

Key Considerations for Referendum Planning

Thursday, January 19, 2011 (8:45 – 9:45 AM)

91st State Convention

Frontier Airlines Center, Room 102C

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Why a Referendum Now?



Facility Needs

- Overcrowding at facilities
- Facilities are beyond their original useful lives
- Cost savings from efficiency improvements
- Construction Bid Market
- General Obligation Bond Market -- Interest Rates at 40-Year Lows



Fiscal Needs

- Revenues not keeping pace with expenses
- Prior referenda to exceed the Revenue Limit falling off
- Implement Technology Budget/Maintenance Budget/New Buses etc...
- Increase teachers' salaries

Types of Referenda

Referendum to Exceed the Revenue Limit

Non-recurring

Recurring
"Step-recurring"

Referendum to Issue Debt

New Buildings

Maintenance Projects

School Additions

School
Consolidations

Other Debt Issues

Other Types of Referenda

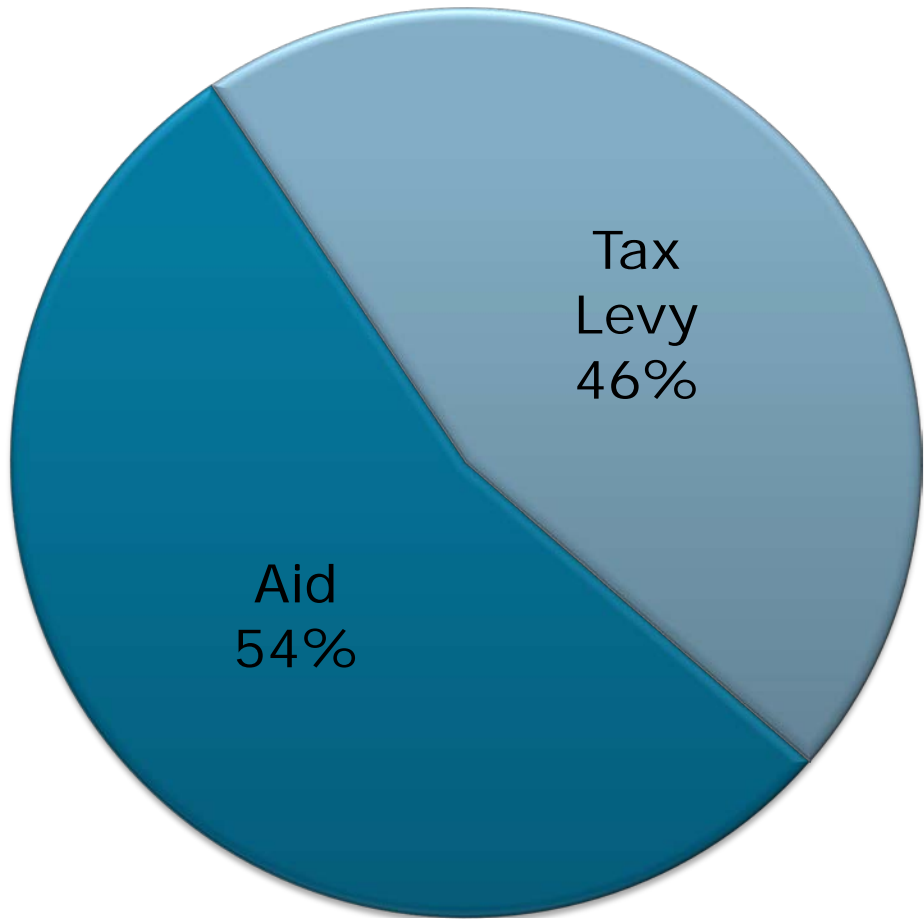
Increase
Salaries

Consolidation

Reorganization

Referenda to Exceed Revenue Limit

Revenue Limit is 85-95% of Revenues



Referenda to Exceed Revenue Limit

Sample 2011 Data



Date	District	Type	Amount	Pass/Fail	Purpose
April 5, 2011	Southern Door County	NR	\$400,000 (2011-12) \$850,000 (2012-13)	Failed	Operational Expenses
September 6, 2011	Adams-Friendship	NR	\$175,000 - five years	Passed	Purchasing School Buses
April 5, 2011	Racine	NR	\$1,000,000 - ten years	Failed	Increase District's Fund Balance
May 17, 2011	Athens	RR	\$350,000	Passed	Operational Expenses
February 15, 2011	Melrose-Mindoro	RR	\$425,000 - three years	Passed	Maintain the current level of operations and provision of educational services to the students of the district

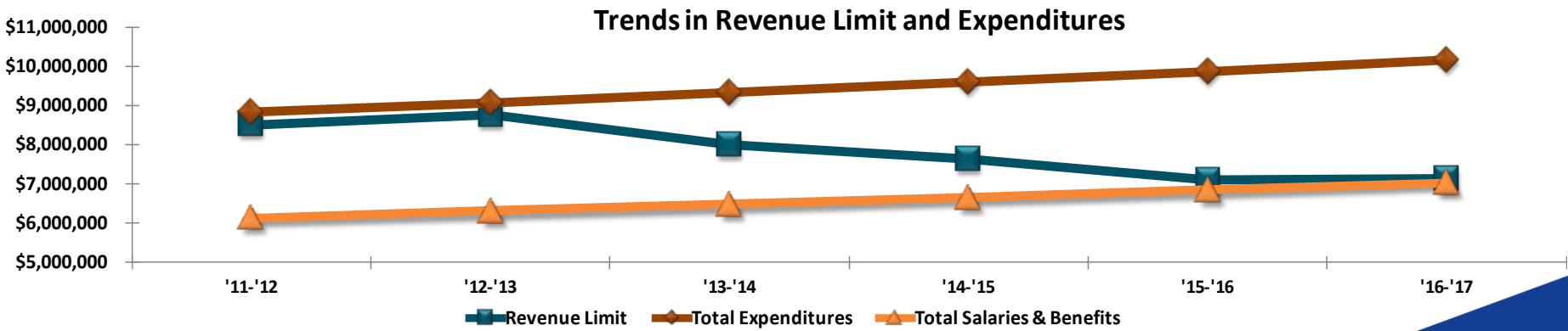
Referenda to Exceed Revenue Limit

How Much? How Long?

