

# BURLINGTON AREA SCHOOL DISTRICT

*"Dedicated to developing a desire for lifelong learning"*

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## Burlington Area School District 2011-12 Budget and Tax Levy Information

### Did you Know That . . .

- In a comparison group including all of Racine and Kenosha County and Southern Lakes Conference school districts, Burlington's mill rate (\$9.76) and per pupil expenditure (\$10,736) for the 2010-2011 school year ranked **23<sup>rd</sup> out of 27**.
- In 1998 the Burlington community approved a referendum to build a new high school, which opened in 2000. Also included in the referendum was the construction of Winkler School, remodeling of Lyons and Karcher schools and technology upgrades. In 2006 the Racine County Special Education District dissolved and tax rates were reapportioned to local communities. Since that time **BASD has not levied amounts ranging from \$1.7 to \$2.2 million annually in referendum-approved debt, which it has instead absorbed in its regular operating costs. The goal has been both to keep tax rates down and also to plan for stability over time. In this way large and unpredictable annual spikes and declines in revenue that could have an adverse affect on both the taxpayer and district operations are avoided.**
- In 2010, in its continued efforts to keep tax rates low, **BASD under levied by approximately \$1.2 million**. Due to declining enrollment, **that decision resulted in the district permanently losing \$386,009 in its revenue cap levy authority.**
- The decision in 2010 also resulted in the need to reduce district expenditures by approximately \$1.2 million. **Cuts included the closing of Dover School; 9.7 full-time equivalent teachers (.75 in library services); the elimination of Foreign Language Instruction at Dyer and a reduction in Foreign Language offerings at Karcher; and supplemental staff positions, including reading leadership at the 5-8 level.**
- From 1996-97 to 2010-11, the State of Wisconsin reduced its support for school funding each year from 65.3% to 62.7% (Legislative Fiscal Bureau, October 7, 2010).
- Wisconsin schools have typically received an annual increase of \$200 or more per pupil in each Biennial Budget. **The 2011-13 budget reduced the**

- revenue limit for schools by approximately \$550 per pupil, resulting in a historic overall reduction in state revenue authority of \$1.8 billion.
- BASD lost \$1,788,852 in state aid in 2011 and reduced its preliminary budgeted expenditures by \$2,224,337. Through attrition and layoffs, the district reduced its teaching staff by nine FTE's and eliminated an administrative position. Additional cost savings measures included revising the schedule at Dyer, reducing extra and co-curricular offerings and staffing levels, and cutting building budgets.
  - Preliminary estimates indicate the need to close an anticipated \$2.4 million funding gap in 2012-13 due to a combined loss in state aid and expected increases in operating costs. As it has always done previously, the district is making its budget decisions for its current fiscal year with an eye to the future.
  - Due to greater than anticipated state tax collections this past fiscal year, Wisconsin has amended its budget to include a \$50 per pupil increase in state aid for next year. However, if this year's levy is reduced, BASD will not only permanently lose the opportunity to collect any money it does not capture (again due to declining enrollment), it would also, due to provisions in the state funding formula, be denied the ability to access the extra state aid in 2012-13, resulting in the loss of an additional \$175,000, further stressing next year's budget.
  - The State of Wisconsin currently counts a **School Levy Credit** as aid to schools, even though this money does not go to schools—it is returned to tax payers. The program clearly favors the wealthy, with the majority of the credits going to owners of the most expensive homes and to the property-wealthiest communities, who receive **seven times** the amount of credit as the poorest districts. **State Superintendent of Education, Tony Evers' Fair Funding proposal would eliminate the credit, which, if in effect last year, would have brought in over \$2 million additional to BASD.** However, state legislators who represent wealthier districts are reluctant to eliminate the credit for obvious political reasons.

## Commonly Asked Questions . . .

*Is the district using all of the "tools" available in Governor Walker's Budget Bill?*

The district has complied with the law, and employees now pay 50% of their retirement, which this year is the equivalent of 5.8% of their total salary. **An employee making \$50,000 last year is taking home \$2,900 less, or \$47,100 this year.** Step movement in the previous salary schedule was eliminated, as was a stipend that assisted teachers in the professional development necessary to maintain their teaching license. Employee unions must vote to recertify, and regulations from the WERC must be finalized, neither of which has happened.

