

**Edgar School District**  
**Frequently Asked Questions**  
**April 5, 2022 Operational Referendum**  
Updated: March 3, 2022

### **What is an operational referendum?**

School districts seek operational referendums to pay for the day-to-day operations of a school district. The operational referendum pays for things such as utilities, routine maintenance, salaries and benefits of all staff, insurance, supplies, etc. Referendums are presented as a ballot question for voters to approve/disapprove.

If approved, an operational referendum gives the Board of Education authority to increase its tax levy by a set amount each year, which in effect provides more revenue for the district.

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### **What is the problem?**

The District has seen a decrease in revenue year after year and has been cutting staff, programs, and operations to meet this challenge.

Each year budget reductions further defer maintenance and reduce student learning programs. At the same time as revenue is declining, fixed costs and basic expenses are increasing. There is no room in the budget to provide needed staffing and support to meet emerging student needs or to replace items due to normal wear and tear in district facilities. Two previous attempts failed, and budgets were cut.

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### **What is Edgar School District asking for in its operational referendum?**

On April 5, 2022 the Edgar School District is asking voters to approve a non-recurring operational referendum. Non-recurring means the authority given to the school district expires in five years. The amount requested is \$950,000 per year, for five years. The tax mill rate is projected to be flat.

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### **What has changed since the last referendum in April 2021?**

#### **Two big factors have changed:**

The District conducted a survey and the District convened an Advisory Committee composed of volunteers. We asked citizens specifically for recommendations on how to proceed. Two big pieces of feedback received by the community were:

- a. Make the referendum non-recurring;
- b. Minimize the tax impact.

The operational referendum proposal is non-recurring (meaning it expires in five years), and the tax mill rate is projected to be flat.

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### **How are school districts funded in Wisconsin?**

All school districts' tax mill rates are controlled by the state via a formula called the revenue limit. The purpose of the revenue limit is to cap - *or limit* - the amount of money a district generates from the two largest sources of school funding (revenue). These sources are state equalization aid and property taxes.

In the funding formula, these two sources of revenue balance each other to total the revenue limit for the district. If a district receives *more* state equalization aid, then they levy for *less* property taxes. If a district receives *less* state equalization aid then they levy for *more* property taxes. However, total revenue may not exceed the limit set by the state.

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## How has the revenue limit affected the Edgar School District and its local taxpayers?

1. **District budget deficits:** For several years, Edgar's overall revenue limit has been reduced, providing less funds and causing budget shortfalls. Budget shortfalls have been managed with significant reductions in staff and services.
2. **Lower school tax mill rate for property owners:** For the 2021-2023 state biennial budget cycle, legislators provided more state equalization aid. Edgar residents, like many Wisconsin property owners, saw a significant drop in the school tax mill rate in the fall 2021 as a result of more state equalization aid (2020 mill rate = \$10.31 vs 2021 mill rate = \$9.46). The second year of the state budget will again put more funds in the state equalization aid pool for the fall of 2022.
3. **No additional funds for schools:** As stated above, the effect of more state equalization aid is to lower school property taxes as a whole. It does not give districts more money to spend.
4. **Approved referendums can make-up the difference.** Through local control, if the Board of Education deems additional funds are necessary to maintain and/or improve educational programs, address facility needs and maintain day-to-day operations, the law allows school districts to ask the local voters through an operational referendum to authorize more funds to the revenue limit. That is what Edgar is seeking.

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## How can an approved operational referendum provide Edgar School District with more revenue if the school tax mill rate is projected to stay flat?

Since the school District tax mill rate is lower already, and projected to go down again, the Edgar School District's proposal asks taxpayers to keep a steady (flat) school tax mill rate compared to 2021, and not decrease it further.

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## If voter-approved, how will the funds from the operational referendum be used?

The revenue from the operational referendum will be used to fund day-to-day operations as follows:

### Address learning needs, such as:

- Continue Summer School (80% of students participate in summer school for both maintaining and enhancing academic skills, as well as for enrichment);
- Sustain class sizes with addition of two elementary teachers;
- Restore high school business education program/teacher;
- Increase agricultural science classes;
- Add a part-time English Language Learner specialist per state requirement;
- Add two part-time elementary para-professionals to support student learning;

### Address facilities maintenance, such as:

- Sustain facilities and equipment maintenance and replacement cycles, such as roofing
- Remove asbestos and replace worn flooring where needed; cabinetry in west wing; lighting in chemistry and consumer science classrooms;
- Repair electrical, plumbing and fixtures in the original 1950's west wing bathrooms;
- Improve ventilation in technical education classrooms;
- Repair/replace three city blocks of curbs, gutters and sidewalks on Birch Street after addition of Village reconstruction of drainage.

