

2025-26 Budget Proposal Executive Summary

May 7, 2025



Students in OHS's Fashion Club donated \$800 to GALS on the Go, an organization that works to improve the social and emotional wellbeing of adolescents. The funds were raised by hosting a fashion show at the Oconomowoc Arts Center.

Empowering a community of learners and leaders

The 2025-26 Budget Proposal supports and advances the District's Strategic Plan in each of the Plan's four strategic objectives:

Exceptional
Educational
Experience

Committed and
Collaborative
Workforce

Stewardship of
Resources

Connected and
Engaged
Community



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AREA SCHOOL DISTRICT

Budget Overview

State and Local Perspectives

EMPOWERING A COMMUNITY OF LEARNERS AND LEADERS

State Factors Impacting the Budget



Revenue Limit Formula



Per-Pupil Categorical Aid



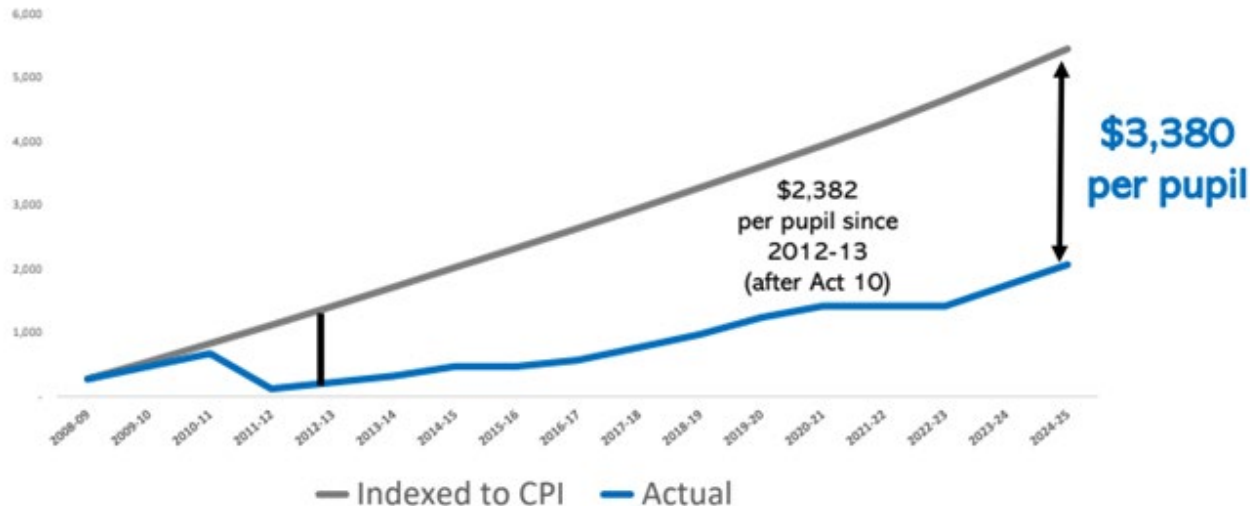
State Equalization Aid



Open Enrollment Rates per Pupil

State Funding – lagging inflation for over a decade

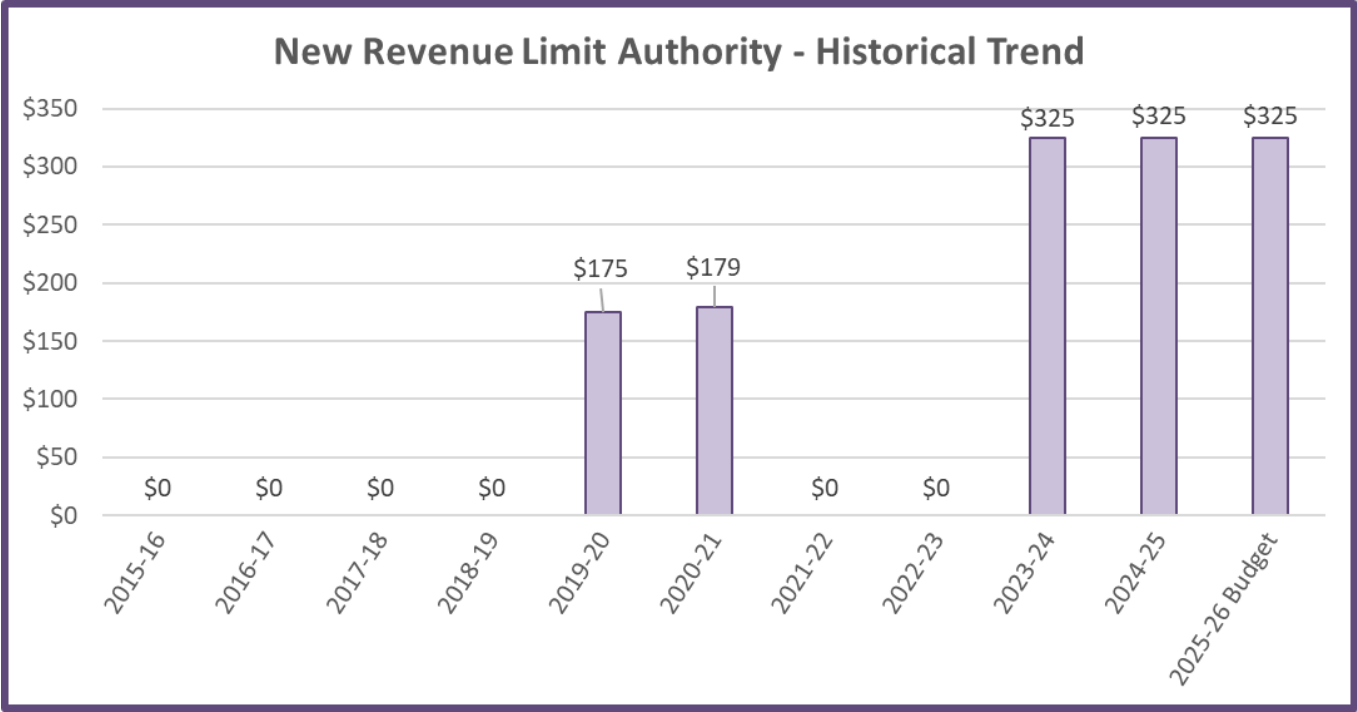
General school district revenues per pupil lag inflation by more than \$3,300 since 2009



Source: Kava, Russ (May 22, 2024) Legislative Fiscal Bureau Memo re: Revenue Limit Per Pupil Adjustment Indexed to Inflation; WASBO Calculations

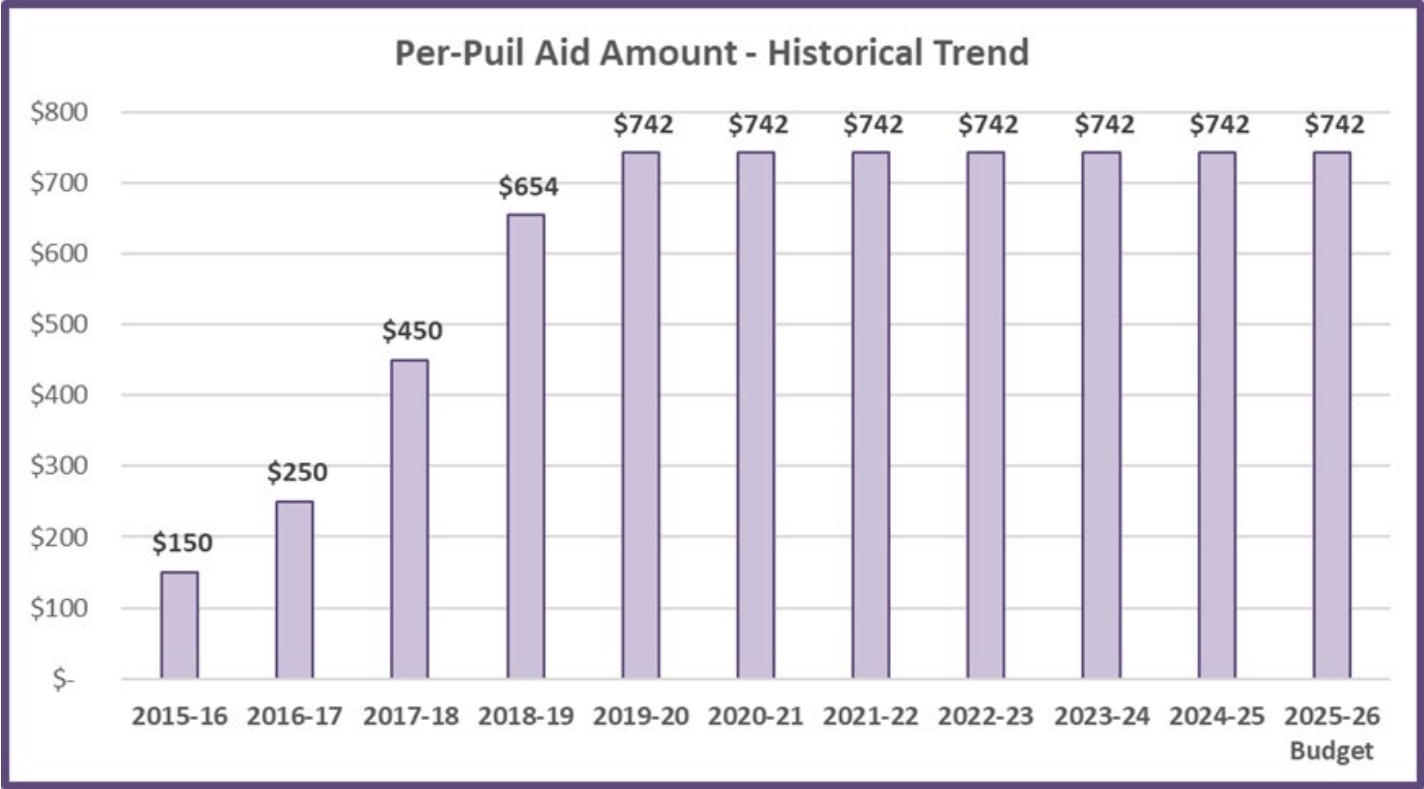
- ❑ While current state legislation provides for \$325 per student in the new Revenue Limit Authority, that increase does NOT keep up with the rate of inflation.
- ❑ ACT 10 reforms generally equate with an inflationary increase in employee compensation.

