



Communicating Budget Variables

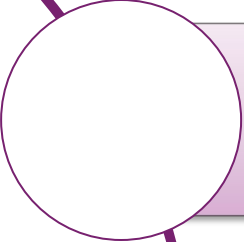
Wisconsin Association of School Business Officials Accounting Conference

March 17, 2022 – 12:30-1:30pm

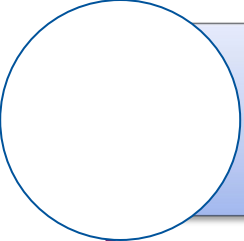
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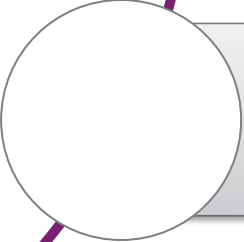
Discover the *Baird Difference*

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Recognize when and where school finance communication occurs

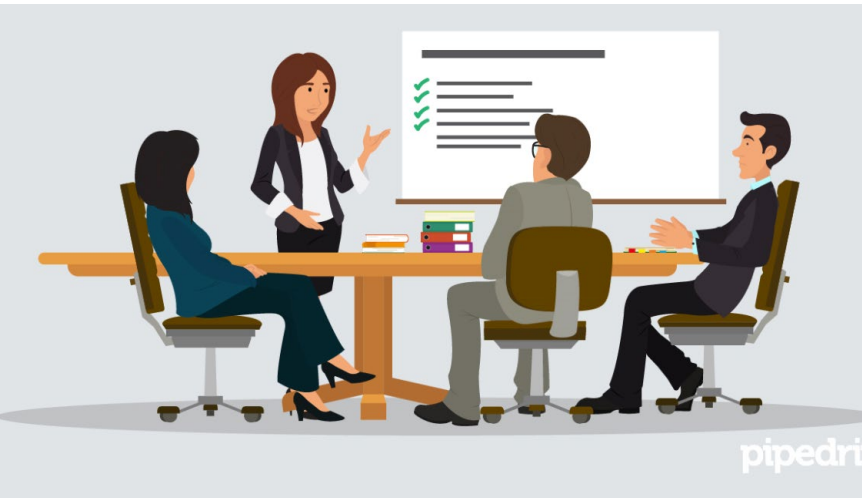
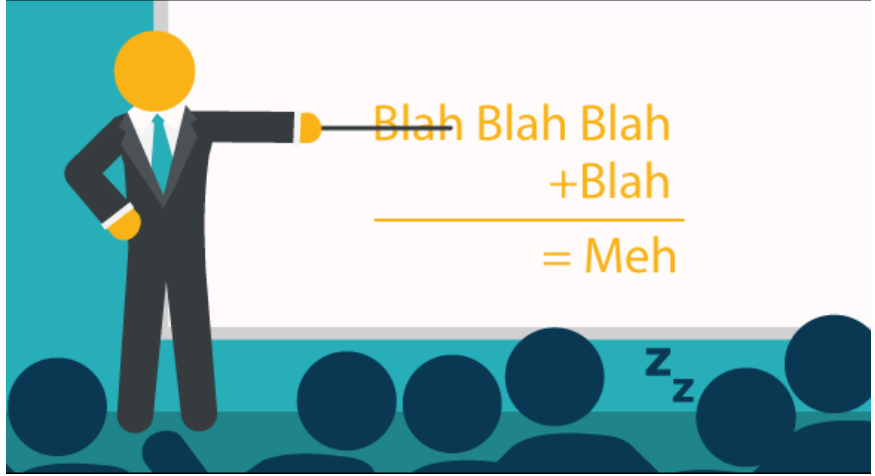
A blue circle icon with a thin blue outline, connected to the text box by a blue line extending from the top-left of the circle.

Select two effective communication strategies you can implement in your business office

A purple circle icon with a thin purple outline, connected to the text box by a purple line extending from the top-left of the circle.

Identify common causes of school finance misunderstandings and describe one strategy to anticipate and clarify

When and Where Are We Communicating?



Why Are We Communicating?

