

Regular School Board Meeting
Wednesday, December 7, 2022, 6:00 PM
Middle School IMC
9302 Schofield Ave.
Weston, WI 54476



– A G E N D A –

Upon request to the Executive Assistant to the Superintendent, submitted twenty-four (24) hours in advance, the District shall make reasonable accommodation including the provision of informational material in an alternative format for a disabled person to be able to attend this meeting.

This meeting is a meeting of the School Board in public for the purpose of conducting the School District's business and is not be considered a public community meeting. There is a time for public comment during the meeting as indicated in the agenda.

I. Call to Order

II. Roll Call

III. Pledge of Allegiance

IV. Approval of Agenda

V. Board Financial Workshop

VI. The Board Will Consider Adjournment to Closed Session Pursuant to Wis. Stat. §19.85(1)(a) to deliberate concerning a case which was the subject of any judicial or quasi-judicial trial or hearing before that governmental body (to discuss and take action, if appropriate, regarding a student expulsion hearing); Wis. Stat. §19.85(1)(c) to consider employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility (retirement and administrator employment); and Wis. Stat. §19.85(1)(f) to consider financial, medical, social or personal histories or disciplinary data of specific persons, preliminary consideration of specific personnel problems or the investigation of charges against specific persons except where par. (b) applies which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data, or involved in such problems or investigations (student due process hearing/mediation update).

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The Board Will Adjourn from Closed Session.

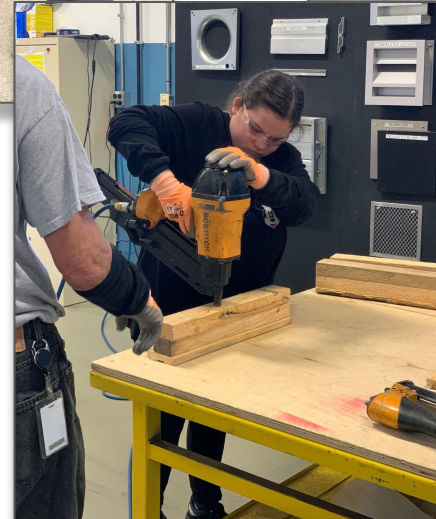
Strategic Finance Board Retreat

Financial Reality of DCE, Priorities, and Exploring Revenue Solutions

December 7, 2022



WELCOME!



WELCOME!

“If we have an opportunity to invest in, you know, K-12 Education and expand school choice, that’d be amazing.” “Or invest in education and get transformational tax cuts...but it has to be a give and take.”

- Senate Majority Leader Devin LeMahieu

Part 1 DCE FINANCIAL REALITY

DCE Goals

Economic Factors

DCE Everest Funding

DCE 2023-2026 Scenarios

Wisconsin School Funding

Part 2 PRIORITIES

Class Size Sustainability

Student Mental Wellness

Great Place to Work Compensation

Goal Aligned Capital Investments

Part 3 REVENUE SOLUTIONS

2020-2022 Tax Impact Options

DCE Mill / Levy Rate

DCE Debt Management

Solutions

Co-create Next Steps

DCE GOALS

Great Place to Learn

GOALS

LITERACY

- Develop young readers, thinkers and problem solvers. Ensure that each elementary student meets or exceeds expected literacy and math growth.

PORTRAIT OF A GRADUATE

- Develop pathways that connect D.C. Everest students with the world. Provide opportunities for every D.C. Everest student to graduate with meaningful academic, service and community-based experiences.

Great Place to Work

GOALS

COMPENSATION

- Create and implement flexible compensation that values the unique circumstance of each employee.

PROFESSIONAL DEVELOPMENT

- Enhance and integrate a goal-aligned professional learning system that is choice-driven for every employee.

Great Community

GOALS

FISCAL RESPONSIBILITY

- Incrementally shift resources to support inclusive, innovative learning opportunities while establishing a stable tax levy rate.

DIVERSITY & INCLUSION

- Attract and retain a diverse group of individuals to better reflect our community and student body, and foster an inclusive environment for all learners and employees.

COMMUNITY LEARNING CENTER

- Create a vision and execution plan for an Early Evergreens Academy in collaboration with the community.

EQUITY & INNOVATION

Each of the D.C. Everest Area School District's goals is designed to promote equity and innovation — fostering a culture that provides each individual with the tools and opportunities they need to succeed now and into the future.

STRATEGIC FINANCE

Strategic finance is how we create a sustainable and board-goal aligned plan for supporting learning for all kids, enhancing access to our facilities for community, while implementing important and timely facilities improvements within fiscal conservative parameters.

It looks like a thoughtful approach to both the year-over-year levy rate and D. C. Everest's debt that mitigates factors that increase local property taxes.

Action steps executed under the strategic finance philosophy foster our *Great Community*.

“Mission defines strategy and strategy defines structure.”

- ***Peter F. Drucker***

BOARD WORKSHOP: *Part 1*

**Economic Factors
DCE Everest Funding
DCE 2023-2026 Scenarios
Wisconsin School Funding**

LOCAL, STATE, NATIONAL ECONOMIC FACTORS

- ↗ We exist within a hyper competitive local / regional environment for all employers.
- ↗ State Budget for 2023-2025 will be known *AFTER* we must make decisions.
- ↗ We are working through the most accelerated increases to the cost of doing business, possibly ever.

