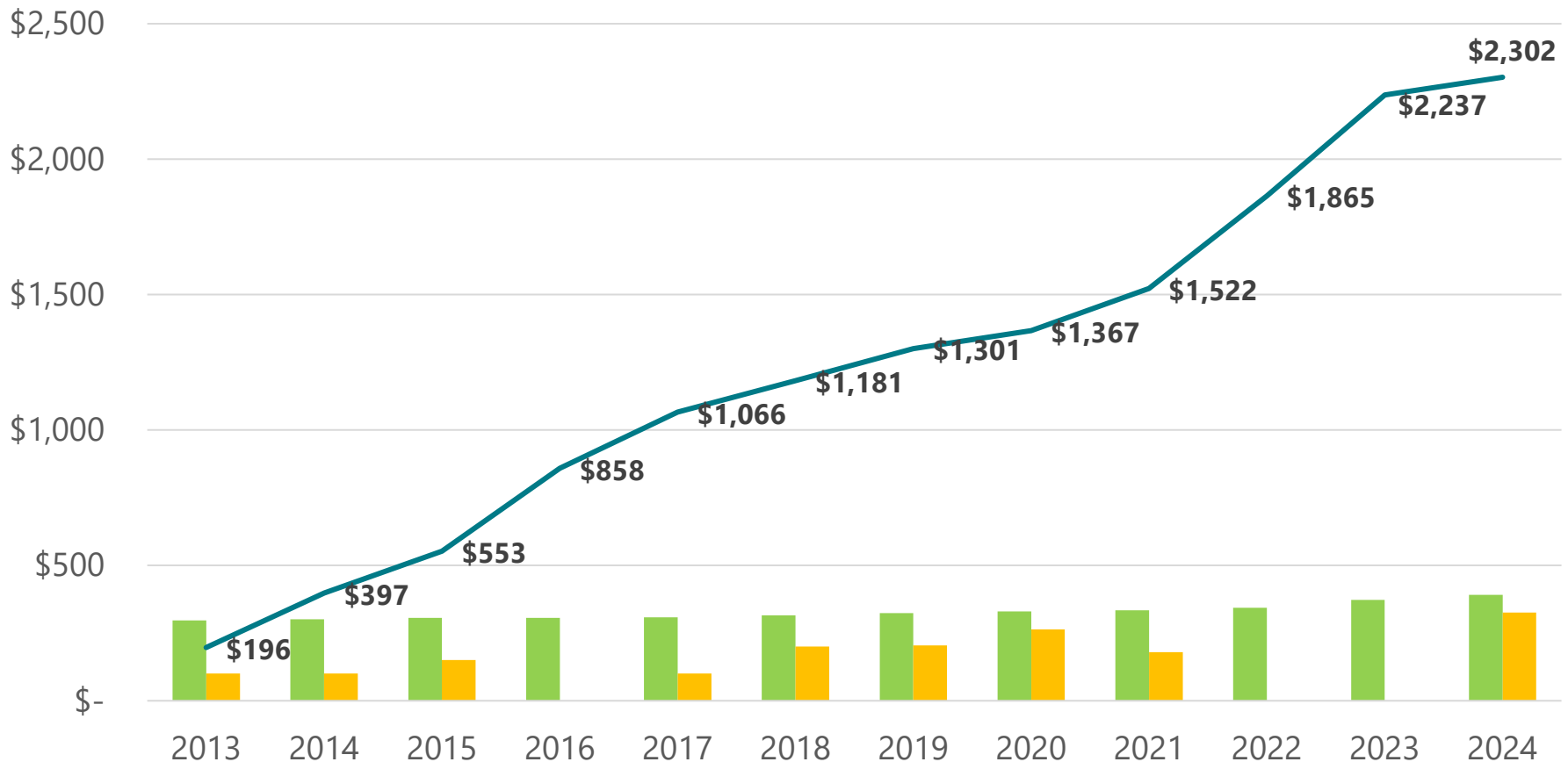


Per Pupil Adjustments Compared to Inflation



Revenue Limit Per Pupil Adjustment Under Prior Inflation Indexing Compared to Actual Change

Inflation Index Actual Increase Cumulative Difference



Result of inflationary lag: Wisconsin's drop in per pupil spending ranking

#11 in 2002 – **11% above** national average



Largest drop in rankings of any state –
and that was *before* 2021-23 funding freeze