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

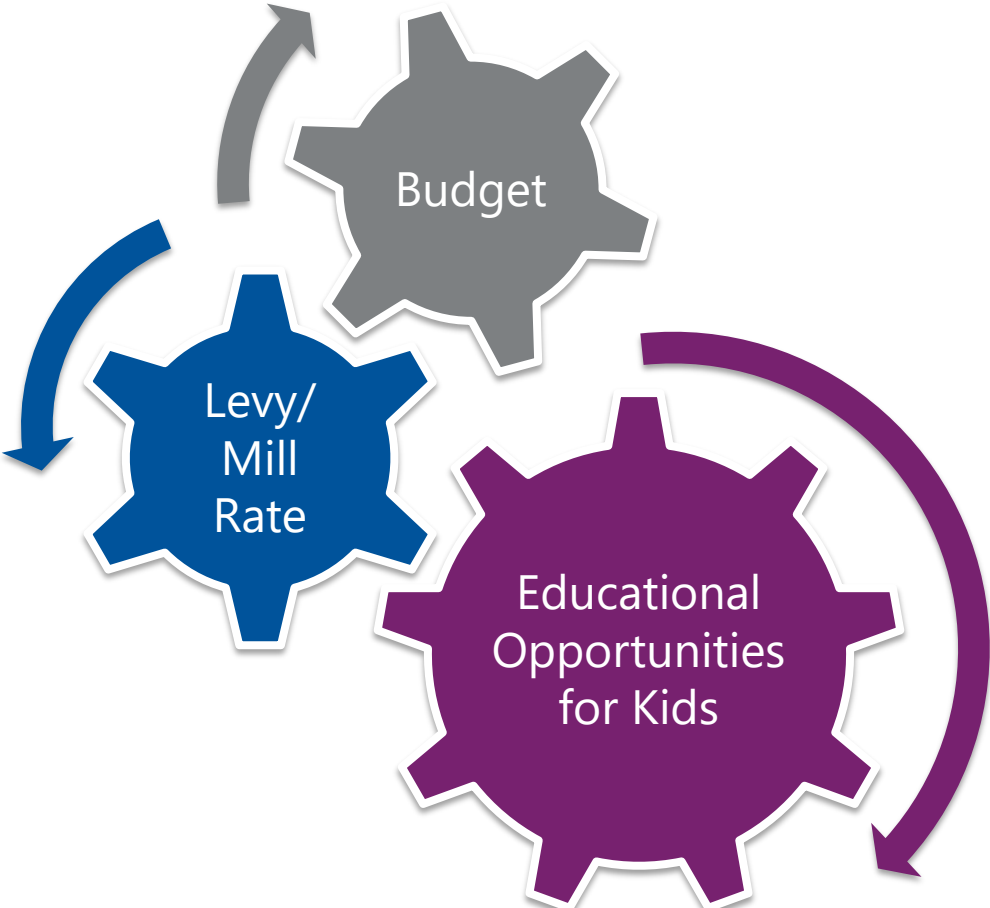
If you do not
communicate it, people
will write their own
narratives



Most people trust their emotions over fact!

How Are We Communicating?

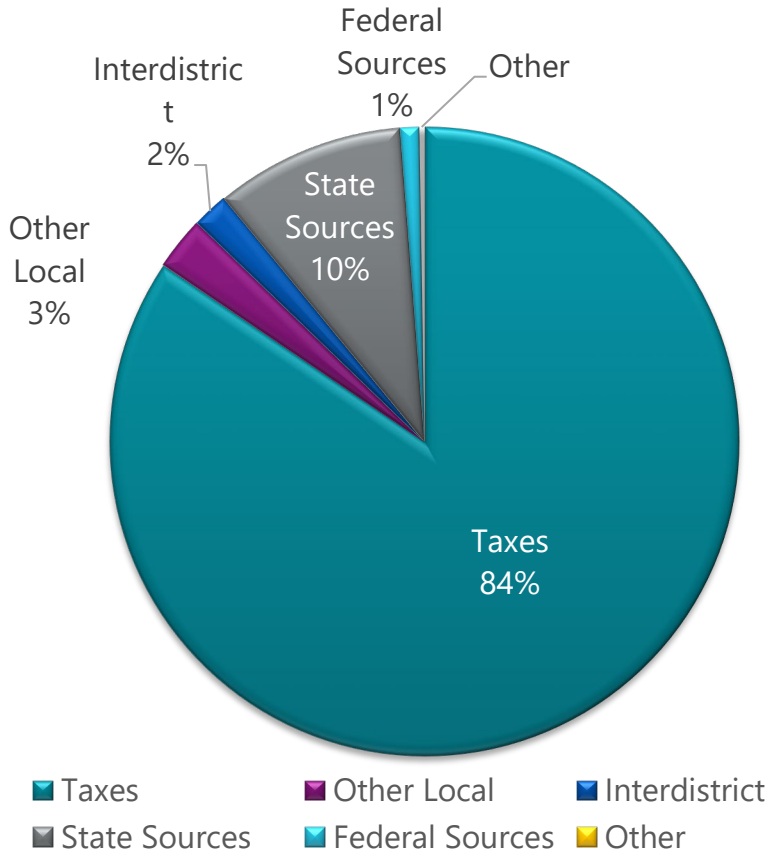
Staying focused on your "why"



