



## Referendum for Operating Expenses and Programming Improvements

Independence School District

February 16, 2016

*We will maximize learning and empower all students to  
prepare for tomorrow's opportunities.*

On February 16, 2016, as a resident of the Independence School District you will have the opportunity to vote on a referendum that will greatly impact the District's ability to maintain and improve the quality and availability of educational experiences for our students by approving an override of the state-imposed revenue limit. This additional revenue will be used to fund needed maintenance of the facility and improve educational programming for a student population that is not only increasing in number, but also in diversity. Currently our District has a minority population of 33% and 52% of all students are classified as economically disadvantaged. As a District, it continues to be important to ask our residents only for what is viewed as a "need" and not a "want". The Board of Education has spent almost two years intensely studying and researching the needs of the District. We encourage you to read the enclosed information about what is proposed. Most importantly, we encourage you to exercise your right to vote. This is your School District and as District residents you will be making the decision regarding the quality of programs and facilities we can offer our students.

### FREQUENTLY ASKED QUESTIONS

#### ***What is the dollar amount, the purpose, and time span of the referendum?***

The referendum will be for \$700,000 each year to be used for operational, maintenance, and programming expenses for the next five years: 2016-17, 2017-18, 2018-19, 2019-20, 2020-21.

#### ***Why do we need to go to referendum at this time?***

There are a number of reasons a referendum is needed at this time:

- The \$250,000 per year referendum passed in 2011 expires after this school year.
- The \$650,000 per year referendum passed in 1996 expires after this school year and although that does not have a direct effect on our operating revenue, it does have a direct negative effect on the revenue limit. In simple terms, the state will reduce how much we can tax for. Details are explained in a later question.
- Despite improvements to save energy and initiatives to cut costs, the District has had a deficit of about \$100,000 last year and projects about the same for this year. This trend will continue, as expenses due to inflation tend to increase more rapidly than revenue.

- The Board has identified and prioritized over \$700,000 of needed maintenance and improvements to the facility. More maintenance is also needed but is not on the priority list.
- To offer our current student population and the possible/probable increase in that population more educational opportunities requires a minimum of at least \$145,000 annually to support these students.
- Although firm numbers are not available, the Affordable Care Act will have an impact on the District and the benefits it can offer to attract and retain quality employees.
- If enrollment decreases, the revenue limit for the school will also decrease, but expense likely will not.

### ***Why go to referendum this year? Couldn't we wait a couple of years?***

The District is projected to have about \$565,000 in its Fund Balance at the end of the 2015-16 School Year. At the current projections this money would be depleted in two years. This would not allow for any maintenance improvements or allow any money in case a catastrophic event would occur, such as roof failure. Also cutting expenses to save money not only affects the quality of education, but actually increases the tax burden on the District because state aid decreases when you spend less money. This means more money is needed from the local tax base, the taxpayers.

### ***What will the money specifically be used for?***

The facility priorities included repairs to the roof, heating and ventilation upgrades, flooring replacement and upgrades, a new phone system, playground fencing, repair of the current athletic track or upgrade to a rubberize track, replace a maintenance tractor, replace a van, upgrade the technical education department, maintain and upgrade technology, and add staff to meet the needs of the student population.

Although the building has been maintained well, besides the replacement of a chiller (air conditioning unit) in 2013, no other significant upgrades or repairs have been made to the building since it was built in 1998.

### ***How was the dollar amount decided?***

Bids were acquired on all items listed above as well as other needs. In addition, the District contracted Baird Financial to build a financial model for the school. This model was used to run scenarios based on current realities and also assumptions regarding future revenues and expenditures. For example, scenarios were run for various referendum amounts and school enrollments. Spending scenarios were also analyzed. In each scenario, the effect on the tax rate was recorded. In some cases, due to the state funding formula, having more revenue and spending more actually reduced the mill rate. The Board

determined that to meet the needs of the District and to lower and keep the mill rate consistent, \$700,000 for five years was the most financially appropriate scenario for the District.

***How confident are you in the projections and scenario analysis?***

Baird is the same company the District used in 2011 and many Districts in the state use Baird for financial modeling and is a highly rated organization. Their projections in 2011 proved to be very accurate as it was projected we would build Fund balance initially and then dip back into it during the end of the five year period. What wasn't expected was the improvements in educational programming such as the one-to-one computing and infrastructure upgrades, which included the replacement of the chiller. This was due to some significant energy saving initiatives and other fiscally responsible decisions made by the Board and administration.

***If the school is paid off, and only \$250,000 was needed five years ago, why does the District need \$700,000?***

As noted above, the Board knew in 2011 that we would likely be running a deficit in 2016 and that the \$250,000 would not allow us to be sustainable.

Because the school is paid off, that bond will no longer be on the tax roll and be revenue to the District. The bigger effect is that the debt and the interest accrued to pay it off will no longer be an expense to the District and that actually reduces the amount of state equalization aid the District receives. Although it seems confusing and complicated, the easier way to understand the state aid formula is as follows. The more you spend, the more state aid you receive. The less you spend, the less state aid you receive. Please see the School Finance reports on District Administrator Schmitt's web page on the school web site for a more detailed explanation.

The \$700,000 is needed for the facility improvements stated earlier and the programming improvements needed. It will also help "backfill" the revenue loss of over \$500,000 we will experience over the next five years. If enrollment increases the money will be needed for additional staffing and possible facility additions. If enrollment decreases then the additional revenue will be needed to "make-up" for the loss of aid due to decreasing enrollment.

***What is the tax impact?***

The outlook is quite positive. The mill rate (how much tax you pay per \$1,000 of property value) for the past four years has been no lower than \$13.20 and as high as \$14.14. This year it will be \$11.30. Mill rate is computed by dividing this year's levy by property valuation and then multiplying by \$1,000.



The good news is that since \$250,000 is coming off the tax levy for the operating referendum from 2011 and \$650,000 from the building referendum of 1996, the Board is actually asking for about \$200,000 less than the past five years. Therefore the tax levy, and corresponding mill rate should remain lower than historical levels. Our projections for mill rates are as follows:

2017 - \$11.52  
 2018 - \$12.46  
 2019 - \$12.42  
 2020 - \$12.41

This means for \$100,000 of property value taxes will decrease \$254 this year and remain at levels significantly lower than the previous four years.

It is also worthy to note that all of the tax money will be going to facility upgrades and education instead of paying off debt.

***What will happen if the referendum does not get approved?***

The District would have about two years before the remaining Fund Balance would be depleted, assuming current expenses would stay the same. This would mean that no facility upgrades or maintenance could be accomplished. After that and possibly before, a significant loss of opportunities for our students would have to be considered to balance the budget.

***What is the wording of the referendum question on the ballot?***

Shall the School District of Independence, Trempealeau and Buffalo Counties, Wisconsin, for the 2016-2017 school year through the 2020-2021 school year be authorized to exceed the revenue limit specified in Section 121.91, Wisconsin Statutes, by \$700,000 a year, for non-recurring purposes consisting of operating expenses and programming improvements

A vote of YES is in support of the referendum; a vote of NO is in opposition.

***This sounds complicated and confusing. How can I get more information?***

The District has a community forum schedule for January 11<sup>th</sup> at 7:00 pm and another one on February 3<sup>rd</sup> at 8:00 pm. You can also call District Administrator, Barry Schmitt, at 715-985-3172 x102.