Revenue Limit Authority



The State’s 2025-2027 budget is predicted to provide additional funding of \$325 per student in the Revenue Limit Formula.

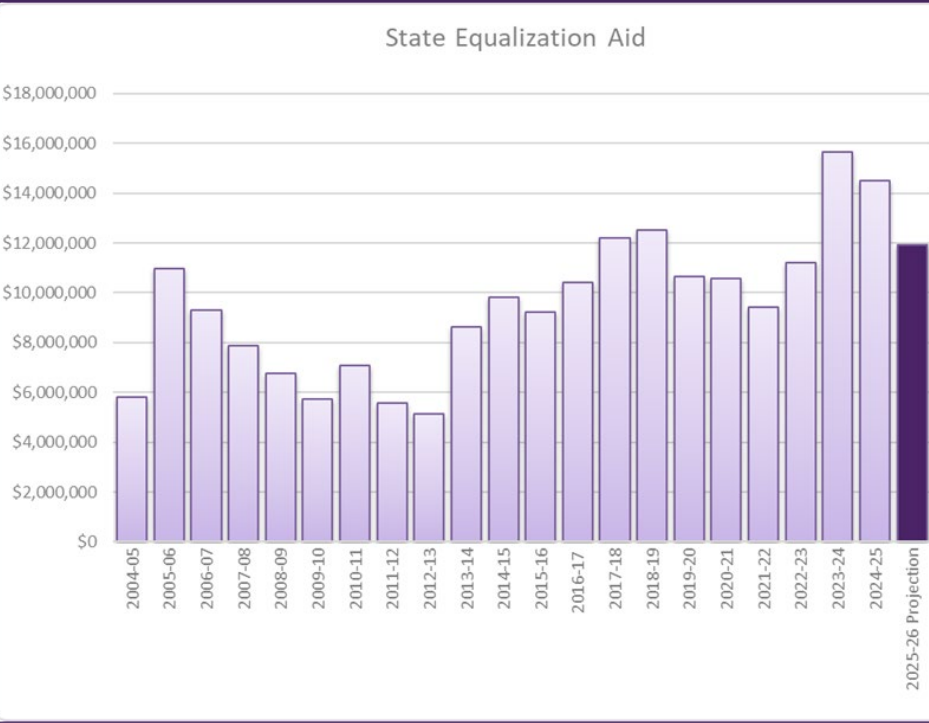
Per-Pupil Categorical Aid



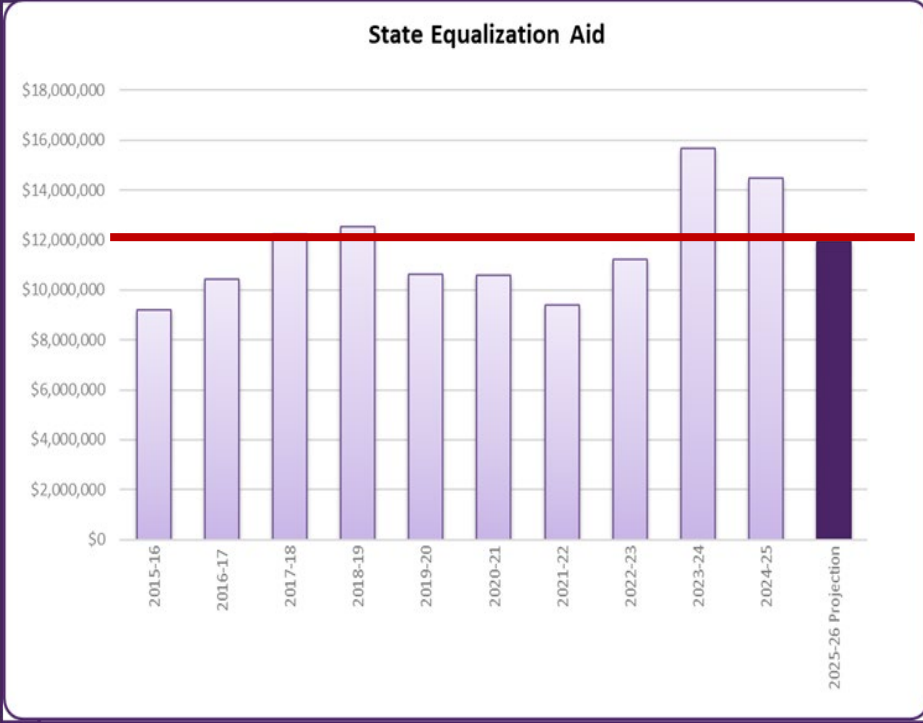
The State’s 2025-2027 budget is predicted to maintain Per-Pupil Categorical Aid at a rate of \$742 per student.

Equalization Aid

Historic view shows the ‘roller coaster’ ride of Aid funding.



A shorter look-back shows more consistent funding through 2023-24.



Equalization Aid is based on numerous factors: enrollment, OASD and state-wide school district spending, deductible receipts, and equalized property values.

Funding Comparison: 2024-25 rates

OASD's Revenue Limit Authority:

- ❑ Minimally above the low revenue ceiling
- ❑ Below the voucher program and Independent Charter School (ICS) rates
- ❑ Provides at a minimum \$257,000 and up to \$10,800,000 less funding per year than our peers (assuming 5000 student enrollment)

School	2024-25 Revenue Limit
Kettle Moraine	\$ 13,582.79
9-12 Private School Voucher Program	\$ 12,731.00
Elmbrook	\$ 12,677.20
New Berlin	\$ 12,324.67
Menomonee Falls	\$ 12,080.61
Hamilton	\$ 11,741.02
Independent Charter Schools	\$ 11,729.00
Pewaukee	\$ 11,454.59
Oconomowoc	\$ 11,403.15
Arrowhead	\$ 11,395.45
Mukwonago	\$ 11,325.00
Muskego-Norway	\$ 11,325.00
Waukesha	\$ 11,325.00
K-8 Private School Voucher Program	\$ 10,237.00
Public School Open Enrollment	\$ 8,962.00

Open Enrollment, Vouchers, and Independent Charter Schools

Budgeted Open Enrollment includes:

- ☐ Open-enrollment in (revenue) and out (expenditure)
- ☐ State voucher programs
- ☐ Independent Charter School (ICS) FTE

OASD 2025-26 Revenue Limit Authority = \$11,762.49

Estimates for Open Enrollment, Voucher, and ICS:

- ☐ Regular education: \$8962 to **\$9320**
- ☐ Special education: \$13,814 to **\$14,228**
- ☐ State voucher programs – Amount within the revenue limit worksheet
 - Estimated increase: \$2,800,000 to **\$3,658,000**
 - K-8: \$10,237 to **\$10,595**
 - 9-12: \$12,731 to **\$13,177**
 - SPED: \$15,409 to **\$15,948**
- ☐ Independent Charter School FTE – FTE within the revenue limit worksheet
 - Estimated increase: 198.6 FTE to **209.0 FTE**
 - Estimated increase: \$2,345,800 to **\$2,525,000**
 - Rate from \$11,729 to **\$12,073**