How Are We Communicating?

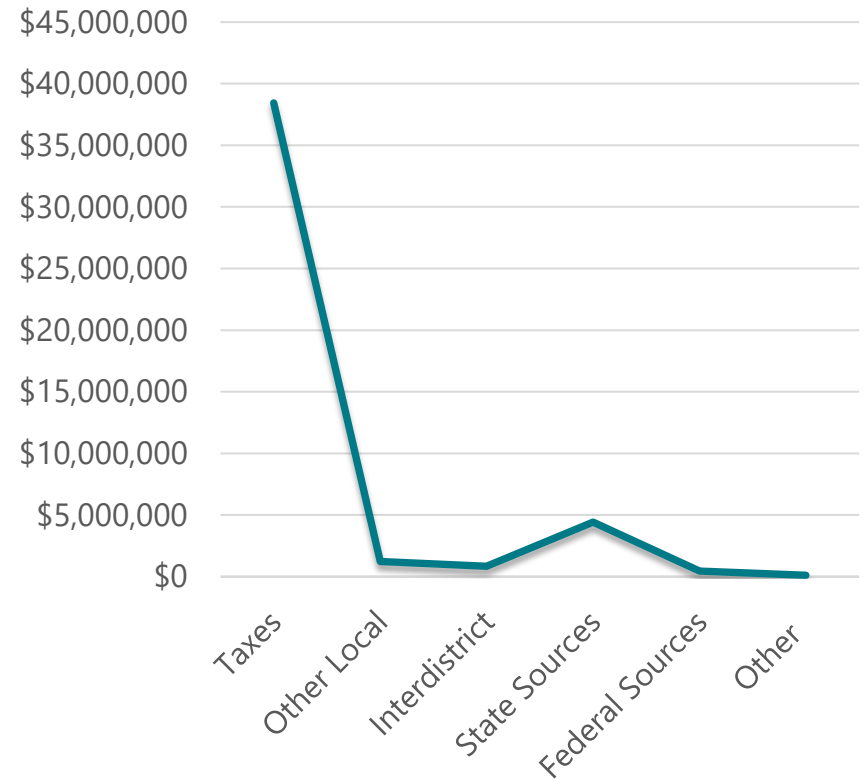
CHOOSING THE RIGHT VISUAL

**Fund 10 Budgeted Revenue
2020-2021**



VS.

**Fund 10 Budgeted Revenue
2020-2021**

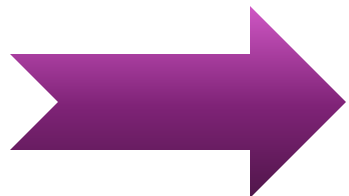


2021-22 Budget Factors

- New State Biennial Budget
- Resident Enrollment
- Property Values
- What will next year look like for delivery of instruction?

Budget Development: Early Assumptions

- 1% increase in equalized values
- 2% increase in salaries
- 1.5% CPI (teachers and non-rep only)
- 2.5% average increase in benefits



Be aware of acronyms!

How Are We Communicating?

