



SCHOOL DISTRICT OF MONROE REFERENDUM FAQs



VOTE TUESDAY, NOVEMBER 5TH, 2024

QUESTION:

Shall the School District of Monroe, Green County, Wisconsin be authorized to exceed the revenue limit specified in Section 121.91, Wisconsin Statutes, by \$1,500,000 per year for four years, beginning with the 2024-2025 school year and ending with the 2027-2028 school year, for non-recurring purposes consisting of maintaining current programming, services, class sizes and elective offerings and sustaining the current replacement schedule for technology, curriculum and textbooks?

What does the proposed referendum question allow?

- Authorizes \$1,500,000 for four years
- Non-recurring (authorization ends after four years)
- Provides funding to maintain current levels of services and staffing
- Reauthorizes the expiring 2018 referendum at the same amount
- No tax increase from current level

A passed referendum will allow the District to maintain the current educational services and program offerings available to students and would help maintain staffing at close to the current level for the next four years. The Board will continue to evaluate the budget on an annual basis and make reductions in staff or programs where appropriate.

There would be no tax increase.

The operating question for \$1,500,000 to maintain educational programming simply extends the current operating referendum for an additional four years at the same amount that is expiring.

Why can't the district fund these expenses with the current budget?

The state-allowed increases to the District's revenue limit have not kept up with the cost of inflation, meaning that even maintaining the current level of services required the District to operate at a deficit. *More than 80% of all school districts in Wisconsin and every district in Green County, have utilized an operating referendum, this speaks to the importance of this process in funding schools in the state.*

Our District's general operating (Fund 10) revenues are currently 6% higher than where they were fifteen (15) years ago. That is an annual growth of 0.39%.

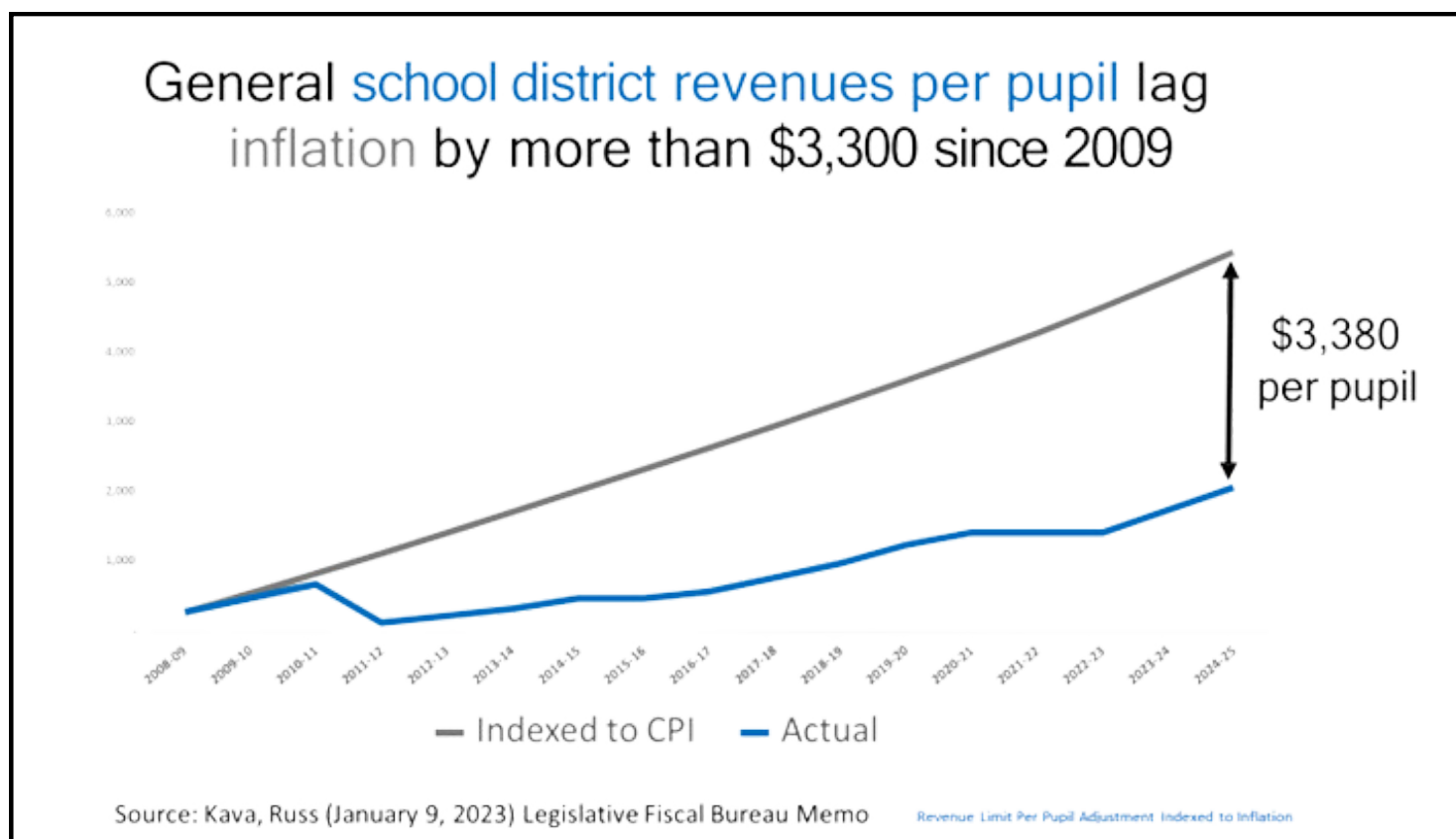
That is with the operating referendum question included. Should the referendum not pass and the \$1,500,000 of funding go away, **revenues would be practically the same as they were 15 years ago.**

