

***Budget Forecasting, Revenue Limit Freeze and  
What That Means for Districts/Budget  
Considerations for 2022-23 School Year And  
Beyond***

WASBO Spring Conference 2022



# Speakers

Phil Frei

John Stellmacher

Director of Business and Finance  
Officer

Sun Prairie Area School District  
School District

\$115M Fund 10 budget, high growth, Dane County

WASBO Member since 1991

Chief Financial

Kettle Moraine

\$50M Fund 10 Budget, declining  
enrollment, Waukesha County

WASBO Member

# Agenda for Presentation

1. How to plan for uncertain budgets using forecasting- Phil
  - a. Why
  - b. How
  - c. Timeline
  - d. Communication
2. Current Thoughts on 22-23 and beyond- John
3. Q&A

# Why should districts do budgeting forecasting??

Better idea of what the future budgets could look like

Budget reductions

Mill Rates

Operating referendum planning

Take away: This proactive leadership versus reactive approach

# Why should districts do budgeting forecasting??

State Budget

Biennial Budget

Odd years very tough, even years easier

Fiscal Year starts July 1, major inputs not known till Oct.

(Enrollment (revenue cap), aid, property value)

# Why should districts do budgeting forecasting??

Could funding change in the middle of biennial budget??

- More money (just kidding)

- Less tax collections, etc (COVID19)