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)



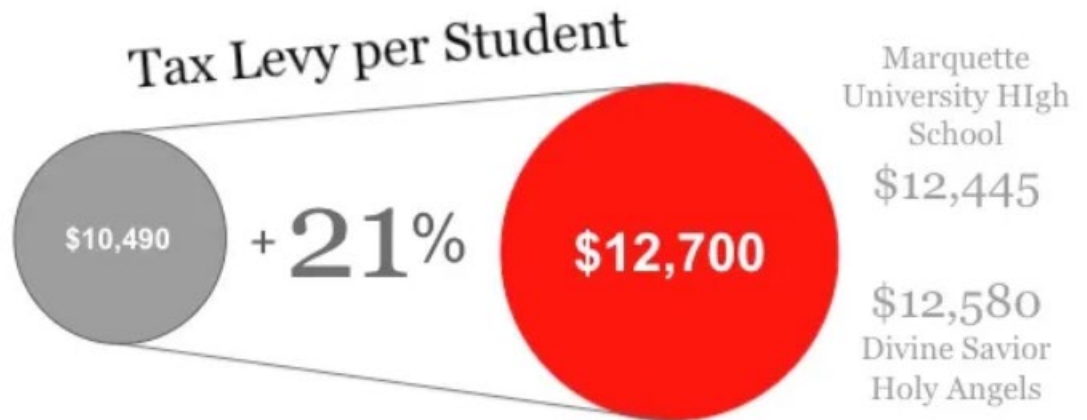
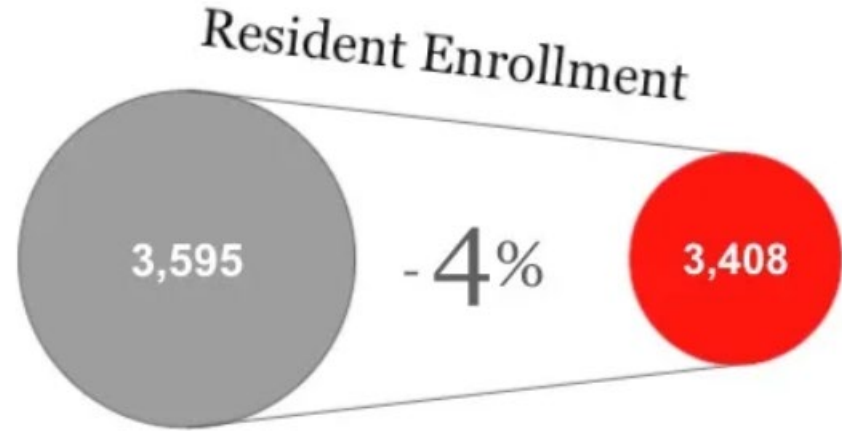
- Use comparator data
- Include historical and projected information
- Data and narratives can often tell two different stories

Tax Levy Per Pupil

Year	Enrollment	Equalized Valuation	Tax Levy	% Change in Tax Levy	Tax Rate/ 1,000.00 Equalized	Tax Levy per Pupil
2010-11	3,624	4,484,326,853	40,335,694		8.99	11,130
2011-12	3,497	4,352,780,656	37,795,126	-6.30%	8.68	10,808
2012-13	3,472	4,214,016,365	37,561,497	-0.62%	8.91	10,818
2013-14	3,505	4,189,188,981	37,579,163	0.05%	8.97	10,722
2014-15	3,492	4,369,760,180	37,296,669	-0.75%	8.54	10,681
2015-16	3,595	4,590,312,133	37,713,405	1.12%	8.22	10,491
2016-17	3,575	4,688,782,986	38,228,889	1.37%	8.15	10,693
2017-18	3,582	4,819,164,477	38,874,953	1.69%	8.07	10,853
2018-19	3,644	5,053,764,387	39,034,172	0.41%	7.72	10,712
2019-20	3,639	5,269,340,958	40,480,740	1.72%	7.68	11,124
2020-21	3,478	5,420,583,547	43,125,789	6.53%	7.96	12,400
2021-22	3,439	5,528,995,218	43,701,386	1.33%	7.90	12,708

More ≠ Better

MTSD proposed 2021-22 cost per student (\$12,700) exceeds Marquette University High School tuition

