

Following up on fall discussions about school finances and in light of the recent property tax bill receipt, we felt it was crucial to delve into key aspects that may have raised questions. To provide more context, this article addresses why this year's tax bill is unique, including explaining some of the factors that may have been unclear when you received it.

If you live in the Village of Fox Point, there was an error in the calculation of the school tax credit in 2022 that impacted your 2023 property tax bill. Specifically, the Village of Fox Point doubled the school tax credit in 2022. This school tax credit is a mechanism used by the state legislature to directly reduce the school portion of property taxes shown on individual tax bills, without routing the credit through the school district.

Because Fox Point homeowners received a double credit in 2022, there was very little additional school tax credit applied in 2023. In other words, the 2023 property tax bill for Village of Fox Point residents only included the incremental increase in the school tax credit above what was already applied in 2022, rather than the full amount. The credit you received in Fox Point from the state to relieve these taxes in 2022 went down. Residents in the Village of Bayside were not affected.

▶ HOW IS THE SCHOOL DISTRICT'S TAX LEVY CHANGING AND WHY?

The 2023-24 school district budget included a \$1,212,412 property tax increase, or 11.8% over the prior year. Because the referendum debt tax levy decreased, or went down by \$407,622, or 8.3%, the total school tax levy increased by a more moderate amount: \$804,790, or 5.3%.

| PROPERTY TAX LEVY | 2022 - 2023 | 2023 - 2024 | \$ INCREASE/ (DECREASE) | % INCREASE/ (DECREASE) |
|--------------------------|--------------|--------------|-------------------------|------------------------|
| General Fund Tax Levy | \$10,279,839 | \$11,492,252 | \$1,212,412 | 11.8% |
| Referendum Debt Tax Levy | \$4,907,622 | \$4,500,000 | (\$407,622) | (8.3%) |
| Total School Tax Levy | \$15,187,461 | \$15,992,251 | \$804,790 | 5.3% |

VARIOUS FACTORS INFLUENCE THE SCHOOL DISTRICT'S REVENUES & PROPERTY TAX INCREASES, INCLUDING:

- **Revenue limit formula:** Introduced in 1993, this formula governs public school spending in Wisconsin. It adjusts base revenue limits based on districts' financial history, with operational referendums allowing districts to increase their base revenue limit. The formula's delicate balance between property taxes and aids is pivotal. If general state aid rises, property taxes decrease, and vice versa.
- **Student membership:** Stable or rising resident student enrollment is crucial for Wisconsin school districts to maintain a financially viable district, but can be impacted by demographic factors as much or if not more than educational quality. The Revenue Limit Formula employs a 3-year rolling average for stability. Recent trends in our district show a positive enrollment shift, helping maximize the district's ability to raise funds from state and local sources, potentially affecting property taxes.
- **Per member increase:** Wisconsin's 2023-2025 biennial budget brought a vital \$325 per member (student) increase and was critical given minimal or no increases in budgets over the past decade, when inflation has outpaced increases. This increment aids stable enrollment districts in meeting financial demands for wages, benefits, and operations. The current inflationary environment is challenging for school districts: while the \$325 per member has been welcomed, it's worth noting that, at current rates of inflation, this number would need to increase to \$393 and \$403 per member over the next two years to keep up with inflation.
- **Operational referendum:** Given the challenging funding model and projected shortfalls that result, operational referendums now play a pivotal role in sustaining school district operations. Fox Point-Bayside utilized a 4-year non-recurring referendum in 2014 and replacement referendums in 2018 and 2022, providing consistent funding through 2027.
- **Vouchers:** Since 2015-16, private school choice programs have impacted public school funding. The resident district covers private school education costs, reducing general state aid. While current voucher aid seems modest, the growing enrollments hint at potential future impacts.

(List continues on next page.)

- General state aid:** Wisconsin's General State Aid comprises equalization aid, integration aid, and special adjustment aid. The construction referendum debt borrowing generated a one-time substantial general aid increase. The district saw its usual equalization aid increases from about \$250,000 in 2021-2022 to about \$2.8 million in 2022-2023, essentially offsetting some of the new construction debt tax levy. Under the equalization aid formula, the \$2.8 million would have been lost for 2023-2024, except for a waiver in the formula that limits aid loss to 15% per year, ensuring the district received at least 85% of the previous year's aid eligibility. The loss in aid will decline by 15% per year, until it returns to the usual \$250,000 per year level. The decrease in general state aid of \$666,985 was a shift to property taxes.
- Capital (construction) referendum:** In June 2022, Fox Point-Bayside issued \$58.5 million in bonds for school renovation. This tax levy decrease of \$407,622 offset the general fund tax levy increase. Future debt tax levies will be stable in the \$4 to \$4.5 million per year range.