(\$999,263) (\$1,608,086) (\$2,394,244) (\$2,607,000)

Forecast Model Scenario: Base Case

	'11-'12	'12-'13	'13-'14	'14-'15	'15-'16	'16-'17
Enrollment Growth:	-2.14%	-9.67%	-0.09%	-0.78%	1.50%	1.50%
Per Pupil Increase:	(\$550.08)	\$50	\$0	\$0	\$0	\$0
Equalized Valuation Growth:	-1.49%	0.00%	0.00%	0.00%	0.00%	0.00%
Fund 10 Revenues	\$8,838,375	\$9,093,109	\$8,329,280	\$7,984,048	\$7,473,622	\$7,549,534
Fund 10 Expenditures	\$8,838,379	\$9,076,354	\$9,328,543	\$9,592,134	\$9,867,866	\$10,156,534
Surplus (Deficit)	(\$4)	\$16,756	(\$999,263)	(\$1,608,086)	(\$2,394,244)	(\$2,607,000)
Total Tax Rate per \$1,000 Equalized Valuation	\$9.95	\$11.03	\$10.21	\$9.47	\$9.04	\$9.45
Non-Recurring Referendum \$	\$175,000	\$675,000	\$0	\$0	\$0	\$0
Recurring Referendum \$	\$0	\$0	\$0	\$0	\$0	\$0

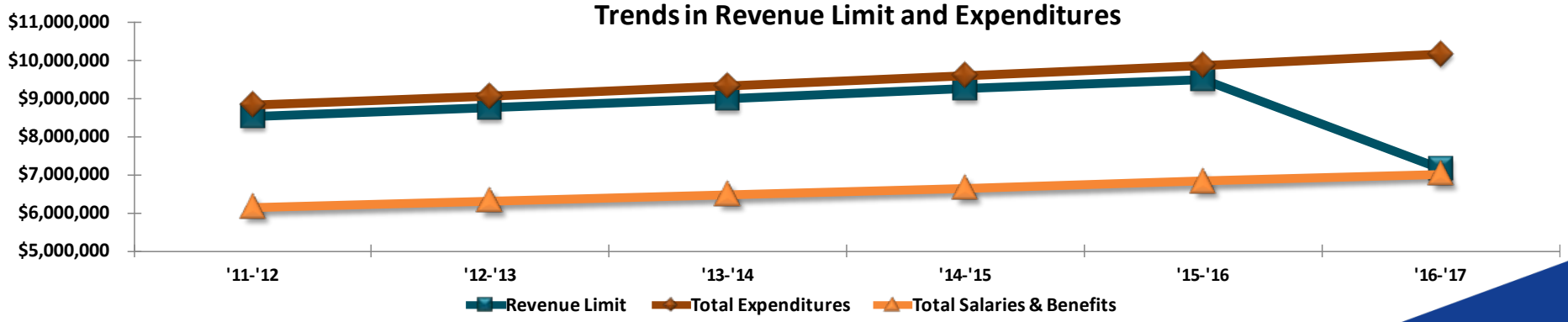


Referenda to Exceed Revenue Limit How Much? How Long?

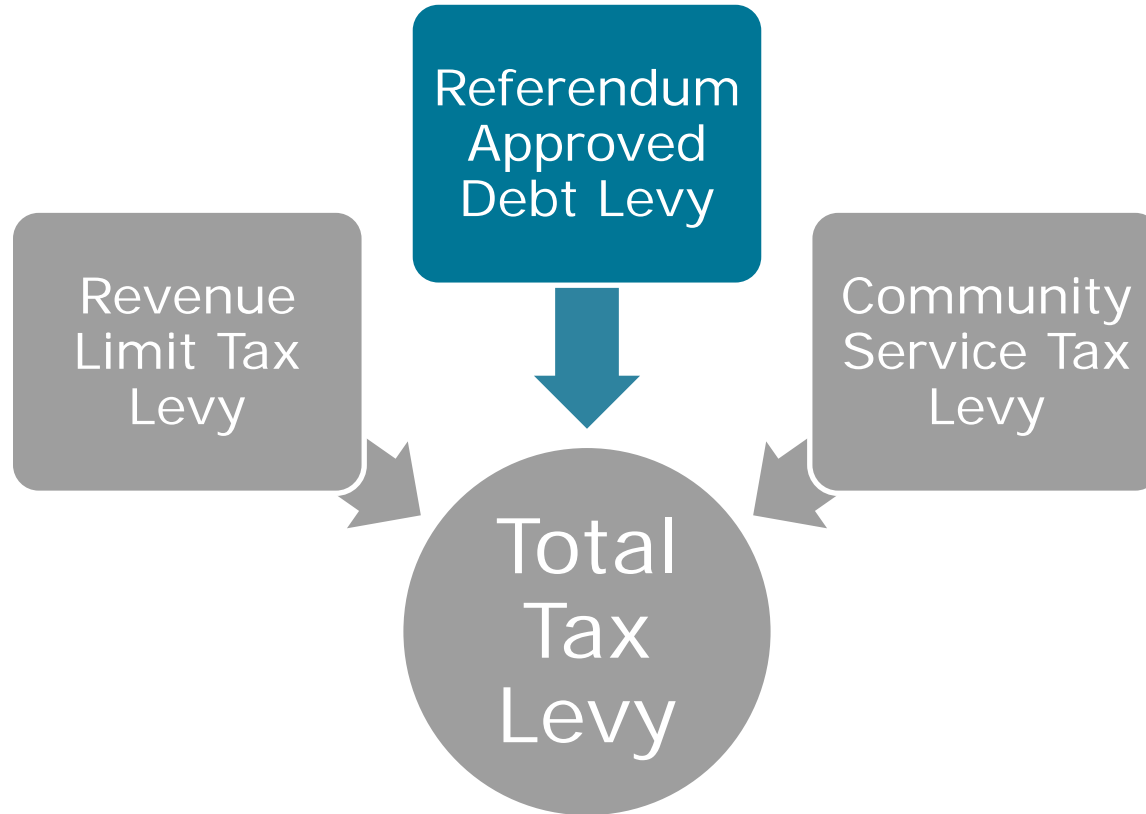
\$737 **(\$86)** **(\$244)** **(\$2,607,000)**