# Why should districts do budgeting forecasting??

Federal Money

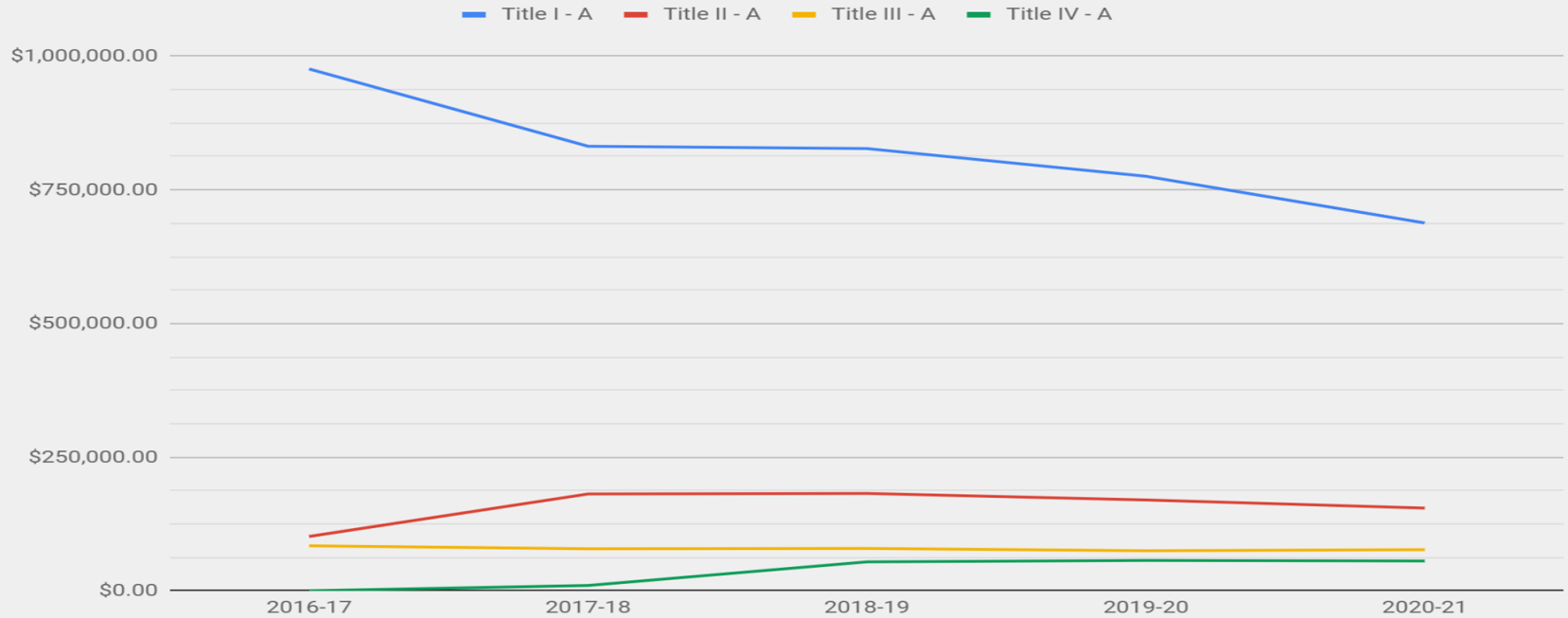
ESSER

How much, when, what strings

Title money (ESEA) changes year to year and president to president

# Sun Prairie ESEA Five Year History

## ESEA Allocations





# How does Sun Prairie forecast budget(s)

- Develop inputs
- Run a model(s); RWB and PMA
- Communicate the model's outputs (Admin, Board, etc)
- Develop plan for output
- Implement the plan

# Inputs

Enrollment: Drives revenue cap, per pupil aid, expenses (UW-APL, MD Roffers)

## Sun Prairie Third Friday Enrollment by Level

**TABLE 1**

Year	PK	4K	Elementary	Middle	High*	Total
2011-12 (Actual)	52	486	3112	1482	1976	7108
2012-13 (Actual)	43	496	3200	1573	2072	7384
2013-14 (Actual)	33	493	3316	1635	2123	7600
2014-15 (Actual)	37	473	3459	1670	2199	7838
2015-16 (Actual)	41	507	3584	1657	2338	8127
2016-17 (Actual)	43	516	3579	1722	2368	8228
2017-18 (Actual)	48	567	3633	1793	2375	8416
2018-19 (Actual)	49	574	3622	1863	2425	8533
2019-20 (Actual)	37	523	3607	1863	2452	8482
2020-21 (Actual)	45	485	3475	1869	2503	8377
2021-22 (Projected)	44	472	3632	1849	2603	8600
2022-23 (Projected)	44	477	3589	1833	2645	8588
2023-24 (Projected)	44	482	3550	1830	2658	8564
2024-25 (Projected)	44	491	3445	1925	2653	8558
2025-26 (Projected)	44	492	3357	1991	2656	8540

Reflects grade configurations as of fall 2022 since the data includes projections.

## Inputs: State

Revenue Cap amount: What dollar amount?

Per pupil aid amount: What dollar amount?

Equalized aid: Output of models

# Inputs- Federal

ESSER: When, how much, fiscal cliff...

Titles: Past trends

Medicaid Reimbursement: Past trends

# Inputs: Salaries and Benefits

Major focus area

Future knowns : Projected to add or reduce in staffing, extra compensation, etc

CPI

Past trends Show from model (next slide)

# Historical Data for Salaries

10		Historical Data		Historical Data		Current Year	
5656 - Sun Prairie Area		2018 - 2019		2019 - 2020		2020 - 2021	
Scs/Obj		2019	% Δ	2020	% Δ	2021	% Δ
<b>E</b>	<b>Expenditures</b>						
101	Admin	\$3,544,533	1.23%	\$3,834,698	8.19%	\$3,980,566	3.80%
102	Admin Support	\$2,474,259	37.96%	\$2,554,306	3.24%	\$2,610,959	2.22%
103	Support Staff	\$7,155,704	13.79%	\$7,580,589	5.94%	\$8,204,745	8.23%
104	Prof Ed	\$28,847,966	5.93%	\$31,224,933	8.24%	\$32,902,102	5.37%
105	Athletics/Co-cur.	\$1,018,403	4.82%	\$1,003,850	-1.43%	\$1,077,319	7.32%
106	Summer School	\$943,723	5.47%	\$1,216,444	28.90%	\$596,224	-50.99%
107	Leadership	\$152,905	19.61%	\$154,748	1.21%	\$120,800	-21.94%
109	Subs	\$1,440,286	7.79%	\$1,006,519	-30.12%	\$1,579,665	56.94%
110	Other	\$1,534,566	-1.25%	\$1,201,404	-21.71%	\$1,473,474	22.65%
113	Board	\$36,840	2.33%	\$40,200	9.12%	\$40,200	0.00%

## Other Inputs

Other objects (300-999): Property insurance example

Local sources: Increasing fees?

Regionals Discussion

WASBO

SAA

# Last thought on inputs

Be conservative!!

