Today’s Presentation

- Introduce the 2011 School Referendum
- Review Community Survey
- Review Steps Already Taken
- Explain Nicolet’s Financial Situation
- Review Options
- Questions & Answers

The Current Situation

- April Referendum
  - Increase Revenue Limit by $2,150,000 for 5 Years
  - 2011–12 through 2015–16 School Years
  - Non-Recurring: Authority granted ends after the 2015–16 School Year
  - Addresses a significant portion of our budget shortfall in the coming years

What will be on the ballot?

“Be it resolved by the School Board of the Nicolet Unified High School District, Milwaukee and Ozaukee Counties, Wisconsin, that the revenues included in the School District budget for the 2011–2012 school year through the 2015–2016 school year, for a total of five years, be authorized to exceed the revenue limit specified in Section 121.91, Wisconsin Statutes, by $2,150,000 a year, for non-recurring purposes of operating the School District.”

Nicolet High School

- Numerous Awards
  - Nicolet High School recognized as “Blue Ribbon School of Excellence” by the US Department of Education in 1991 & 2008
  - 21 Advanced Placement (AP) courses
  - Unique classes and programming

Nicolet High School

- Faculty
  - 78 Master’s Degrees
  - 3 Doctorates
  - 4 National Board Certified
Why propose the referendum now?

- To protect and maintain educational programs and services
- To continue financial stability
- To enable our students to master 21\textsuperscript{st} century skills

Community Survey

Listening to Our Community

- Community Survey
  - Survey developed by staff, School Board, School Perceptions.
  - 12,000 households in Glendale, River Hills, Fox Point & Bayside received surveys.
  - 1,107 residents responded, making it statistically accurate.
  - Respondents consisted of 38% parents of school aged children and 62% non-parents of school aged children.

What did the community say?

- 87\% were \textit{satisfied} with the Nicolet High School District.
- 95\% believe the school district does a good job of \textit{preparing students to be successful}.
- Most instructional programs received over 80\% support to \textit{increase/keep} those programs.

What did the community indicate?

- Opposition to a mandatory study hall, limiting students to 6 classes per day out of the 7 periods.
- Opposition to continuing to increase class sizes to save money.
- Support for the district to increase athletic and activity fees.
- Opposition to reducing graduation requirements.

What did the community indicate?

- Support for the district to increase parking fees.
- Strong support for exploring consolidation among Nicolet and the three public K–8 districts.
- Concern about the cost of employee benefits.
- Concern about administrative costs.
What Steps Have Already been Taken?

Steps That Have Already Been Taken: Cuts with direct student impact

- 25.8 FTEs of teaching positions have been cut (44.8 FTEs eliminated overall)
- Instructional FTE reductions by department since 2004-2005:
  - English: 3.5
  - Math: 4.0
  - Science: 2.9
  - Social Studies: 3.1
  - World Languages: 1.4
  - Phys Ed/Health: 2.4
  - Career Ed: 3.2
  - Fine Arts: 0.9
  - Special Education: 1.6
  - Learning Support: 0.6

- 9th & 10th grade guided study personnel providing academic support have been cut
- Math support program was eliminated
- At risk coordinator position eliminated
- Librarian and library aide cut
- World language classes/programs reduced or eliminated completely
  - Latin & Chinese
- Variety of course offerings reduced in many departments
- Fewer sections of classes reduce teacher FTEs and cause class sizes to increase

Steps That Have Already Been Taken: Cuts with direct student impact

- Alternative Program to be eliminated June 2011
  - 1.9 FTEs social worker eliminated
  - 2.5 FTEs guidance counselor eliminated
  - 9th grade AVID program reduced to 1 semester
- Operational budgets for departments have been reduced significantly. While the overall District operational budget is nearly the same as 2004-2005, resources have shifted to utilities, transportation, and other non-education expenses.

Steps That Have Already Been Taken

- All department coordinator positions changed so they teach five classes
- Athletic/Recreation offices reorganized
- Athletic Director and Recreation Director positions combined
- Academic Success Center created to consolidate support programs
- Curriculum & Instruction Director position eliminated and combined with other positions
- Assistant Principal position eliminated
Steps That Have Already Been Taken
- All department secretaries eliminated
- Custodial staff reorganized
- Hall aides reduced
- Human resources secretary eliminated
- Business services secretary eliminated
- School mailings have been reduced
- Health care benefit concessions made
- Services shared across districts
- Private/community donations fund projects

Nicolet’s Financial Situation

This is a complex issue
- Revenue limits restrict the amount of budget growth based on student enrollment.
- Current enrollment is stable, but three-year average used for funding is still in decline.
- American Recovery and Reinvestment Act (ARRA) stimulus funds are ending.
  - $140,000 per year for 2009–10 and 2010–11
  - Four classroom aide positions currently funded in jeopardy of being reduced.