#25 in 2020 – **5.6% below** national average



COVID/ESSER Reality vs. No-COVID State Budget



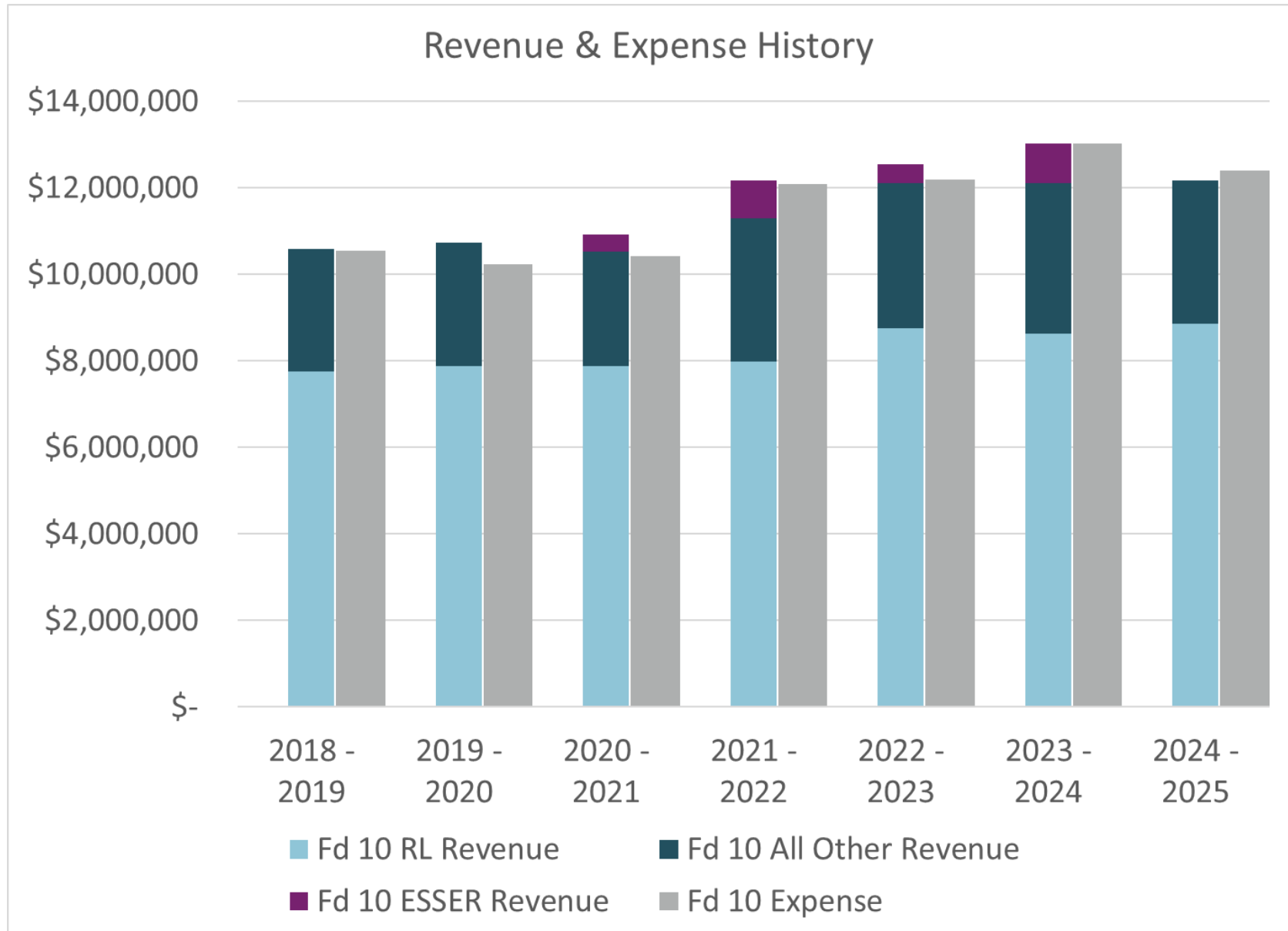
What could revenue have looked like if COVID never happened? What if districts did not receive ESSER \$ but the 21-23 state budget was the same as 19-21?