Beginning date of one-year collective bargaining agreement	Applicable CPI-U as determined by WI Department of Revenue
May 1, 2023	8.04%
April 1, 2023	7.92%
March 1, 2023	7.69%
February 1, 2023	7.44%
January 1, 2023	7.17%
December 1, 2022	6.86%
November 1, 2022	6.56%
October 1, 2022	6.22%
September 1, 2022	5.72%
August 1, 2022	5.21%
July 1, 2022	4.70%
June 1, 2022	4.23%
May 1, 2022	3.76%
April 1, 2022	3.33%
March 1, 2022	3.00%
February 1, 2022	2.67%
January 1, 2022	2.30%
December 1, 2021	1.65%
November 1, 2021	1.50%
October 1, 2021	1.18%
September 1, 2021	1.09%
August 1, 2021	1.15%
July 1, 2021	1.23%
June 1, 2021	1.31%
May 1, 2021	1.38%
April 1, 2021	1.43%
March 1, 2021	1.46%
February 1, 2021	1.50%
January 1, 2021	1.56%
December 1, 2020	1.65%
November 1, 2020	1.79%
October 1, 2020	1.93%
September 1, 2020	1.96%
August 1, 2020	1.89%
July 1, 2020	1.81%
June 1, 2020	1.78%
May 1, 2020	1.79%

THE ISSUE: *Why Are We Here?*

- D.C. Everest, like most public school districts in Wisconsin, is significantly underfunded.
- For 2022-2023, we are fortunate we claimed substantial federal funds for pandemic support last budget year and that this year's expenses are not as high as they were slated to be.
- Our actual budget has us potentially dipping into fund balance for **\$2.1 million**.
- *In last fall's workshop, we communicated the following:*

DCE BUDGET: *July of 2022 Forecasting*

The DCE fiscal reality shows we **could face** some significant structural issues.

We are forecasting a potential **\$2 million deficit** in operational (general fund) aspects of our budget.

The **deficit** results from investing in the 2020-2021 staffing levels to offer in-person learning in the safest way (*small class sizes, create EVA, added more EPU / aids, etc.*) and that we have, structurally, maintained that investment into 2021-2022.

We are only able to balance this year's budget by **claiming Federal Funds**.

It is **unknown** if new categories of federal or state funds will emerge next fiscal year.

The increase of **\$1.68 million** or **4.4%** in our general fund salaries and wages is shown below.

✓ for Understanding

Questions / Comments / Concerns?

PROJECTIONS

DCE 2022 - 2026		22-23	23-24		CRUCIAL POINT: Even with a \$200 / member increase in 23-24, if we continue current spending plans we will be another <u>\$2,340,000</u> short.
REVENUE SCENARIO 1	State Budget	BASE	\$200 / Mem		
	Base Revenue +	\$63,181,999	+\$1.45M	+\$2.9M	
REVENUE SCENARIO 2	State Budget	BASE	\$0 / Mem		
	Base Revenue +	\$63,181,999	+\$0	+\$0	
EXPENSES: BASIC NEEDS		-\$595,000 (+Adds +Trans, Utilities)	\$-3,790,000(+)	-\$4,900,000(+)	< +\$2,000,000 in 24-25 (CTSP + H. INS.)

DCE's FISCAL REALITY

TOPIC:

What D.C. Everest's financial reality will look like as of July 1, 2023.

K / W / L Activity

Using the sheets on your table; chat as a group and list your shared thoughts, wonderings, and questions on the sheet.

What do we KNOW?

What do we WONDER?

What do we need to LEARN?

...about the topic.

Basics of School Funding

- ▶ Since the fall of 1993 School Districts have been under revenue controls
- ▶ These controls apply to maximum amounts received:
 - ▶ General State Aids
 - ▶ Select Local Property Tax Levies