Why Haven’t Costs Decreased With Enrollment?
- School costs don’t drop proportionately to a drop in enrollment.
- If a class with 25 students becomes a class with 22 students, there is virtually no savings even though state revenues will drop.
- The costs of many school necessities (staff, transportation, utilities, insurance, and textbooks) continues to rise each year.
- As enrollment goes down, it actually costs more per student to educate them.
Before the Governor’s budget bills, Nicolet’s shortfall was $800,000 for 2011–12.
Afterward, projected expenses exceeded revenues by an additional $500,000 for 2011–2012
- Loss of revenue limit authority
- A cost of living wage increase to employees
- Shifting half of pension costs to employees
- Bidding out current level of health benefits

Did You Know?
The estimated tax rate increase with the passage of referendum and the governor’s budget bills as laws is about $68 not $130 for property valued at $250,000.
The Governor’s Press Release on March 16 showed Nicolet’s State Aid increasing by about $50,000. It failed to mention the bill would decrease Nicolet’s revenue limit by $1,050,000. Drives the need to reduce costs.

This $1,300,000 shortfall must either be offset with additional employee benefit cuts, personnel reductions, operational reductions, increased fees, or funded with a referendum.

The Governor’s Budget reduces Nicolet’s Revenue Limit by $1,050,000.
Pension shift from Nicolet to all employee units would save the district $550,000.
The school district would be about $500,000 further in the hole from the new legislation.

What are the Governor’s “Tools” to assist School Districts?
Most simply, the tools would be even further reductions to employee benefits.
- Changing from the current health plan to the State HMO health plan with a $500 single /$1000 family plan deductible, across all Nicolet employee units, and a premium share increased to 12.6%, would provide savings estimated at $350,000.
The $350,000 from a health plan change will not address all of the new gap. An additional $150,000 of reductions would be needed.

What are our Options?
- Make budget changes through Fees/State Energy Efficiency Incentives/Attrition
- Bid health insurance based on changes in state law
- Reduce staff
- Increase class sizes
- Make specific program reductions
What about consolidation?
- Consolidation needs the support of feeder school districts.
- Dr. Monroe is conducting consolidation conversations with feeder districts as part of the Shared Services Committee’s work.
- A financial analysis of consolidation will cost about $10,000 to $20,000.

Why not use fund balance?
- Nicolet’s reserve fund, also known as “fund balance” was defined by School Board policy in 1996 at a minimum of 25% of annual expenditures or about $5 million.
- It is set at this level to lessen cash flow borrowing, which is $3 million annually.
- Even with the $5 million fund balance, the school district is out of cash by the end of October, and borrows $3 million to provide for cash flow needs until mid-January.

Why not use fund balance?
- Having a healthy and stable fund balance puts the district in a favorable position to lower interest costs by increasing the school district’s credit rating.
- When the school district needs to borrow, it can do so at the lowest interest rates in the marketplace.
- A healthy fund balance also lessens the impact of unavoidable shortfalls (late course adds) and unforeseen expenses (2010 flood).

Why not use fund balance?
- Once used, a fund balance is difficult to replenish.
- A healthy and stable fund balance is a factor in the district’s Aaa bond rating used annually for short-term borrowing.
- It would be short-sighted for Nicolet to use its fund balance when economic conditions are weak and there isn’t a mechanism to rebuild the reserves. This can lead to a downgrade of the district’s credit rating.

What will the Referendum Cost?
- Much will depend on what is approved in the State’s 2011–13 Biennial Budget later this year.
- Per Governor Walker’s budget proposal, a school district’s tax levy is frozen.
- In addition, Nicolet’s revenue limit would decrease 5.5%, which equates into a 6.3% tax levy decrease, or about a $62 reduction on a property valued at $250,000.

What will the Referendum Cost?
- If the referendum is approved and the governor’s proposal is passed, the annual Nicolet high School District property tax would increase by $0.2732 per every $1,000 of property value.
  - $100,000 property = $27.32/year ($2.27/month)
  - $250,000 property = $68.29/year ($5.69/month)
  - $500,000 property = $136.58/year ($11.38/month)
- These monies will help preserve Nicolet’s high quality programming, stabilize class sizes, and retain critical teaching staff.
- If the governor’s budget is approved, budget reductions will be necessary even with the passage of the referendum.
How Has Declining Enrollment Affected Tax Rates?

- In the past six years:
  - Nicolet property tax rate **declined** from $4.40 to $3.93 per $1,000 of equalized value.
  - This is a **10.7% decrease** in your Nicolet property tax rate over the past six years – representing a drop of $117.50 on a $250,000 property.

What if the Referendum Fails?

- If the referendum fails, the community can expect to an average of $1,300,000 of new reductions each year for five years.
- The school board will need to close the gaps by making other changes that may include:
  - Reduction in program offerings
  - Reduction in teaching staff – increased class sizes
  - Reduction in support services (guidance and classroom aides)
  - Reduction in classroom supplies and materials, capital expenditures (classroom technology/computers) and facility upkeep (scheduled roof replacements).

Public Questions & Comments

- Thank you for your time this morning and your support of Nicolet!

Thank You!

- Nicolet High School has a proud tradition of excellence.
- Strong community support of our school is the cornerstone of this tradition.
- We sincerely appreciate your input.
- Go Knights!