Much easier to add than to cut

Primary focus on first year or two of model



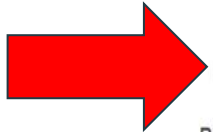
# Communications

Explain “big” inputs: Revenue cap, state aid, property values

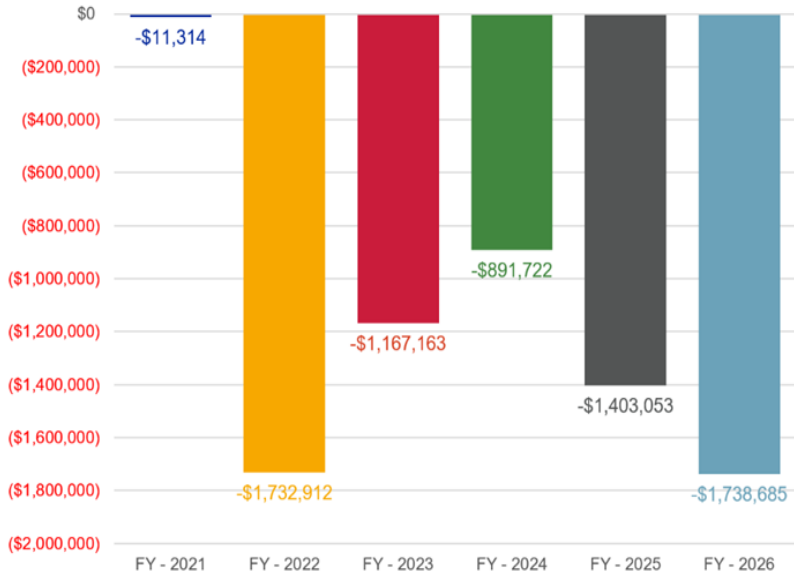
Explain thought process

Use easy to understand tables and graphs

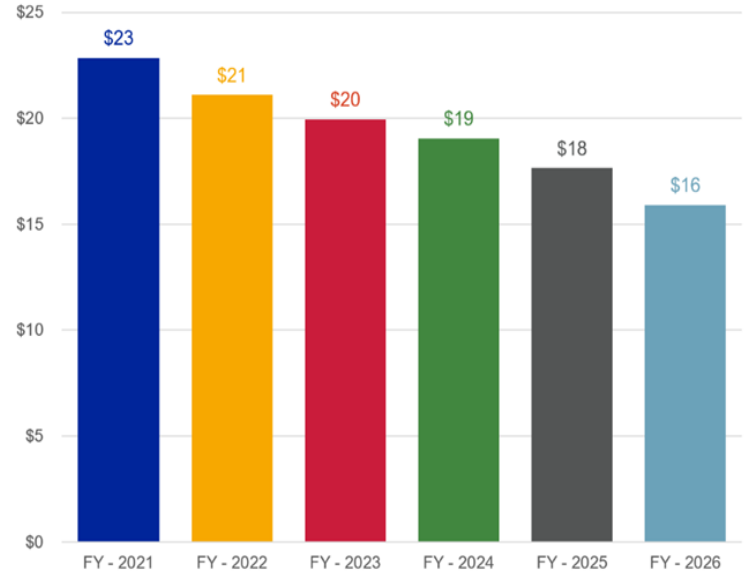
	BUDGET		REVENUE & EXPENDITURE PROJECTIONS								
	FY - 2021	FY - 2022	% Δ	FY - 2023	% Δ	FY - 2024	% Δ	FY - 2025	% Δ	FY - 2026	% Δ
<b>REVENUE</b>											
Local Sources	\$51,544,685	\$50,733,119	▼ -1.57%	\$49,705,169	▼ -2.03%	\$50,807,682	▲ 2.22%	\$51,883,282	▲ 2.12%	\$52,466,035	▲ 1.12%
State Sources	\$58,513,294	\$60,624,508	▲ 3.61%	\$63,240,380	▲ 4.31%	\$64,101,874	▲ 1.36%	\$64,430,662	▲ 0.51%	\$65,295,707	▲ 1.34%
Federal Sources	\$2,278,887	\$2,278,887	0.00%	\$2,278,887	0.00%	\$2,278,887	0.00%	\$2,278,887	0.00%	\$2,278,887	0.00%
Other	\$3,664,223	\$3,832,974	▲ 4.61%	\$3,892,174	▲ 1.54%	\$3,951,374	▲ 1.52%	\$4,010,574	▲ 1.50%	\$4,069,774	▲ 1.48%
<b>TOTAL REVENUE</b>	<b>\$116,001,089</b>	<b>\$117,469,488</b>	<b>▲ 1.27%</b>	<b>\$119,116,610</b>	<b>▲ 1.40%</b>	<b>\$121,139,817</b>	<b>▲ 1.70%</b>	<b>\$122,603,405</b>	<b>▲ 1.21%</b>	<b>\$124,110,403</b>	<b>▲ 1.23%</b>
<b>EXPENDITURES</b>											
Salary and Benefits	\$72,646,766	\$74,985,684	▲ 3.22%	\$76,000,056	▲ 1.35%	\$77,317,659	▲ 1.73%	\$78,665,513	▲ 1.74%	\$80,044,331	▲ 1.75%
Other Objects	\$43,365,637	\$44,216,717	▲ 1.96%	\$44,283,717	▲ 0.15%	\$44,713,880	▲ 0.97%	\$45,340,945	▲ 1.40%	\$45,804,757	▲ 1.02%
<b>TOTAL EXPENDITURES</b>	<b>\$116,012,403</b>	<b>\$119,202,400</b>	<b>▲ 2.75%</b>	<b>\$120,283,773</b>	<b>▲ 0.91%</b>	<b>\$122,031,539</b>	<b>▲ 1.45%</b>	<b>\$124,006,458</b>	<b>▲ 1.62%</b>	<b>\$125,849,088</b>	<b>▲ 1.49%</b>
<b>SURPLUS / DEFICIT</b>	<b>(\$11,314)</b>	<b>(\$1,732,912)</b>		<b>(\$1,167,163)</b>		<b>(\$891,722)</b>		<b>(\$1,403,053)</b>		<b>(\$1,738,685)</b>	
Change over Previous Year		<b>(\$1,721,598)</b>		<b>\$565,749</b>		<b>\$275,441</b>		<b>(\$511,331)</b>		<b>(\$335,632)</b>	
