

Media Release 2/16/23 Budget Projection

Dear Community Members,

We are in the process of developing the annual budget for 2023-24. I would like to share with you some of the challenges we are facing in the years ahead. Transparency with our community is very important to the Mellen School District.

The Wisconsin State Legislature determines the amount of funding the school district receives each year. The 2023-25 biennium budget is currently being developed by the State Legislature. Unfortunately, this budget may not be finalized until this summer or possibly in the fall. As you can see, this can be very challenging for our School District in the development of our budget. Therefore, we make conservative projections on the amount of funding we might receive.

At the February School Board meeting we provided budget projections for the 2023-24, 2024-25, and 2025-26 school years. I have summarized the information that was presented below:

- Wisconsin School Districts have not had a per-pupil adjustment aligned to inflation (CPI) in the past 14 years; in fact, there has been **NO** per-pupil adjustment at all in the past 2 years
- The Mellen School District has received one-time funding from the Federal Government intended to address the learning disruption resulting from the COVID-19 pandemic. The ESSER funds were used by the School District to hire additional staff to address the learning loss, complete facilities updates to provide a safe and healthy environment, curriculum to support math and reading interventions, technology to support virtual learning, and support for student's mental health and wellness. These funds will no longer be available in the 2024-25 school year, referred to as a "fiscal cliff."
- While we still have some ESSER funds available for the 2023-24 school year, unless there is an increase in State funding, we are projecting a potential deficit in the amount of \$389,000 at a minimum. The reason is because we need to maintain current staffing levels. Just because the funding has gone away does **not** mean that the needs of our students have. We have created a staffing plan for the upcoming school years in an effort to begin staffing reductions in accordance with our student learning needs.
- Factors that affect our School District budget are
 - Inflation: increasing costs of employee benefits such as health insurance, utilities cost (natural gas prices), food for school meals, to name a few.
 - Teaching and Substitute Shortage: in an effort to attract and retain quality staff we have needed to increase salaries and hiring incentives in order to compete with neighboring districts and the private sector.
 - Enrollment: Student enrollment is directly related to the amount of State funding the District receives. Enrollment projections show a slight decline over the next few years.
- At this time we are projecting an increasing deficit for the 2024-25 and 2025-26 school years. The exact amounts will be determined by the 2023-25 State biennium budget.
- To address these upcoming financial challenges we have formulated a plan which includes investigating the possibility of an operational referendum in the Spring of 2024. The District will offset facility expenses in the 2023-24 school year by utilizing an as yet to be determined amount from the District's fund balance.

I am sharing this information with you to ensure that our School Community is well-informed about the upcoming challenges that the School District is facing. I will continue to provide updates as we learn more

about the State biennium budget. I am confident that the Mellen Community will continue to support our School, ensuring our students receive a high quality education.

Sincerely,

Rhonda Elmhorst-Friemoth
Superintendent
Mellen School District