

What Does the State Budget Mean for East Troy Schools?

Let's start by recapping some history.

Before the passage of the operational referendum, which provided \$3 million annually from 2023 to 2026, the East Troy Community School District had executed a total of \$10.2 million in budget-balancing efforts over the previous 16 years. This included changes and reductions in benefits, moderate wage increases, energy efficiency gains, position restructuring and elimination, grant and gift applications, debt refinancing, and prepaying debt to reduce long-term interest costs. It also involved eliminating programs and services and deferring large-scale facility projects. Furthermore, in the nine years leading up to the referendum, ETCSD increased the tax levy by an average of just 1.03% annually.

While the operational referendum helps address projected structural deficits, the district continues to work diligently to manage the 2023-24 school year budget. The goal is to balance attracting and retaining quality staff in a competitive labor market, exercising good fiscal stewardship over district resources, and providing quality educational services to our students and families.

Last spring, the district approved a 4% salary increase for the 2023-24 school year, even though inflation was at 8%. Additionally, the district worked to secure a 3.9% overall health insurance renewal increase—down from the projected 12%—by implementing plan design changes.

Under Act 19, the per-pupil adjustment under state revenue limits stands at \$325 for the 2023-24 school year. In our spring budget, we had projected a \$300 per-pupil revenue limit increase, which at that time still left us with a roughly \$2 million deficit prior to the operational referendum.

It is still early when it comes to concrete numbers for the 2023-24 school year, but early projections indicate our deficit without those referendum dollars would have been about \$1.8 million. While we appreciate the increase in state per-pupil funding from \$0 during the 2021-2023 school years, the recent allocation of \$325 does not provide enough spending authority to keep pace with inflation.

According to the Legislative Fiscal Bureau, to match the Consumer Price Index (CPI), the per-pupil adjustment under previous inflation indexing would need to be \$392.79 for the 2023-24 school year. For perspective, in 2021-22, it would have been \$342.82, and in 2022-23 it would have been \$371.96. Yet, for those two previous years, we received \$0.

As of today, our early projections for 2024-25 indicate a \$488,000 positive variance when factoring in the operational referendum. However, our 2025-26 school year shows a \$765,000 structural deficit, factoring in any positive referendum carryover from previous years and the \$3 million operational referendum for that year. In short, even with the \$325 per pupil and the operational referendum, the district will still face financial challenges.

Additionally, under Act 19, special education funding has increased to provide an estimated reimbursement rate of 33.3% of eligible costs—up from the previous 31.5%. For ETCSD, this equates to an additional \$64,000 in the 2023-24 school year for special education. We are pleased to see this increase, but it continues to put pressure on the general budget due to the large portion of costs that remain unfunded for special education.

Finally, the district remains committed to being “a great place to learn and a great place to work.” We must meet this mission while addressing the ongoing challenges of meeting student needs, facility requirements, and inflationary impacts on expenses like transportation, utilities, supplies, and labor costs. Other challenges include state funds not keeping pace with inflation, a competitive labor market, staffing shortages in specific educational areas, CPI salary increases, benefit changes, fluctuating district-wide enrollment, and the need for stable and predictable funding.

We will continue to address these challenges in partnership with our community. Thank you for your continued support!

Sincerely,

Dr. Christopher Hibner
District Administrator

Ms. Amy Jenquin
Director of Business Services