Forecast Model Scenario: 3-Year Non-recurring Referendum

	'11-'12	'12-'13	'13-'14	'14-'15	'15-'16	'16-'17
Enrollment Growth:	-2.14%	-9.67%	-0.09%	-0.78%	1.50%	1.50%
Per Pupil Increase:	(\$550.08)	\$50	\$0	\$0	\$0	\$0
Equalized Valuation Growth:	-1.49%	0.00%	0.00%	0.00%	0.00%	0.00%
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Surplus (Deficit)	(\$4)	\$16,756	\$737	(\$86)	(\$244)	(\$2,607,000)
Total Tax Rate per \$1,000 Equalized Valuation	\$9.95	\$11.03	\$11.81	\$12.05	\$12.88	\$9.45
Non-Recurring Referendum \$	\$175,000	\$675,000	\$1,000,000	\$1,608,000	\$2,394,000	\$0
Recurring Referendum \$	\$0	\$0	\$0	\$0	\$0	\$0



Total Tax Levy



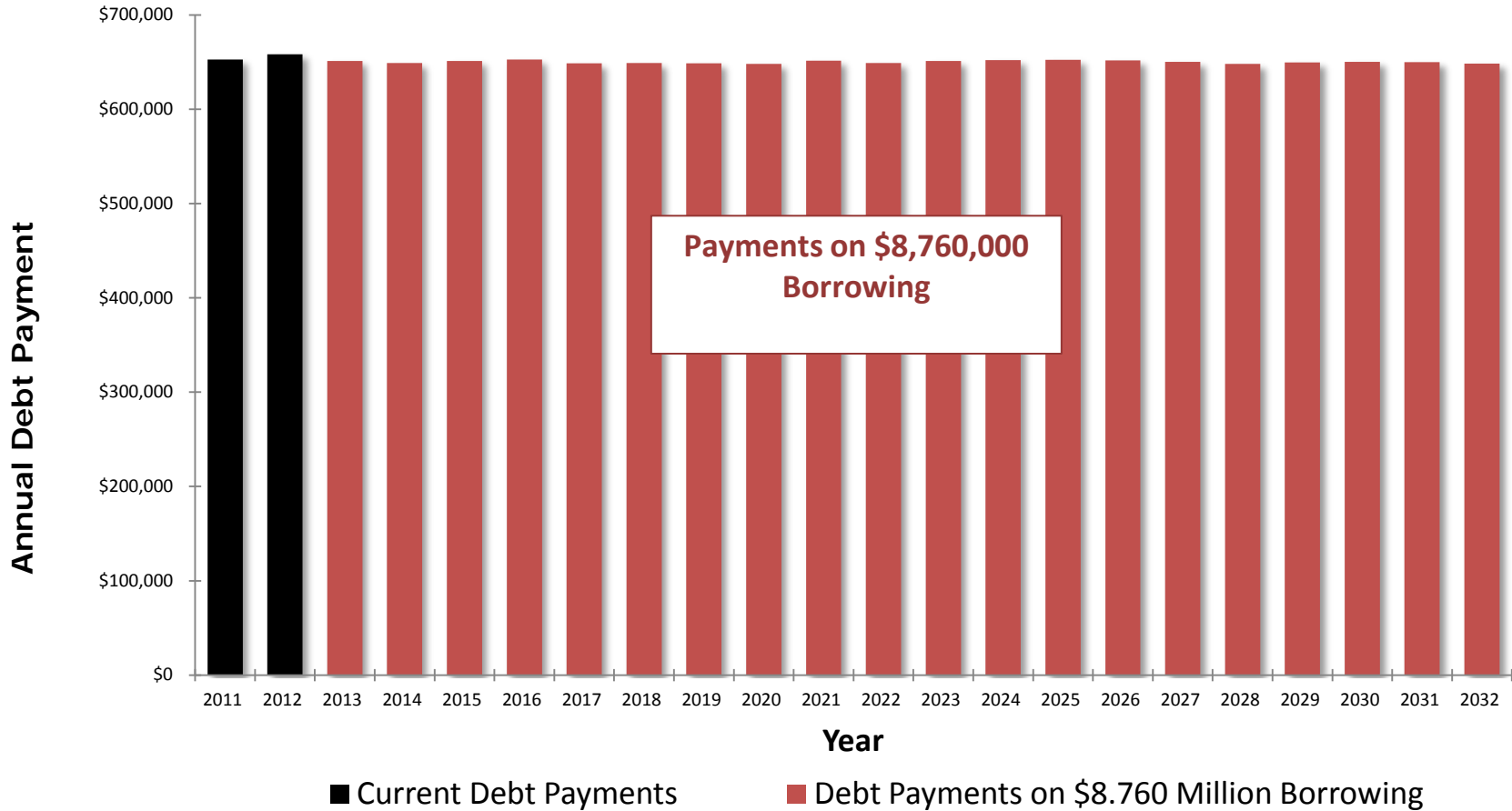
Debt Referendum - Considerations

- Consider existing debt structure
 - Debt Payment “Drop-Offs”
 - Future large Capital needs on the long-term plan
- Legal debt capacity
 - 10% of Equalized Valuation
 - 5% of Equalized Valuation (UHS and K-8)
