

Addressing Critical Needs in Tomahawk Schools

The School District of Tomahawk has been the proud educational home to generations of students. We offer a top-notch education in a tight-knit environment, ensuring graduates are prepared for the next stages of their lives.

Among many other successes, the School District of Tomahawk “exceeds expectations” when measured on the statewide Department of Public Instruction’s academic report card. This means the District’s student’s scores are significantly higher than the benchmarks set by the state Department of Public Instruction for Mathematics and English and Language Arts proficiency. In addition, our students and their schools have been recognized in numerous other ways over the years.

While we have very high-performing schools, our district faces significant financial challenges. Most of these challenges are out of our control and largely related to the state's school funding system.

On **Tuesday, April 5, 2022**, district residents will vote on a referendum question. If approved, it would provide Tomahawk schools with the financial support they need for the next three years.

Challenges Tied to State Revenue Limit

The district does not control the amount of aid it receives from the State of Wisconsin. Wisconsin schools operate under a **state-imposed revenue limit** that restricts the amount of money they can receive each year. The outdated formula the state uses means the School District of Tomahawk does not receive enough revenue to adequately fund its programs and services.

- **Each Wisconsin school district has a revenue limit that’s tied to its enrollment.** Districts with declining year-over-year enrollments have revenue limits that typically decline faster than their ability to save money due to serving fewer students. This is the case in Tomahawk.
- **Our revenue has decreased faster than our expenses**, despite the fact that we have significantly reduced costs and engaged in sound financial management. Our enrollment has been trending down consistently since 2000 and is at just 65% of what it was two decades ago.
- At the same time, **the needs of our students have increased dramatically**, especially in the areas of special education and mental health. The funding our district receives is insufficient to cover the expenses of state and federally mandated services.
- **Costs for things like running our buses and heating our schools continue to rise**, as do other expenses that are out of the district’s control.

In Wisconsin, state aid is connected to property values. **Because of the percentage of high-value lake property in our district, our district receives very little state aid.** While the average Wisconsin district receives \$7,033 per student in state aid, ours receives only about \$2,843 per student for the entire district. We also do not qualify for poverty or sparsity aid.

We invite you to learn more about the district's financial challenges, what we have done to address them to date, and how we can move forward in a way that maintains the long-term financial health of our local schools.

Budget Cuts

As a result of the district's budget challenges, board members and district leaders do what our families do in these situations — they seek to cut costs.

Nearly \$1.2 million in expense reductions were made in 2021-22 alone. These expense reductions include not replacing staff, freezing salaries, eliminating a bus route, and making other internal reductions.

In addition to these expense reductions, the board has needed to use the district's fund balance for another \$1.8 million. Using the fund balance for operating expenses is not sustainable and may lead to the district needing to use short-term borrowing to cover payroll and meet other costs. It also threatens the district's good bond rating, which could lead to increased costs when borrowing is necessary.

Replacing an Expired Referendum

As a result of these financial challenges, voters approved a referendum in 2017 to exceed the revenue limit by \$3 million per year. That referendum has now expired.

State law provides for a referendum to exceed the revenue limit. Voters approved a referendum for this purpose in 2017. Currently, 34% of other districts in Wisconsin have done the same.

Without the passage of an operational referendum, the state's funding formula does not work well for our school district, as we have high average property values combined with high poverty rates. As a result, the responsibility to fund our schools is on local property taxpayers.

Referendum efforts in November 2020 and April 2021 to renew the expiring referendum were not successful.

Taxpayer Impact of April 2022 Referendum

The April 2022 referendum addresses the ongoing costs for the day-to-day operation of the school district. It also addresses increased costs for items related to transportation, utilities, and special education, along with the district's reduction in state aid. **If this referendum passes, the district will be able to avoid significant cuts in student programs over the next few years.**

The property tax impact of the referendum will be \$149 per every \$100,000 of assessed property value.

As in 2017, the April 2022 referendum is a three-year, non-recurring referendum. This means it will expire at the end of the three-year referendum window.

Ballot Language

Shall the School District of Tomahawk, Lincoln and Oneida Counties, Wisconsin be authorized to exceed the revenue limit specified in Section 121.91, Wisconsin Statutes, by \$3,250,000 per year beginning with the 2022-2023 school year and ending with the 2024-25 school year, for non-recurring purposes, including expenses to maintain current educational programming and ongoing facility maintenance needs?

Frequently Asked Questions

What are the district's financial needs?

The School District of Tomahawk faces significant financial challenges that are largely out of our control and result from the state's school funding system.

In short, Wisconsin schools operate under a state-imposed revenue limit that restricts the amount of money they can receive. This limit is tied to enrollment. As our enrollments decline, our revenue limit has declined faster than their ability to save money due to serving fewer students.

In addition, the needs of our students have increased dramatically, especially in the areas of special education and mental health. These are expenses for state and federal mandated services that the district receives inadequate funding for. Finally, costs for things like running our buses and heating our schools continue to increase, as do other expenses that are out of the district's control.

These challenges require the attention of our entire community if we are to prevent further cuts to programs and services and maintain the high-quality educational experience our residents have come to expect from Tomahawk schools.

The School Board and district administration have worked extremely hard to make the most of every single dollar community members have invested into their local schools. However, the time has come to find a solution to these needs.