Local Factors Impacting the Budget



Student Enrollment



Open Enrollment

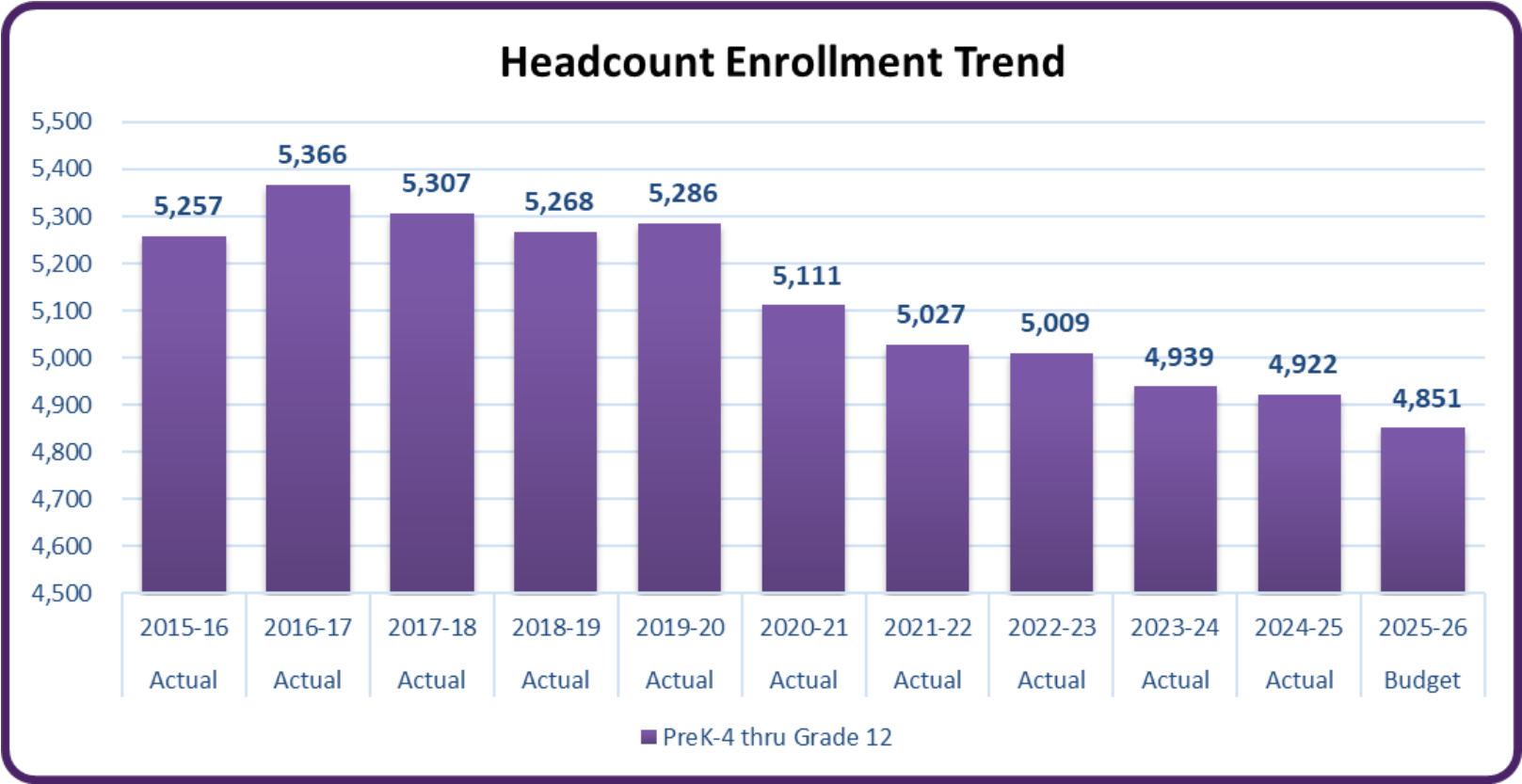


Equalized Property Values



Expenditures Aligned with
the District's Strategic Plan

Headcount Enrollment – Students in Seats



Headcount enrollment is predicted to decline by 71 students based upon registrations and withdrawals to-date and a cohort retention analysis.

Student Enrollment

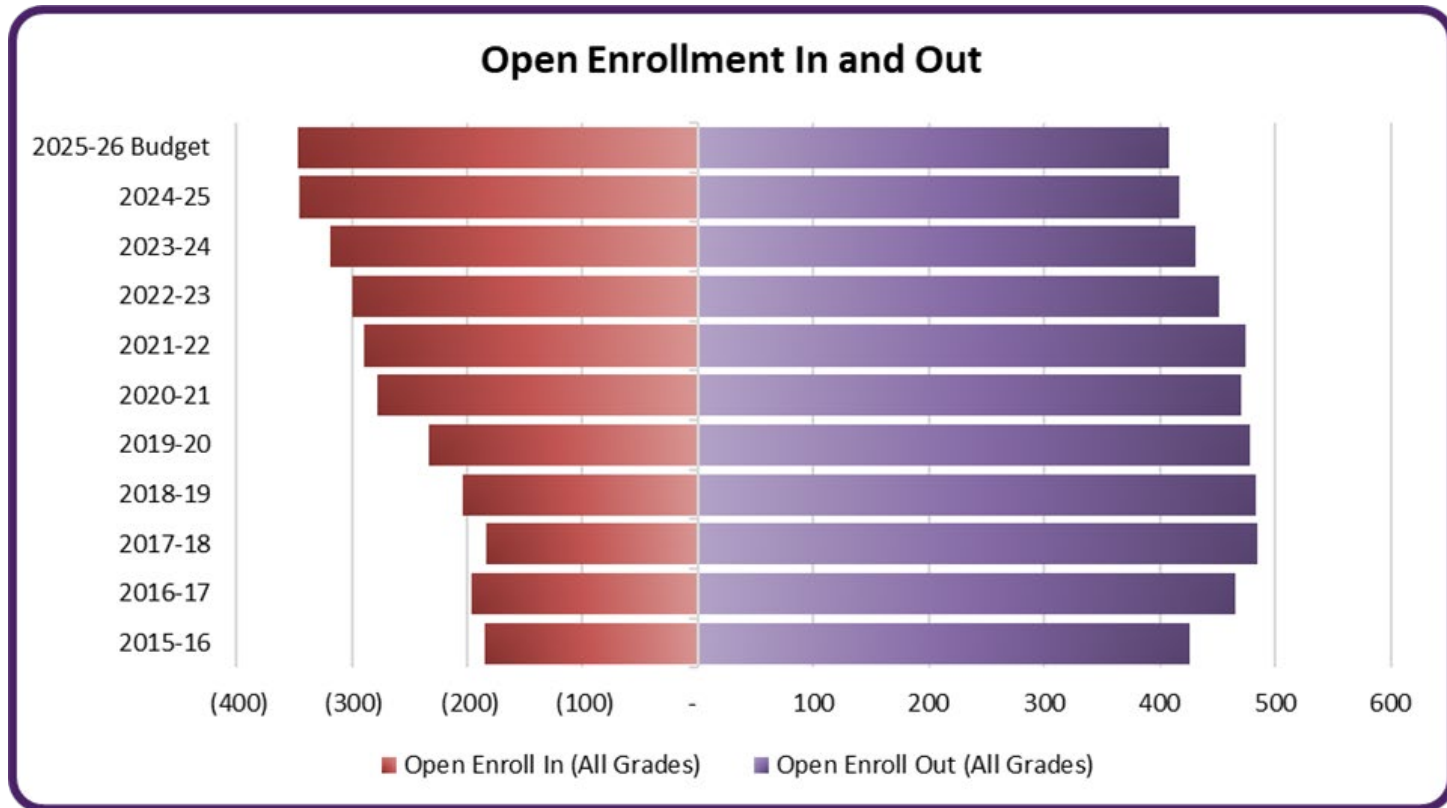
Student Enrollment Assumptions

- September FTE decrease: 76 students
- No change in Summer School FTE
- '3-year-rolling-average' decrease: 68 students

Open Enrollment Assumptions

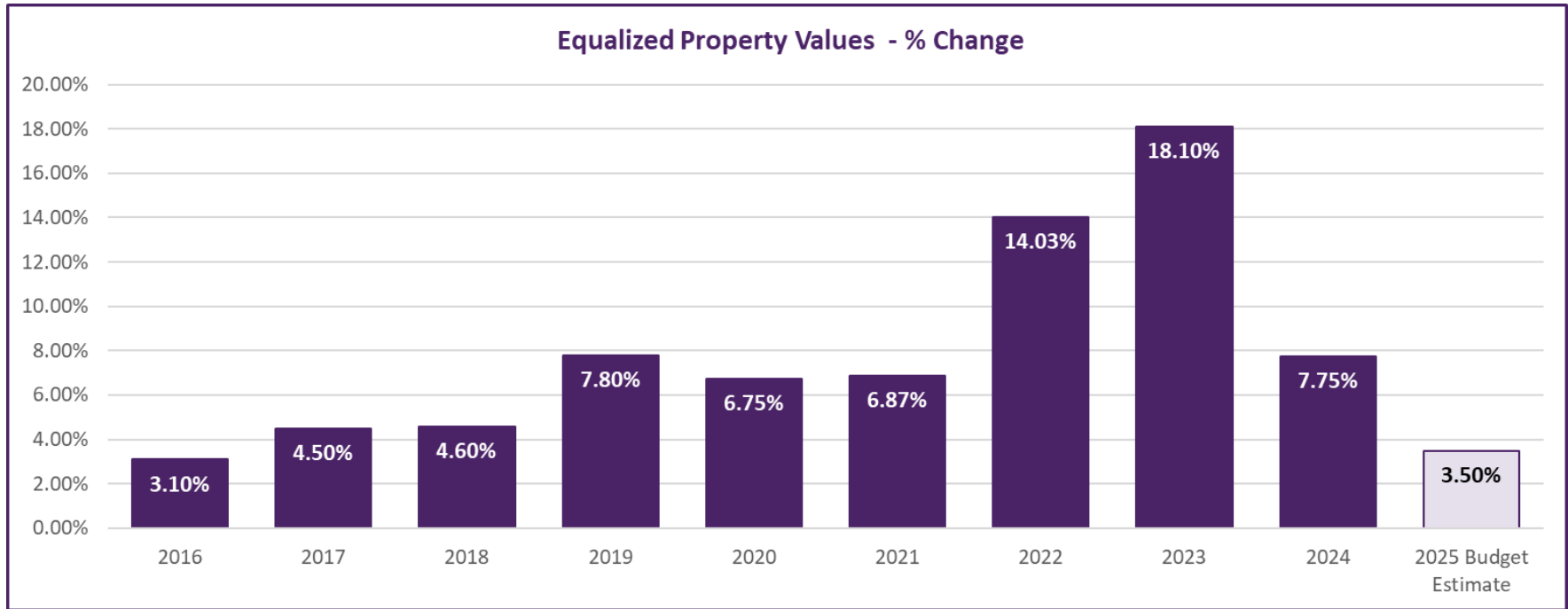
- Open enrollment-in: minimal increase over 2024-25
- Open enrollment-out: modest decrease from 2024-25
- Estimated rate increases of 3-4%
- Net expenditure impact: \$393,000 decrease to \$578,000

Open Enrollment In and Out



- Open enrollment IN: expected to increase minimally (2 students)
- Open enrollment OUT: expected to remain consistent (9 students)
- Assumptions are based on a cohort retention analysis – grade to grade year over year, with smaller 4K/5K enrollments than the outgoing 12th grade

Equalized Property Values



- 3.5% growth is conservative and historically used for the budget proposal.
- The ten-year average trend is 7.65% growth.
- Higher property value growth offsets the tax levy and reduces the mill rate.