TOTAL STATE AIDS & TAX LEVIES SUMMARY:

The chart below is an overview of the Fox Point-Bayside School District's revenues from general state aids and tax levies from last year and this year:

| | 2022 - 2023 | 2023 - 2024 | \$ INCREASE/ (DECREASE) | % INCREASE/ (DECREASE) |
|---|---------------------|---------------------|-------------------------|------------------------|
| Total State Aids and Tax Levies | \$18,184,181 | \$18,396,918 | \$212,737 | 1.2% |
| Construction Referendum Tax Levy | \$4,907,622 | \$4,500,00 | (\$407,622) | (8.3%) |
| Voucher General Aid Deduction | \$110,352 | \$198,650 | \$88,308 | 80.0% |
| School Operating Funds (including \$3.1 million operating referendum) | \$13,166,207 | \$13,698,258 | \$532,051 | 4.0% |
| Operating Funds from State Aid | \$2,872,992 | \$2,206,007 | (\$666,985) | (23.2%) |
| Operating Funds from Tax Levy (local property tax) | \$10,279,839 | \$11,492,251 | \$1,212,412 | 11.8% |
| Total Tax Levy | \$15,187,461 | \$15,992,251 | \$804,790 | 5.3% |

▶ HOW IS THE SCHOOL DISTRICT'S TAX LEVY SPLIT BETWEEN MUNICIPALITIES?

When a school district serves multiple communities, the school district's property taxes are split among the communities based on each community's total equalized valuation and how that valuation is growing. Communities experiencing the greatest growth in equalized valuation will feel greater impact in the levy. For example, the Village of Fox Point, with an average equalized value increase of 17.20% from 2022 to 2023, picks up a greater share in the Fox Point-Bayside property tax levy, as the total for both municipalities grew by 15.89%. The same process holds for your Nicolet High School District tax levy, but that calculation also includes the City of Glendale and the Village of River Hills in the Nicolet community mix.

COMPARISON OF SCHOOL DISTRICT APPORTIONMENT OF TAXES FROM 2022 TO 2023:

| MUNICIPALITY | 2022 EQUALIZED VALUE | PERCENT OF ALL | 2023 EQUALIZED VALUE | PERCENT OF ALL | 2022 TO 2023 \$ INCREASE EQUALIZED VALUE | 2022 TO 2023 % INCREASE EQUALIZED VALUE |
|------------------------|------------------------|----------------|------------------------|----------------|--|---|
| V. Bayside-MKE Co. | \$415,544,906 | 26.92% | \$468,253,966 | 26.17% | \$52,709,060 | 12.68% |
| V. Fox Point-MKE Co. | \$1,095,195,669 | 70.94% | \$1,283,536,895 | 71.75% | \$188,341,226 | 17.20% |
| V. Bayside-OZ Co. | \$33,006,300 | 2.14% | \$37,261,000 | 2.08% | \$4,254,700 | 12.89% |
| Municipal Total | \$1,543,746,875 | 100.00% | \$1,789,051,861 | 100.00% | \$245,304,986 | 15.89% |

COMPARISON OF SCHOOL DISTRICT TAX LEVY DIFFERENCE FROM 2022 TO 2023:

| MUNICIPALITY | 2022 EQUALIZED VALUE | 2023 EQUALIZED VALUE | 2022-2023 TAX LEVY | 2023-2024 TAX LEVY | \$ DIFFERENCE TAX LEVY | % DIFFERENCE TAX LEVY |
|------------------------|------------------------|------------------------|---------------------|---------------------|------------------------|-----------------------|
| V. Bayside-MKE Co. | \$415,544,906 | \$468,253,966 | \$4,088,152 | \$4,185,700 | \$97,548 | 2.39% |
| V. Fox Point-MKE Co. | \$1,095,195,669 | \$1,283,536,895 | \$10,774,591 | \$11,473,476 | \$698,885 | 6.49% |
| V. Bayside-OZ Co. | \$33,006,300 | \$37,261,000 | \$324,718 | \$333,075 | \$8,357 | 2.57% |
| Municipal Total | \$1,543,746,875 | \$1,789,051,861 | \$15,187,461 | \$15,992,251 | \$804,790 | 5.30% |

▶ HOW DOES EACH VILLAGE'S PORTION GET SPLIT BETWEEN PROPERTY OWNERS?

When local property assessments (referred to as assessed values) vary significantly for a particular community as a whole from the state's equalized values, a reassessment process is triggered to bring assessed values more in line with equalized values, which are considered the "full values" of the properties. How this affects the individual taxpayer is if the total value of a community's reassessment is greater than your home's reassessed value, your share of property taxes will decrease.

▶ KEY TAKEAWAYS

- A one-time boost in general state aid in 2022-23 led to a subsequent shift from state aid to property taxes in the 2023-24 fiscal year. There will be a corresponding yearly shift from state aid to property taxes over the next several years.
- The construction referendum debt levy decreased by \$407,622 (8.3%), and will stabilize in future years.
- In the district's revenue limit calculation, increased student enrollment and the \$325 per member increase allowed the school district budget to grow by \$447,330 for a total general fund expenditure budget of \$15,577,037, or a 2.95% increase, an adequate amount to manage inflationary increases for the school year.
- A financially healthy school district would like to see a 3% to 5% yearly increase in their revenue limit to adequately manage yearly inflationary increases in salaries, benefits and operations.

We hope this content assisted you in a better understanding of how your property taxes support excellence within the Fox Point-Bayside School District. If you have any questions, please contact Superintendent Jeff Dellutri at 414-247-4167 or email jdellutri@foxbay.org.

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