*General State Aids and Select Local Property Tax Levies

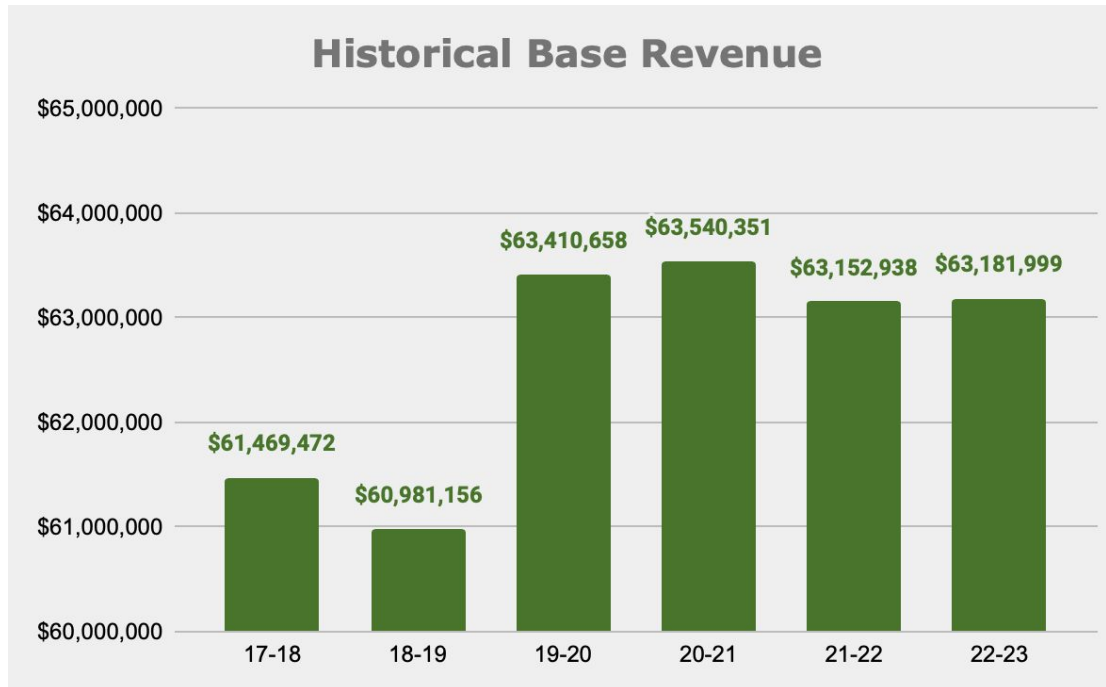
WI SCHOOL FINANCE: Overview

Revenue Limit

*Each district's unique maximum amount of revenue that can be received each year.
Established by statute in 1993.*

Combination of state aid and local tax levy for operational expenses.

How is it calculated? Rev Limit Amount x Membership = Total Revenue Limit



DCE MEMBERSHIP

Revenue is a combination of state aid and local tax levy for operational expenses.

The formula: $Rev\ Limit\ Amount\ (\$10,731) \times Membership\ (5,795) = Revenue$

Membership is a complex number created for funding purposes. It does not equate to how many students we actually have. Embedded in the formula is a that a district's revenue limit can increase if its membership increases. The 3-year rolling average membership calculation does not provide full funding unless the growth is sustained over 3 years.

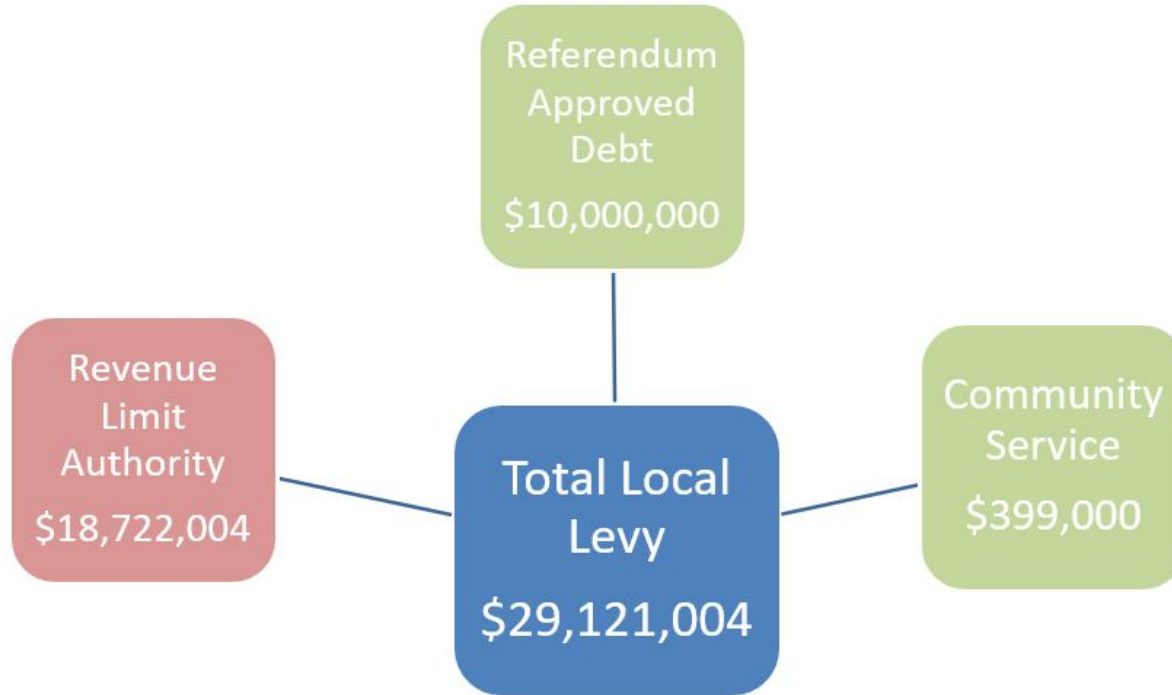
A new student only provides $\frac{1}{3}$ the revenue, but may cost twice that to provide learning for him/her.

Historical Membership

2022-2023
Membership is
5,795.



Property Tax Levy (2022-23)



