

HSSD Referendum Q&A

Updated March 6, 2017

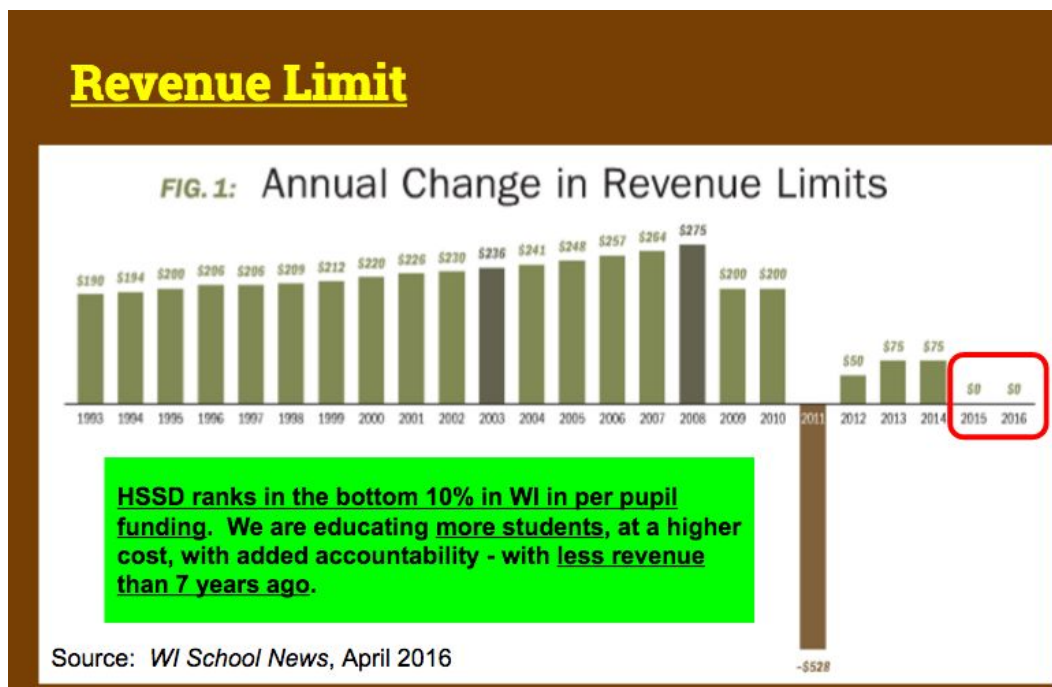
This document is updated with questions submitted from the referendum website, email, phone calls, and February 20 community presentation.

Why is HSSD asking residents to consider an operational referendum?

Based on 17 months of study by the Board of Education and community feedback from the January 2016 Engagement survey, the District has identified three priority areas that cannot be adequately addressed without additional resources. They are: supporting student programs, staff compensation, and facilities maintenance. Relatedly, there is a projected \$3 million budget deficit for the 2017-18 school year and beyond due to state-imposed revenue caps.

Why now?

Two important historical events provide context for why the District is demonstrating a need for additional support. First, the 1993 revenue cap law locked in state funding at districts' relative rate at that time. HSSD happened to be a low-spending District when the law was enacted and it remains in the bottom 10% of over 400 Wisconsin school districts in state funding. The gap between HSSD funding and the state average was \$7 million last year. Compounding this gap was a historic state funding freeze in the last biennial budget. Districts statewide received zero increase in funding despite rising fixed costs like utilities, transportation, and staff compensation. We are educating more students, at a higher cost, and added accountability - with less revenue than seven years ago. A look at the history of state funding is shown in the graph below.



What has HSSD done to trim costs and avoid expenses prior to asking for support via referendum?

The items below highlight efforts of the last three years to limit expenses, generate additional revenue, and decrease future liabilities, most notably a restructuring of the District's post-retirement benefit, reducing liability by 60% . A number of proactive initiatives aimed at decreasing costs and increasing revenues have been implemented to delay and temper the impact of this decision. These include, but are not limited to, the following:

- Lobbying legislators and advocating for revenue limit relief;
- Increasing class sizes to limit additional new hires;
- Expanding summer school offerings to attract and keep students in our District;
- Raising fees for clinics, supplies and sports;
- Competitive bidding of health insurance to constrain or reduce associated costs;
- Selling property and land;
- Refinancing debt;
- Reducing support staff time for cost avoidance of benefits/salary;
- Freezing and eventually reducing, building and department budgets to divert resources to innovative programming;
- Incenting wellness through voluntary Health Risk Assessments for employees/spouses to identify serious health conditions earlier, resulting in lower insurance premiums;
- Building an onsite Health and Wellness Clinic in partnership with Bellin; thus improving overall health and reducing costs associated with absenteeism, and chronic conditions;
- Employing a part-time Volunteer and Community Involvement Coordinator to recruit helpers;
- Contracting a part-time grant writer for select projects (e.g., more than \$200,000 awarded in last three years);
- Initiating energy reduction initiatives resulting in ~\$100,000 annual cost avoidance;
- Launching a \$3.5 million capital campaign, Upward Together, targeting monies for staff training, student leadership, and facility/equipment improvements. To date, more than \$2.1 million has been raised in cash gifts and grants;
- Creating an alumni and fan association, Pirate Nation. To date, thousands have signed up and more than \$40,000 has been raised in online giving;
- Bolstering the engagement and capacity of the Howard-Suamico School District Education Foundation (e.g., annual grant contributions to staff and students average between \$35,000-50,000);
- Implemented purchasing card program in 2012, resulting in annual rebates of \$40,000 on average;
- Engaging business partners on tours and special projects to help generate awareness and thereby change the narrative from education being viewed as an expense to education being embraced as an investment;
- Collaborating with village administrators to encourage residential construction; this has a positive impact on both the local economy and the school system by increasing membership numbers;
- Multiple presentations to community, civic, political, and business groups on the importance of investing in public education.

