

Blue Ribbon Commission on School Funding
May 7, 2018
Presentation by
Kelli Jacobi, Superintendent of Schools - School District of Rhinelander

Good afternoon.

I am Kelli Jacobi, Superintendent for the School District of Rhinelander.

The School District of Rhinelander covers approximately 400 square miles and is located in Oneida, Lincoln, and Langlade counties, and encompasses the City of Rhinelander and the 9 surrounding townships. It currently has just over 2400 students 4 year-old kindergarten–12th grade and employs over 300 people. It is one of the largest employers in the Rhinelander community.

I would like to talk a little about the school district’s history to help put in perspective the information I will be sharing with you today. Since the 2002-2003 school year, our school district has made over \$11.5 million in cuts in an effort to balance the budget. Our current budget is just over \$31 million. We started by making cuts to areas that didn’t directly impact students and student learning, such as:

- cuts to the maintenance budget
- reducing supply budgets
- reducing out-of-district travel and other similar reductions
- outsourcing custodial and food service programs

As the years passed, we found we had to make cuts that had a much more negative impact on the schools, our students, and the community. Some examples are:

- eliminating a foreign language program
- reductions in teacher, administrator, and support staff positions
- closing 4 schools and consolidating students into fewer buildings
- reducing the number of bus routes

I could go on and on. We have been very proactive in trying to solve our worsening financial situation, but we are running out of options. Over the years we have experienced declining enrollment and declining state aid, and we are in a unique position as we have high property values and high poverty levels. Much of the high value property in the district is owned as vacation property by people from outside of the Rhinelander community. This type of situation wasn’t taken into account when the original school funding formula was established.

Poverty/State Aid/Household Income as of 2016-17 (Districts with 2000-3300 students)

School	% of F/R Lunch	% of State Aid	Median Household Income
Antigo	50.01%	63.72	\$35,700
Baraboo	40.00%	57.32	\$42,311
Merrill	39.60%	66.11	\$46,211
Monroe	36.50%	60.04	\$42,467
Mosinee	23.40%	58.80	\$58,056
New London	34.30%	65.63	\$45,409
Port Washington	19.30%	49.25	\$68,296
Portage	36.90%	54.11	\$45,390
Reedsburg	42.20%	57.45	\$51,378
Sauk Prairie	26.20%	44.58	\$53,225
Shawano	45.70%	59.80	\$48,773
Whitefish Bay	2.1%	35.47	\$105,156
Rhinelander	44%	11.25	\$35,745

Wisconsin Median Household Income in 2016	\$54,610
Source: Median Household Income: US Census Bureau, % of Free and Reduced Lunch and % State Aid: DPI website	

High Poverty

When looking at the free and reduced numbers for our school district, the average percentage in 2016-17 was 44%. Currently, the average is 48%. Our three elementary schools are all at 53–59% free/reduced. As the students get older and advance from the elementary to secondary levels, families are less likely to complete the free/reduced application to help with school lunch costs. But, we know that the same students who received free lunches at the elementary level are some of the same students that are now at the middle and high school levels. We know that this happens in many school districts throughout the state and believe it should be taken into consideration when considering how best to fund schools.

There is a huge disconnect between the median household income, the free and reduced numbers, and state aid. Rhinelander is below the Wisconsin Median Household Income and yet only receives 11% from state aid. Whitefish Bay with a median income almost twice the Wisconsin Median Household Income receives 35% state aid and also receives \$11,235.56 in revenue limit per member; \$1,627.95 more per child than Rhinelander.

Declining State Aid

With the chart provided below, you will see how the School District of Rhinelander property taxes have increased; however, state aid has continually decreased.

NOTE: Property taxes include the revenue limit exemption for operational purposes and the energy exemption

School Year	Total Revenue Limit	Property Taxes	Percentage of Property	State Aid	Percentage of State Aid
2002-03	\$26,253,983	\$14,108,872	54%	\$12,145,111	46%
2003-04	\$26,689,149	\$15,351,872	58%	\$11,337,277	42%
2004-05	\$27,101,253	\$17,012,020	63%	\$10,089,233	37%
2005-06	\$27,307,195	\$15,613,885	57%	\$11,693,310	43%
2006-07	\$27,420,167	\$16,560,823	60%	\$10,859,344	40%
2007-08	\$27,914,896	\$18,600,885	67%	\$9,314,011	33%
2008-09	\$27,597,076	\$19,875,455	72%	\$7,721,621	28%
2009-10	\$28,041,214	\$21,403,100	76%	\$6,638,114	24%
2010-11	\$28,695,570	\$23,074,295	80%	\$5,621,275	20%
2011-12	\$26,147,462	\$21,087,157	81%	\$5,060,305	19%
2012-13	\$25,085,239	\$20,788,835	83%	\$4,296,404	17%
2013-14	\$27,711,334	\$24,062,035	87%	\$3,649,299	13%
2014-15	\$27,215,573	\$24,131,351	89%	\$3,084,222	11%
2015-16	\$27,474,903	\$23,690,802	86%	\$3,784,101	14%
2016-17	\$28,709,211	\$25,478,597	89%	\$3,230,614	11%

Referenda History

Rhinelander has attempted many referenda over the years with many of them being voted down. As a school district, we have been working hard to build trust and improve communication with our community in an effort to help all stakeholders better understand the district's finances and the steps that have been taken to be fiscally responsible. The community has been much more supportive with the last several referenda. The first referendum to exceed the levy passed in 2010. It was for \$1.5 million per year for three years. In 2013, voters passed another referendum to exceed the revenue limit by \$4 million per year for three years. In February of 2016, the voters authorized the district to exceed the revenue limit by 5 million dollars per year for three years. The district is currently planning for another referendum to be held in November of 2018. Not passing the referendum would be devastating for our school district.

