



Superintendent's Corner...

Understanding Property Tax Increases

Property taxes, understandably, have become a hot topic in our district recently so I wanted to share some information so that everyone has a better understanding of the issue. So, please take some time to read this and share it with your friends.

I've been presented with a math question recently that is very hard to answer and it goes a little something like this: *How can a 5% total budget increase at MAPS lead to property tax increases of 20, 30 or even 40% (depending on your municipality)?* I agree that this defies logic on the surface, so I hope to shed some light on this issue. Consider the following:

- State funding of public education has not kept pace with rising costs and inflation over the past 10 years. In fact, in 5 of the previous 7 years there have been no revenue increases for school districts in Wisconsin and the cumulative increase in school revenues since 2010 has been \$0.
- As a result, many schools (including MAPS) have had to go to local voters for extra funds via operations referendums. In fact, over the past 10 years, 82% of Wisconsin school districts have gone to operations referendums.
- MAPS had a \$2.5 million operations referendum that expired at the end of the 22-23 school year. An attempt to renew that referendum failed with the voters last November and, as a result, approximately \$2.5 million was cut from the MAPS budget and federal ESSER funds for the 23-24 school year which lowered the local tax levy. This reduction resulted in a drop in the mil rate from \$7.93 to \$5.14 and showed up as a reduction on the MAPS portion of individual property tax bills of 20, 30 or 40% (depending on where you live) last year.
- MAPS still had budget shortfalls despite making those significant cuts going into this school year and discussions were beginning to take place regarding going back to the voters with a much smaller operations referendum this year. \$1 million per year for 5 years was being discussed until the new State budget came out this summer.
- In July, the new State budget came out and, for the first time in a long time, there were increases to the revenue limits and Low Revenue Ceiling under which schools operate. This equated to approximately a \$1.2 million dollar increase in the MAPS budget starting in the 23-24 school year. This \$1.2 million represents a 4.65% increase in our overall

State allowed revenue limit. As a result of this increased funding, discussions regarding a potential operations referendum to help balance the budget ended.

- So, why does a 4.65% increase in MAPS revenue look so much larger as a percentage increase on your tax bill and mine? Two main reasons. First, the referendum funds coming off of the local tax bills last year created a dip, or drop, to the local tax levy as I explained earlier. Then, the State budget increased revenue for schools which partially brought it back up. Here's what the local levy looks like over the past 3 years: In 2021 it was \$10.7 million, in 2022 it dropped to \$7.7 million (when the referendum ended), and in 2023 it increased back to \$9.81 million (with the new state budget revenues). In percentage terms, the local property tax levy dropped 27.7% when the referendum ended and came back up 27.1% under the new State budget and those are the percentages that appear on our tax bills.
- Two things should be stressed: first, for a number of reasons the actual percentages vary from township to township and municipality to municipality. Secondly, it should be pointed out that the total MAPS tax levy is almost \$1 million dollars less than it was before this dip. This means that, percentages aside and in terms of real dollars, local taxpayers are paying almost \$1 million less than two years ago.
- School finance can be very hard to explain and understand, so let me add another layer to make things even more complicated: the \$1.2 million of new revenue that came from the State budget for MAPS is not offset by the State in the form of aid this year (meaning it is entirely on the local tax levy and our property tax bills) since aid is based on the previous year's spending. However, it will be part of the State aid formula next year which will be favorable for the MAPS portion of the property tax bill next year.
- I'll add one more curve ball to complicate things even further: The School Levy Credit that appears on our property tax bills is based on a 3 year average of the local tax levy. Since our local levy dropped dramatically when the referendum ended, our 3-year average was lowered and actually dropped us into a lower credit bracket. This results in a much smaller School Levy Credit in our district which would have removed an estimated \$315,000 from our local levy and from our local property tax bills.

I'll close with this reminder: despite all of this, and due to State funding formulas of which no one at MAPS has any control over, the revenue that MAPS receives per student is the lowest in the State of Wisconsin--the LOWEST. It's been that way since 1992. I'm not sure if that is something to brag about, but it is certainly worth remembering when we discuss budgets and taxes.

Thank you for taking the time to become familiar with this complex topic. If you have further questions, as always, feel free to contact me. I can be reached directly at 715-536-4581, ext 10002.

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