*\$46,853,925 in General State Aids

Calculating the Mill Rate

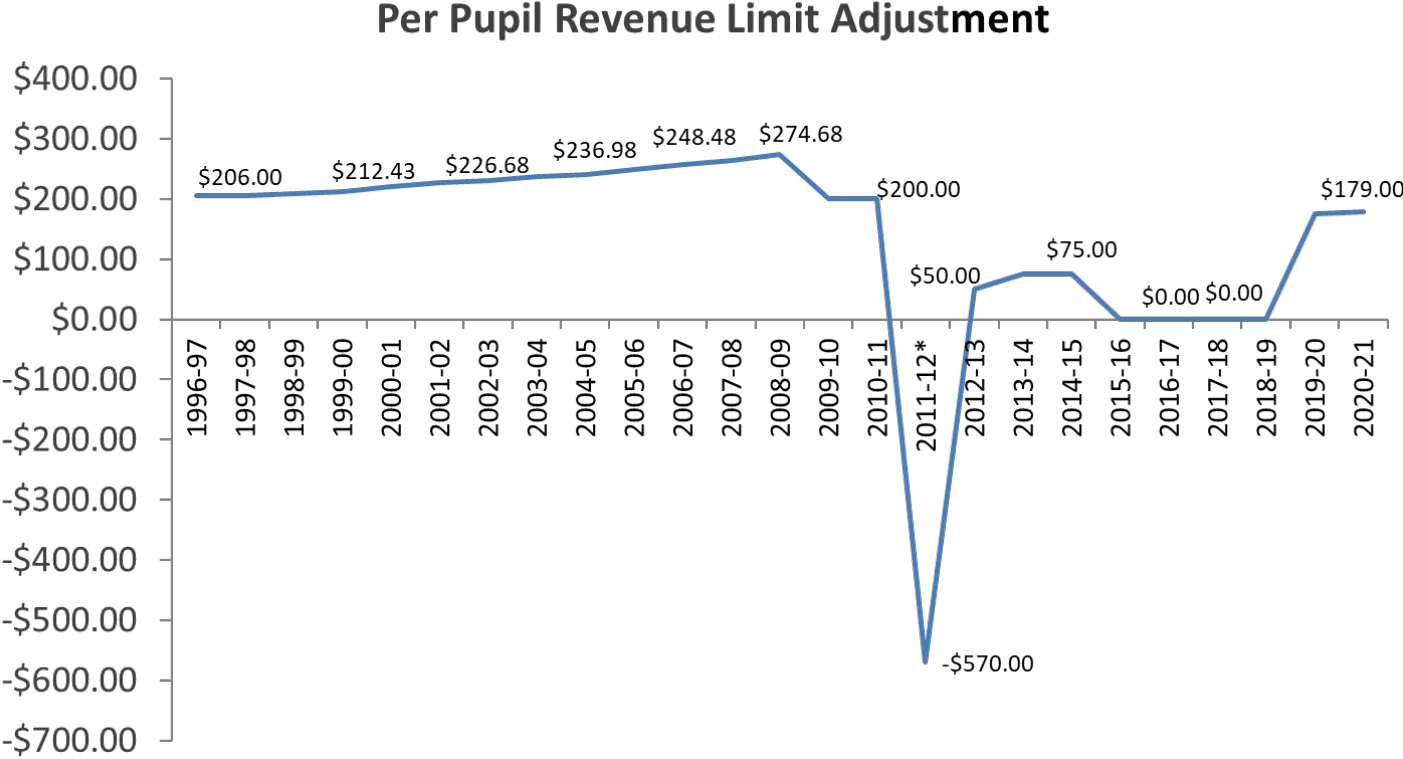
- ▶ The Department of Revenue each fall certifies the TIF-Out Equalized Valuation for each School District
 - ▶ 2022 D.C. Everest TIF-Out = \$3,249,911,071
- ▶ The total Property Tax Levy is Certified each Fall by the Board of Education
 - ▶ 2022 Certified Tax Levy = \$29,121,004

Total Property Tax Levy \div TIF-Out \times 1,000 = Mill Rate

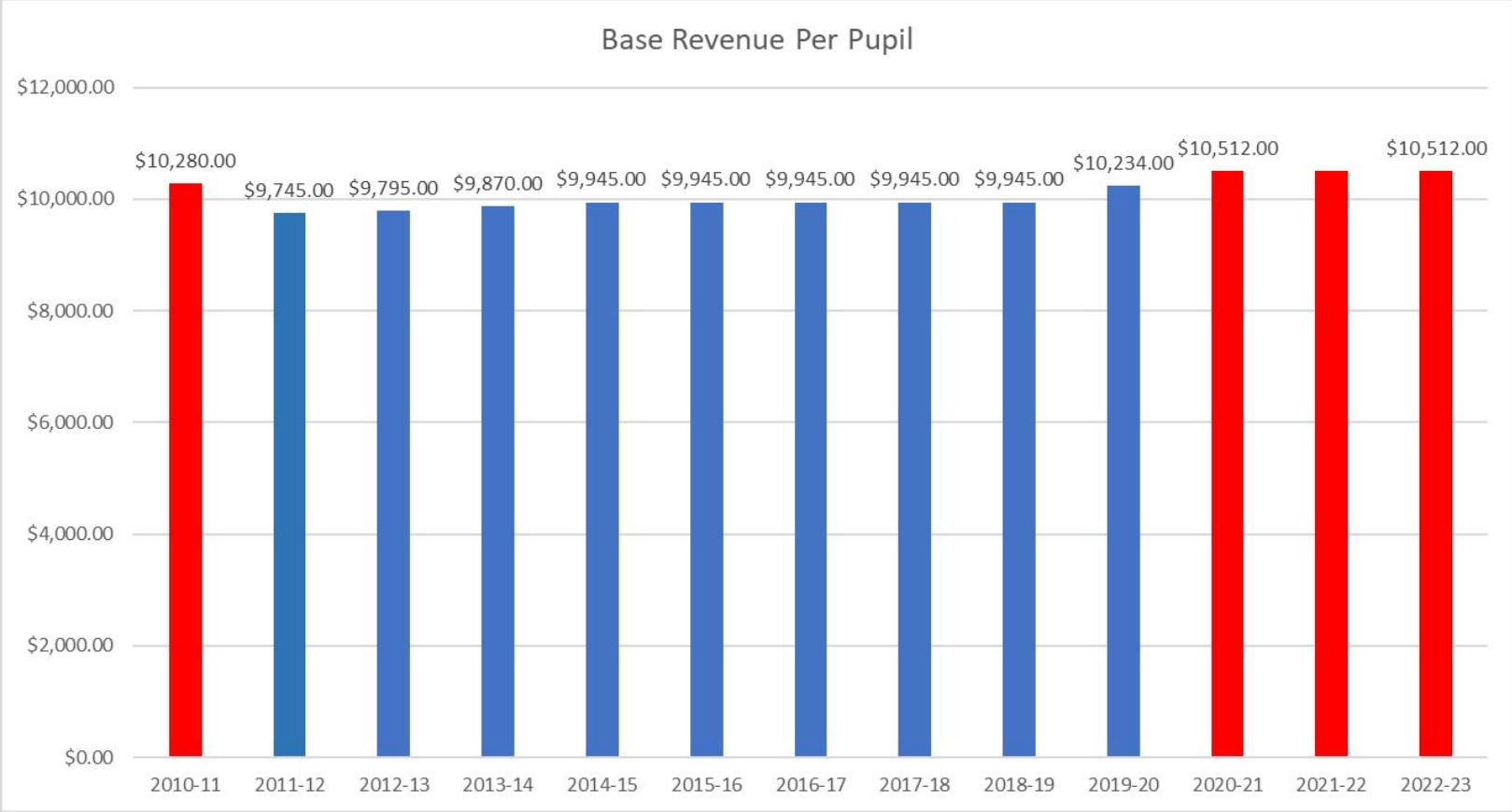
\$29,121,004 \div \$3,249,911,071 \times 1,000 = \$8.96

