



660 Washington Street • P.O. Box 280  
Mishicot, Wisconsin 54228  
Phone: (920) 755-4633  
Fax: (920) 755-4068  
[porlich@mishicot.k12.wi.us](mailto:porlich@mishicot.k12.wi.us)  
[cthelen@mishicot.k12.wi.us](mailto:cthelen@mishicot.k12.wi.us)

Dr. Paul J. Orlich - Superintendent  
Christine A. Thelen, CPA – Business Manager

May 11, 2021

Representative Shae Sortwell  
Room 8 West  
State Capitol  
PO Box 8953  
Madison, WI 543708

Dear Representative Shae Sortwell,

As the representative of our district, we are asking that you continue to advocate for the School District of Mishicot. While COVID-19 protocols are important, the 2021-23 Biennium Budget is also vitally important for our school district and the children we serve.

#### **EXECUTIVE SUMMARY – Governor’s 2021-23 State Budget Proposal**

In mid-February, Governor Evers presented his 2021-23 biennial budget proposal to the State Legislature. Although the proposed budget will likely undergo several changes before it is finalized and adopted, it provides an opportunity for the Governor to outline his priorities, several of which include support and funding for K-12 education. Below are budget proposal items that would have a financial impact on public school districts throughout the state with a specific review of local impacts facing the School District of Mishicot.

#### **Equalization Aid Increases:**

Many school districts receive general financial assistance from the State in the form of Equalization Aid. Aid amounts are determined based on a calculation involving local property values, student enrollment and local spending and is distributed as a way to “equalize” funding differences from the district’s local tax base to the state guaranteed tax base. Districts with low per-pupil property values receive a larger share of their costs reimbursed through this aid source than districts with higher per pupil values. Districts with high property value per member are not eligible for equalization aid or may receive very little. (Property value per member in Mishicot is lower than the state average.)

In 2020-21, the School District of Mishicot will receive \$5,198,412 in Equalization Aid. Under the Governor’s proposal, **our Equalization Aid is projected to increase by \$236,686 in 2021-22 and by \$452,308 in 2022-23.**

Although Equalization Aid is projected to increase under the Governor’s proposed budget, overall revenue may not increase unless there is a change to the Revenue Limit calculation.

### **Per Pupil Increases in Revenue Limit Authority:**

Revenue Limits determine the amount of funding that can be generated through local property taxes and equalization aid. Revenue limit adjustments are typically done in the form of per pupil increases; as equalization aid goes up, property taxes go down. If the revenue limit formula is not adjusted, total revenue will stay the same, therefore not allowing additional funds to be included in the budget to offset inflationary cost increases.

The Governor's budget proposal includes increases to the revenue limit calculation of \$200 per pupil in 2021-22 and \$204 in 2022-23 and increases to the Low Revenue Ceiling from \$10,000 to \$10,250 in 2021-22 and \$10,500 in 2022-23. These increases provide additional revenue limit authority available through property tax and equalization aid, to address inflationary increases in district budgets. **The increased per pupil adjustment and low revenue ceiling threshold would increase the School District of Mishicot's Fund 10 revenue budget by \$231,499 in 2021-22 and by \$432,999 in 2022-23.**

With the projected equalization aid increase larger than the additional funding available through the revenue limit changes, the State would pick up a larger share of funding education in Mishicot, providing a savings for local taxpayers.

Since 1993-94, the state government has imposed limits on the revenue school districts can receive from their two main funding sources: local property taxes and state aid. In 1993-94, the revenue limit in Mishicot was set at \$4,666 per student, \$1,152 below the state average of \$5,817.

The average per pupil amount in the state is \$11,450. Our current low revenue ceiling amount of \$10,000 is 87.3% of the current state average. We are well below where many other districts are for funding by \$1,450.

When revenue limits were established in 1993-94, we were a low spending district and this is still impacting districts like us all over the state. A steadily improving low revenue ceiling policy is an important part of ensuring equitable resources for all children no matter where they live.

### **Increased Reimbursement Rate for Special Education Categorical Aid**

The State of Wisconsin also provides Special Education Categorical Aid to school districts to financially support special education programming. The State budget provides a sum certain appropriation (fixed dollar amount) that reimburses special education costs at approximately 28% to school districts across the state. The Governor's budget proposal provides additional funding that would increase the reimbursement rate to **45% in 2021-22** and to **50% in 2022-23**.