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Financial Summary

General Fund Revenues, Expenditures, and Fund Balance

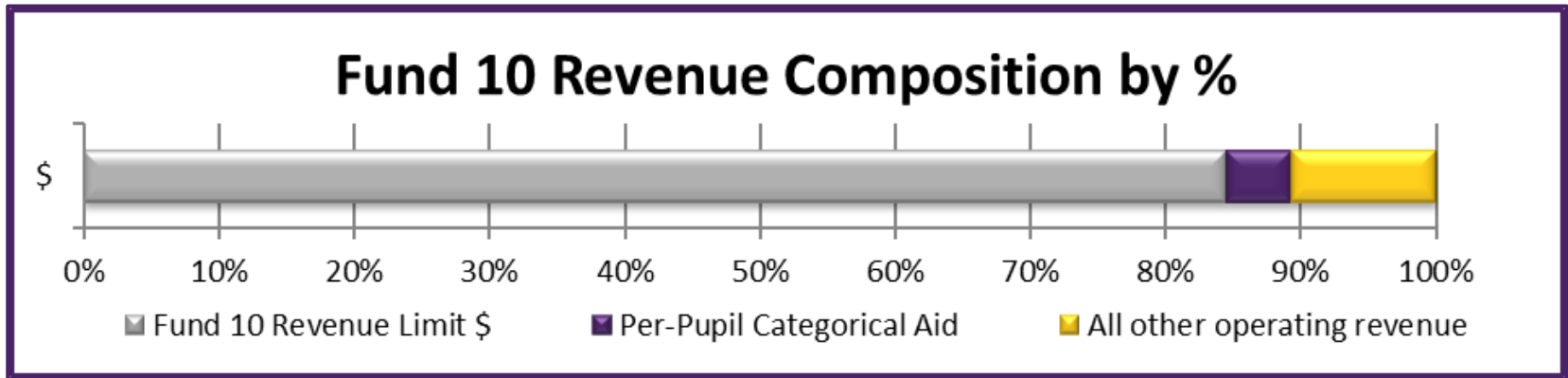
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Balanced Budget

General Fund Summary	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Budget	\$ Change	%Change
Beginning Fund Balance	25,384,725	26,540,136	28,552,666	29,801,997	29,801,997	-	0.00%
Revenues:							
Local	51,158,303	49,877,843	47,210,097	49,884,207	54,028,075	4,143,868	8.31%
State & Interdistrict	16,591,592	18,594,771	23,564,527	22,792,762	20,308,342	(2,484,420)	-10.90%
Federal & Other	5,109,483	5,824,595	5,355,960	2,910,031	1,869,583	(1,040,448)	-35.75%
Land Sales							
Total Revenues	72,859,378	74,297,209	76,130,584	75,587,000	76,206,000	619,000	0.82%
Expenditures:							
Instruction	31,274,953	31,977,470	33,480,509	34,473,086	34,849,589	376,503	1.09%
Support Services	25,372,151	24,410,263	24,497,810	24,591,677	24,188,594	(403,083)	-1.64%
Other Non-program Transactions	15,056,863	15,896,946	16,902,933	16,522,237	17,167,817	645,580	3.91%
Total Expenditures	71,703,967	72,284,679	74,881,252	75,587,000	76,206,000	619,000	0.82%
Ending Fund Balance	26,540,136	28,552,666	29,801,997	29,801,997	29,801,997	-	0.00%

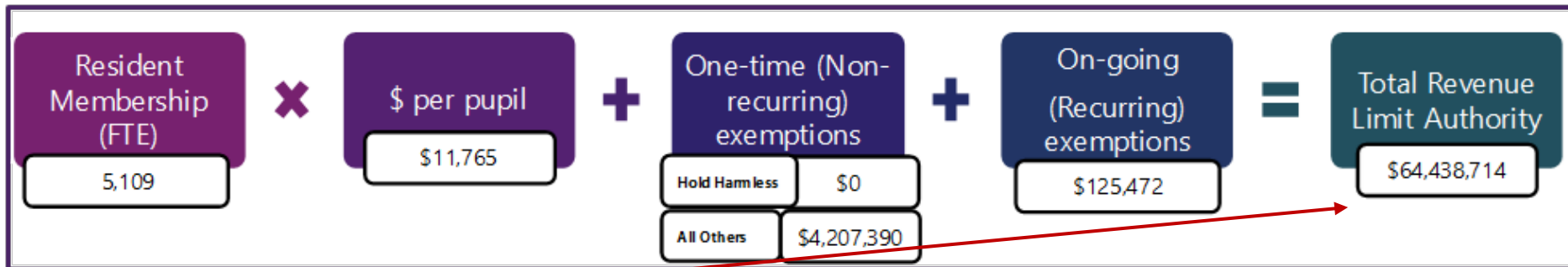
- .82% increase in revenues and expenditures
- Balanced budget = no change to fund balance
- Revenues reflect a shift in State-Local funding partnership (Property Tax / Equalization Aid) and less Federal funds (ESSER III)
- Expenditure plans optimize resources to support the District's Strategic Plan

Operating Revenue – Primary Sources

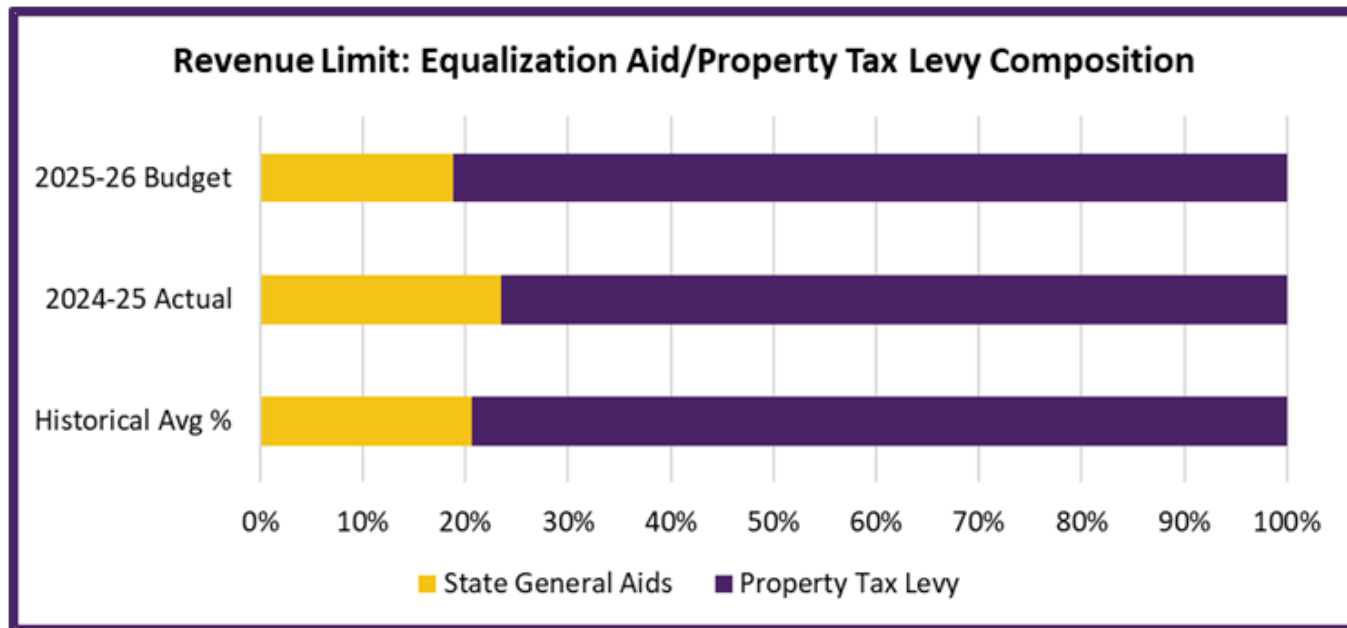


- ❑ Approximately 85% of OASD's revenues are derived from the two primary components of Revenue Limit Authority (gray segment)
 - Local Property Tax
 - State Equalization Aid
- ❑ Per-Pupil Categorical Aid (purple segment) is a third significant revenue source
- ❑ All other local, state, and federal funding is included in the yellow segment

Operating Revenue – Revenue Limit Authority



\$64,438,714 is divided into two sources: Local Property Tax and State Equalization Aid



