



Berlin Journal Article
Point of Focus
Berlin Area School District

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Topic: Referendum - Tax Impact

Title: Referendum Tax Impact

In last week's column I wrote about the educational implications if the referendum were to pass or fail. I included information on the impact on teachers and support staff, class sizes, student achievement, educational programs, and building maintenance. This week I will focus on the tax impact to the residents of the Berlin Area School District.

Later this week everyone should receive the first of three postcards in the mail. I encourage everyone to read it over and use the QR code on the postcard to take you to our district website and Referendum 2024 webpages. Please check out the *Referendum Information* section and review the various resources contained on the pages. One of the resources available to you is a Frequently Asked Questions (FAQs) section. The following are some of the FAQs related to tax impact:

What type of school referendum question will be on the ballot?

There are two types of school referendum questions available to school districts in Wisconsin. These two types are operational and capital. The Berlin Area School District referendum question that will be on the ballot on November 5, 2024 is an operational referendum question.

What is an operational referendum?

If approved by the voters, an operational referendum gives the Berlin Area School District Board of Education authority to increase its tax levy by a set amount each year as listed in the operational referendum question, which in effect provides more revenue for the district. An operational referendum pays for all the basic expenses to run a school district such as salaries and benefits of all staff, transportation, utilities, building maintenance, curricular materials, educational programs, athletics, insurance, and supplies. Referendums are presented as a ballot question for voters to approve/disapprove.

How many years of taxes will this referendum impact?

If this referendum passes, it will impact taxes beginning with the 2025 tax year through the 2028 tax year. It will NOT impact the 2024 tax year, which is the tax bill coming out this December 2024.

What is the wording of the referendum question?

"Shall the Berlin Area School District, Green Lake, Waushara and Winnebago Counties, Wisconsin be authorized to exceed the revenue limit specified in Section 121.91, Wisconsin Statutes, by \$802,156 for the 2025-2026 school year, by \$1,263,061 for the 2026-2027 school year, by \$2,125,956 for the 2027-2028 school year, and by \$2,874,340 for the 2028-2029 school year, for non-recurring purposes consisting of operational costs to maintain instructional programs, staffing, technology and facilities?"

What are the projected budget deficits for the coming years?

The dollar amounts contained in the referendum question above represent the annual, growing budget deficits for the coming four years. These budget gaps would be considerably larger without budget cuts. The Berlin Area School District has cut over \$1,130,000 from staffing, transportation, and school budgets going into the 2024-25 school year. Without these cuts, the budget deficit would balloon to over \$4,000,000 by the 2028-29 school year.

Why does the school district need the funds? Isn't reducing expenses enough?

Like all Wisconsin schools, Berlin Area School District operates under state-imposed revenue limits that restrict the amount of money a district can receive. Over the years, the district's revenue limit has decreased. Not unlike all other school districts in Wisconsin, school revenue has decreased and inflation has increased. Fixed costs such as staffing, utilities, and transportation have increased at a rate much quicker than state funding. Although the district has already taken steps to reduce the budget through cuts to staffing and services, it is impossible to close the budget gaps indefinitely without a significant negative impact on students.

What is the tax impact if the operational referendum passes?

The additional tax impact on a home or property with an estimated fair market value of \$100,000 would be \$38 per year for each of the four years of the referendum. Please see the chart or website for additional values.

What is a school tax mill rate?

The school tax mill rate is the amount of revenue (taxes) collected per \$1,000.00 of property. To calculate the mill rate from your property tax bill, add the net tax for the school-Berlin Area line to the "school levy tax credit" amount, divide that total by the "total estimated fair market value" and multiply by 1000. This is the school mill rate for the tax year. Historically, the Berlin Area School District mill rate has been around \$9.00 per \$1,000 of property. The Berlin Area School District school board voted last year to reduce the mill rate to \$7.23, providing tax payers with some relief from high property valuations. If the referendum passes, the anticipated mill rates are projected to stay within the \$7.00 to \$7.50 range.

Public school finance, budgeting, and property taxes are all complex topics that benefit from a level of explanation difficult to contain in this article. I encourage everyone who is interested to learn more about these topics through articles and videos contained on the Wisconsin Department of Instruction and Department of Revenue websites, as well as other online resources. You are also welcome to attend one of the community information sessions I will be running on September 30th at 1:00 and 6:00 pm or October 24th at 1:00 and 6:00 pm. All sessions contain the same content and will be held in the Berlin High School auditorium.

Thank you for your continued support of our children and community.