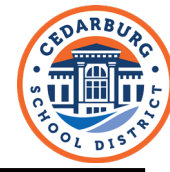
	2021-22	2022-23	2023-24	2024-25	2025-26
Current Reality - ESSER					
Revenue Limit Per-Pupil Amount	\$ 10,706	\$ 10,706	\$ 11,064	\$ 11,389	\$ 11,714
Per Pupil Categorical Aid Amount	\$ 742	\$ 742	\$ 742	\$ 742	\$ 742
Total Rev for RL, PP Aid, ESSER	\$ 22,977,579	\$ 23,102,345	\$ 23,846,361	\$ 23,761,281	\$ 24,395,681
***COVID did not happen					
Revenue Limit Per-Pupil Amount	\$ 10,881	\$ 11,060	\$ 11,418	\$ 11,743	\$ 12,068
Per Pupil Categorical Aid Amount	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830
Total Rev for RL, PP Aid, ESSER	\$ 22,636,735	\$ 23,044,428	\$ 23,829,512	\$ 24,623,137	\$ 25,257,537
Additional Revenue in Year - Current Reality	\$ 340,844	\$ 57,917	\$ 16,849	\$ (861,856)	\$ (861,856)
Cumulative Additional Revenue	\$ 340,844	\$ 398,761	\$ 415,610	\$ (446,246)	\$ (1,308,102)

*****Assumes no ESSER money and same 2019-21 state budget in 21-23
(\$175 Rev Limit, \$88 PP Cat Aid Year 1, \$179 Rev Limit Year 2)**

Sample District Hypothetical Scenario

ESSER Funding Summary: Revenue





State aid to schools slated to increase

Most local districts expected to receive more state money than last year



- **What might the reader glean?**
"State Aid" = more to spend
- **What is fact?**
Equalization Aid = levy relief

"Remember, this does not give us more to spend, it, instead, decreases the school tax levy."

LEGISLATURE | JOINT FINANCE COMMITTEE

Budget committee approves \$1 billion K-12 education spending increase in Wisconsin

Concepts – Tax Levy



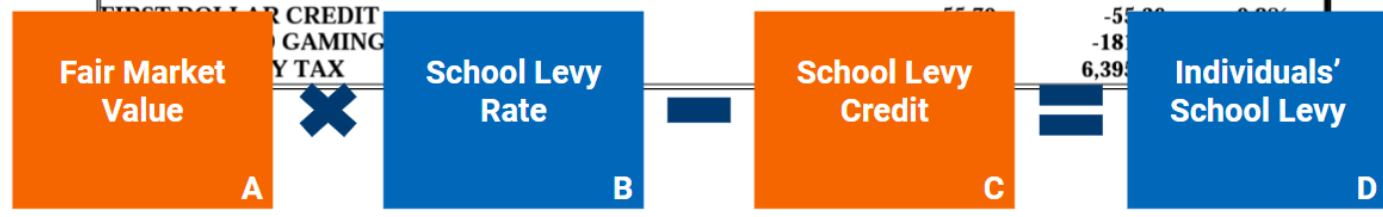
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Did you know? An individual taxpayer's school levy impact can change year to year due to changes in fair market value

Levy Rate

Rate calculated on a tax bill?

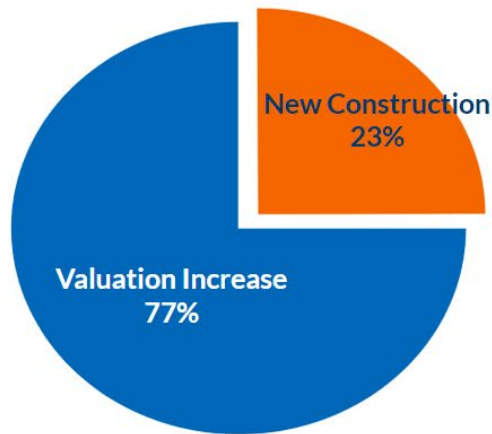
	TOTAL ASSESSED VALUE 476,600	AVERAGE ASSMT. RATIO 0.963132244	NET ASSESSED VALUE RATE 0.01391535 <small>(Does NOT reflect credits)</small>		
ESTIMATED FAIR MARKET VALUE LAND 86,700	ESTIMATED FAIR MARKET VALUE IMPROVEMENTS 408,100	TOTAL ESTIMATED FAIR MARKET VALUE 494,800	<input type="checkbox"/> A star in this .00650206 School taxes also reduced by school levy tax credit 569.02		
TAXING JURISDICTION	2021 EST. STATE AIDS ALLOCATED TAX DIST.	2022 EST. STATE AIDS ALLOCATED TAX DIST.	2021 NET TAX	2022 NET TAX	% TAX CHANGE
OZAUKEE COUNTY	401,326	427,130	648.13	690.89	6.6%
CITY CEDARBURG	1,322,995	1,314,545	2,866.53	2,847.71	-0.7%
SCHOOL #1015	10,011,104	10,484,552	2,615.26	2,648.20	1.3%
TECH SCHOOL	1,524,687	1,604,350	436.42	445.28	2.0%
TOTAL	13,260,112	13,830,577	6,566.34	6,632.05	1.0%