- Achieve lowest total financing cost
 - Bond Rating
 - Type of Borrowing
 - Term of Borrowing
 - State Aid
- Minimize levy impact to taxpayers
 - Near-Term Levy impact vs. Long-term Levy impact
 - Tax Base Growth

Debt Referendum - Levy



Principal and Interest Payments on Debt

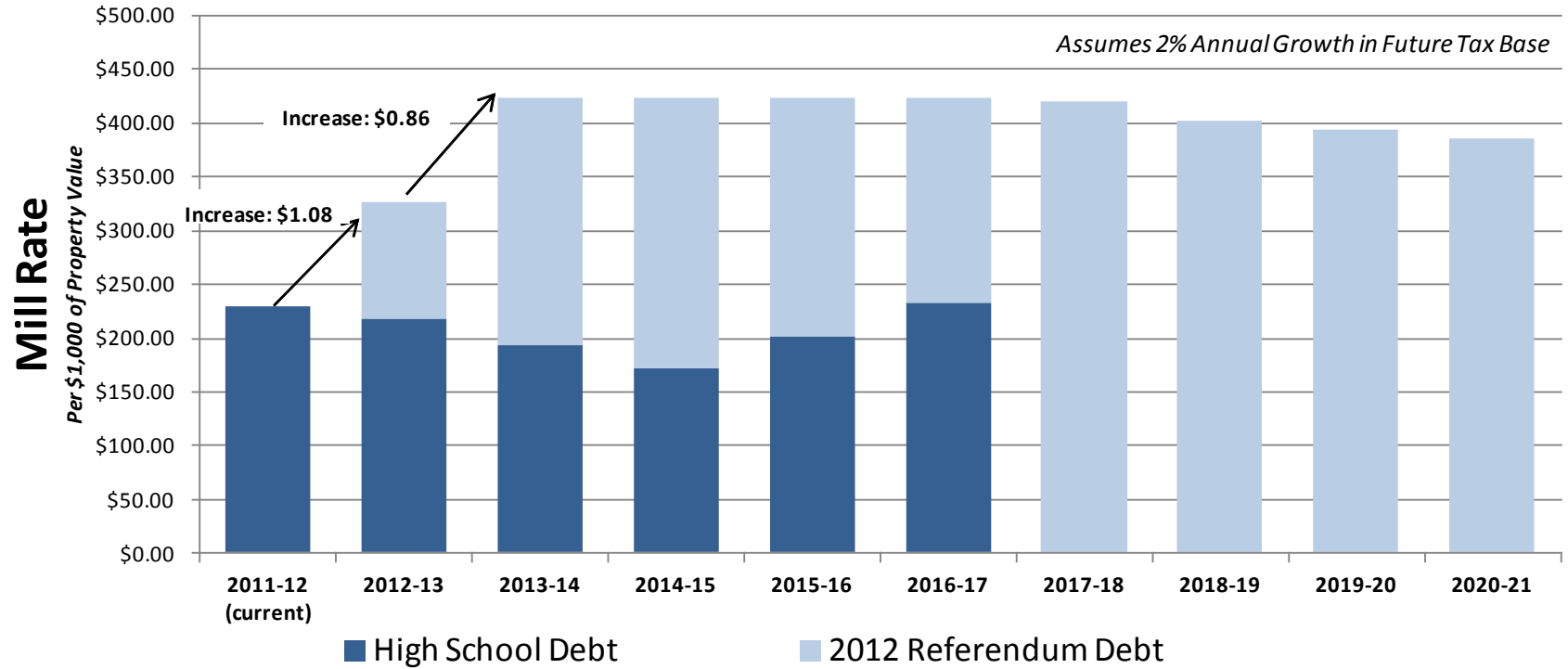


The hypothetical example is for illustrative purposes only.



Debt Referendum – Tax Impact

Estimated Referendum Tax Impact Debt Only



When is the Best Time to go?

Regular or Special Election?

Wisconsin School Referendum: 2000-Present

Election	Issue Debt			Nonrecurring			Recurring		
	Failed	Passed	Percentage	Failed	Passed	Percentage	Failed	Passed	Percentage
February	38	55	59.1%	24	24	50.0%	25	16	39.0%
April	140	123	46.8%	96	106	52.5%	85	42	33.1%
September	18	18	50.0%	11	14	56.0%	8	5	38.5%
November	44	78	63.9%	21	32	60.4%	18	17	48.6%
Special	96	68	41.5%	27	50	64.9%	49	31	38.8%

When is the Best Time to go?

Presidential Election Year?