<b>BEGINNING FUND BALANCE</b>	<b>\$22,850,270</b>	<b>\$22,838,956</b>		<b>\$21,106,044</b>		<b>\$19,938,881</b>		<b>\$19,047,159</b>		<b>\$17,644,105</b>	
<b>ENDING FUND BALANCE</b>	<b>\$22,838,956</b>	<b>\$21,106,044</b>		<b>\$19,938,881</b>		<b>\$19,047,159</b>		<b>\$17,644,105</b>		<b>\$15,905,420</b>	
<b>FUND BALANCE AS % OF EXPENDITURES</b>	<b>19.69%</b>	<b>17.71%</b>		<b>16.58%</b>		<b>15.61%</b>		<b>14.23%</b>		<b>12.64%</b>	



### SURPLUS / DEFICIT



### ENDING FUND BALANCE (MILLIONS)



# 5656 - Sun Prairie Area

Enrollment Increase +50; Rev Cap inc. \$75

Base

	Historical	Current Year	Budget Year	Forecast			
	2019 - 2020	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026
September Membership (FTE):	8,211	8,174	8,224	8,224	8,224	8,224	8,224
Equalized Valuation Growth:	7.64%	5.98%	3.00%	3.00%	3.00%	3.00%	3.00%
Fund 10 Revenues	\$113,609,423	\$116,001,089	\$116,635,428	\$117,413,850	\$118,543,406	\$119,286,452	\$120,030,098
Fund 10 Expenditures	\$108,639,494	\$116,012,403	\$119,102,401	\$120,183,773	\$121,931,539	\$123,906,459	\$125,749,089
Surplus (Deficit)	<b>\$4,969,928</b>	<b>(\$11,314)</b>	<b>(\$2,466,973)</b>	<b>(\$2,769,923)</b>	<b>(\$3,388,133)</b>	<b>(\$4,620,007)</b>	<b>(\$5,718,991)</b>
Fund Balance	\$22,848,110	\$22,836,796	\$20,369,823	\$17,599,900	\$14,211,767	\$9,591,761	\$3,872,769
Fund Balance as % of Expenditures	21.03%	19.68%	17.10%	14.64%	11.66%	7.74%	3.08%
Non-Recurring Referendum \$	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Recurring Referendum \$	\$5,000,000	\$0	\$0	\$0	\$0	\$0	\$0
Referendum Debt Levy	\$18,600,000	\$20,600,000	\$21,600,000	\$22,600,000	\$23,600,000	\$23,800,000	\$23,800,000
Energy Efficiency Exemption	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total School-Based Tax Levy	\$69,379,792	\$71,753,551	\$75,413,654	\$76,222,903	\$79,030,752	\$80,948,553	\$82,699,577
Mill Rate (per \$1,000 EQ Value)	\$13.06	\$12.75	\$13.01	\$12.76	\$12.85	\$12.78	\$12.67
			\$0.05				

