



PRESS RELEASE

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Several Factors Cause Projected Budget Shortfall for WBSD West Bend School Board Reviews Budget Assumptions for 2024-2025 School Year

West Bend – During its regular meeting on Monday, February 5, the West Bend School Board reviewed details related to a projected district budget shortfall of potentially more than \$5 million for the 2024-2025 school year.

Assistant Superintendent of Business and Operations Andrew Sarnow explained to the board that several factors including state revenue limits not keeping pace with inflation, the toll of rising costs, declining enrollment, and deadline for using federal ESSER funds put the West Bend Schools, and many other public school districts in the state, in a difficult financial position.

The revenue limit is the maximum amount of revenue that may be raised through state general aid and local property tax for a school district's general fund. Since 2009, the Wisconsin State Legislature has not implemented increases in the revenue limit that keep pace with inflation. Also, it did not increase the revenue limit at all in 2020, 2021, and 2022, rather advising schools to balance their budgets using one-time ESSER funds provided by the federal government during the pandemic. In the years since, the increase in the revenue limit did not equal the cost of inflation, therefore creating a large gap in funding versus costs. Additionally, state funds for special education services remain low, covering just one-third of the actual cost.

For 2024-2025, the revenue limit increase will be 3 percent, while the Consumer Price Index (inflation) is 4.12 percent. The West Bend Schools budget must also account for an anticipated 5-10 percent increase in cost of services, consumables, and insurance.

Further, state aid to public schools is based on enrollment. Like many other areas of the state and country, the West Bend Schools attendance area has experienced a decline in the birth rate and a decline in the population among ages 5 to 19, according to a University of Wisconsin-Madison Applied Population Laboratory report. Enrollment has declined in the West

Bend Schools for a number of years, while the Applied Population Laboratory report finds this should continue for five more years.

The West Bend School District has faced budget shortfalls in other years due to the same factors of revenue limit, inflation, and lower enrollment. Projections for a shortfall months before the final budget is complete guides the process to achieve a balanced budget. The next steps will be to explore options for reductions and possible deferment of expenses, which are a typical part of the budgeting process. The final budget is established with approval from the school board in October. Despite budget constraints, the West Bend School District has achieved a balanced budget each year and maintained student opportunities.

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