Wisconsin School Referendum: 2000-Present

Election	Issue Debt			Nonrecurring			Recurring		
	Failed	Passed	Percentage	Failed	Passed	Percentage	Failed	Passed	Percentage
Presidential Election	89	129	59.2%	47	65	58.0%	54	46	46.0%
2000	45	67	59.8%	16	17	51.5%	23	26	53.1%
2004	17	32	65.3%	9	16	64.0%	13	10	43.5%
2008	27	30	52.6%	22	32	59.3%	18	10	35.7%
Non-Presidential Year	249	212	46.0%	137	166	54.8%	132	64	32.7%
2001	49	35	41.7%	13	16	55.2%	33	20	37.7%
2002	35	24	40.7%	13	11	45.8%	18	2	10.0%
2003	44	13	22.8%	13	8	38.1%	24	5	17.2%
2005	25	17	40.5%	14	16	53.3%	13	10	43.5%
2006	21	40	65.6%	22	32	59.3%	11	10	47.6%
2007	25	31	55.4%	18	22	55.0%	14	9	39.1%
2009	14	13	48.1%	16	19	54.3%	10	2	16.7%
2010	16	26	61.9%	18	19	51.4%	8	2	20.0%
2011	20	13	39.4%	10	23	69.7%	1	4	80.0%

LEGAL CONSIDERATIONS AND CHANGES

Jeff Peelen

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Quarles & Brady LLP

What's New? - Changes to Wisconsin Law

- New Fall Primary Date
 - Changed from the 2nd Tuesday in September to the 2nd Tuesday in August.

What's New? - Changes to Wisconsin Law

- Earlier Deadline for Filing Ballots
 - Referendum questions must now be filed with the county clerks no later than 70 days prior to the referendum election.
 - (Prior law required ballots to be filed no later than 42 days prior to the election.)
 - » Reference: 2011 Wisconsin Act 75 (Effective December 2, 2011)
 - » (<http://docs.legis.wi.gov/2011/related/acts/75>)
- Hence, Districts are going to have to start the referendum process a little earlier.

What's New? - Changes to Wisconsin Law

- Referendum Procedure for Increase to Employee Wages
 - Section 118.245 of the Statutes allows for a referendum on a resolution adopted by the School Board to increase total base wages of employees beyond the limit set forth under Section 11.70(4)(mb)2 (which ties wage increases to increases in the Consumer Price Index).
 - This sort of referendum must be held in April for collective bargaining agreements beginning in July of the same year, and the results apply only for that collective bargaining agreement.
 - The statute provides that the ballot question must read as follows:
 - » “Shall the employees in the _____ District receive a total increase on wages from \$_____ [current base wages] to \$_____ [proposed base wages], which is a percentage wage increase that is ___[x] percent higher than the percent of the Consumer Price Index, for a total increase in wages of ___[x]?”

Referendum Basics

- Referendum for Bonds
 - Otherwise may issue Notes, but debt service counts against the revenue limit
 - No referendum requirement for refundings
- Referendum to Exceed the Revenue Limit
 - Two types:
 - Recurring
 - Non-Recurring
- “Regular” Referendum
 - i.e., on a regularly scheduled election date
- Special election
 - i.e., on other than a regularly scheduled election date
 - Kit’s presentation talked about some differences between regular and special

Regularly Scheduled Election Dates

Referendum Dates:

UPDATED JAN. 2012

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Spring					
Primary Election		02/19/2013	02/18/2014	02/17/2015	02/16/2016
Resolution needs to be approved by		12/11/2012	12/10/2013	12/09/2014	12/08/2015
General Election	04/03/2012	04/02/2013	04/01/2014	04/07/2015	04/05/2016
Resolution needs to be approved by	01/24/2012	01/22/2013	01/21/2014	01/27/2015	01/26/2016
Fall					
Primary Election	08/14/2012		08/12/2014		08/09/2016
Resolution needs to be approved by	06/05/2012		06/03/2014		05/31/2016
General Election	11/06/2012		11/04/2014		11/01/2016
Resolution needs to be approved by	08/28/2012		08/26/2014		08/23/2016

Ballots need to be filed with the county clerks, and hence the School Board needs to adopt resolutions calling for the election, **70 days** prior to the election date. See 2011 Wisconsin Act 75.

Timeline of Legal Requirements

Action	Timing	Notes
Informational Campaign	{Refer to Kit's presentation, below}	
Adopt Initial & Referendum Resolution*	At least 70 days prior to the election	The timing results from the statutory requirement to file ballots
File Ballot with Clerks*	At least 70 days prior to the election	This 70-day requirement is new (it used to be 42 days)
Publish 1 st Notice*	Within 10 days of Adoption of Initial Resolution	Only applicable to bond referenda
Publish 2 nd Notice*	On the 4 th Tuesday before the election	Type A and Type E Notice
Publish 3 rd Notice*	On the day before the election	Type B, C and D Notice
Election Day	Regular or Special Election Date	"Electioneering" rules apply on election day
Canvass & Report Results	Within 24 hours of the election	Board of Canvassers meeting is open to the public and must be noticed
Issue Bonds (if applicable)	{Refer to Lisa's presentation, above}	

* Legal counsel prepares the required resolutions, form of ballot and notices.

Sample Ballot Question(s)

“Shall the following Initial Resolution be approved?

INITIAL RESOLUTION AUTHORIZING **GENERAL OBLIGATION BONDS**
IN AN AMOUNT NOT TO EXCEED \$2,700,000

BE IT RESOLVED by the School Board of the Suring Public School District, Iowa County, Wisconsin that there shall be issued pursuant to Chapter 67 of the Wisconsin Statutes, general obligation bonds in an amount not to exceed \$2,700,000 for the public purpose of paying the cost of making improvements and replacements to

YES NO

"Shall the following Resolution be approved?

RESOLUTION
AUTHORIZING THE SCHOOL DISTRICT BUDGET TO
EXCEED REVENUE LIMIT
FOR NON-RECURRING PURPOSES

BE IT RESOLVED by the School Board of the Suring Public School District, Iowa County, Wisconsin, that the revenues included in the School District budget be authorized to exceed the revenue limit specified in Section 121.91, Wisconsin Statutes, by \$000,000 for the 2011-2012 school year and by \$000,000 for the 2012-2013 school year for non-recurring purposes."

