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Frequently Asked Questions about the November 8, 2016 Referendum

Q1: Why is ECASD going to referendum?

A1: Not all school districts in Wisconsin are funded equally. School districts are limited in what they can spend by a REVENUE CAP that was set by the state based on what districts were spending in 1993; revenue caps were put in place to control increases in property taxes and state aid. ECASD was a fiscally conservative spending district when revenue limits were put in place. A referendum is the only tool for public schools to exceed the revenue cap to provide additional dollars for operating costs.

In 2015-2016 the state average for per pupil spending was \$10,312; Eau Claire's spending per pupil was \$9,894 for a difference of \$418. If we multiply \$418 by 11,300 estimated students enrolled in the District, that would provide an additional \$4,723,400 to the District.

Eau Claire is the eighth largest school district in Wisconsin and ranks 272 out of 424 school districts in spending.

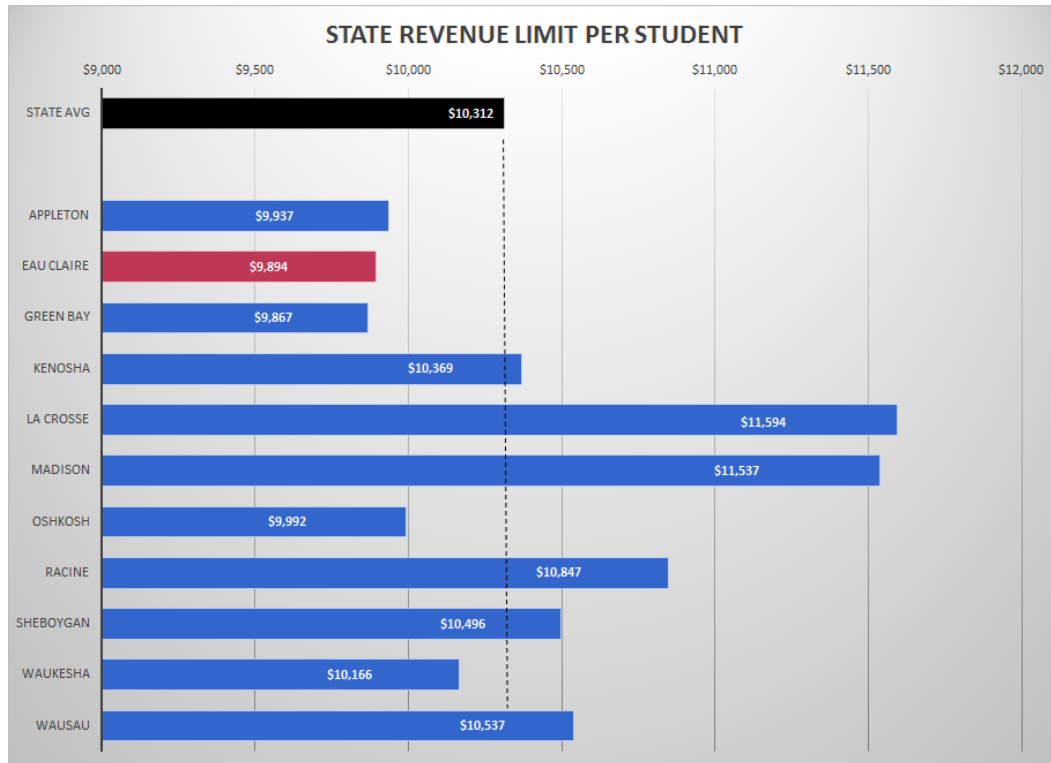
There were 53 Wisconsin school districts that went to referendum in April 2016. Over 77% of the referendum questions were successful. Going to referendum has become the norm for funding public schools in the state of Wisconsin.

Q2: How did the Board arrive at the \$5,860,000 per year for 15 years amount?

A2: Our projections show that ECASD would still be operating with a deficit by increasing property taxes by .90 on each \$1,000 of the mill rate which totals \$90 on a \$100,000 home per year. By increasing property taxes by .95 on each \$1,000 of the mill rate which totals \$95 on a \$100,000 home per year. This is the minimum amount ECASD could ask for per year that would allow the District to operate in the black. The tax increase of \$95 on a \$100,000 home would be a per year increase.

Q3: How much do comparably-sized school districts spend per student as compared to the state average?

A3: See graph below.



Q4: How will the \$5,860,000 per year be used?

A4: Approximately \$2,200,000 will be used to repay principal and interest on debt issued and the balance (\$3,660,000) will be used towards operational costs.

Q5: What would ECASD do if the state funding formula were to change and we had a successful referendum in 2016-17.

A5: It would be really hard to predict what ECASD would do, but here is what ECASD could do. A successful referendum allows ECASD to levy an additional \$5,860,000 each year for the next 15 years. It does not require ECASD to levy the entire amount each year. The District could levy up to the \$5,860,000 each year. If the District doesn't levy the entire amount, it is lost and cannot be carried over to the next year. The following year, ECASD would be able to levy the \$5,860,000 again because that is what the taxpayers approved.