To reduce costs to taxpayers, the District has made significant cuts that have saved millions of dollars annually.

- Over \$900,000 in staff and contracted services reductions were made in the 2024-25 fiscal year
- Staff reductions in excess of decline in enrollment since 2000
- Changes to retirement benefits for staff (saves over \$1M/year)
- Changes to health insurance benefits for staff including previously negotiating a 5-year freeze on health insurance premiums
- Negotiated improved service contracts and leases at a savings in excess of \$150,000 per year
- Eliminated cash flow borrowing costs at a savings of up to \$300,000 per year

Why do we need a referendum?

The state-allowed increases in the revenue limit have not kept pace with the increase in expenditures. The District's revenue budget is essentially the same now as it was fifteen years ago. The current state funding system has not allowed revenue limit growth to keep up with the cost of inflation. It has created a system of "haves" and have nots" where suburban districts with growing enrollments are doing well and more rural districts are not. The system leaves it to the local taxpayers to determine the funding level and quality of education for their local students. The fact that over **80%** of school districts in Wisconsin have had one or more operating referendums since revenue limits were implemented clearly shows that this is now the norm for Wisconsin school funding.



What happens if the referendum fails?

Should the November referendum fail, it would result in a significant reduction in services and staffing and/or the utilization of the District fund balance. The necessary reductions would be implemented at the beginning of the 2025-26 school year. This would be in addition to the more than \$900,000 of budget reductions that were made in the winter/spring of 2024 prior to the 2024-25 budget. While these decisions have not yet been made, it is projected that a failed referendum would result in the following:

- Significant reduction in staffing—numerous positions eliminated
- Increase in class sizes
- Potential elimination of instructional programs, classes, and course offerings