Therefore, negotiations have not been scheduled to consider any salary increases for this year, though the district will obviously comply with the new law that caps the maximum raise for represented employees at the CPI rate for Wisconsin employee contracts, which is an anticipated 1.68% for this year.

**The district changed insurance carriers and saved approximately \$1 million in insurance costs.** Employees now have higher deductibles and co-pays. BASD's current plan costs the taxpayer \$270/month less for family coverage and \$170/month less for single coverage than the state plan. **Due to careful planning, the Board and administration attempted to balance the needs of ALL in the system, which has resulted in win-win that has actually saved the taxpayers money.**

*How much will the Board approved levy cost me?*

This is a difficult question to answer because property values are equalized over the entire district, and assessed valuations can change annually due to new construction and a variety of other factors. To answer that question, all other factors would have to be held constant, which is impossible. **The answer has to assume that the increase is spread out equally, which, if that were the case, would result in an increase of \$70 on a \$200,000 house.**

*What will be the impact of the city closing TIF District #4?*

This is also a very difficult question to answer for the same reasons explained above. The city closed a TIF district with approximately \$31 million of value. With the district's mill rate currently proposed at \$10.11, there is a one-time net impact to BASD equaling about \$300,000. However, what that really translates into is not a payment of money to the district, but rather the district levy being spread out over a pool of greater resources, which means the direct impact to the taxpayer should be less than what it would otherwise be. The exact amount will vary, and the unfortunate fact is that the district will lose state aid next year as the state funding formula balances out community property wealth with state dollars. As the local wealth goes up, the state contribution is reduced. **That means not capturing the money available from the closing of the TIF and new construction value this year is, in essence, a "double whammy"—loss of money this year and loss of state aid next year.**

*Why is the district increasing expenditures in some areas when revenues are decreasing?*

In actuality, this has probably always been the case, as districts must prioritize needs and allocate resources accordingly in any budget year. The steadily rising costs of educating special education students is one factor that has impacted school budgets dramatically over the past 30 years and did not exist when many

community taxpayers attended school. Technology expenditures were mostly non-existent as little as 15 years ago, and there was no such legislation as *No Child Left Behind* until 2002. This expensive exercise in compliance has cost taxpayers a significant amount of money with no measurable impact on improving schools. In 2006, Wisconsin public schools allocated \$14.7 million for WKCE testing (Zellmer, Frontier, and Pheifer, 2006).

However, **it is clear that for graduates to have any chance of accessing a disappearing middle class lifestyle, the skills needed to be successful in a rapidly changing, complex, information-driven, global society, are much greater than in previous eras. Expectations of public schools have risen exponentially in the last decade, and schools are both trying to respond and be proactive in a challenging economy.** A recent letter to the editor suggested that BASD is spending \$1.1 million per year on SMART goals. **A SMART goal costs the taxpayer no more than the cost of one piece of paper.** All SMART goals are an acronym (Strategic/Specific, Measurable, Attainable, Results-Oriented, and Time-bound)—an organizing framework for goal-setting to help focus the district's school improvement efforts. The district's increasing focus on assessment and best practice instruction did result in **an increase in that budget line of about \$160,000**, but obviously at the expense of something else since the district cut a total of over \$2.2 million from this year's budget. **While any individual citizen could argue any district priority or expenditure, district administration considers it unwise and impractical to ignore the importance of assessment and individualizing instruction in this day and age.**

*The district could balance its budget by making teachers pay more toward their insurance. Why hasn't it done that?*

This is a good question, and one that will not be answered to everyone's satisfaction. **Successful businesses consider the needs of their employees and customers equally, and BASD is trying to balance the needs of everyone in the system.** The Board of Education has used the flexibility the state has provided to try to do just that. Some people seem to feel that just because districts now can, they should impose any measure on their work force to manage the budget. For example, a district could accrue savings by making teachers teach for eight straight hours with no preparation time, but this would be educationally unsound. Some people are tending to direct their feelings toward organized labor onto teachers as people. Regardless of people's position on collective bargaining, the fact is that the Board of Education played by the rules that were in place at the time, and total compensation packages were bargained, meaning that benefits were traded for wages and vice versa.