School Portion: \$896 on \$100,000 Home

History of Per Pupil Increases



Impact of Per Pupil Increase



✓ for Understanding

Questions / Comments / Concerns?

BOARD WORKSHOP: *Part 2*

Class Size Sustainability

Student Mental Wellness

Great Place to Work Compensation

Goal Aligned Capital Investments

CLASS SIZE SUSTAINABILITY

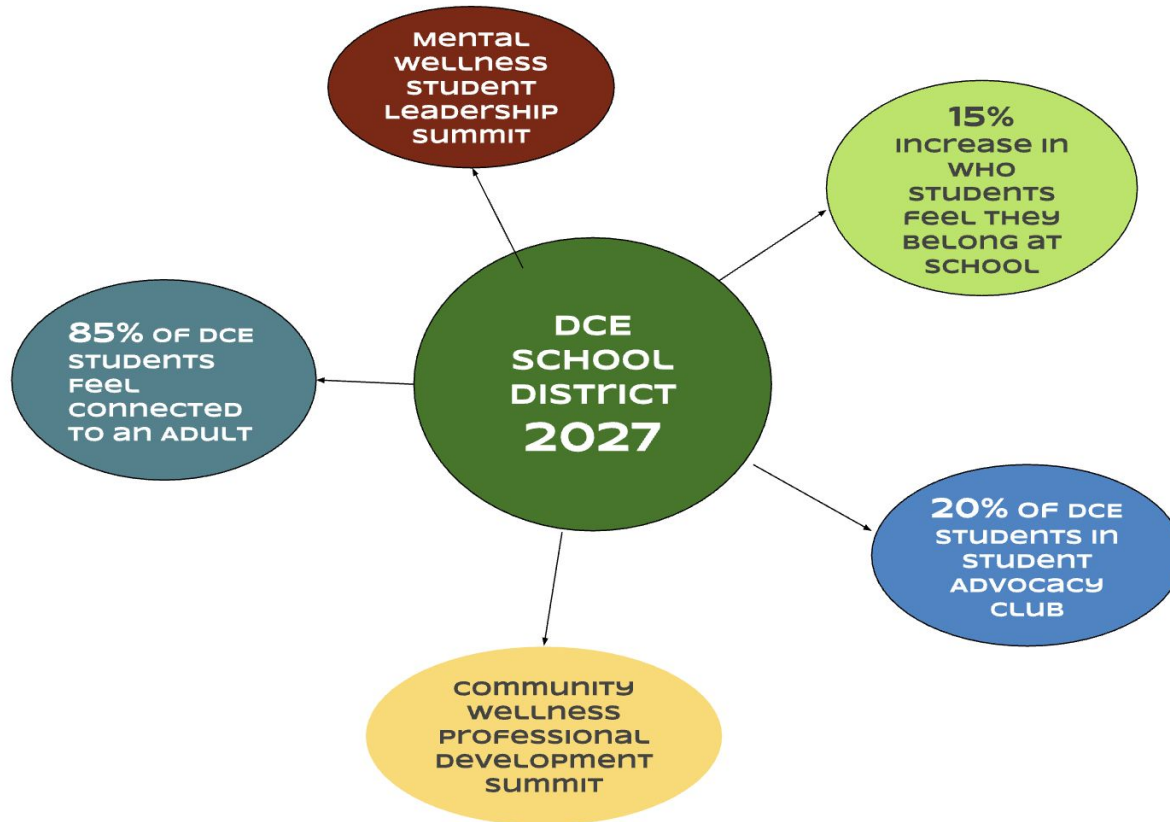
Talking Points

- Great place to work
 - Superintendent listening sessions
 - Teaching and learning look different today and the challenges within the classroom have added stressors for teachers
 - Staff wellness
- Great place to learn
 - Superintendent student panels
 - Engagement of teachers is critical based on the "what matters" question