Q6: Does the referendum question mean that we will be borrowing to pay existing debt?

A6: ECASD is not borrowing to pay existing debt. New debt would be taken on to complete the projects that were identified in the referendum list. The debt would consist of approximately \$25,000,000, which includes much of the deferred maintenance as well as safety and security needs.

Q7: What will the debt be used for?

A7: The District plans to issue approximately \$25,000,000 in debt to pay for safety/accessibility upgrades, deferred building maintenance, and technology infrastructure costs.

Q8: How much business does ECASD do with local businesses?

A8: ECASD works with 610 businesses in the Chippewa Valley and provides \$21,000,000 to the local economy yearly.

Q9. The question says that the referendum is non-recurring. What does it mean to say that the referendum is non-recurring?

A9: Non-recurring in the question simply means that the increased property tax levy will expire in 15 years. It does not mean the types of expenses listed in the question are non-recurring.

Q10. What happens after 15 years?

A10: In 15 years, assuming nothing changes regarding funding formulas, we would have to once again assess needs and perhaps look at another operational referendum. Many facility and technology needs would have been addressed in the 15 years and a realistic rotation for routine maintenance would be in place.

Q11: How do you schedule a presentation to learn more about the referendum?

A11: Contact Teri Piper-Thompson at 715-852-4907.

Q12: How is this referendum different than the April 2011 referendum?

A12: The referendum in April 2011 was a capital referendum used to remodel buildings to address aging and overcrowding issues and didn't include anything for operational costs.

Q13: When will the needs at South and Roosevelt be addressed?

A13: The Board has identified that South will need upgrades similar to those that were addressed in the April 2011 referendum for DeLong. South was built 10 years after DeLong was built, and the Board already decided that upgrades to South would be addressed in a future capital referendum.

In May 2016 the Board requested that an architectural study be completed for Roosevelt Elementary. In August 2016 the architectural study was received by the District and will be reviewed by the Demographic Trends and Facilities Planning Committee at its September 2016 meeting with an anticipated recommendation to the Board in fall 2016. Based on that recommendation, the Board will decide when the needs of Roosevelt will be addressed.

Q14: Is the \$95 increase on a \$100,000 home cumulative?

A14: No, it is a one-time increase of \$95 for a \$100,00 home; \$190 for a \$200,000 home; and \$295 for a \$300,000 home for the next 15 years.

Q15: Why did the Board decide on a 15 year non-recurring referendum?

A15: ECASD has significant safety/security and maintenance needs that have been deferred over many years. These needs could be addressed all at once by borrowing money and paying it back over the course of 15 years. Approximately \$2,200,000 of the \$5,860,000 would be used to repay the debt issued. Think of the debt portion of the referendum as a mortgage on your home. Needed work is done now for an addition or significant maintenance project on your home and paid for over a certain length of time.

Q16: What is McKinley Charter School?

A16: McKinley Charter School's mission is to educate students for responsible behavior in their home, school, and community. It is an alternative high school.

Q17: What will happen if the referendum doesn't pass?

A17: The Board has not identified what will happen if the referendum doesn't pass. More information will follow as the Board continues to discuss this issue. Some possibilities include:

- Higher class sizes
- Maintenance will continue to be deferred, which will result in more costly repairs later
- The District may not be able to attract and retain quality staff
- Students will not have the technology tools needed for the 21st century
- As the District spends down our fund balance, we will prioritize keeping the best and brightest as our cost of doing business so cuts will be most severe to our facilities and maintenance costs

Q18: What is Fund Balance?

A18: The Fund Balance is the difference between the District's assets and its liabilities. The Board believes that an adequate fund balance is necessary for the successful fiscal operation of the School District. To that end, the Board recognizes the need to carry an operating reserve in the General Fund to:

- Minimize any short-term borrowing during the annual operating cycle.
- Serve as a safeguard against unanticipated expenditures and/or unrealized revenues.
- Demonstrate sound fiscal management, resulting in a high credit rating and reducing District financing cost.

Q19: What does "maintain class size policy" in the referendum question mean?

A19: The District uses targeted class sizes to staff our buildings. Those targeted sizes are listed below. Currently when a class size exceeds the target, the District is not able to add an additional teacher. If we exceed that top target, the referendum monies would allow the District to add additional sections as needed.

Elementary targeted class sizes:	K-3	19-25 students
	4-5	21-29 students

Secondary targeted class sizes in core areas: 22-32 students on average

Q20: Why does the referendum question ask for \$5.86 million per year for 15 years instead \$87.9 million in total?

A20: If the question is approved, the Department of Public Instruction would allow the District to include a maximum of \$5.86 million to its revenue limit calculation for operational and maintenance costs for 15 years, starting in 2016-17. The annual amount represents the annual impact to the taxpayers.

The District is required to state the number of years the additional revenue limit authority would be in place and that authority would be given to the District in an annual amount of \$5.86 million. It is true that the 15 years total of additional revenue limit authority would be \$87.9 million. Stating the annual amount along with the number of years for the additional authority meets the statutory requirements.

Q21: When does the District's debt drop off?

A21: See graph.