The success of a school, unlike some other enterprises, is directly dependent on its human capacity. **Research clearly indicates that the quality of the classroom teacher is the single most important factor impacting student achievement**

(Brophy and Good, 1986, Horn and Sanders, 1997, Wright et. al., 1997, Marzano, 2001). **The Board of Education and administration is committed to recruiting, hiring, inducting, retaining, and developing the best possible teachers. It is also committed to holding them accountable for results**, which will be easier to do with the new legislation as outlined by the state in its forthcoming plan for teacher effectiveness. The truth is, teachers are paying more toward their insurance this year in the form of higher deductibles and co-pays, and the district has saved one million dollars by changing carriers. The district has always tried to balance the needs of the entire system, including the taxpayer. Over time, drastic ebbs and flows in the levy rate have been avoided, and predictability and consistency maintained.

*I heard administrators received 11% pay raises. How can the district justify raises of that magnitude and ask the taxpayers to pay more to afford it?*

Administrators did not receive 11% pay raises. Four administrators retired following the 2010-11 school year. Two administrators were promoted to fill open positions. Those individuals went from 10 to 12-month contracts, and their pay increased to reflect the increased length of their contract and additional responsibilities. Both were paid less than their predecessors. One other district office administrator was promoted from a 10 to a 12-month contract, in part to compensate for the district's decision to **eliminate a district office administrative position** for the current school year. The superintendent's take home pay increased this year by \$840. **Every other returning BASD administrator's take-home pay is less than it was last year. In fact, the district is spending about \$70,000 less in salary and benefits for administrators in this budget than it did a year ago.** BASD is the 56<sup>th</sup> largest school district in the State of Wisconsin (out of 444—87<sup>th</sup> percentile). Despite that, out of the 76 districts **in its service region** (essentially Southeastern Wisconsin), **administrators are below the 50<sup>th</sup> percentile in salary comparisons.** In 2009-10 administrators accepted a pay freeze and changed insurance carriers, saving the district approximately \$60,000. The Board made a decision to take advantage of the retirements mentioned above to help bring administrators closer to the middle of its comparison group.

*Will changing to a seven-period day at the high school save the district money?*

**Simply, yes.** When the district moved to an eight-period schedule, it hired several additional teachers. Last fall, district administration determined that the current scheduling model was unsustainable and the only way it could achieve enough savings to make the 2012-13 budget work would be to change the high school schedule. Students will have less elective opportunities and will require one less contact period per day. Teachers will have one more student contact time during the day, and the need to pay for supervision will be eliminated. Additionally, class sizes will be more balanced. **The decision to change the schedule was only in**

**part financial and was well before the controversy began over the Governor's Budget Repair Bill.**

In addition to the savings that will be experienced by the schedule change, the district is projecting a reduction of about four teachers next year due to declining enrollment. A reduction in physical education minutes at the middle school will reduce staff further. The district also expects a reduction in the number of aides it employs when teachers at other grade levels assume additional supervisory responsibilities.

## Glossary of Terms

*Mill Rate*—The tax rate per one million dollars of equalized assessed valuation that is levied on to taxpayers to support public operating budgets.

*Per Pupil Expenditure*—The total budget divided by the number of students is the cost per pupil needed to operate the district.

*Referendum Approved Debt*—Debt approved by public vote for specified purposes that a district is authorized to tax for beyond the state revenue limits.

*Revenue Cap*—The maximum allowable amount that a district can tax for under that state funding formula.

*School Levy Credit*—A provision in the state funding formula that is classified as school aid but is never paid to schools but instead refunded to taxpayers.

*WERC*—Wisconsin Employment Relations Council.

*CPI*—Consumer Price Index.

*TIF District*—Tax Increment Financing District. In a TIF, the money that would otherwise be available to local taxing bodies is used to payoff the debt incurred by the development.

*NCLB*—*No Child Left Behind* is the name given to the 2002 reauthorizing of the *Elementary and Secondary Education Act*.