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## How has the District managed its budget until now?

To manage the decrease in revenue, costs have been controlled and reduced, such as:

- Reduced 6.5 teaching positions including elementary staff, business and technical education (increased class sizes and limited high school course opportunities)
- Reduced hours or positions of various support staff
- Eliminated one bus route
- Maintained summer school through grant money
- Increased student fees
- Increased staff costs for insurance
- Eliminated elementary athletics
- Eliminated student accident insurance
- Reduced all department budgets approximately 5% on average, including administrative, classroom, facilities, and student athletics

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## What else can be done?

When revenue is less than expenses, despite district cost saving efforts, one tool allowed by the state is to allow school districts to ask voters to exceed the revenue limit. This is done through an operational referendum which must be approved by voters.

To avoid further cuts, which will further limit educational opportunities for students and defer more maintenance projects, the Board of Education is seeking voter approval to increase its revenue through a non-recurring operational referendum.

In the past 5 years, 185 Districts have asked 246 revenue limit override questions with a passage rate of 81%. Many area school districts are also seeking operational referendums (override questions) for many of the same reasons.

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## Why is the Board of Education asking for a non-recurring referendum after a failed attempt in April 2021?

The needs have not gone away. In fact, the deficit continues to grow year after year. Ongoing cuts will not keep pace or replace the revenue that has been lost from the State-set revenue formula, without sacrificing the core of the educational program.

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## Will cuts be necessary in the future?

The Board remains committed to effective and efficient operation of the district, and recruiting and retaining quality staff to provide effective, up-to-date educational programs for students. The district will be able to achieve these items with the support from the community through an approved referendum.

If the referendum is not approved, the Board of Education remains responsible to manage the long-term financial health of the school district. Further cuts will need to be made. For example, it is likely Summer School will be eliminated.

Even with a successful referendum, costs must be controlled. A successful referendum is not a blank check: It is additional revenue to address ongoing budget shortfalls to avoid potentially damaging cuts.

A successful referendum would be in effect for five years, at which time the Board may return to the public to renew the referendum for the same or different amount, depending on the budget projections at that time. The Board is committed to transparency with the public about how referendum dollars are impacting student learning.

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### **What is the difference between the types of referendums?**

Wisconsin law permits districts to hold two types of referendums: a capital referendum, which is used to raise a set sum of money to fund building projects or improvement; and an operational referendum, which allows the district to exceed its revenue limit in order to pay for general educational expenses that affect all students.

**Edgar is seeking a non-recurring operational referendum.** Operational referendums can be recurring, meaning they have no “sunset” or non-recurring, which means that the district is authorized to exceed the revenue limit for a set period of time. Edgar Board of Education is seeking a non-recurring operational referendum based on community feedback. It will expire in five years. If the budget deficit continues, as it is projected to do, it is likely that the voters will be asked to again approve an operational referendum sometime in 2025-2026 school year.

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### **How do ESSER funds affect Edgar School District’s overall financial picture?**

ESSER stands for **Elementary and Secondary School Emergency Relief Fund**. These funds were granted to schools nationally, and designated to provide relief from unanticipated expenses due to the COVID 19 pandemic.

In the overall financial picture of the District:

- The funds are not intended to be used for the day-to-day ongoing expenses for normal operations of our schools.
- The funds are one-time funds, and should only be used to pay for expenses related to the school’s unanticipated response to the COVID 19 pandemic.

Generally, we have designated the funds to pay for unanticipated and extra cleaning and sanitation, (labor and supplies); training and support as our teachers and staff developed new skills to become virtual teachers; technology upgrades; and other related expenses.

As a result of these funds, Edgar School District is very proud to state that we are one of the only school districts in the area that kept our doors open with in person learning every day during the 2020-21 school year and beyond. We had to make several changes to our normal procedures and these changes cost the district money. Thankfully, we had the ESSER monies to use to assist us with these new protocols. Click here for detailed information: [Covid ESSER Funds for Edgar](#)

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