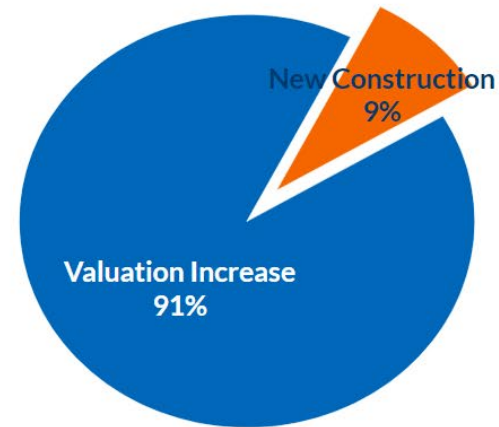
Local Property Values

What are the sources of property value increases?

City of Cedarburg



Town of Cedarburg



When property values increase, the two main sources of that increase are from reassessments on existing property and new construction. If the tax levy rate remains the same, a property owner could pay more in taxes if their valuation increased from last year. However, this could be offset by new construction, which grows the tax base and increases the number of taxpayers in the community.



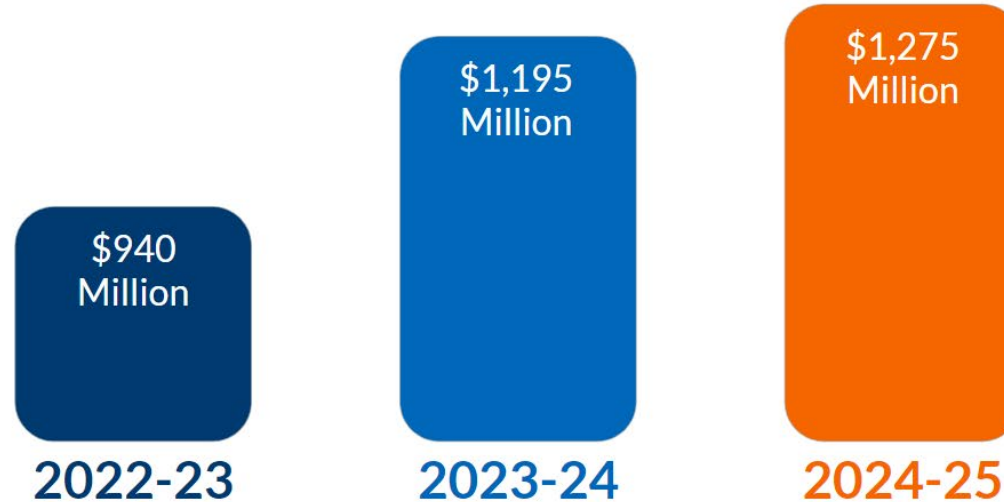
School Levy Credits

School levy credits are distributed based on each municipality's share of the statewide levies for school purposes during the preceding three years, with the highest-paying communities receiving the highest credits.

The school levy tax credit is applied to every taxable property in the state of Wisconsin. The credit amount is based on the property's assessed value as a percent of the municipality's total assessed value.

School Levy Tax Credit

How does the school levy tax credit impact tax bills?



For the first time in over five years, the total funding for the school levy tax credit will be increasing in the 2023-24 and 2024-25 fiscal years. In 2023-24, total funding for the school levy tax credit will increase by \$255 million, or 27% compared to 2022-23. The school levy tax credit will increase by an additional \$80 million in 2024-25, or another 7% increase. These funding increases will result in further credits for a taxpayer on their tax bill.