Insert notes here

# Timeline

To Senior Leadership: Nov/Dec

To Board: Jan./Feb.

Budget balancing: Jan-March

Staff reductions: April-May

Preliminary budget: May/June; balanced

Proposed Budget: July

# From Board Report:

## Key assumptions used to build the five-year budget forecast are:

1. UW-APL projects an enrollment increase of 233 students for 2021-22. The Senior Leaders Budget Team (SLBT) feels this growth is too robust given the last two years of enrollment decline and used a scaled back enrollment increase of 75 for the projections. Please reference [this chart](#) for variances between estimates and actuals since 2015-16.
2. With the State of Wisconsin budget not finalized for the 2021-22 fiscal years, the SLBT estimated a \$75 per pupil increase to the revenue cap. This amount was also used for all future years.
3. Average salary increases are similar to 2020-21. This allows for CPI (1.23%) increases for employees.
4. Health insurance rates will stay the same rate due to the bid in 2019.
5. Estimated property value growth of 3.0% for the next five years; last year the increase was 6.0%. This amount plays into the Revenue Limit formula with Equalization Aid, it does not impact the amount (size) of the budget - just the relationship between local taxes and Equalization Aid.

## From Board Report:

Budget Year	Robert W. Baird	Forecast 5	Average Deficit
2021-22	-\$2,466,973	-\$2,358,863	<b>-\$2,412,918</b>
2022-23	-\$2,769,923	-\$2,439,251	<b>-\$2,604,587</b>
2023-24	-\$3,388,133	-\$2,844,698	<b>-\$3,116,416</b>
2024-25	-\$4,620,007	-\$4,072,827	<b>-\$4,346,417</b>
2025-26	-\$5,718,991	-\$5,168,067	<b>-\$5,443,529</b>

# Kettle Moraine School District

# Preliminary Budget 5/3/2022

	Current Year	Budget Year	Forecast			
	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027
Sept Membership (FTE)	3,206	3,137	3,091	3,033	2,988	2,940
Per Pupil Increase	\$0	\$0	\$200	\$200	\$200	\$200
Per-Pupil Categorical Aid \$	\$742	\$742	\$742	\$742	\$742	\$742
TIF Out Equalized Valuation Growth	4.48%	4.00%	3.00%	2.00%	2.00%	2.00%
<b>Fund 10 Revenues</b>	\$48,553,637	\$49,514,525	\$49,877,882	\$50,173,371	\$51,362,341	\$51,884,220
<b>Fund 10 Expenditures</b>	\$48,553,636	\$49,514,525	\$50,277,882	\$50,983,370	\$52,592,591	\$53,545,226
<b>Surplus (Deficit)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$400,000)</b>	<b>(\$810,000)</b>	<b>(\$1,230,249)</b>	<b>(\$1,661,006)</b>
<b>Fund Balance</b>	\$18,663,350	\$18,663,349	\$18,263,350	\$17,453,350	\$16,223,100	\$14,562,095
<b>Fund Balance as % of Expenditures</b>	38.44%	37.69%	36.32%	34.23%	30.85%	27.20%
<b>Total School-Based Tax Levy</b>	<b>\$39,362,557</b>	<b>\$39,000,000</b>	<b>\$39,499,200</b>	<b>\$40,004,790</b>	<b>\$40,516,851</b>	<b>\$41,035,467</b>
% change	-0.56%	-0.92%	1.28%	1.28%	1.28%	1.28%
<b>Mill Rate (per \$1,000 EQ Value)</b>	<b>\$8.98</b>	<b>\$8.56</b>	<b>\$8.41</b>	<b>\$8.35</b>	<b>\$8.29</b>	<b>\$8.24</b>
% change	-4.82%	-4.73%	-1.67%	-0.71%	-0.71%	-0.71%
<b>Non-Recurring Referendum \$</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Recurring Referendum \$</b>	\$1,500,000	\$1,500,000	\$1,500,000	\$0	\$0	\$0
<b>Referendum Debt Levy</b>	\$5,831,245	\$7,401,530	\$4,927,292	\$3,972,052	\$3,263,484	\$3,052,552
<b>Energy Efficiency Exemption</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Average Tax Impact Home Valuation</b>	\$400,000	\$410,480	\$417,130	\$419,716	\$422,318	\$424,937
<b>Average tax impact: \$400,000 home</b>	\$3,592	\$3,513	\$3,509	\$3,506	\$3,502	\$3,498