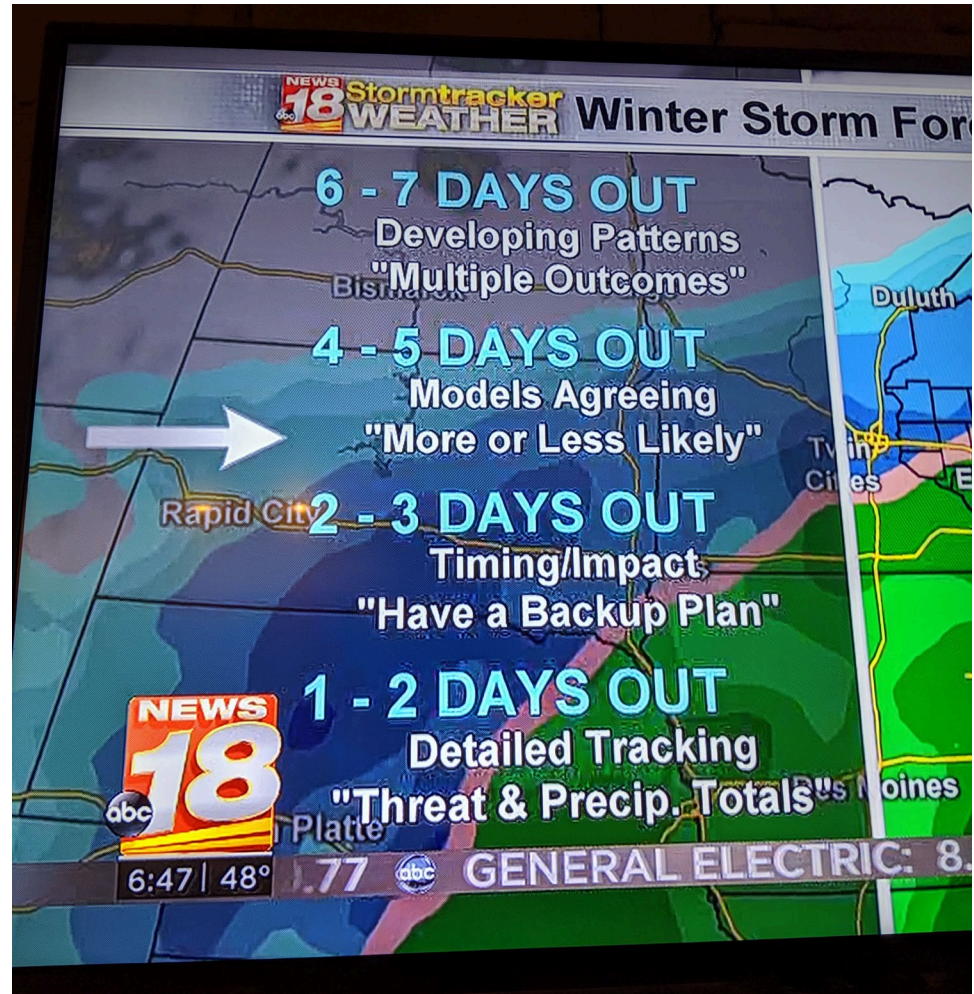


More ≠ Better

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?



LOOK THROUGH THEIR LENS



ANTICIPATE POTENTIAL CHANGES

Focus on three key messages:

- What do they know?
- What do they care about?
- What do you want them to think or do?

Or...

- What is the "issue"?
- Why is it important?
- How does it impact them?

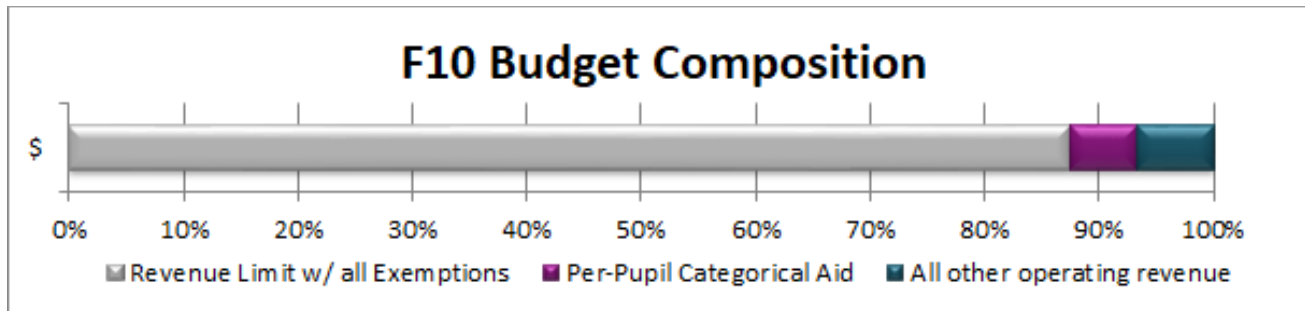


Your stakeholder group determines how these questions are answered and how the messages are shaped.