Concepts – Enrollment / FTE

Use words and/or incorporate teachable moments

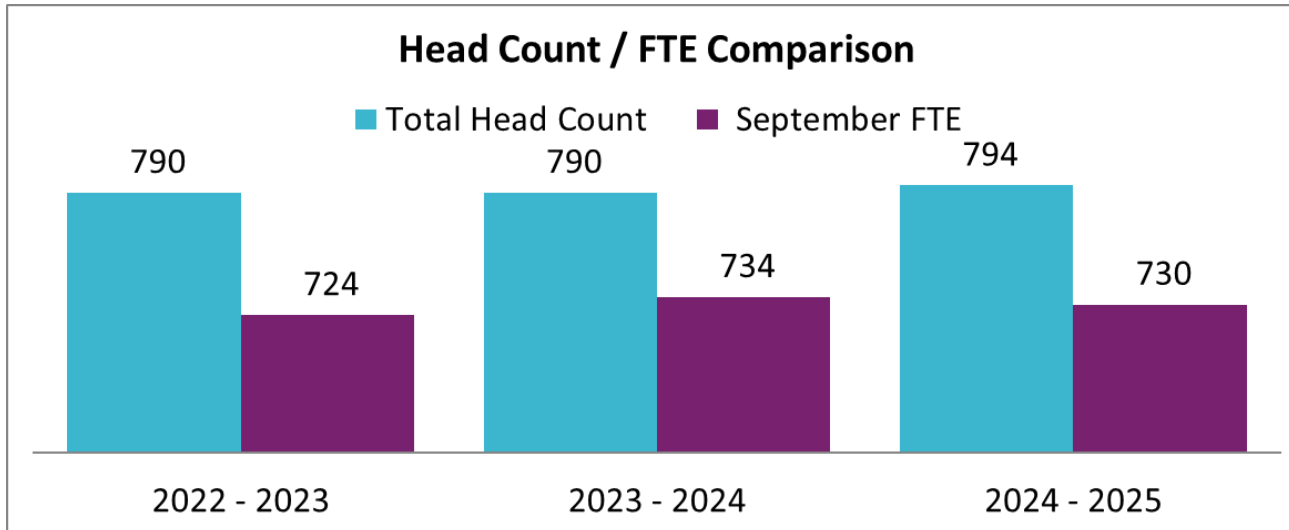
Use terminology familiar to and comfortable for them:

- Part-time vs. 0.6 FTE
- Students we serve vs.



Use accurately in regular conversation

Show side-by-side



Enrollment / FTE

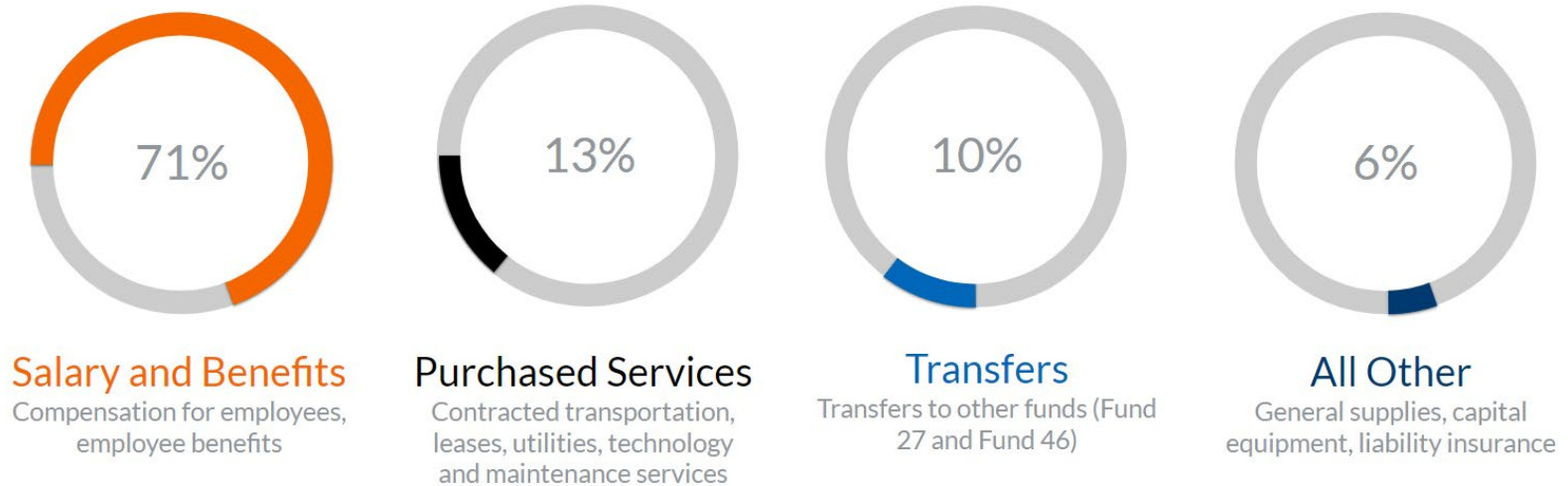
● Head Count ● EQ Aid ● RL Avg



2023

General Fund Expenditures by Object

How is funding spent?