Dr. Jeff Lindell, Assistant Superintendent of Learning



MENTAL WELLNESS



A photograph of two swimmers in a pool, with green text boxes and arrows overlaid. The swimmers are in the foreground, moving from left to right. The water is blue and splashing. In the background, there are red and black lane markers. The text boxes are green with white text. Arrows point from the top box to the middle and bottom boxes, and from the middle box to the two bottom boxes.

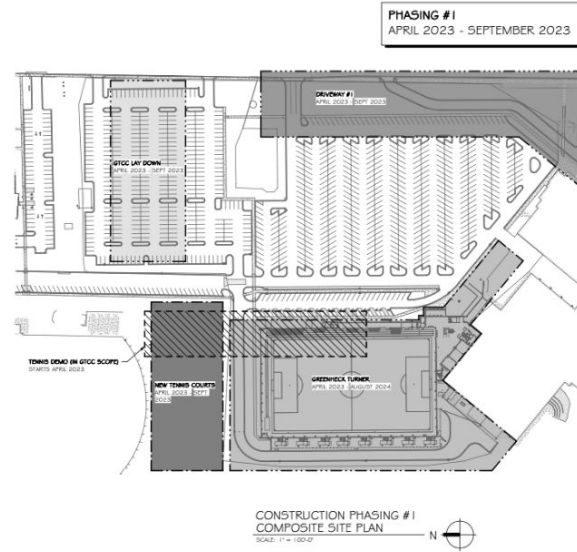
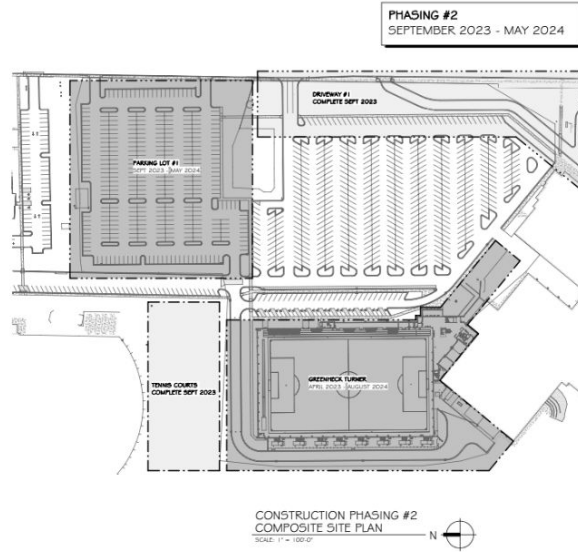
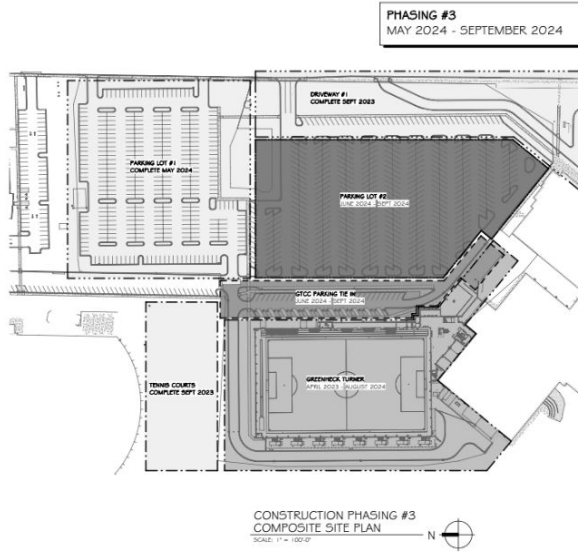
Great Place to Work

Recruitment and retention of the best possible staff across all levels.

Competitive and affordable benefits for all employees.

Sustained salary schedule built on high quality professional learning.

GOAL ALIGNED CAPITAL INVESTMENTS



✓ for Understanding

Questions / Comments / Concerns?