Concepts – Revenue Limits

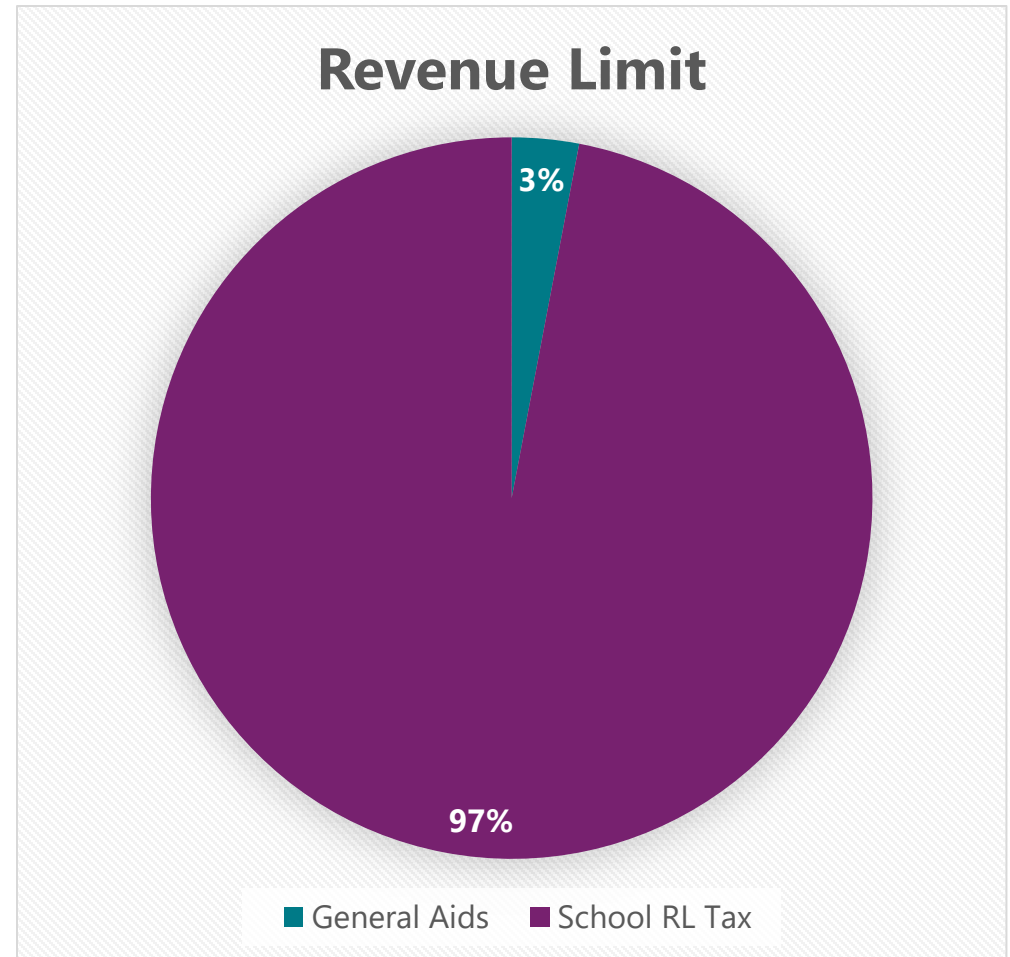
BUDGETING BASICS – REVENUE LIMIT

- 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



Think of revenue limit as a pie...

- The limit itself is the outer “crust,” defining the size of the pie.
- There are two “fillings”; **state aid** and **local taxes**. As one increases, the other decreases.

