



RANDOLPH SCHOOL DISTRICT

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Mr. Brian Zacho
District Administrator

MEMORANDUM

To: Randolph Community and Wisconsin Taxpayers
From: Mr. Brian Zacho
Date: 9/11/2024
Subject: Wisconsin School District Revenue Limits

Introduction

The revenue limit in Wisconsin has a significant impact on the funding of public school districts. According to the Wisconsin Department of Public Instruction (DPI), this limit is a state-imposed cap on the amount of revenue a district can raise through local property taxes and state equalization aid. Initially enacted in 1993 as a temporary solution to control rising school district revenues, it has since evolved into a complex formula with various exemptions. Today, the revenue limit is a central factor in how most public school districts receive a substantial portion of their budgeted resources. Understanding this limit is crucial, as it affects district decisions related to budgeting, programming, and the allocation of resources for student education.

Key Points about the Revenue Limit

1. **Taxpayer Protection:** The revenue limit is intended to prevent districts from overburdening taxpayers by raising property taxes excessively.
2. **Legislative Control:** Revenue limits are determined bi-annually by the state legislature and can change based on economic conditions and state education priorities.
3. **Exemptions:** In Wisconsin's revenue limit formula, districts benefit from certain exemptions that help mitigate the financial impact of losing students in a given year. These exemptions are designed to provide flexibility for districts facing specific costs, ensuring they can maintain services despite fluctuations in enrollment. Exemptions are available for targeted areas like school safety initiatives, energy efficiency projects, declining enrollment, and community services. By allowing for these exemptions, the state supports school districts in managing their revenue limits while addressing needs that fall outside the standard funding formula.
4. **Operational Referendums:** Districts often face tough financial decisions due to the constraints of the revenue limit. Many are forced to prioritize essential spending areas, such as teacher salaries, curriculum, and infrastructure. While the Randolph School District has not yet needed to pass an operational referendum, it anticipates needing one in April 2025 to maintain its current operations.
5. **Restrictions on Referendums:** The state has imposed limitations on how frequently districts can seek to raise revenue limits through referendums, adding further pressure on district officials to manage their budgets efficiently.
6. **Declining Enrollment:** When districts seek operational referendums, it is typically due to declining enrollment and stagnant increases in the revenue limit, rather than financial mismanagement or overspending. In Randolph we are losing enrollment every year, and are carefully monitoring and adjusting, and cutting the budgets when we can.

Wisconsin's Revenue Limit Overview

School districts in Wisconsin rely primarily on local property taxes and state aid for funding. The revenue limit restricts the amount a district can raise annually, based on factors such as enrollment, per-pupil adjustments, and certain exemptions. This limitation prevents districts from increasing revenue above a specified threshold without local voter support for a referendum to exceed the limit. Currently, around 75% of Wisconsin school districts are experiencing declining enrollment, with over 350 districts passing operational referendums since 1993 to exceed their revenue limits. These referendums are essential for maintaining operations, as declining enrollment can significantly reduce available funds, and offset any exemptions we may get through the revenue limit formula.


Impact of Federal ESSER Funding

Another critical factor affecting school budgets in recent years has been the availability of federal ESSER (Elementary and Secondary School Emergency Relief) funds. These funds were a lifeline for districts during the COVID-19 pandemic, allowing schools to maintain operations without an increase in per-pupil aid or revenue limits. However, with these federal dollars no longer available, districts must now navigate the challenges of budgeting without those additional resources in the current fiscal year.

Conclusion

Revenue limits play a pivotal role in the financial health of Wisconsin's public schools. As the Randolph School District faces declining enrollment, an operational referendum is becoming inevitable. With the expiration of federal ESSER funds, tightening our financial planning becomes even more critical, but this doesn't change the fact that we will need additional resources to maintain the services we currently offer. Tough decisions must be made to balance the needs of our students with the constraints of the revenue limit. We will need to determine which aspects of the budget must be cut and how an operational referendum can allow the Randolph School District to continue serving the community's children. If you have any further questions or concerns, please feel free to contact me at the number listed above.

Yours in education,



Brian L. Zacho