YES NO



Other Considerations

- The Role of Board Members
- The Role of the District's Administration
- Informational Materials & Advocacy Concerns
- Referendum Activities at Facilities & Use of District Resources
- Interaction with Referendum Groups

The Role of the Board & Administration

- The Role of Board Members
 - Board members may speak for or against the referendum. They may also participate in referendum groups (so long as they follow generally applicable law – such as campaign finance law, the Open Meetings Law, etc.)
- The Role of the District's Administration
 - Administrators should not engage in promotional activities during normal working hours. They may, however, be a source of neutral information.
 - Why the difference? Administrators are paid with public dollars.

Informational Materials & Advocacy Concerns

- **“Neutral”** facts sheets are permissible.
- **“Advocacy”** is not (i.e., there is no Wisconsin legal authority in support of a District’s ability to spend money on referendum advocacy).
- **What’s the difference?** The difference between the two turns on the precise language used. (Can’t use “vote for” or other words of express advocacy.)
- **Avoid hyperbole, puffery or aggrandizements.** This sort of language isn’t legally prohibited so long as its truthful, but it can draw legal complaints nonetheless, and those are distracting.
- **Be accurate.** Aside from advocacy related concerns, all information distributed must be accurate (ask your professionals as necessary).

Activities at Facilities & Use of District Resources

- No “Viewpoint Discrimination”
 - If the District makes its facilities available to political organizations, it must make them available to all such organizations.
- Reimbursement of Facility Costs
 - A school district may make its facilities available without cost to political organizations, but some local district attorneys have advised that to avoid any appearance of an illegal in-kind contribution to a political group, school districts should charge for such use, even if all that is charged is a nominal amount.
- Other Resources (like copy machines)
 - School districts can avoid campaign finance violations by seeking reimbursement from any political group for costs associated with such services provided to such group—if the district seeks reimbursement at the same time those services are provided.

Interaction with Referendum “Groups”

- Groups are Separate from the District
 - “YES” groups and “NO” groups are responsible for the own activities, including there own legal compliance. Direct them to the Government Accountability Board.
- Registration and Reporting
 - The District Clerk is the “filing officer” for referendum groups, and receives their registration statements and, if applicable, their campaign finance reports.
- Other Duties Under the Statutes, Clerks also:
 - Furnish forms (they are available on the GAB website);
 - Keep a list of delinquent filers
 - Notify the local district attorney of facts that may be grounds for action.
- Limits The Statutes do not contemplate that the Clerk will investigate complaints or develop facts.

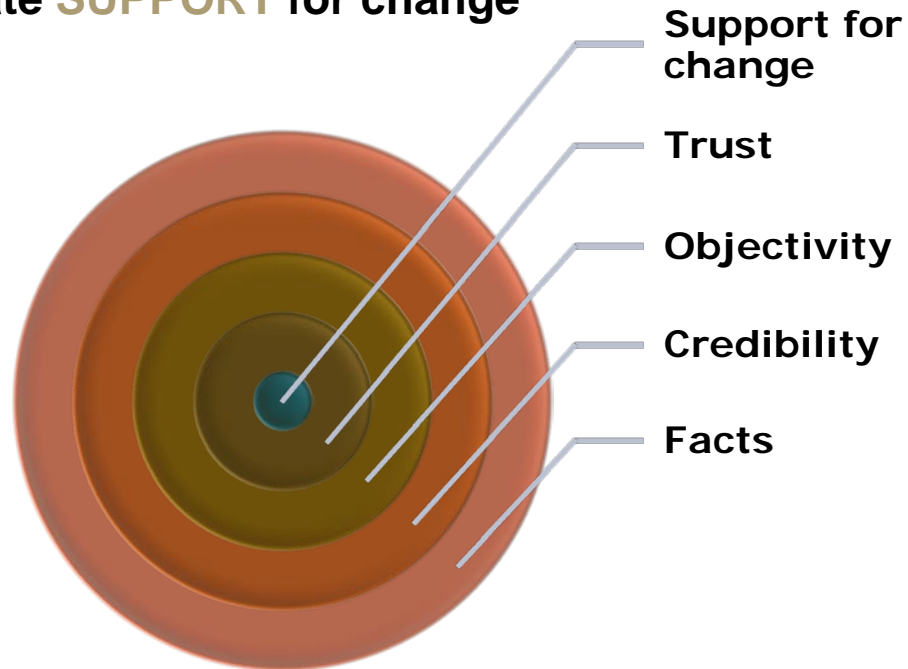
- Questions?

Communicating about financial issues is the most difficult and most important issue for school districts.

COMMUNICATION

Why is Communication SO Important?