Why does the district have these needs?

Wisconsin schools operate under a state-imposed revenue limit that restricts the amount of money they can receive each year. The outdated formula the state uses means the School District of Tomahawk does not receive enough revenue to adequately fund its programs and services.

While our enrollment has been declining in recent years, the amount of funding we receive has been decreasing at a much faster rate than any cost savings we have been able to realize by serving fewer students. This is despite the fact that we have significantly reduced costs and engaged in sound financial management.

At the same time, the needs of our students have increased dramatically, especially in the areas of special education and mental health. The funding our district receives is insufficient to cover the expenses of state and federally mandated services. Costs for things like running our buses and heating our schools also continue to rise, as do other expenses that are out of the district's control.

Since the 2017 referendum expired, the district's property tax revenue has decreased by about 21.5%.

How is state aid calculated?

In Wisconsin, the amount of state aid a school district receives is connected to property values. Because of the percentage of high-value lake property in our district, the School District of Tomahawk receives very little state aid.

While the average Wisconsin district receives \$7,033 per student in state aid, ours receives only about \$2,843 per student. We also do not qualify for poverty or sparsity aid.

For comparison, the Merrill Area Public Schools have property values that fall below the state average. As a result, that district receives significant state aid while ours gets very little.

The state's funding formula does not work well for Tomahawk schools, as we have high average property values combined with high poverty rates.

What has the district done to manage its financial challenges?

In addressing the district's budget challenges, board members and district leaders have done what our families do in these situations: cut costs.

Nearly \$1.2 million in expense reductions were made in 2021-22 alone. These expense reductions include not replacing staff, freezing salaries, eliminating a bus route, and making other internal reductions.

The board has needed to use the district's fund balance for another \$1.8 million. This is not a sustainable approach and may lead to the district needing to use short-term borrowing to cover payroll and meet other costs. It also threatens the district's good bond rating.

One-time federal pandemic relief funds have been helpful in the short term. However, the district is largely using these funds to help offset the impact of COVID-19 on student learning, as required by law.

Didn't voters recently approve a referendum?

In 2017, voters approved a referendum that allowed the district to exceed its revenue limit by \$3 million per year. That referendum has now expired.

Referendum efforts in November 2020 and April 2021 to renew that expiring referendum were not successful. As a result, the district has lost 21.5% of its property tax revenue.

While we are proud of our financial discipline, the district has made so many expense reductions in recent years that we worry about harming our schools and students over the long term if this trend continues. A referendum is necessary to maintain programs and provide residents with the high-quality school district they have come to expect.

Can the district use federal COVID relief funds (ESSER Funds) to address its financial needs?

The district has received \$1,923,370 in one-time federal funds through the Elementary and Secondary School Emergency Relief (ESSER) Fund, which was part of the COVID-19 relief effort. While this money has been helpful, it is temporary in nature and will do little to address our long-term financial needs.

The district is largely using these one-time funds to help offset the impact of COVID-19 on student learning, as required by law.

Will district residents get to vote on this?

At its January 11 meeting, the Tomahawk Board of Education approved a referendum question that will appear on the ballot on Tuesday, April 5, 2022.

If the referendum is approved, how would the district use the funds?

If approved, the School District of Tomahawk would use the funds generated to avoid making significant cuts to the schools and will avoid using the district's limited fund balance.

How would the referendum affect property taxes?

If approved, the referendum would have a property tax impact of \$1.49 on every \$1,000 of assessed property value in the school district. The owner of a home worth \$100,000 would see a yearly tax impact of about \$149.

It's worth noting that the district's mill rate is anticipated to be \$7.96 in 2022 if the referendum is approved. This is comparable to the district's mill rate in 2019.

How much revenue would an approved referendum generate for the district?

If approved, the referendum would provide the district with \$3.25 million per year in additional revenue to address its financial needs for the next three years. The referendum would expire at the end of the 2024-2025 school year.

If approved by voters, will the new referendum expire?

Yes. Like the referendum that was passed by voters in April 2017, the April 2022 referendum is a non-recurring, three-year referendum. This means that it will expire in three years unless voters approve another referendum.

When is election day?

Residents will vote on the referendum question on the spring election date of Tuesday, April 5, 2022.

Where can I vote?

District residents can vote at their regular polling location on Tuesday, April 5. You can find voting and registration information at <https://myvote.wi.gov/>.

Can I vote early?

Registered voters in Wisconsin may vote early by mail by requesting an absentee ballot. You can make your request by visiting <https://myvote.wi.gov/en-us/Vote-Absentee-By-Mail>.

Residents may also vote in-person before election day. For more information on this option, please visit <https://myvote.wi.gov/en-us/Vote-Absentee-In-Person>.

What is the exact question that will appear on the ballot?

Voters will see the following question on their ballots on Tuesday, April 5:

Shall the School District of Tomahawk, Lincoln and Oneida Counties, Wisconsin be authorized to exceed the revenue limit specified in Section 121.91, Wisconsin Statutes, by \$3,250,000 per year beginning with the 2022-2023 school year and ending with the 2024-25 school year, for non-recurring purposes, including expenses to maintain current educational programming and ongoing facility maintenance needs?