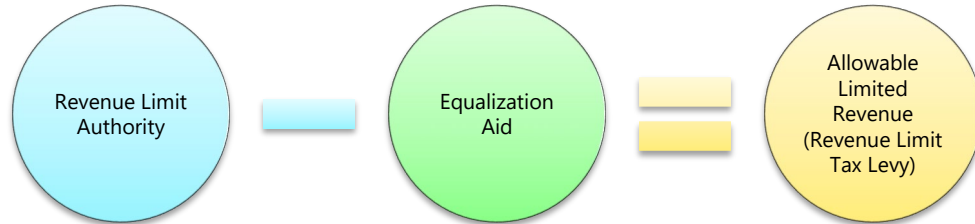


School Formulas

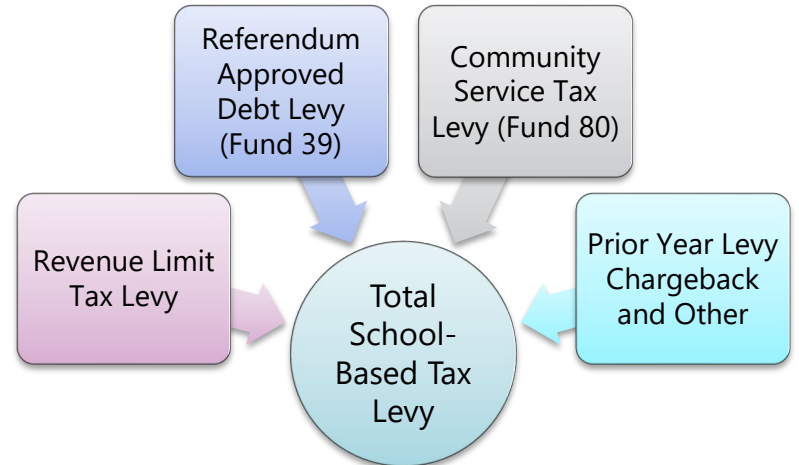
TOTAL REVENUE LIMIT AUTHORITY



BUDGETING BASICS – REVENUE LIMIT



BUDGETING BASICS – REVENUE LIMIT





- **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."



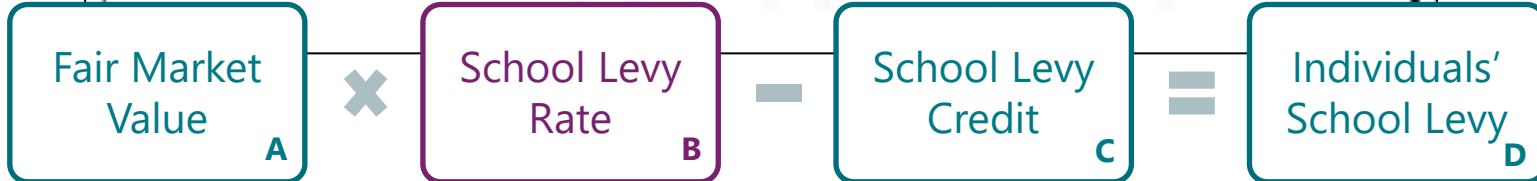
The Parkview School District will receive 19% more in state aid, an increase of \$1.03 million. Parkview received \$5.4 million last year, and is set to receive \$6.4 million for the 2021-2022 school year.

The Janesville School District will receive 2.79% more in state aid, an increase of \$1.8 million. Janesville received \$64.7 million last year, and is set to receive \$66.5 million for the 2021-2022 school year.

Concepts – Tax Levy

Please inform treasurer of address changes.

ASSESSED VALUE LAND 7,500	ASSESSED VALUE IMPROVEMENTS 197,500	TOTAL ASSESSED VALUE 205,000	AVERAGE ASSEMT. RATIO 1.018710482	NET ASSESSED VALUE RATE 0.02208290 <small>(Does NOT reflect credits)</small>	
ESTIMATED FAIR MARKET VALUE LAND 7,400	ESTIMATED FAIR MARKET VALUE IMPROVEMENTS 193,900	TOTAL ESTIMATED FAIR MARKET VALUE 201,300	<input type="checkbox"/> A star in this year's taxes	School taxes reduced by school levy tax credit 334.16	
		A	B	C	
TAXING JURISDICTION	2017 EST. STATE AIDS ALLOCATED TAX DIST.	2018 EST. STATE AIDS ALLOCATED TAX DIST.	2017 NET TAX	2018 NET TAX	% TAX CHANGE
State of Wisconsin	0	0	0.00	0.00	
Columbia County	469,632	459,677	940.08	976.35	3.9%
City of Portage	2,358,177	2,307,501	1,726.03	1,832.04	6.1%
Community School	7,696,512	7,521,867	1,413.03	1,535.56	8.7%
MATC	558,715	543,034	176.82	183.04	3.5%
TOTAL	11,083,036	10,832,079	4,255.96	4,526.99	6.4%



"In addition to changes in the school districts levy and mill rate, the individual taxpayers' school levy impact can change year to year due to changes in assessed value, assessment ratio, resulting fair market value, and the school levy credit."