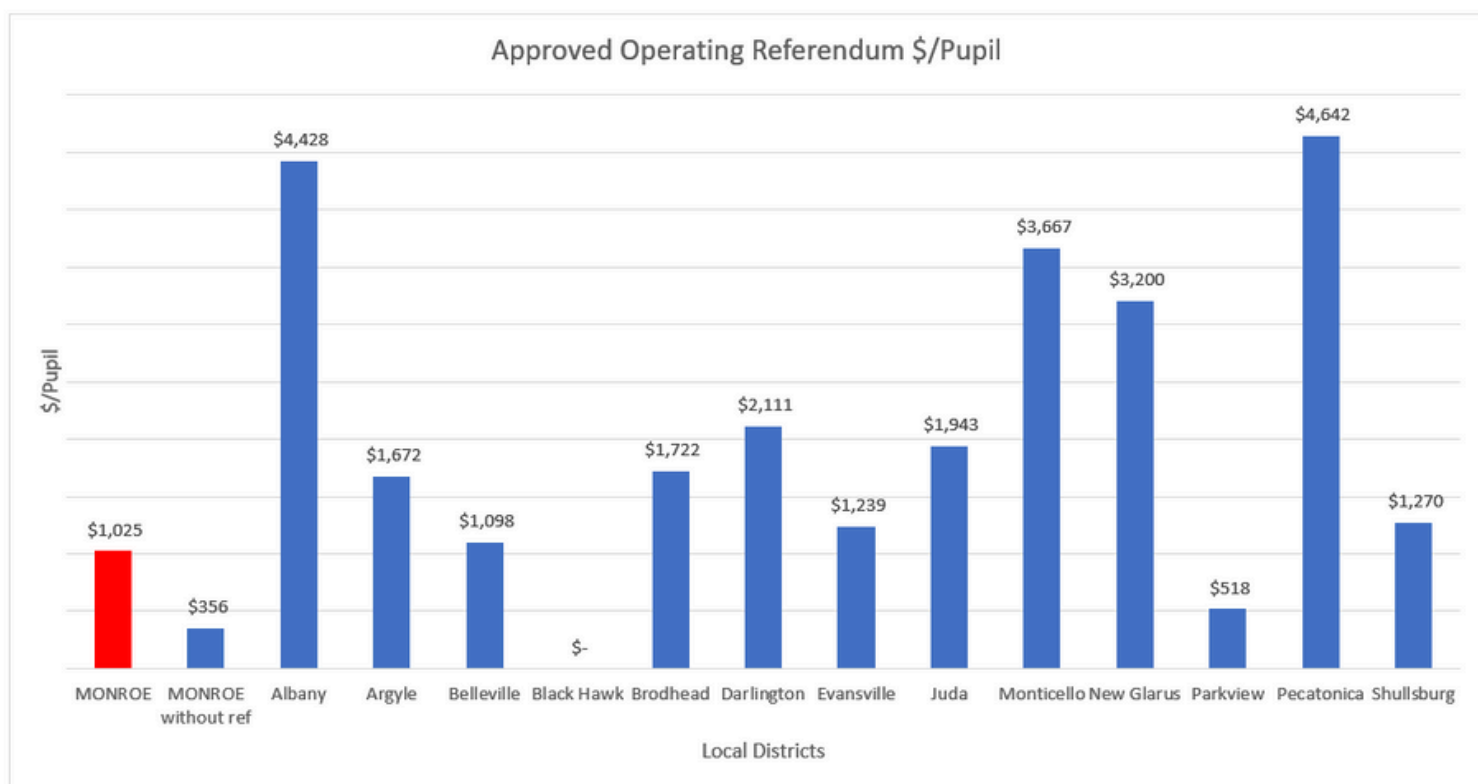
Scan the QR Code to watch a video about how school funding works in Wisconsin



Why are surrounding districts (Juda, Argyle, etc.) not experiencing similar problems?

Unfortunately, most of our area districts have had similar problems and have run operating referendums. Currently, every school district in Green County is authorized by their voters to exceed the revenue limit for operating purposes. Black Hawk and Beloit Turner are the only two local districts who currently do not have an authorized operating referendum.

Albany, Argyle, Baraboo, Belleville, Benton, Black Hawk, Brodhead, Cuba City, Darlington, DeForest, Dodgeville, Evansville, Fort Atkinson, Juda, McFarland, Middleton, Madison, Milton, Mineral Point, Monona Grove, Monticello, Mount Horeb, New Glarus, Oregon, Parkview, Pecatonica, Portage, Reedsburg, Shullsburg, Stoughton, Sun Prairie, Verona, and Waunakee have all had referendum questions to exceed the revenue limit for operating purposes. Beloit Turner has not had an operating referendum question.



What will the referendum allow us to do?

A passed referendum will allow the District to maintain the current educational services and program offerings available to students and would help maintain District staffing at close to the current level for the next four years. The Board will continue to evaluate the budget on an annual basis and make reductions in staff or programs where appropriate.