In most school districts in Wisconsin, salaries and benefits make up the majority of expenditures. In the Cedarburg School District, salaries and employee benefits represent over two-thirds of the expenses in the General Fund. When the Fund 27 transfer is included, which is mostly for employee salary and benefit expenses in special education, that percentage exceeds 80%.

Tax Levy Rate

What is the tax levy rate for this year and how has it changed over time?



The tax levy rate for the Cedarburg School District has either remained flat or decreased over the last ten years and for 2023-24 it will remain flat



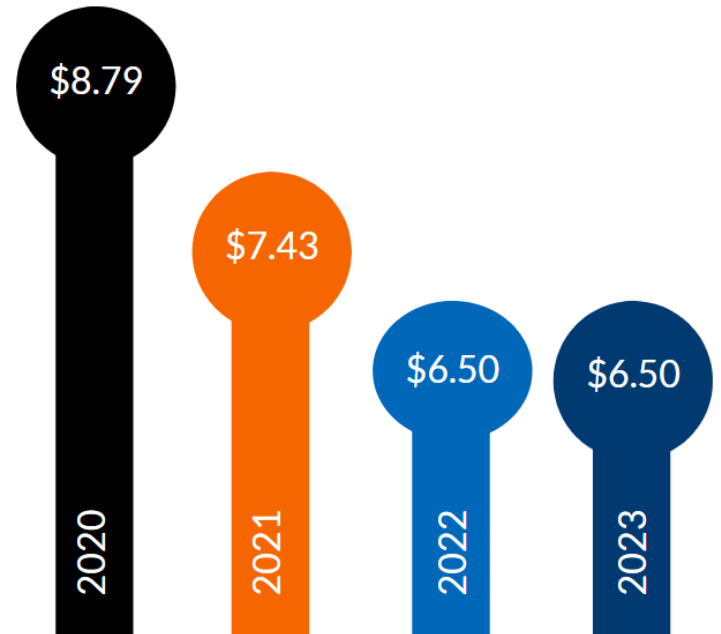
The proposed tax levy rate for 2023-24 is to be set at \$6.50, which would be the same rate as last year. The statewide average for tax levy rate in 2022-23 was \$7.68.



While the tax levy rate will remain the same for 2023-24, the rate has been steadily decreasing over the last few years and is 26% lower than what it was in 2020.



The 2023-24 tax levy rate includes debt payments for the \$59.8 million referendum approved by the community in 2018.



2023-24 Budget Hearing Recap

Fund balance of \$9,971,645 in the General Fund as of June 30, 2023, which is 26% of General Fund expenses for 2022-23.

A balanced budget in the General Fund for 2023-24 as a result of funding increases included in the 2023-25 state budget.

A tax levy rate of \$6.50 for 2023-24, which is the same rate as 2022-23 and is the lowest rate for the District in at least 40 years.

Membership increased by 13 FTE in 2023-24 to bring total membership to 2,964 FTE.

Fund 46 will have a balance of just over \$1.6 million at year end after a \$500,000 deposit this year and various capital project expenses.



Student Engagement and Development



Communication and Community Partnerships

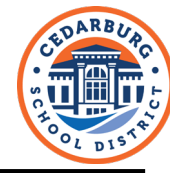


Staff Engagement and Development



Stewardship of Resources

Preparing to Present Information



Anticipate questions

Phone a friend

Do your homework

Practice

Prioritize a response

When Presenting Information



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PRESENTER CHECKLIST

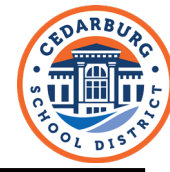
- Relax and listen
- Make sure you understand the question – repeat it back or use phrases such as, “I hear you saying...”
- Ask thoughtful questions to gain clarification
- Answer in terms the audience will understand
 - Consider using an example
- Know when to stop talking and don’t get too much into the weeds
- If you don’t know, say so
 - Find the answer and follow up
- Invite others to co-present or present
 - Adds perspective
 - Supports message or recommendation
 - Builds credibility



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Questions?

Important Disclosures



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