Concepts – Enrollment / FTE

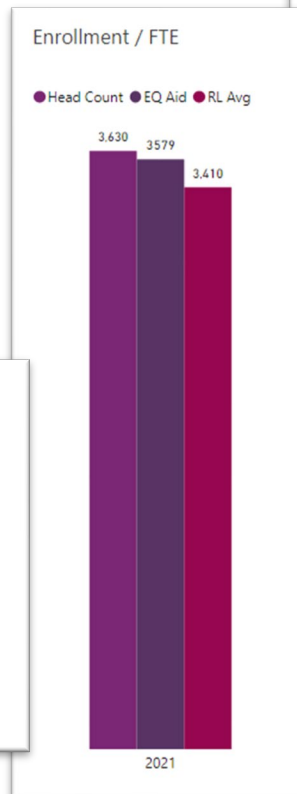
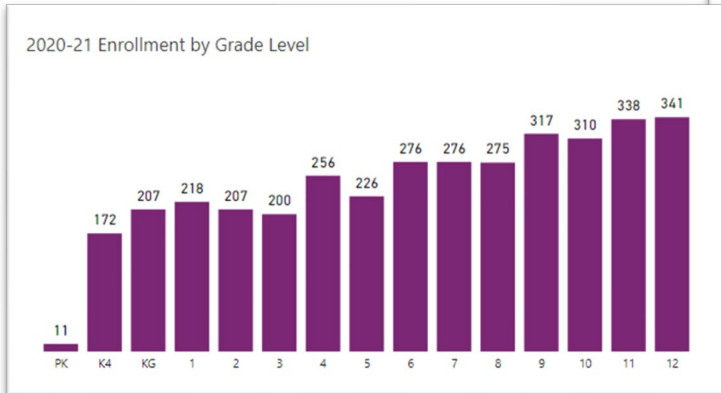
Use words and/or incorporate teachable moments

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



Revenue Limit and EQ Aid FTE

Year	Revenue Limit FTE	EQ Aid FTE
2010-2011**	793	808
2011-2012	806	812
2012-2013	811	822
2013-2014	809	813
2014-2015	790	800
2015-2016	786	792
2016-2017	778	791
2017-2018	784	798
2018-2019	775	787
2019-2020	757	765
2020-2021	740	748

**4K Started 12/1/10 (29 Students @ .5 FTE)

Why is the revenue limit FTE count important?
 A district's revenue limit is the maximum revenue it may generate through the combination of two sources: state general aid and property tax levy. This calculation is important as about 80% of the school district's general fund operating revenue is generated through this source. Its calculation is:

$$\text{Resident Membership (FTE)} \times \$ \text{ per pupil} + \text{One-time and on-going exemptions} = \text{Revenue Limit Authority}$$

In addition, FTE is used to calculate per-pupil categorical aid which, in 2020-21, comprises nearly 8% of the operational budget.

Therefore, the revenue limit FTE is important as it helps calculate how much revenue a district has for operations.

Why is the equalization (EQ) aid FTE count important?
 Equalization aid determines the portion of the revenue limit that is assessed to the local taxpayer. About 72% of the district's revenue limit authority comes in the form of state equalization aid.

Therefore, the equalization (EQ) aid FTE is important as it helps calculate who pays.

Preparing to Present Information

Anticipate
questions

Phone a
friend

Do your
homework

Practice

Prioritize a
response

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
- 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

Take Time to Reflect

Reflection

Activity/Presentation: _____

What went well and what would I like to continue?

What would I change for next time?

Notes for future success:

- How-to
- Artifacts
- Questions asked

Questions?



Important Disclosures

The logo for Baird, featuring the word "BAIRD" in white, uppercase letters on a dark blue, trapezoidal background.

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