If the referendum passes will there still be reductions?

Yes, the Board of Education will continue to closely monitor and scrutinize the District's budget to ensure we continue to provide quality learning experiences for our young people while maintaining a fiscally responsible approach. Enrollment numbers are also looked at annually when determining potential current or future reductions. There still remains the unknown of the state budget. There is always the very real possibility that the state will reduce funding of schools. Should that happen, it would likely cause the District to implement further cuts and reductions, even if the referendum is passed.

Why does the deficit continue to grow?

As a starting point, it is important to answer the question of how we have gotten to this point. Since 1993, Wisconsin schools have been working under the state revenue cap limits. The caps have worked to reduce or limit spending in our schools. The issue for our school system, as with many Wisconsin schools, is that revenue caps, combined with declining enrollment, are creating a structural deficit in the District's budget. The allowed increases in the revenue limit have not matched the cost of inflation and increases in cost. Our District's Fund 10 revenues should the referendum pass are currently 6% higher than where they were fifteen (15) years ago. That is an annual growth of 0.39%. **That is with the operating referendum question included.** Should the referendum not pass and the \$1,500,000 of funding go away, it would reduce the increase to 1.12% from what it was 15 years ago or an annual increase of 0.07%. With costs continuing to rise and limited revenue growth from the state, the only solution for districts is a local referendum. Over 82% of districts in our state have run an operating referendum since revenue limits were enacted. Most have run several. In the case of Monroe, we were able to maintain the level of funding request for the current referendum at the same level as the 2018 referendum and less than the 2016 operating referendum. The District is asking to extend the \$1,500,000 of operating referendum authority that has been in place for the past 8 years for another 4 years. We have actually reduced our deficit and the amount being requested in this referendum compared to other prior referendums by making continual changes to staffing, compensation, benefits, vendor contracts, projects and services over time to save costs and limit the annual deficit.

Didn't the District already have referendums for operating purposes? Why are they asking again?

Yes. The two most recent operating referendums were in 2016 and 2018. The 2016 question was for the 2016-17, 2017-18 and 2018-19 school years and then expired and ended. The 2018 referendum was for \$1,500,000 per year for five years from 2019-20 through 2023-24 and is expiring. The current question for operating purposes is again for \$1,500,000 and would cover the school years of 2024-25 through 2027-28. It simply would extend the same amount for another four years.

Is this referendum in addition to the last operating referendum? Will it raise my taxes again?

No. The current operating question simply replaces the previous question from 2018 that is expiring and extends it for another four years. **There is no additional tax increase.**

Is the operating referendum question due to the new high school?

No. The district has ran non-recurring operating referendum questions going back as far as 2007. The most recent non-recurring authority covered from 2019-20 through 2023-24 for \$1,500,000 per year to offset funding deficits. This referendum simply asks to extend that authority at the same amount. It is in no way related to the new high school.

Can't you just use the new high school funds to cover the budget shortfalls? Will these funds be used to pay for the high school?

Referendum questions have a very set and defined purpose. The debt service referendum for the new high school and Abe Lincoln repairs only allows for funds to be used for expenditures related to those projects and for the ongoing debt service payments to pay off the debt. Correspondingly the operating referendum can only be utilized for the district's operations and not for debt service or the project.

How much has staffing changed as compared to enrollment? Have staff been reduced as enrollment has dropped?

<u>School Year</u>	<u>Enrollment</u>	<u>Change</u>	<u>Staff FTE's</u>	<u>Change</u>
2002-03*	2,645		431.9	
2023-24*	2,202	-443	309.9	-122

Overall enrollment since 2002-2003 has decreased by 17% and we have reduced our staff size by 28%. (Note: The way DPI calculates support staff FTE has changed since 2002-2003. Counting our full-time school-term staff as a 1 FTE we would have a total staff FTE of 345 which would still represent a 20% reduction from 2002-2003.

* FTE's & Enrollment based on WISEdash DPI web-site

Are the District's budget problems due to a decline in student enrollment?