# Kettle Moraine School District

# Preliminary Budget 5/3/2022

	Current Year	Budget Year	Forecast			
	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027
Sept Membership (FTE)	3,206	3,137	3,091	3,033	2,988	2,940
Per Pupil Increase	\$0	\$0	\$0	\$0	\$0	\$0
Per-Pupil Categorical Aid \$	\$742	\$742	\$742	\$742	\$742	\$742
TIF Out Equalized Valuation Growth	4.48%	4.00%	3.00%	2.00%	2.00%	2.00%
<b>Fund 10 Revenues</b>	\$48,553,637	\$49,514,525	\$49,333,217	\$49,488,171	\$49,981,092	\$49,885,770
<b>Fund 10 Expenditures</b>	\$48,553,636	\$49,514,525	\$50,277,882	\$50,983,370	\$52,592,591	\$53,545,226
<b>Surplus (Deficit)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$944,665)</b>	<b>(\$1,495,200)</b>	<b>(\$2,611,498)</b>	<b>(\$3,659,456)</b>
<b>Fund Balance</b>	\$18,663,350	\$18,663,349	\$17,718,685	\$16,223,485	\$13,611,986	\$9,952,531
<b>Fund Balance as % of Expenditures</b>	38.44%	37.69%	35.24%	31.82%	25.88%	18.59%
<b>Total School-Based Tax Levy</b>	<b>\$39,362,557</b>	<b>\$39,000,000</b>	<b>\$39,499,200</b>	<b>\$40,004,790</b>	<b>\$40,516,851</b>	<b>\$41,035,467</b>
% change	-0.56%	-0.92%	1.28%	1.28%	1.28%	1.28%
<b>Mill Rate (per \$1,000 EQ Value)</b>	<b>\$8.98</b>	<b>\$8.56</b>	<b>\$8.41</b>	<b>\$8.35</b>	<b>\$8.29</b>	<b>\$8.24</b>
% change	-4.82%	-4.73%	-1.67%	-0.71%	-0.71%	-0.71%
<b>Non-Recurring Referendum \$</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Recurring Referendum \$</b>	\$1,500,000	\$1,500,000	\$1,500,000	\$0	\$0	\$0
<b>Referendum Debt Levy</b>	\$5,831,245	\$7,401,530	\$5,471,957	\$4,657,252	\$4,644,733	\$5,051,002
<b>Energy Efficiency Exemption</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Average Tax Impact Home Valuation</b>	\$400,000	\$410,480	\$417,130	\$419,716	\$422,318	\$424,937
<b>Average tax impact: \$400,000 home</b>	\$3,592	\$3,513	\$3,509	\$3,506	\$3,502	\$3,498

# 2022-23 and Beyond

## **“The Big 4”**

-> Inflation (4.7% for 2022-23, 6.80% (Est) for 2023-24) & Alignment to Per-Pupil

-> Annual Cost to Continue

-> Approaching Fiscal Cliff (post federal stimulus)

-> Employee Shortages (upward pressure on starting wages)

# Inflation

-> **6.80%** for FY 2023-24 (as of March, 2022 data)