Operating Revenue – Revenue Summary

	Actual 2023-24	Nov Budget 2024-25	May Budget 2025-26	Inc / (Dec) from 204-25 Budget	% Change
Property Tax Levy (Local)	44,434,346	47,848,982	52,308,862	4,459,880	9.32%
Equalization Aid (State)	15,652,455	14,488,242	11,917,801	(2,570,441)	-17.74%
Computer/Personal Property Exemption Aid (State)	214,597	514,597	514,597	-	0.00%
General Fund Revenue Limit Authority	60,301,398	62,851,821	64,741,260	1,889,439	3.01%
Per Pupil Categorical Aid (State)	3,758,230	3,715,441	3,643,962	(71,479)	-1.92%
Open Enrollment (from Other Districts)	2,840,672	3,230,000	3,372,500	142,500	4.41%
Interest Income (Local)	1,440,397	850,000	550,000	(300,000)	-35.29%
Various Student Fees (Local)	1,335,354	1,185,225	1,169,213	(16,012)	-1.35%
State Grants & Aid (Transportation/Library) (State)	1,139,321	889,482	899,482	10,000	1.12%
Federal Grants (Federal)	3,572,710	1,285,827	701,762	(584,065)	-45.42%
Other Revenues	1,742,503	1,579,204	1,127,821	(451,383)	-28.58%
Total Revenues	76,130,584	75,587,000	76,206,000	619,000	0.82%

Revenue Limit Authority – Shift in State-local funding partnership

- Estimated \$325 per-student increase in **Revenue Limit Authority**
- Anticipated 17% Equalization Aid decrease shifts the funding partnership to more reliance on the local property tax

Open Enrollment IN and Per-Pupil Categorical Aid


- Increase in **Open Enrollment IN**: Minimal increase in student FTE and a modest increase in the transfer rate
- Decrease in **Per-Pupil Categorical Aid**: Declining enrollment with a consistent Per-Pupil rate (\$742/pupil)

Other Revenues

- Interest income decreased to reflect volatile market conditions and softening interest rates
- Federal grants reflect expiration of ESSER funding (\$2.9M in 2023-24, \$600,000 in 2024-25, and \$0 in 2025-26)
- Required GASB lease accounting entries are included (offset by corresponding expenditures)

Expenditures Aligned with Strategic Plan

Exceptional Educational Experience



Maintaining low class sizes (Grades 4K-4) and appropriate student-to-teacher ratios (Grades 5-12) and **Providing** technology at a 1:1 student-to-device ratio for Grades 1-12

Supporting the District's alignment to WI ACT 20 through the literacy curriculum adoption cycle and **Maintaining** intervention services at the elementary and intermediate schools

Supporting our Multi-Level Systems of Support (MLSS) framework leveraging the strategic use of assessment tools, instructional resources, and interventions to accelerate student growth

Offering a robust career-based learning experience for secondary-level students that supports our vision of graduating students who are college, career, and life-ready.

Supporting the Athletic Strategic Plan with personnel to instruct leadership courses, a contract to provide a strength and conditioning program, and intramural advisors.

Maintaining student services personnel aligned with a staffing plan metric that provides equitable services to all sites and appropriate caseloads

Expenditures Aligned with Strategic Plan

Committed and Collaborative Workforce

Ensuring competitive compensation and benefit packages

Improving special education paraprofessional retention and recruitment by maintaining the hourly pay differential bonus

Implementing an onsite healthcare that will provide an option for convenient access to high-quality care and help manage healthcare costs for employees and the District

Offering professional development to support technology implementation, curriculum adoption, diversity, and life-ready competencies learning

Expenditures Aligned with Strategic Plan

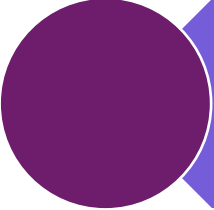
Stewardship of Resources



Reallocating existing resources to support strategic objectives



Negotiating competitive service contracts and insurance renewals to optimize resources



Provide funding for capital projects, the technology plan, and curriculum adoption cycle



Updating district bathrooms to provide ADA accessibility and enhances privacy

Expenditures Aligned with Strategic Plan

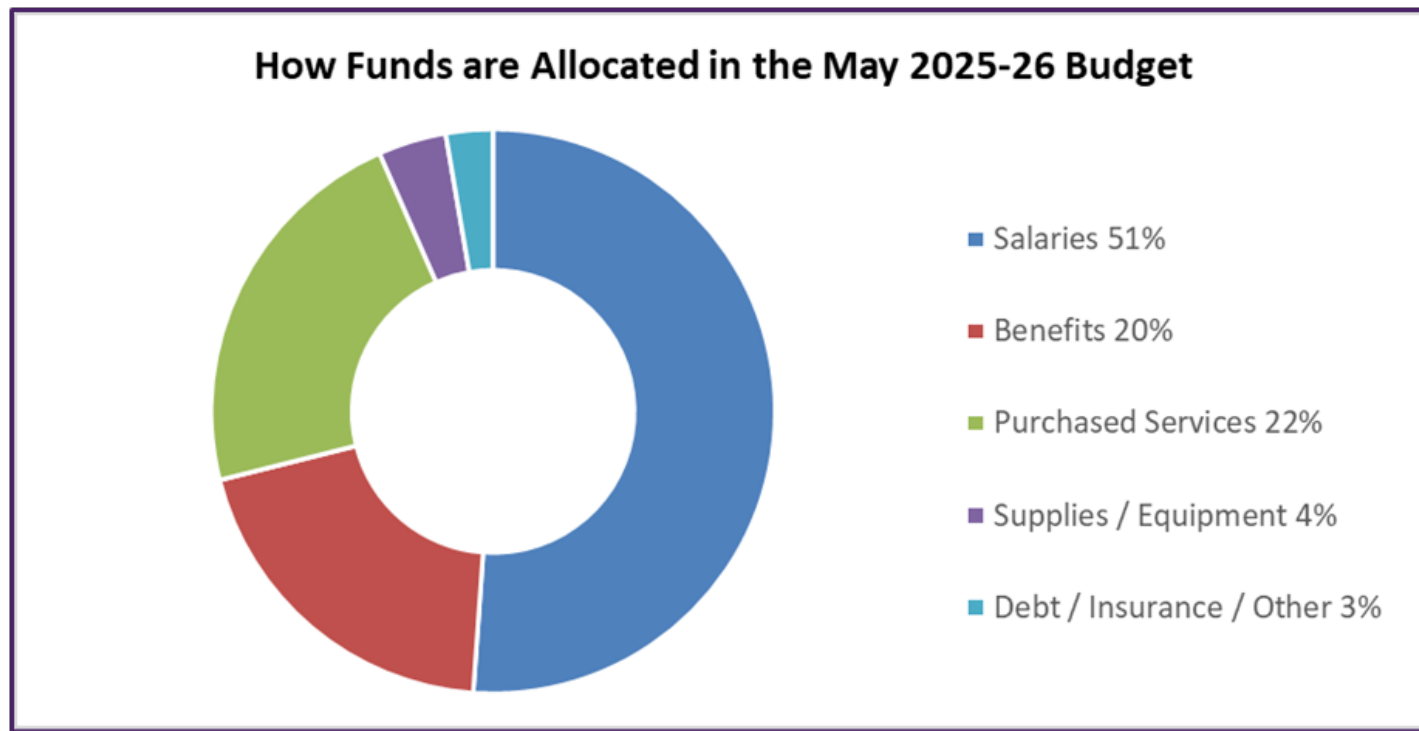
Connected & Engaged Community



- ☐ **Maintaining** graphic design contracts to support District communication
- ☐ **Utilizing** various software tools to provide District-to-Student level data analytics, benchmarks, and dashboards
- ☐ **Supporting** two full-time School Resource Officers to enhance safety in our schools and community

Operating Expenditures – Summary

- Approximately 71% of OASD's expenditures are allocated for personnel costs:
 - Staffing plan FTE (full-time equivalent) - # of personnel
 - Salaries / wages
 - Employee benefits