Our District's decline in enrollment has certainly magnified the problem with the revenue limit. Monroe, as well as many other Wisconsin districts, would have budget shortfalls with the "cap gap" caused by revenue limits not keeping up with the cost of inflation even if we were maintaining our enrollment. The fact that the revenue limit formula is driven by student enrollment means that as enrollment declines, the amount of revenue limit authority the District has also declines. While the loss of ten to twenty students in a year, spread over across many all the grade levels, may not be enough to warrant any immediate reduction in staff, there can be a significant impact on the amount of revenue the District has.

If the referendum passes, what is being planned to stop this same scenario from happening all over again?

This referendum would cover the projected budget shortfalls for the next four years. This will give the District a longer window of time to operate without continually being in an operating referendum cycle. While the District will annually monitor and evaluate the District budget and make necessary budget reductions when they make sense, please know that the District will need to come back for another referendum in four years unless the current funding formula changes. Since 1993, Wisconsin schools have been working under state-imposed revenue limits, often referred to as "revenue caps". These caps have worked to reduce or limit spending in our schools. The issue for our school system, as with many Wisconsin schools, is that the revenue caps, combined with declining enrollment, are creating a structural deficit in the District's budget. This creates a budget shortfall, or "cap gap." The only way districts can address this cap gap is by continually making reductions each budget year or by passing an operating referendum which allows the district to exceed the revenue limit.

The District has implemented a number of control systems to become more efficient and maximize budget resources. The District will continue to need to run future referendums if revenue limits remain and the District wishes to maintain its current programming and level of education.

Why do we need a referendum?

The state-allowed increases in the revenue limit have not kept pace with the increase in expenditures. The District's revenue budget is essentially the same now as it was fifteen years ago. The current state funding system has not allowed revenue limit growth to keep up with the cost of inflation. It has created a system of "haves" and "have nots" where suburban districts with growing enrollments are doing well and more rural districts are not. The system leaves it to the local taxpayers to determine the funding level and quality of education for their local students. The fact that over **82%** of school districts in Wisconsin have had one or more operating referendums since revenue limits were implemented clearly shows that this is now the norm for Wisconsin school funding.

The District has a fund balance. Doesn't that mean they have extra cash they aren't using? Can't they simply use the fund balance instead of going to referendum?

For starters we need to understand a bit about fund balance.
Fund balance is not cash on hand. It is the net difference between revenues and expenditures.

How is this different?

- ✓ The first thing to understand is that the District's two primary sources of revenue for the District are state aid and taxes. The District receives its taxes predominantly in January and again in August. The District receives 15% of its state aid in September, and the remaining 85% between December and June. In addition, the District's fiscal year runs from July 1 through the following June 30, meaning there are expenditures that begin immediately on July 1st. The District basically has expenses to operate for the first half of the year with very little revenue until the December aid payment and January tax payments arrive.
- ✓ Expenditures continue through the second half of the year with the final large aid payment not being received until the middle of June. About 40% of taxes are not received by the District until the following August, well after the fiscal year end, even though these dollars are considered a revenue in the current fiscal year. This significant lag between when expenditures are spent and received creates a significant cash flow deficit. This would be similar to living off a credit card to cover expenses until earnings come in. When the District had little to no fund balance, cash flow borrowing was understandably significant, given the timing of revenues. Interest expense in some years was in excess of \$300,000 as a result.
- ✓ By having a healthy fund balance, the District has currently been able to greatly reduce cash flow borrowing, meaning that funds that were once being used to pay for interest can now be used to fund staff and programs. In addition, a fund balance gives the District some security to cover costs should an unexpected maintenance expense arise such as a boiler or AC chiller unit going bad.
- ✓ Another benefit of having a fund balance is in the District's bond rating. The District's bond rating was increased by four bond grades from the early 2000s when it was downgraded due to the lack of fund balance. This helped allow the District to get a much better bond interest rate and saved taxpayers on the debt service levies over the past 10 years and into the future.



WANT MORE INFORMATION?

Visit www.MonroeSchools.com or contact: Rodney Figueroa, District Superintendent at **608-328-7135** or via email at rodneyfigueroa@monroe.k12.wi.us.