BOARD WORKSHOP: *Part 3*

2020-2022 TAX IMPACT OPTIONS

DCE MILL / LEVY RATE

DCE DEBT MANAGEMENT

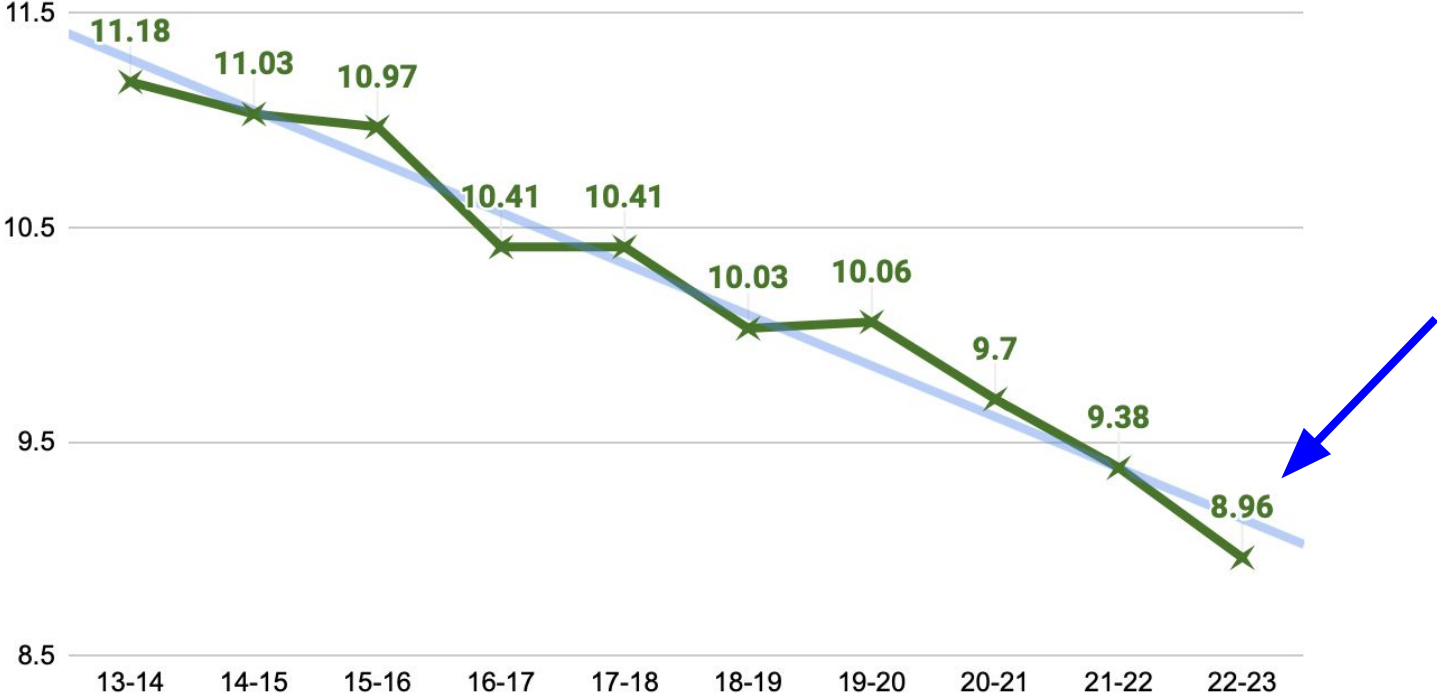
SOLUTIONS

LEVY RATE OPTIONS: 2020-2022

	Scenario	Levy Rate	Debt	Additional Debt	Fund 80
ACTUAL 22-23	RECOMMENDED PLAN	8.96	\$10,000,000	\$5,539,206	\$399,000
	PRELIMINARY BUDGET PLAN	8.98	\$14,500,000	\$10,289,206	\$399,000
	Plan 1 Base	5.80	\$4,460,794 (<i>required</i>)	0	\$375,000
PRELIM 22-23	Plan 2 Community Strategy	8.98	\$14,750,000	\$10,289,206	\$399,000
ACTUAL 21-22 October 2022	Plan 1 Base	8.40	\$4,731,238 (<i>required</i>)	0	\$250,000
	Plan 2 Community Strategy	9.28	\$7,230,000	\$2,498,762	\$350,000
	RECOMMENDED PLAN	9.38	\$8,731,238	\$4,000,000	\$375,000
	PRELIMINARY BUDGET PLAN	9.49	\$7,800,000	\$3,068,762	\$375,000
	Plan 3 Stable / High Revenue	9.70	\$8,550,000	\$3,818,762	\$250,000
BOARD WORKSHOP Sep. 2021	Plan 1 Base	8.40	\$4,731,238 (<i>required</i>)	0	\$250,000
	Plan 2 Community Strategy	9.28	\$7,230,000	\$2,498,762	\$350,000
	Plan 3 Stable / High Revenue	9.70	\$8,550,000	\$3,818,762	\$250,000 ²⁸

PROPERTY TAX IMPACT

D.C. Everest Levy / Mill Rate History



✓ for Understanding

Questions / Comments / Concerns?

AGGREGATE INTEREST SAVINGS 2020-2023

The impact of the Board's support of recent debt defeasance actions.

Recent Defeasance Savings			
	<u>Defeasance</u> <u>Amount</u>	<u>Interest</u> <u>Savings</u>	<u>Status</u>
2020-21	\$1,501,515	\$592,029	Final
2021-22	\$3,996,259	\$2,095,054	Final
2022-23	\$5,535,447	\$2,742,831	Preliminary
Totals	\$11,033,220	\$5,429,914	

