



School District of West Salem

November 6, 2018 Referendum

The school board has decided to return to the ballot box on November 6, 2018 to request permission to exceed the state-imposed revenue limit formula by a total of \$7.635 million over a four year period beginning in 2020 and concluding in 2023. The district is requesting permission to exceed the limit by \$1.6 million in 2020, \$1.9 million in 2021, \$2.115 million in 2022 and \$2.02 million in 2023.

How did we get here?

The school district budget is divided into two distinct main sections. The first section is the bond payment or “mortgage” section of the budget used to pay off debt for voter approved construction projects. The School District of West Salem recently approved of 5 different borrowing resolutions at three different elections. From a budget standpoint, the newly approved debt secured at a lower interest rate combined with the paying off of old debt resulted in a new annual “mortgage” payment of approximately \$1.9 million, or just less than the approximate \$2.0 million per year paid over the past decade.

The second section of the budget is the general fund for operations which is controlled by the state-imposed revenue limit formula. The formula, which has been in place for nearly 25 years, was altered in the last decade by a large decrease in 2011 and has remained frozen at this new lower level for the past 7 years. During these years, the School District of West Salem experienced a period of enrollment stagnation followed by a recent return to enrollment growth. The combination of fairly consistent enrollment totals and a frozen state revenue limit resulted in a flat revenue stream. Meanwhile, the cost of operation continues to increase.

During the past seven years, the School District of West Salem avoided a referendum seeking permission to exceed the revenue limit by focusing on expenses. During this period, the district reduced employee benefits, shifted a larger portion of the remaining benefit costs to the employees, restricted wage increases to a minimum, and cut budget dollars for utilities, maintenance and equipment. One key result is an employment situation whereby the district ranks last, or near the bottom, with respect to wages for nearly every category of school district employee when compared to our regional cohort which includes the school districts of Black River Falls, G-E-T, Holmen, Onalaska, Sparta, and Tomah. Another result, as noted in data from the Wisconsin Taxpayers Alliance, indicates the School District of West Salem to be the lowest spending district in not only the regional cohort, but in comparison to all of the other 25 public school districts in the Coulee Region. The recently completed 2018 – 2019 school district budget reflects the impact of growth and an increasingly competitive job market. The expanding facilities and increasing enrollments resulted in the need for additional staffing, increased wages for 2018 – 2019, and increased maintenance costs. It is estimated that district expenses for 2018 – 2019 will outpace district revenues by nearly \$1,000,000. When the 2018 – 2019 budget concludes in June of 2019, it is estimated that district cash reserves, or fund balance, will be reduced from \$3.2 million down to \$2.2 million or at about 10% of the operational budget. For reference, the average fund balance for school districts in Wisconsin is 23% of their operational budget.

What about my taxes?

The 2018 mil rate for the School District of West Salem is \$8.93. Current estimates project an identical mil rate of \$8.93 for 2019. As a point of reference, the average mil rate for School District of West Salem over the past 20 years is \$9.74 and the average 2018 mil rate for school districts in Wisconsin is \$9.77. The graph on the back side of this document illustrates the School District of West Salem mil rate for the past 5 years and the 2018 mil rates of neighboring school districts.

What happens if we vote yes?

If voters approve of this referendum, the school board will use the additional funding to continue providing current levels of educational programming for our students, to complete various district maintenance projects, and to hire and retain the best possible employees to serve our students. The school board will maintain a consistent mil rate at or near \$9.74 per thousand dollars of property and maintain an appropriate fund balance. Taxes on a \$100,000 home will increase by approximately \$80 per year, or \$7 per month, beginning in 2020.

What happens if we vote no?

If voters reject the request for permission to exceed the revenue limit, the school board will begin working in January of 2019 on the development of a balanced budget for the 2019 – 2020 school year. Current estimates predict a balanced budget for the 2019 – 2020 school year will require an estimated \$1,000,000 in budget cuts. It is projected the mil rate will be reduced from the current \$8.93 per thousand down to approximately \$8.20 per thousand in the 2020 tax year, saving the owner of a \$100,000 home \$73 per year or \$6 per month. Looking forward, district revenues will remain frozen until such time as district voters approve of an increase. The mil rates in 2021 and beyond will steadily increase upward from \$8.20 per thousand as the reduction in spending will reduce state aid.