-> **Inflation has averaged 2.07% per year (past 20 years)**

<b>2013-14</b>	<b>2.07%</b>	<b>2018-19</b>	<b>2.13%</b>
<b>2014-15</b>	<b>1.46%</b>	<b>2019-20</b>	<b>2.44%</b>
<b>2015-16</b>	<b>1.62%</b>	<b>2020-21</b>	<b>1.81%</b>
<b>2016-17</b>	<b>0.12%</b>	<b>2021-22</b>	<b>1.23%</b>
<b>2017-18</b>	<b>1.26%</b>	<b>2022-23</b>	<b>4.70%</b>

### **New Revenue (Per Pupil)**

➤	2013-14	+ \$ 100
➤	2014-15	+ \$ 150
➤	2015-16	+ 0
➤	2016-17	+ \$ 100
➤	2017-18	+ \$ 200
➤	2018-19	+ \$ 204
➤	2019-20	+ \$ 263
➤	2020-21	+ \$ 179
➤	2021-22	+ \$ 0
➤	2022-23	+ \$ 0

### **Consumer Price Index (CPI)**

+ 2.07%
+ 1.46%
+ 1.62%
+ 0.12%
+ 1.26%
+ 2.13%
+ 2.44%
+ 1.81%
+ 1.23%
+ 4.70%

# Cost to Continue

## “The Big 4”

- > Salaries (typically 2%) KM -> \$600,000 at 2%
- > Health Insurance (typically 4-8%) KM -> \$250,000 at 4%
- > Utilities (typically 3-5%) KM -> \$ 30,000 at 3%
- > Transportation (typically 2-3%) KM -> \$ 70,000 at 2.5%

If you have the same number of kids, and thus would have the same staff, what would it cost you to continue?

\$950,000 / 3,568 students = approximately \$267 per pupil. What does a \$0 per pupil increase or even a \$100/\$200 increase mean for your district?

# Cost to Continue -> Inflation Adjusted

## “The Big 4”

-> Salaries	(5-7%)	KM -> \$1,800,000 at 6%
-> Health Insurance	(4-8%)	KM -> \$250,000 at 4%
-> Utilities	(20%)	KM -> \$200,000 at 20%
-> Transportation	(6-8%)	KM -> \$196,000 at 7%

If you have the same number of kids, and thus would have the same staff, what would it cost you to continue?

$\$2,446,000 / 3,568 \text{ students} = \text{approximately } \$686 \text{ per pupil.}$  What does a \$0 per pupil increase or even a \$100/\$200 increase mean for your district?

# What is ahead of us?

## 2022-23 District Budgets

- \*\* **4.70% inflation** (impact on salaries, benefits, transportation, utilities)
- \*\* 0.00% per-pupil increase (no new funding aside from maintaining 30% SWD aid)
- \*\* tremendous pressure to use federal funds to balance 2022-23 budgets
- \*\* what happens to 2023-24 budgets if 2022-23 shortfalls are addressed with one-time funds?
- \*\* Inflation for 2023-24 budgeting is likely to be higher than 4.70%. If you give the full CPI for FY 22-23, what will the expectations from your staff be for 23-24 and beyond?

# 2023-25 State Budget

Questions you may hear from legislators:

- > What do you need the “extra money for?”
- > Why are schools always asking for “more” money?
- > We need to address inequities within the system that fund public schools, charter schools, and choice schools differently
- > Schools have gotten a massive increase in funding over the past decade



# Questions we need to be prepared to answer

- > Per pupil funding adjustments aligned to inflation are not an increase, those adjustments are maintaining current funding.
- > Schools are funded differently because they have different legal requirements. Schools that do not provide comprehensive services to students with disabilities nor transportation cost less to operate. An apples to apples comparison would involve adjusting for these expenses.
- > Legislators have appropriated money for property tax relief, not spendable revenue for kids. New (ongoing) funding for public education in Wisconsin has been roughly  $\frac{1}{2}$  the rate of inflation in Wisconsin over the past decade.

# 2023-25 Multi-Scenario Budgeting

- > Recommended using three different scenarios to show your board/community the impact
- > Potential for changes in school funding for the “money to follow the pupil”.
- > From our perspective, we’ve been frozen for two years. From some legislators’ perspective, we received a \$2.7 billion “increase” in 2020-21 federal funds.
- > If funds remain unspent as of 1/1/2023, legislators could infer that means additional resources are not needed. Further, if you’re “supplanting” within your budget, and your fund balance increases, this could be perceived as proof that schools have plenty of funding.

Questions?