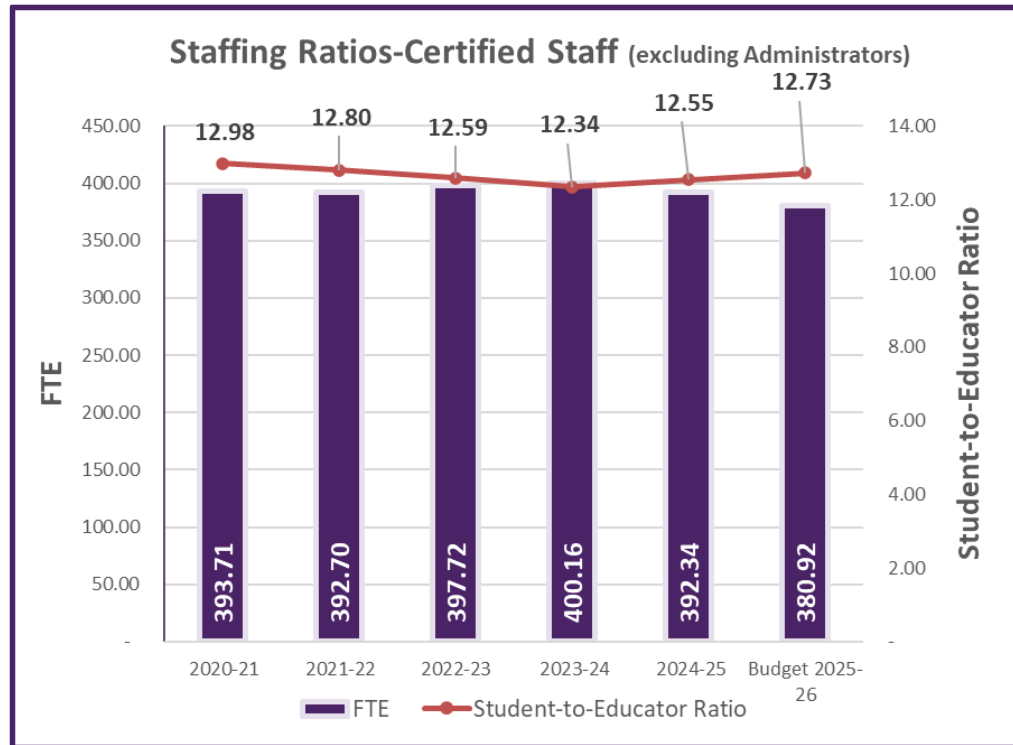


Operating Expenditures – Staffing Table

Staff Category	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26 to 2024-25		
						Budget 2025-26	# Change	% Change
Educators	393.71	392.70	397.72	400.16	392.34	380.92	(11.42)	-2.91%
Administrators	25.00	26.00	26.00	26.00	27.00	27.00	-	0.00%
Sub-Total	418.71	418.70	423.72	426.16	419.34	407.92	(11.42)	-2.72%
Managers	5.00	5.00	5.00	5.00	5.00	5.00	-	0.00%
Paraprofessionals	109.99	112.74	109.42	104.45	105.50	100.94	(4.56)	-4.32%
Admin. Assistants	26.53	26.84	27.56	27.31	26.66	26.66	-	0.00%
Custodians/Trades	51.89	51.89	52.81	49.50	49.50	48.50	(1.00)	-2.02%
Technology Staff	7.00	7.00	7.00	7.00	7.00	7.00	-	0.00%
Other	12.99	12.87	14.69	14.34	14.29	14.04	(0.25)	-1.75%
Support Sub-Total	213.41	216.35	216.49	207.60	207.94	202.14	(5.81)	-2.79%
Grand Total	632.12	635.05	640.21	633.76	627.28	610.06	(17.22)	-2.75%

- Educator FTE reflects:
 - Appropriate class sizes and student course selections at OHS and the intermediate schools
 - Adequate and equitable student services staffing for all sites
 - Reduced learning strategist roles and increased occupational therapist services to meet student needs
 - Reduction in the Dean of Students roles at the intermediate level
- Reduction of paraprofessional positions aligned with fewer class sections and the needs of the special education program
- Reduction of FTE in Custodians/Trades and Other employee groups to balance the budget

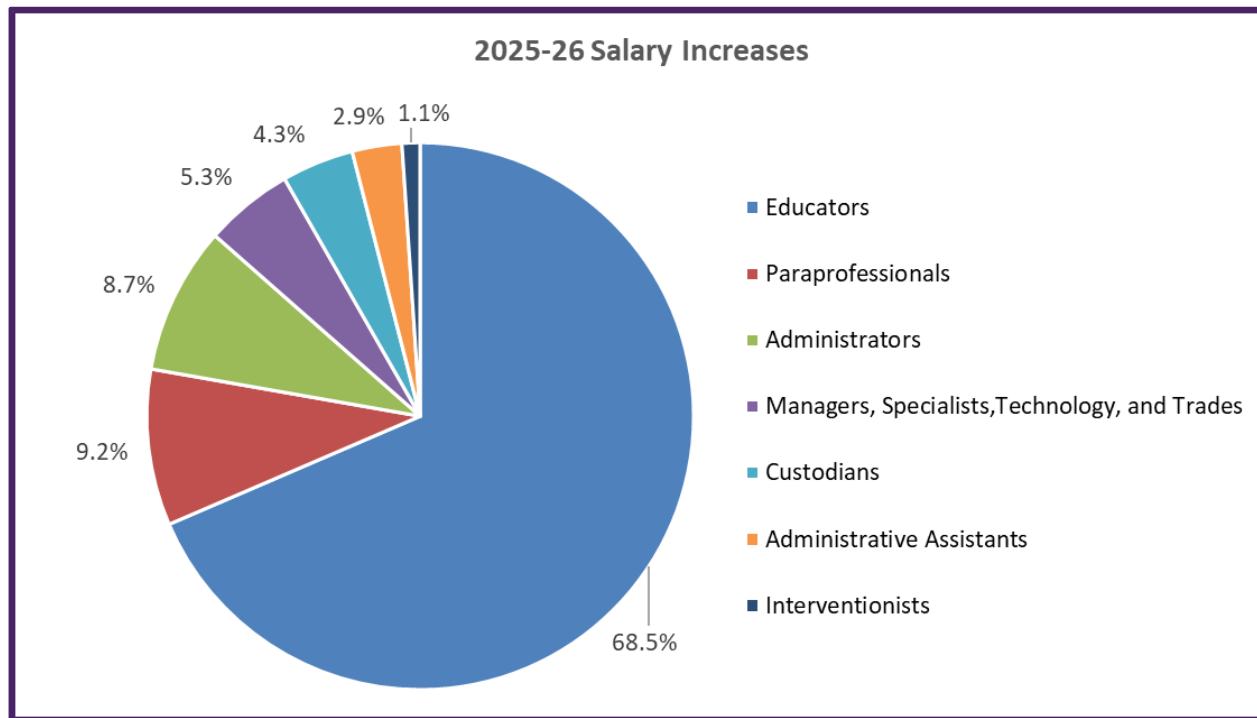
Operating Expenditures – Staffing Ratio



- Several watch spots at the elementary and intermediate grade levels
- Monitoring 4K registrations
- 2.0 educator contingency FTE held in the budget
- **12.73 student-to-educator ratio is favorable and highly competitive**

Operating Expenditures – Salary Increases

- Employee compensation accounts for approximately \$41.5M of planned expenditures.
- Salary increases are provided using up to a 3.5% compensation pool for each employee group.
 - \$1.4M pool of funds for salary and wage increases
- Board direction is to provide salaries/wages between the median and 75th percentile of benchmark districts



Operating Expenditures – Employee Benefits:

Health, dental, vision, and long-term disability

- ❑ Employee benefits account for approximately \$9M of planned expenditures.
 - Health insurance is the majority of this budget at \$8.4M.
- ❑ Insurance renewals were favorable for 2025-26 considering plan utilization and claims experience.

Health - Quartz

- 9.9% maximum rate cap in 2025-26 (last year with a rate cap)
- Implementing an onsite healthcare clinic for employees (and their families) on the health insurance plan
- Wellness Incentive employer HSA contribution returned to \$2000 single/\$4000 family, eliminating the 2024-25 one-time additional employer contribution of \$500 for a single plan and \$1000 for a family plan

Dental - Delta

- 0% renewal for administration fees
- No premium change - self-funded plan performing well

Vision - Delta

- 0% renewal
- 3rd of a 4-year agreement

Long-term Disability - The Hartford

- 0% renewal
- 2nd of 2-year agreement

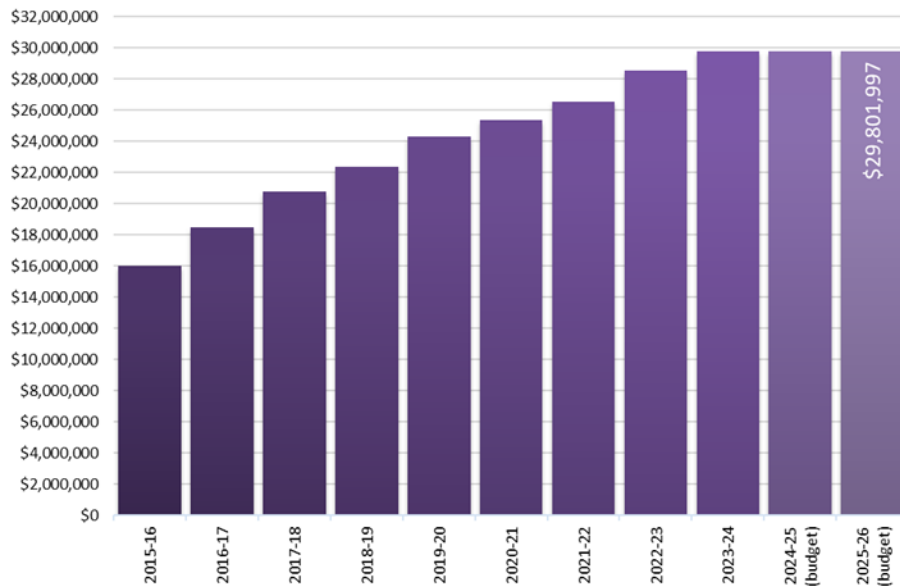
Voluntary Employee-Paid Insurance offerings

- Accident, critical illness + cancer, and hospital insurances through Aflac
- Permanent whole life insurance through MassMutual
- Short-term disability through Aflac