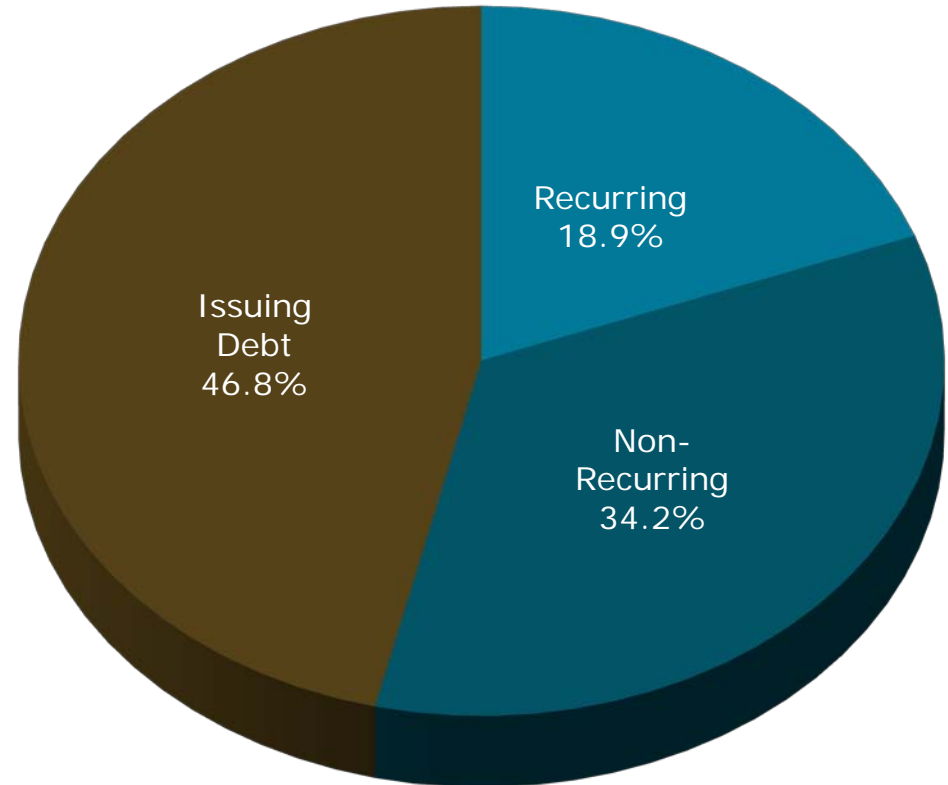
- ✓ Taxpayers must be aware of the **FACTS**
- ✓ Information must be offered **OBJECTIVELY**
- ✓ Consistent information provides **CREDIBILITY**
- ✓ Open communication and community engagement builds **TRUST**
- ✓ Trust needed to generate **SUPPORT** for change



Referenda Overview

Since 2001, Wisconsin School Districts have requested **1,034** total referenda.

- 196 Recurring
- 354 Non-Recurring
- 484 Issuing Debt



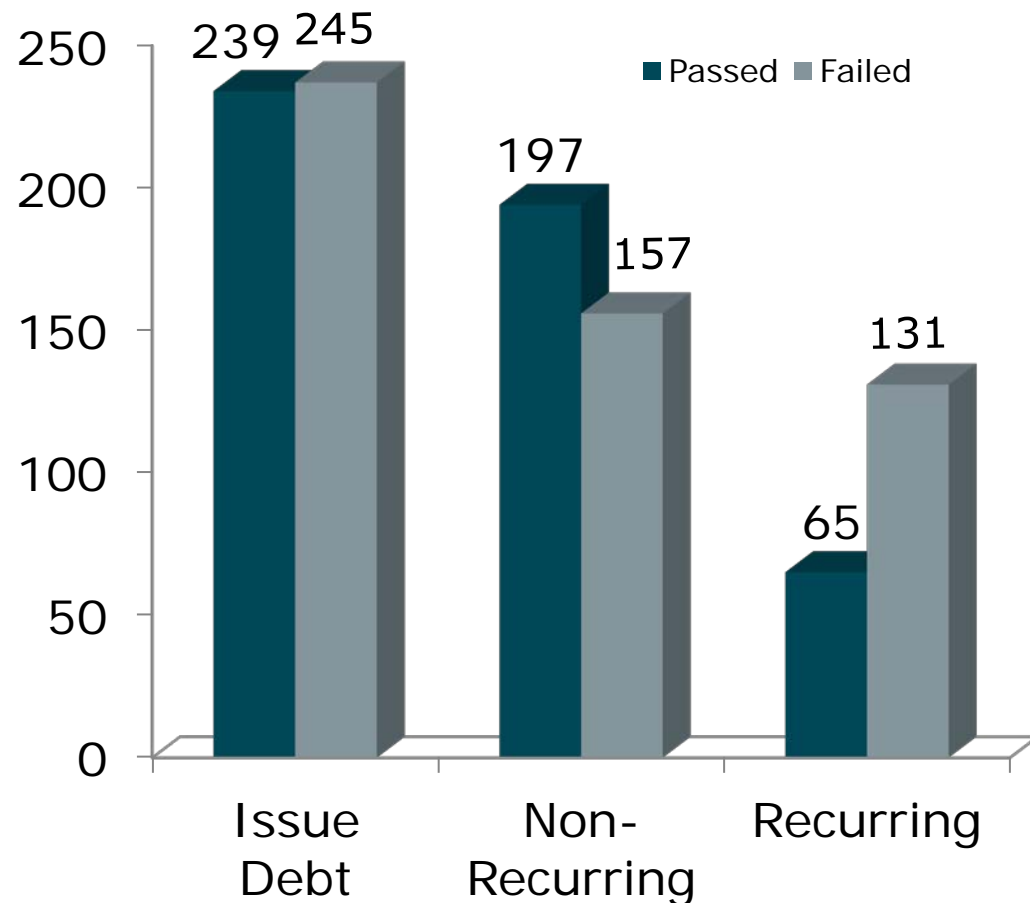
The Facts

2001 – 2011 WI Referenda Success

501 (47%) successful referenda

533 (53%) failed referenda

Recurring is the least likely to succeed



Why Referenda Pass

It was **well-planned** and developed with **ample time**

The Board of Education was **unified** behind the proposal

Residents felt **ownership** in the proposal

The proposal reflected the **values & priorities** of the community

Why Referenda Pass

Clear messages were defined and **used consistently** and repeatedly

Information efforts were **simplified** and complex jargon did not interfere with key messages

A grassroots effort was **led** by community members with a **personal approach** with one-on-one communications

Think Strategically

Strategy: a long-term plan of action designed to achieve a particular goal, most often “winning”.