Pursuant to Act 59, school districts are limited to two referenda/ballot questions in a calendar year and the elections can only be held on the regularly scheduled spring or fall election days. These new limitations (beginning on January 1, 2018) apply to both the timing of the vote on the questions to be the regularly scheduled spring and fall election days (exception for a natural disaster) and limiting school boards to approving up to two referenda/ballot questions per calendar year. This change in the law will change how/when we bring our referendum to a vote. We will have to switch to every four years instead of every three years since there isn't a regular election in November during odd numbered years. Our referendum to exceed the revenue limit for operations is so critical that we can't take the chance of not being able to go back to our taxpayers if a referendum didn't pass the first time. This means we need to have opportunities in November and the following spring as back-up.

Since 2010 the district has passed referenda and the Board of Education has also continued to look for ways to be more efficient and fiscally responsible. The school board made drastic changes to employee post employment benefits and decreased actuarial accrued liabilities by almost \$10 million. It also made changes to the health plan by switching insurance carriers, increasing employee contributions, deductibles, and office co-pay. In January of 2014 the school district opened an onsite clinic, as well as offering chiropractic and mental health care for employees and their spouses and dependents. Since 2011 the district has saved over \$3 million in health insurance premium costs. It currently spends less on health insurance premiums than it did in 2011-12. All the money saved has gone into the fund balance which will help to decrease the upcoming referendum amount.

Revenue Limit Per Member (Student)

In 2017-18 the School District of Rhinelander received \$9,607.61 revenue limit per member. The state average is \$10,010.96 - over \$400 more per student. In 2021-22 the district will qualify for a low revenue ceiling adjustment which will increase the revenue limit per member to \$9,700. In 2022-23, the revenue limit per member will be \$9,800.

Special Education

Special Education is only funded at approximately 26% by the state. Maintaining the same reimbursement while increasing special education costs is not feasible. In 2016-17 our school district made a transfer from the General Fund to the Special Education fund in the amount of \$3,091,066 to help pay the special education program costs. The needs of the the students receiving special education have become much more complex and have increased the staffing to meet those needs. This takes funding away from regular education. Special education should be funded at a higher rate.

Categorical Aid

In 2013-14, per pupil aid was \$75; multiplied by the district's current three-year average from its revenue limit worksheet.

In 2014-15 and 2015-16, the program provided \$150; multiplied by the district's current three-year average.

In 2016-17, the per pupil aid program provided \$250; multiplied by the current three-year average membership.

In 2017-18, the per pupil aid program will provide \$450; multiplied by the current three-year average membership from the district's 2017-18 revenue limit worksheet. This amount is outside the revenue limit rather than being part of it. In order to secure each school budget, this amount should be added to the base revenue per member. Many schools are counting on these funds, and it would be devastating if this money is taken away.

Transportation Costs

As mentioned previously, our school district covers approximately 400 square miles. We have 27 bus routes with 2,090 miles driven each day. Our transportation costs are huge – at just over \$1.6 million per year - and we don't qualify for aid for high transportation costs. We haven't quite reached 150% of the average transportation cost and our pupil transportation aid was only \$105,602.69. Please look at changing the definition of high cost transportation to address this disparity.

Sparsity Aid

Sparsity aid is another area that would benefit the School District of Rhinelander. The district's membership is approximately 6 students per square mile, less than the state's 10 member criteria. Our poverty rate is more than double the criteria that was previously used to set sparsity aid. Student membership is what prevents our school district from receiving this aid. High poverty and low membership per square mile should be sufficient for a school district to qualify for sparsity aid.

Other Issues

There are other issues that I will touch on briefly that the Blue Ribbon Commission on School Funding could work on to find solutions to our financial concerns. Some of these issues are:

- school mental health
- support for the Wisconsin Virtual School and other district approved virtual options for public school students
- allowing retired employees to return to work for more than 50%, especially for those subject areas that are hard to fill.
 Recruiting and retaining highly qualified staff is difficult, especially in rural schools in Northern Wisconsin.
- provide relief from additional mandates that take time and funding away from core areas of instruction

Funding Schools should:

- make our school finance system more fair, sustainable, and easier to understand
- guarantee a minimum amount of state funding for every student
- account for family income and student poverty instead of relying solely on local property values
- provide additional support to rural schools and schools with declining enrollment
- hold the line on property taxes
- establish predictable growth in state funding for schools
- restore additional revenue limit authority to all school districts

There are exceptionally skilled people in Madison and throughout the state that could work together to provide funding solutions that are equitable and make sense for all school districts. This should be a top priority!

Thank you for your time!