Fund Balance

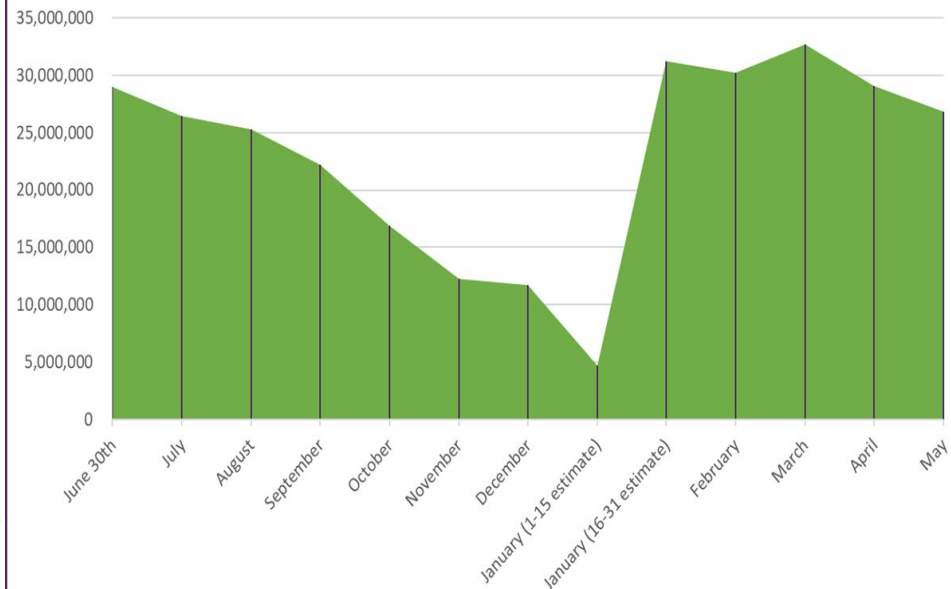
A balanced budget keeps fund balance at \$29.8M

General Fund - Fund Balance at June 30



The fund balance low point is \$3M-\$5M in January

Estimated Monthly Fund Balance for 2024-25



Board Policy:

- At least 25% of the anticipated General Fund expenditure budget for the subsequent fiscal year
- Goal to reach a level where the short-term borrowing for operations is not necessary—Achieved since 2017-18!
- Also provides for unanticipated expenditures

2024-25 Month-end Fund Balance:

- Shortfall occurs in mid-January
- Solvency of at least 30% is required to avoid short-term borrowing
- Less Equalization Aid impacts the % required due to timing of revenue receipts



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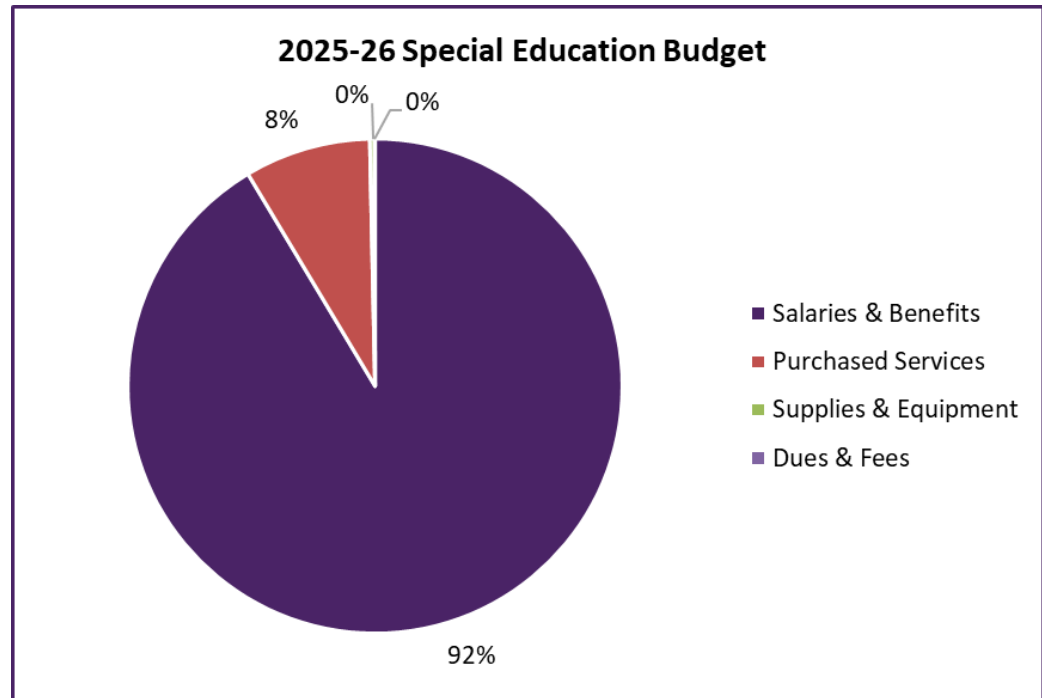
All Other Funds

Special Education, Debt Service, Other

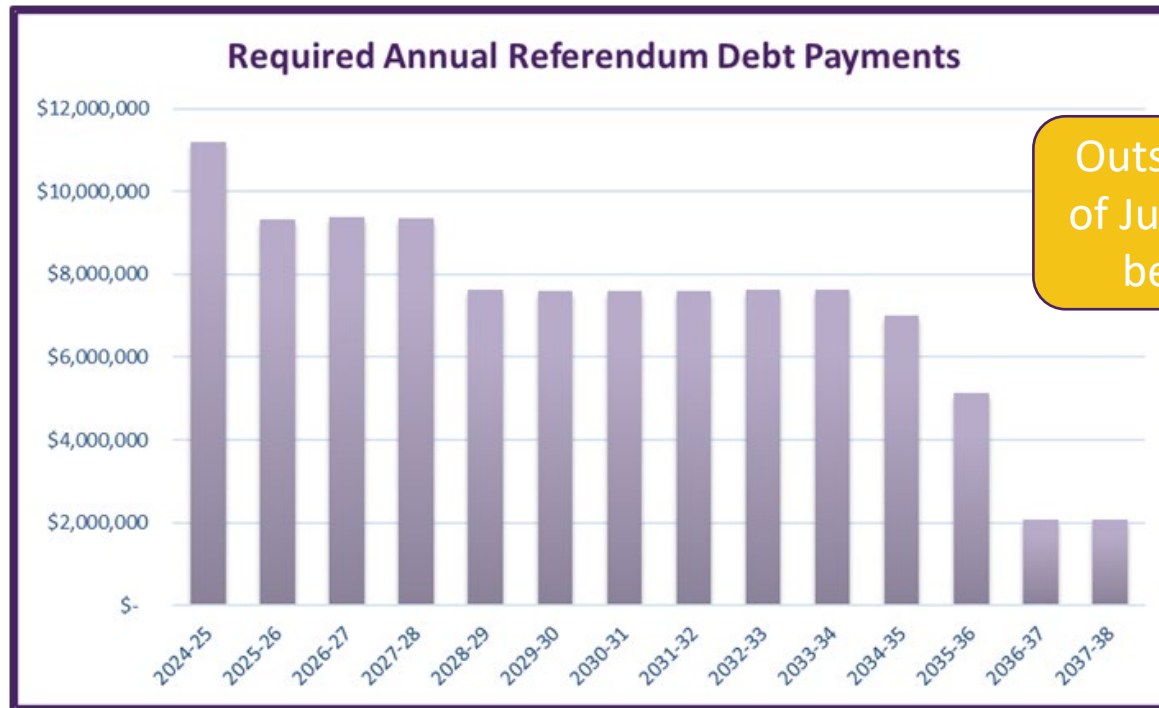
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Special Education Fund – Fund 27

- Local funding to support the District's Special Education program is the 3rd largest expenditure in Fund 10 (behind salaries and benefits) – estimated to be \$6.9M.
- State and Federal assistance contributes about 41% of Special Education funding.
- With an \$11.8M budget, the ratio of Special Education to Regular Education expenditures is 15.5%, typical for Wisconsin school districts.



Referendum Debt Service– Fund 39



Outstanding Debt as of June 30, 2026, will be \$66,850,000

- 2007 **\$49.6M** Referendum: Nature Hill and Silver Lake Intermediate Schools, Gale Douglas Fieldhouse, Oconomowoc Arts Center – **Final principal payment of \$295,000 to be completed in 2025-26**
- 2016 **\$54.9M** Referendum: new Meadow View Elementary, Ixonia Elementary expansion and renovation, infrastructure updates to Greenland and Park Lawn Elementary schools, OHS CTE renovations, Oconomowoc High School East Campus
- 2023 **\$38.65M** Referendum: expand Ixonia Elementary and update OHS HVAC system – **Borrowed \$34,355,000 (\$4.3M less than approved) and using an 11-year payback compared with 20-year allowed.**
- Debt payments are a separate tax levy and are structured to 'step-down' to provide future flexibility
- Defeasance and refinancing opportunities continue to be explored



All Other Funds – Summary

Refer to Budget Proposal Report for more information

- Fund 46: Long-term Capital Improvement Trust Fund –
 - No budget
 - Flexible tool for year-end savings
 - Current Fund Balance of \$14.1M as of March 2025
- Fund 50: Food Service Fund –
 - \$2.2M operating budget
 - Self-sustaining fund - does not compete with instructional spending in Fund 10
- Fund 73: Employee Benefits HRA Trust Fund –
 - The District has fully funded its retiree HRA obligations through creation of this fund
 - Fund Balance of \$740,907 as of June 30, 2024
- Fund 80: Community Service Fund –
 - Supports community use of OASD facilities when school is not in session
 - 2025-26 budget increases to \$960,445
 - Supports utility costs for buildings use outside the school day/week
 - Provides for 2 School Resource Officers to enhance school safety, security, and foster positive relationships to help ensure the well-being of students and staff



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Property Tax Forecast

Property Tax Levy and Mill Rate

EMPOWERING A COMMUNITY OF LEARNERS AND LEADERS

Factors Impacting the Property Tax Forecast

Decrease in '3-year-rolling-average' student enrollment

\$325 per student increase in Revenue Limit Authority

17% decrease in Equalization Aid

3.5% growth in equalized property values reflective of community economic development

