

Manitowoc Public School District
Minutes of the Finance & Budget Committee Meeting
Wednesday, January 4, 2023 at 5:30 pm

Committee Members present were Collin Braunel, chair, Kathy Willis and Tony Vlastelica. Other board members present: President Stacey Soeldner and Matthew Spaulding. Director of Business Services Angela Erdmann and Superintendent Jim Feil were also in attendance.

I. CALL MEETING TO ORDER

The Finance & Budget Committee meeting was called to order at 5:31 pm. Chair Braunel shared that the only agenda item was to discuss the referendum and asked Erdmann to provide an update.

II. REFERENDUM PROPOSAL - (Information/Discussion/Action)

Erdmann provided an overview of the final recommendation and scenarios prepared relative to a potential referendum. Erdmann shared the budget, the assumptions and aspects that were applied to the forecasted budgets, impact of revenues through the revenue limit and categorical aid, and impacts of equalization value on the mill rate.

For budget assumptions, compensation and benefit inflationary increases, increase to insurances and transportation costs were included. The most challenging position the state has placed our district, as well as other districts in, was that per pupil aid has not been increased. Because of this, districts balanced budgets and covered compensation increases with one-time funding (ESSER dollars) that are not continuing. With a 16.9% increase in equalized value, our mill rate has plummeted to an all-time low of \$5.51 per \$1,000 equalized value. Just for this fiscal year alone, the district only provided a 3% increase in compensation when CPI was 4.7% and offered a \$1,500 stipend in lieu of a larger increase as it would provide additional compensation to staff that would not carry forward.

The proposed referendum amounts are figured into the budgeted scenarios. This means that if the referendum were to not pass, the district would need to make severe cuts. As compensation and benefits comprise close to 80% of the budget, this would mean cuts to staff that would make it challenging to meet the district's strategic goals.

The reduction of ESSER Revenues and expenditures not being carried forward Other budget adjustments include additions of \$400,000 towards technology infrastructure, \$300,000 technology device replacement, \$200,000 for curriculum, and \$500,000 for small scope capital improvements projects. Reductions in staffing to work towards a Student/Teacher ratio of 12.5 from the 12.19 were also included in the budget projections as declining enrollment will continue to be a factor for the school district.

Follow-up questions from the previous meeting were then addressed. These answers were in regards to mill rate impact and also staffing ratios. Information was presented on Student/Teacher ratio and other compensation measures in similar sized, demographic districts with achievement at or above the levels of MPSD. While many districts have student/teacher ratios of 13-15, MPSD will move to shift from 12.19 to 12.5 as a target as a first step in addressing staffing.

The mill rate implications were presented and would increase approximately \$1.69 per \$1,000 value to about \$7.20. The mill rate over the course of the referendum using the projected amounts, depending on equalized land value, would increase to as much as \$8.50 over the course of the five year referendum period. The rate would likely be lower, but equalized value is challenging to estimate over a long period of time, especially during volatile economic such as the ones we are in at this time.

Vlastelica requested more clarity in the information that would be shared with the public that would focus more on the individual tax bill impact rather than the impact on the mill rate. Erdmann shared that this information will be included in the final memo regarding the referendum as well as in information shared with the public. Erdman shared that the information in the memo to prepare the committee for the evening's meeting was to provide information regarding the calculations and that the public would receive information in an easy to understand format.

After discussion there was a motion by Vlastelica table to table the referendum discussion with a second by Willis. During the discussion, the concern about the information communication to tax payers in an understandable format and timeline/additional meetings required to ensure that the referendum appeared on the April Ballot. In addition, overall board oversight regarding how the budget money was used was a concern. Oversight included not only overall budget, but for specific purchases and curriculum adoptions. Through the discussion, the committee worked through timeline concerns as well as the difference between the board's oversight of policy and the overall budget process. At the end of the discussion it was agreed upon that the district would provide drafts of the community communications regarding the facts and need for the referendum.

In reviewing the language of the referendum question, it was noted by Willis that there needed to be clarification regarding the additional money as the \$5.2 million increase to \$11 million in the second year. Erdmann stated that she would check with Quarrels, the firm assisting with the resolution, if we could adjust the language. Lastly, the board settled on having language that stated the referendum approved amounts would be under the oversight of the board in addition to having the specific, larger additional amounts included to provide detail. The board would continue its oversight in how the monies, if approved, would be allocated and spent in line with the intentions shared with the community through the budget adoption process.

The original motion was withdrawn. Motion by Willis and seconded by Vlastelica to forward the proposed referendum amounts to the full board of education for approval. Motion carried 3-0.

III. ADJOURN

Motion was made by Willis, seconded by Vlastelica to adjourn the meeting at 7:01 pm.

Respectfully submitted,
Angela M. Erdmann
Acting Secretary
January 6, 2023