DEBT DEFEASANCE: Interest Savings

D.C. Everest School District Preliminary 2023 Defeasance Analysis

Calendar Year	BEFORE DEFEASANCE				AFTER DEFEASANCE				EST. ANNUAL REDUCTION IN FUND 39 PAYMENTS (1)			
	\$59,875,000				OTHER		TOTAL					
	G.O. School Building & Improvement Bonds Dated July 2, 2018				FUND 39		FUND 39					
	PRINCIPAL (4/1)	RATE	INTEREST (4/1 & 10/1)	TOTAL	D/S	D/S	INCIDENTAL LEVY	FUND 39 LEVY				
2022	\$1,200,000	5.000%	\$2,114,200	\$3,314,200	\$5,417,038	\$8,731,238		\$8,731,238	\$0			
2023	\$1,125,000	5.000%	\$1,985,388	\$3,110,388	\$1,350,950	\$4,461,338	\$5,538,663	\$10,000,000	\$0			
2024	\$1,350,000	5.000%	\$1,923,513	\$3,273,513	\$1,354,950	\$4,628,463		\$4,428,181	\$200,281			
2025	\$1,550,000	5.000%	\$1,851,013	\$3,401,013	\$1,353,400	\$4,754,413		\$4,554,131	\$200,281			
2026	\$3,100,000	5.000%	\$1,734,763	\$4,834,763		\$4,834,763		\$4,634,481	\$200,281			
2027	\$3,275,000	5.000%	\$1,575,388	\$4,850,388		\$4,850,388		\$4,650,106	\$200,281			
2028	\$3,475,000	5.000%	\$1,406,638	\$4,881,638		\$4,881,638		\$4,681,356	\$200,281			
2029	\$3,650,000	3.000%	\$1,265,013	\$4,915,013		\$4,915,013		\$4,714,731	\$200,281			
2030	\$3,775,000	3.000%	\$1,153,638	\$4,928,638		\$4,928,638		\$4,728,356	\$200,281			
2031	\$3,900,000	3.375%	\$1,031,200	\$4,931,200		\$4,931,200		\$4,730,919	\$200,281			
2032	\$4,050,000	3.500%	\$894,513	\$4,944,513		\$4,944,513		\$4,744,231	\$200,281			
2033	\$4,175,000	3.250%	\$755,794	\$4,930,794		\$4,930,794		\$4,730,513	\$200,281			
2034	\$4,325,000	3.375%	\$614,966	\$4,939,966		\$4,939,966		\$4,739,684	\$200,281			
2035	\$4,475,000	3.500%	\$463,669	\$4,938,669		\$4,938,669		\$4,738,388	\$200,281			
2036	\$4,625,000	3.500%	\$304,419	\$4,929,419		\$4,929,419		\$4,729,138	\$200,281			
2037	\$4,800,000	3.625%	\$136,481	\$4,936,481		\$4,936,481		\$651,600	\$4,284,881			
2038	\$1,365,000	3.625%	\$24,741	\$1,389,741		\$1,389,741		\$0	\$1,389,741			
	<u>\$54,215,000</u>		<u>\$19,235,331</u>	<u>\$73,450,331</u>	<u>\$9,476,338</u>	<u>\$82,926,669</u>		<u>\$48,690,000</u>	<u>\$16,381,912</u>	<u>\$5,538,663</u>	<u>\$80,187,053</u>	<u>\$8,278,278</u>

Callable: April 1, 2027 @ Par

(1) Calendar Year 2023 interest savings of \$100,141 is being applied to the defeasance.
\$5,525,000
Principal Reduction

TOTAL REDUCTION IN FUTURE DEBT SERVICE LEVIES: \$8,278,278
LESS INCREMENTAL 2023 LEVY APPLIED TO FUND 39 DEFEASANCE: (\$5,535,447)
NET FUND 39 SAVINGS: \$2,742,831

Savings from 2022-2023 effort.



2023 LEVY APPLIED TO FUND 39 DEFEASANCE	ESTIMATED
Deposit to Escrow (Earmarked for Defeasance)*:	\$5,621,087
Estimated Costs of Defeasance:	\$14,500
Total Amount Needed for Defeasance at Closing:	\$5,635,587
Calendar Year 2023 Interest Savings Applied:	\$100,141
Incremental Levy Applied:	\$5,535,447

Estimated Closing Date: June 1, 2023

2022-23 Tertiary Aid %: 34.59%
Est. one-time aid increase to be received in 2023-24: **\$1,949,350**

*Based on preliminary escrow investment rates as of October 12, 2022.



SOLUTIONS

The only way a district with declining membership can increase revenue outside the limit is to partner with the community and *pass an operational referendum*.

Or, a district can use a *cut and cost avoidance* strategy to ensure balanced budgets.

We can be mindful of the short-term strategy to use fund balance.

Or, we can *hope* to be provided *historic revenue limit increases* (\$555 est.) in 23-24 and (\$755 est.) in 24-25.

WISCONSIN OPERATIONAL REFERENDA

Overall, 64 of the 81 referenda on Nov. 8 ballots around Wisconsin passed. For the year, that makes 133 of 166 approved, following a trend in recent years of support for school referendums at the same time more districts are asking for them.

Dan Rossmiller, government relations director for the Wisconsin Association of School Boards, said he's not surprised to see high rates of support for local ballot measures, especially as districts face challenging fiscal environments and declining enrollment that exacerbates a lack of state funding increases.

“To a certain extent, in some districts, they've grown accustomed to that, that we're going to have to come and rescue the schools, because the state just isn't doing the job,” Rossmiller said. “I think they can see where their dollars are going.”

NEXT STEPS

December 21, 2022

Regular Board of Education Meeting

January (mid) 2023

Culmination of Market Compensation Study

Winter 2023

School and Department 5-Year Planning

January 24, 2023

Regular Board of Education Meeting

THANK YOU

On behalf of our entire leadership team, we thank the Board for their time, efforts, and dedication to all of our learners.

We look forward to continuing to partner with the community to continue to do the best things for all the kids.