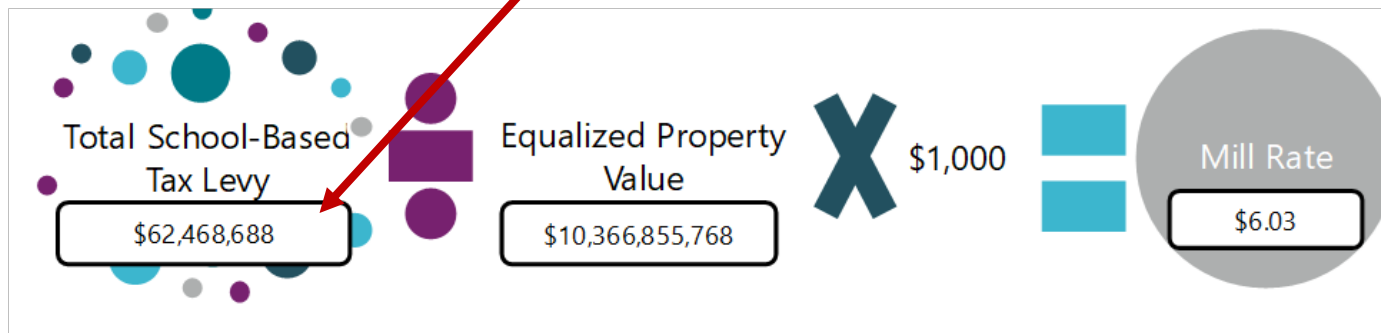
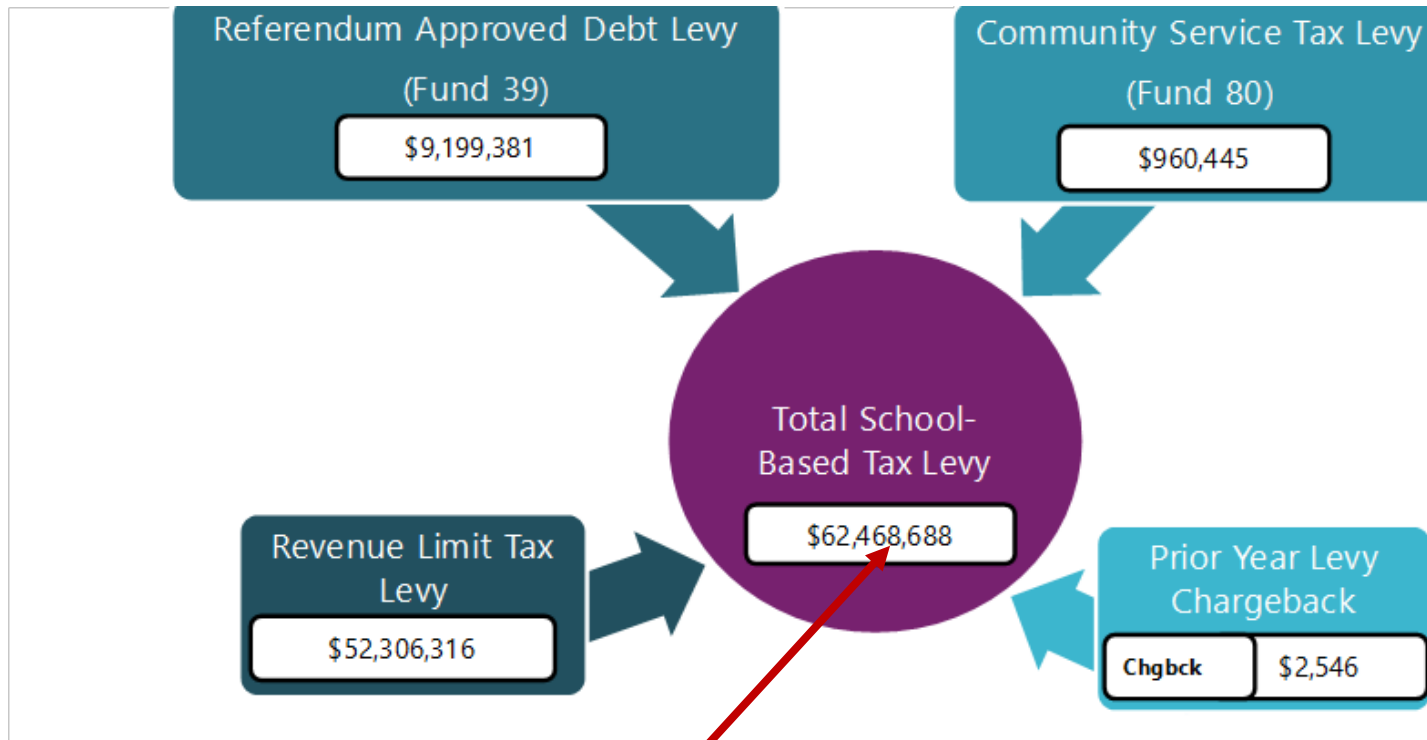
\$31,410 increase in Community Service Fund Levy to support utility costs and 2 School Resource Officers

\$3.6M decrease in Debt Service Levy compared with 2024-25

\$620,000 increase in voucher programs and \$179,000 increase in Independent Charter Schools

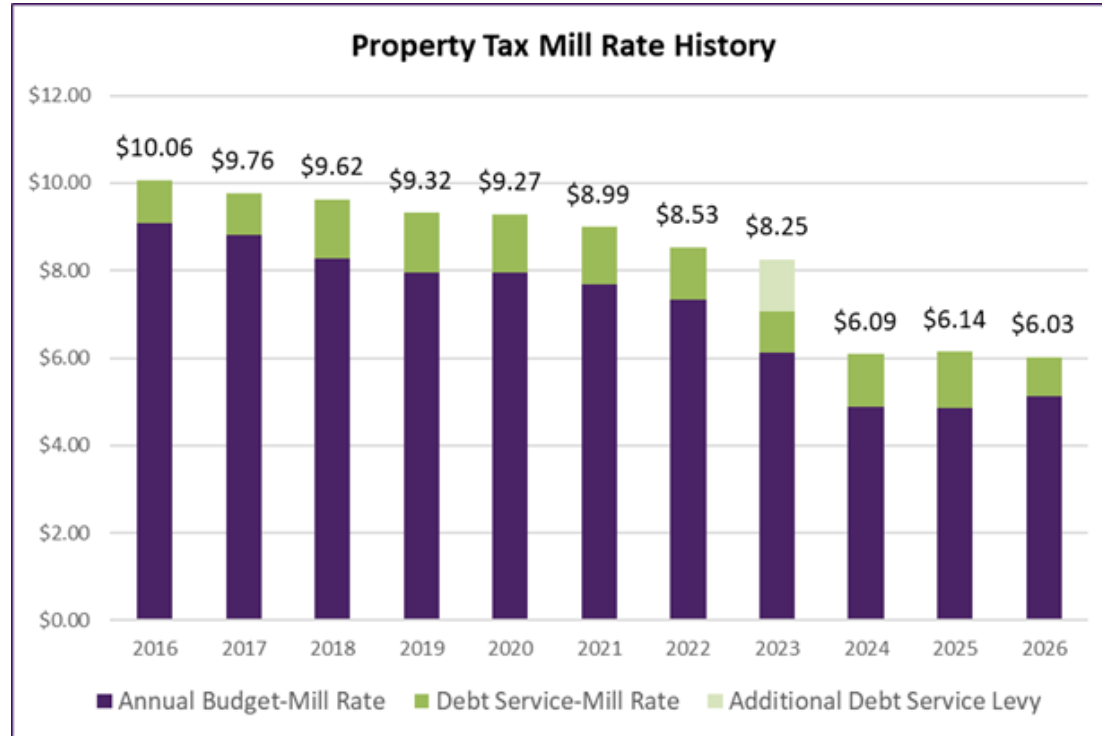
Modest .82% increase in operating expenditures

Property Tax Levy and Mill Rate Calculations



Mill Rate Trend

Projected
2025-26 mill
rate **\$6.03**
remains below
the 2011 rate -
over a decade
ago



- Tax levy **increases**: 1.5%
- Equalized property values **increase**: 3.5%
- Mill rate **decreases**: 1.94%

Impact on Property Tax Bills

Impact on Property Taxes for various home values:

Equalized Tax Rate per \$1000



Home Value

Actual 2024-25
\$6.14

Budget 2025-26
\$6.03

Change from
2024-25

\$250,000

\$ 1,535.00

\$ 1,507.50

\$ (27.50)

\$350,000

\$ 2,149.00

\$ 2,110.50

\$ (38.50)

\$600,000

\$ 3,684.00

\$ 3,618.00

\$ (66.00)

\$1,000,000

\$ 6,140.00

\$ 6,030.00

\$ (110.00)



Conclusion

And Time for Questions

Conclusion



- ❑ The budget for next year had significant challenges:
 - 1st year of the State's 2025-27 budget creates uncertainty for various key budget factors.
 - Continued projected declining enrollment.
 - State funding that has lagged inflation for over a decade.
- ❑ To provide a balanced budget proposal reductions were necessary for non-personnel expenditures as well as substantial FTE reductions.
- ❑ The 2025-26 Budget Proposal:
 - Supports our focus on literacy aligned with ACT 20 and closing student learning achievement gaps;
 - Allocates resources to fund the curriculum adoption cycle, technology device lease plan, and staff professional development;
 - Provides competitive salaries and attractive benefit packages; and
 - Maintains a focus on our long-term financial strength.
- ❑ The final 2025-26 budget is approved by the Board in October 2025, incorporating all changes that have occurred.

»OconDriven



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EMPOWERING A COMMUNITY OF LEARNERS AND LEADERS

QUESTIONS?