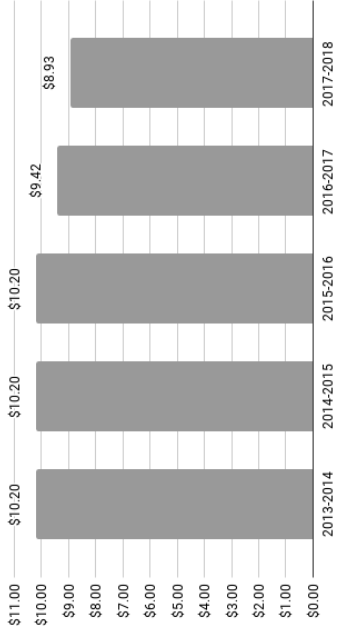
Additional Questions?

Please contact Superintendent Troy Gunderson at gunderson.troy@wsalem.k12.wi.us or (608)-786-0700 or contact a school board member.

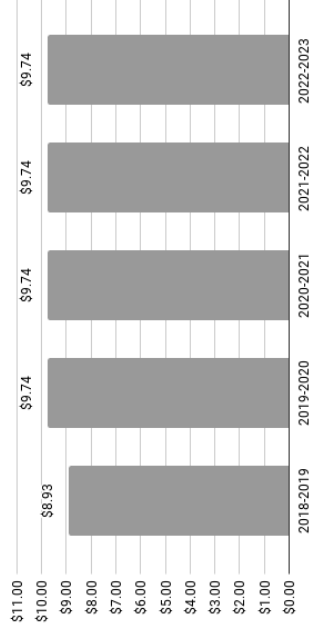
This document is not intended to advocate that you vote for or against the referendum, but instead is intended to inform you about the facts about the referendum.

Accompanying Data

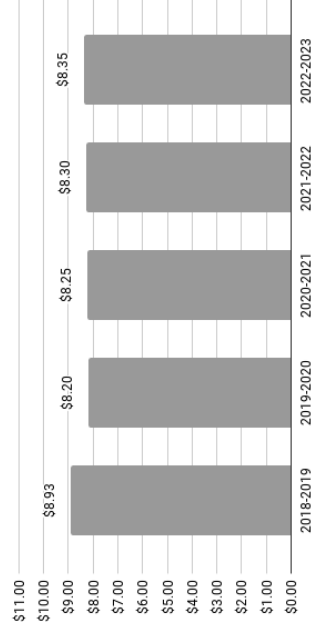
West Salem Mil Rates 2013-2018



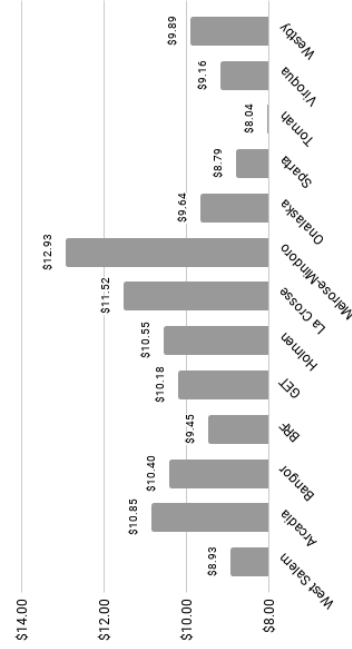
Projected West Salem Mil Rates 2018-2023-If Referendum Passes



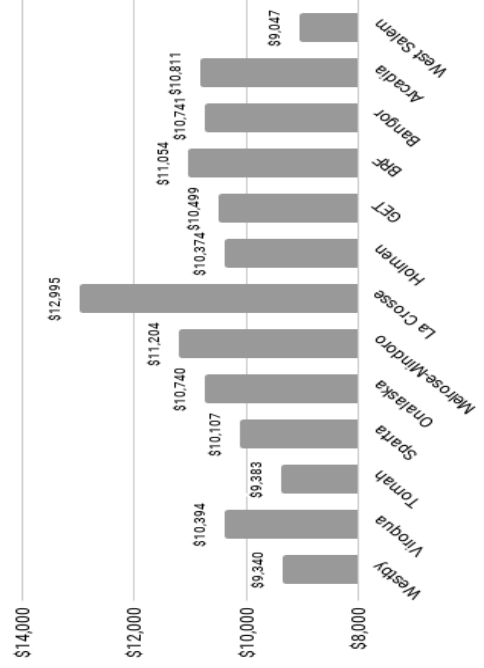
Projected West Salem Mil Rates 2018-2023-If Referendum Fails



2018 Mil Rates of Area Districts



Comparative Expenditures per Student of Area Districts



Fund Balance as % of Annual Expenses of Area Districts