Also referred to as a:

Method

Road map

Play book



Think Strategically

Approach each election uniquely

Assess the local political climate

Anticipate significant community issues

- Increasing class sizes
- Closing schools or eliminating programs
- New attendance boundaries
- Changing grade level configuration
- Selecting a site

Elements Critical for Success

Community Collaboration

- Welcoming broad community discussion of issues and priorities
- Creating a two-way process for information sharing and gathering feedback
- Establishing community buy-in as foundation of proposal

Community Engagement Process



Elements Critical for Success

Effective Communication

- Creating awareness of needs/issues
- Celebrating success & achievement (POP!)
- Consistent, year-round communication with community & staff

Communicate Effectively

Avoid Complex Answers

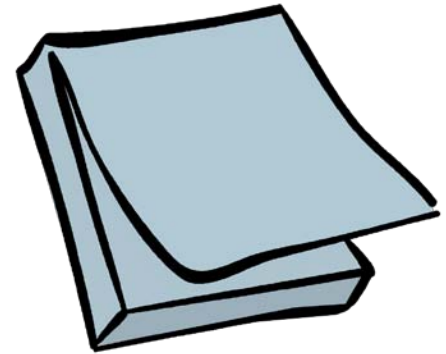
What are the issues?

Why is this important?

How will it impact me?

Create Messages that Stick

- ✓ Focus on needs as central, consistent, simple messages
- ✓ Provide supporting facts to build credibility: 3+3
- ✓ Use examples, stories, and data to move messages from *abstract* to *concrete* ideas
- ✓ Tailor messages to key audiences



Think 3+3

Example Key Message:

"The amount of money a district can generate is dependent on enrollment and our student population has slowly been declining. Despite ongoing efforts to reduce our operating budget, our costs still exceed our revenue."

Think 3+3

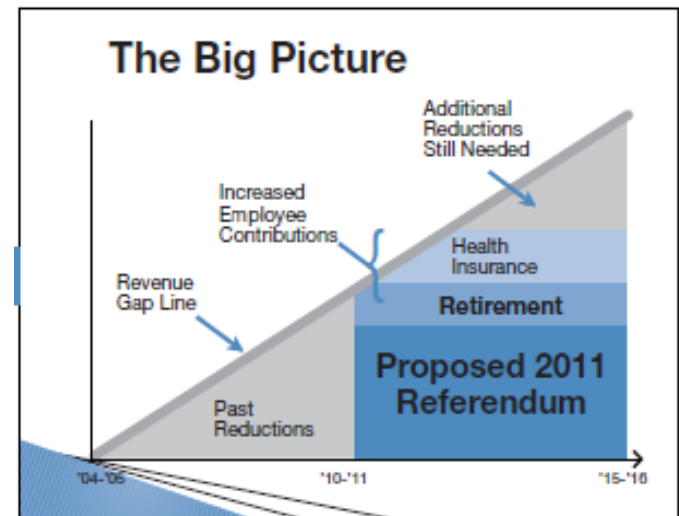
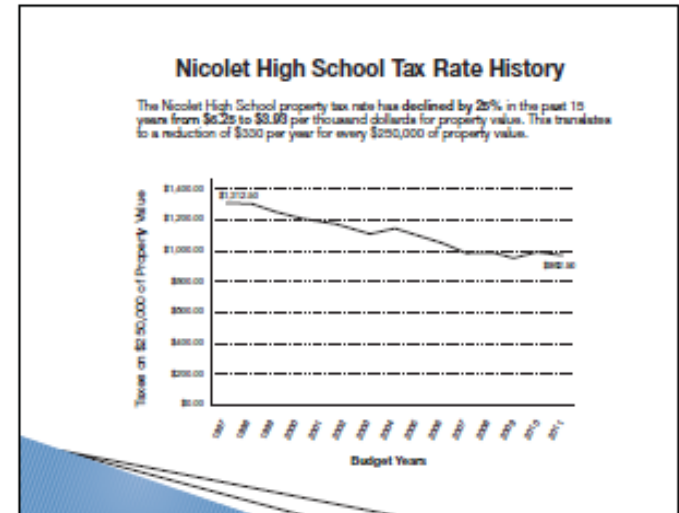
Supporting Facts (the +3)

Example:

- ✓ In the 2000/2001 school year, our student population was 1200 students. Today we serve 980 students.
- ✓ In the last ten years, we have cut more than \$2.1 million from our general operating budget in an effort to balance expenses with revenues.
- ✓ During this timeframe, we have eliminated 3.5 administrators, 13.5 teachers, 12 support staff and reduced all department budgets by approximately 15%.

Use Visuals to Tell Your Story

- ✓ Use simple charts, graphs, and tables to help tell your story
- ✓ Avoid spreadsheets, columns of numbers, and complicated graphics at all costs
- ✓ Keep the focus on students with lots of pictures!



Communicating the Cost

What is the cost to taxpayers?

Property Value	Referendum Question: \$2,150,000 for 5 years at a rate of \$0.5217/\$1,000 of property value	
	Annual Tax Impact	Monthly Tax Impact
\$100,000	\$52.17	\$4.35
\$250,000	\$130.43	\$10.87
\$500,000	\$260.86	\$21.74

Elements Critical to Success

Compromise

- Critical in light of today's economy and political environment: "we know times are tough"
- Prioritize most urgent needs, programs and services
- Maximize all funding sources and financing options
- Consider phased approach if appropriate

Timing is Everything

Set **realistic** expectations to accomplish your goals

Recognize that **not everyone understands** your needs and feels the same sense of urgency

Provide adequate **time** to “test” the proposal

Evaluate outside factors that could affect the outcome – sometimes it is best to **wait**



- It is **never too early** to begin communicating your needs

Conceptual Referendum Timeline – November 2012