It has been reported that the governor's budget proposal contains more money for schools, so why is HSSD asking for an operational referendum?

Based on our latest understanding from the District's legislative advocacy meetings, the economic projections that would provide the necessary revenue for the governor's proposal include: 1.) savings from a benefits policy change for employees at the state level that hasn't taken place yet; and 2.) the assumption of a statewide economic upturn based on the policies of the new presidential administration. Without attempting to make a political statement in either regard, it is important to note here that the governor's proposal is based on economic projections that may or may not come to fruition, not on existing revenue sources.

If we assume the aforementioned economic conditions are met, the proposed increase represents \$1.1 million each year of the biennium in one-time funds for HSSD. While certainly better than the revenue freeze of the last two years, the proposed funding would not be distributed via the state's school funding formula, but rather as categorical aid not suitable for sustaining vital student programming and staff compensation. Also, it does not fully address the priorities endorsed by the Board of Education in the referendum request. Please see a quote below from the governor on how the referendum is a vital tool for addressing local funding shortfalls.

(Governor) Walker said it's **up to local residents** through **referendums** to decide if they want to override state-set revenue limits. The success rate on such votes is 68% after 2011, up from 52% in the five years before Act 10.

Lacking that, he said, it's **up to school districts** to get **creative**.

"Districts big and small have to look at how to provide those other **opportunities for their staff**," Walker said.

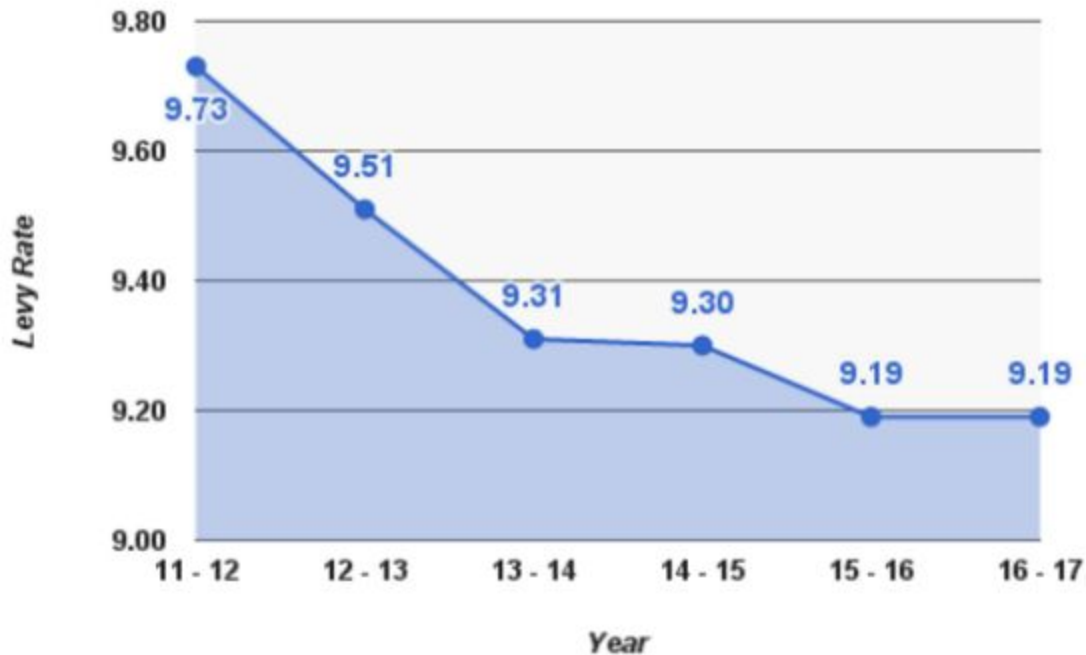
-Milwaukee Journal Sentinel, October 12, 2016



What is the property tax impact of the referendum?

The HSSD portion of local property taxes is historically low at \$9.19 per \$1,000 of home value in 2016-17. By comparison some other Brown County districts levy rates are greater than \$10.80. See below for an overview of the HSSD tax levy rate since 2011.

HSSD Levy Rate History



What are contingency plans if the referendum does not pass?

With the budget process for 2017-18 underway, the District is preparing scenarios for additional revenue via a successful referendum or addressing a projected \$3 million budget deficit if the referendum is unsuccessful. Included within the second scenario are:

- *Reduction in Force - minimum of 12 positions*
- *Deferred Maintenance - \$1 million*
- *Class Size Increases*
- *School and Department Budget Cuts*
- *Contracted Services Analysis (e.g. busing transportation, cleaning, etc.)*

What does the ballot language mean?