In the 2019-20 school year, the School District of Mishicot incurred \$1,116,262 in Special Education costs, which were partially reimbursed by Special Education Categorical Aid. Special Education costs in excess of the aid received from the state and other federal sources is funded by a transfer from the General budget (Fund 10). In 2019-20, the amount of the transfer from the General Fund (Fund 10) to Special Education (Fund 27) was \$883,348.

The proposal will help us meet the ongoing needs of our most vulnerable students. This will allow us to hire and maintain Special Education staff to meet the additional needs our district has from increasing IEPs.

If the Governor's proposal is accepted and Special Ed Categorical Aid is increased to 45% in 2021-22 and to 50% in 2022-23 projected revenue would **increase by \$207,312 in 2021-22 and by \$288,493 in**

**2022-23**, directly impacting (reducing) the transfer from the General Fund to Special Education. This savings would go back into our General fund to directly support educational programming for all students in our district.

### **Federal ESSER Revenues and “Cost to Continue”**

Early on in the pandemic, federal funds were allocated to schools to support additional expenses experienced as a result of COVID. These funds have not been provided uniformly to school districts and are not intended to support ongoing costs. This is important to note as the State biennial budget is being discussed. Federal ESSER funds are providing schools support to meet unexpected needs resulting from COVID. However, support through the state budget process is necessary to support long-term, ongoing costs.

The School District of Mishicot received \$69,943 in ESSER Round 1. It is projected that we will receive \$290,266 in ESSER Round 2 under the Title 1 formula and \$651,859 in ESSER Round 3. A share of the ESSER Round 2 discretionary dollars is currently pending. Funds received in Round 1 provided personal computers to all students in grades 1-2, in order to promote a 1:1 learning environment, among our K-12 students, allowing for a virtual and/or online learning experiences in all family and staff member homes. Grant money was also used to purchase hotspots and internet access to assist students who do not have access to WIFI due to financial need or who live in remote rural locations, where internet access is limited. ESSER 1 funding provided personal protective equipment and sanitization measures to ensure that everyone within our school buildings are provided with a safe learning environment. Funds received in Round 2 are planned to be used for COVID related costs not covered in Round 1 such as additional technology needs, additional staffing, food service requirements, social distancing requirements, and facility updates to provide a safe environment during the current, as well as future, health emergencies. The district’s plan is to allocate ESSER funds to allowable, one-time or short-term costs, to avoid future cuts because of an inability to maintain new staff or programs. Resources to support continuing educational opportunities for our students must come from the state budget process.

### **Per Pupil Aid Programs**

Per Pupil Categorical Aid is another area the Governor addressed in his budget. This current fiscal year we will be receiving \$742 per pupil. The Governor’s proposal increased this to \$750 in fiscal year 2021-22 and 2022-23, and allocates an additional \$75 for each economically disadvantaged student. This would amount to \$18,284 in fiscal year 2021-22 and 2022-23.

### **Summary**

The additional funding provided in the Governor’s proposal would increase Mishicot’s funding by approximately \$342,000 in 2021-22 and by \$154,000 in 2022-23. The additional funding allows the district’s budget to absorb modest inflationary increases while maintaining our current programs.

Without this investment in additional revenue limit per pupil and special education aid, the district faces significant financial challenges in 2023-24 and beyond; as Federal COVID-19 relief available in 2021-23 will be exhausted and unavailable to meet expenses created by modest inflation.

Without the additional ongoing revenue, we will continue to struggle to give staff competitive pay increases and mitigate other inflationary increases such as health insurance, utilities and transportation. We currently are in a position where we are not replacing staff at times when they leave forcing us to absorb the increases through less staff. Small rural districts ask their staff to do more, because we

receive less. This makes it difficult to attract and retain staff. **New money is funding current programs, not new programming.**

The School District of Mishicot's vision is that all students will grow through a rigorous and relevant curriculum preparing them for whichever career pathway they choose. By investing in the revenue limit, special education aid and other aid programs, the State provides Mishicot the resources necessary to meet the needs of our students and community in the upcoming biennium and into future years.

We invite you to tour our schools to see the exceptional educational opportunities afforded to the children in our district, and to commend our staff for the hard work and dedication they have employed during this past school year. The health and safety of our staff and students has been our number one priority all school year. In doing so, we have been able to offer an in-person learning experience for our students. We ask that you stand up for the children you serve.

Sincerely,

A handwritten signature in black ink that reads "Paul J. Orlich". The signature is written in a cursive style with a large, prominent initial "P".

Dr. Paul J. Orlich  
Superintendent

A handwritten signature in black ink that reads "Christine A. Thelen, CPA". The signature is written in a cursive style with a large, prominent initial "C".

Christine A. Thelen, CPA  
Business Manager