The referendum ballot language is listed in its entirety below:

Shall the Howard-Suamico School District, Brown County, Wisconsin be authorized to exceed the revenue limit specified in Section 121.91, Wisconsin Statutes, for the 2017-18 school year and thereafter by \$4,000,000, for recurring purposes consisting of added student support, employee compensation, and facility maintenance?

The request is recurring because recurring revenue cap limitations have created a funding deficit and a lack of equity. Because of this deficit HSSD lags behind 90% of Wisconsin school districts in state funding. Without the capacity to generate revenue, HSSD will struggle to maintain quality programs and services.

The referendum, if approved, would grant the Board of Education the authority to levy up to, but not more than, \$4 million above the state-imposed revenue cap based on District needs. This closes a sizable revenue gap between HSSD and other districts (\$7 million below the state funding average) that puts us at a competitive disadvantage.

Please explain in greater detail how the referendum funds will be used.

Below is a slide from the community informational presentations that highlights the three priority areas for the operational referendum.

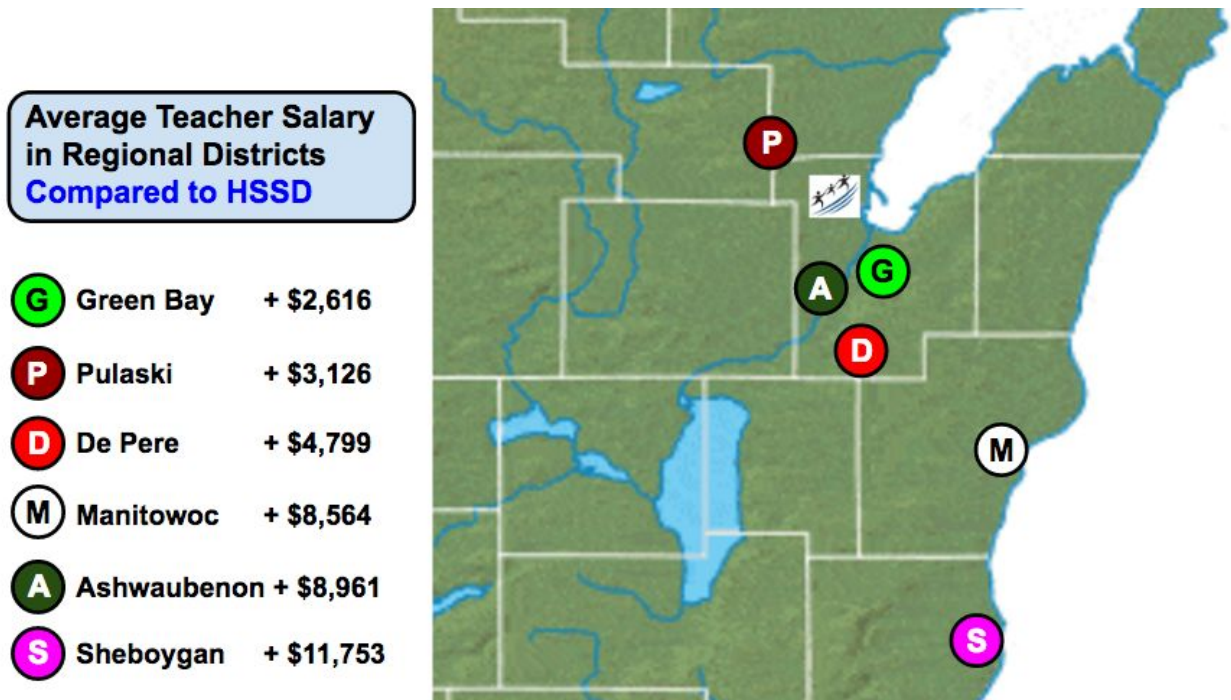
Transfusion: \$4 million

- $\frac{1}{3}$ - **Support for students** in need (At-risk, vocational pathways, College & Career Readiness)
- $\frac{1}{3}$ - **Staff compensation** (HSSD trails regional, State and national averages)
- $\frac{1}{3}$ - **Facilities** (For the first time, we've begun deferring maintenance on major projects such as roofs, HVAC, etc.)



Why is staff compensation a priority?

Simply put, we want to retain our best teachers and staff. We need to be able to recruit the best teachers and staff to join us when we have open positions. Howard-Suamico trails regional, state, and national averages in teacher compensation. A graphic showing differences in average teacher salary of regional districts compared to HSSD is below. (Source: Wisconsin DPI, 2016)



Why is facilities maintenance included in the referendum plan?

HSSD has more than one million square feet to maintain. Last year, facing the second straight year of a state funding freeze, the District deferred major facility maintenance projects in order to forgo a salary freeze for employees. An April 2016 facility study identified approximately \$7.1 million in projects (i.e. roofs and HVAC) that require immediate attention. The referendum funds would ensure annual maintenance continues and fixes/updates are addressed in a timely fashion.