



SCHOOL DISTRICT OF LA CROSSE

807 East Avenue South • La Crosse, WI 54601 • 608.789.7628 • Fax: 608.789.7604

TO: School Board
FROM: Aaron Engel, Superintendent
DATE: December 4, 2023
SUBJECT: Financial Projections

The following are revenue and expense projections for the next five years based on the primary drivers of school districts' budgets. The result is an average \$3.2M budget deficit annually.

Revenue assumptions:

1. **State funding** remains stable at \$325 per year (the biennium budget process makes this assumption somewhat unstable, and potentially optimistic).
2. **Enrollment** follows recent enrollment projections - the more favorable median outcome that includes stable 4K and K leading to declining enrollment averaging -136 per year.
3. **Referendum** funding increases by \$325,000 over the 2023-24 school year.
4. **ESSER funding** ends, reducing revenue by ~\$2.7 million.

The April 2023 operational referendum has a significant positive impact on revenues, adding \$4.5M annually to revenues in addition to the prior referendum. The offsetting expenses for this referendum are a 6% staff wage increase for the 2023-24 school year and beyond, the continuation of critical teaching staff in buildings after ESSER funding ends, and an offset of a structural \$2.1M budget deficit.

The result of these factors over the next five years is a decline in revenue that starts at -\$1.9M in 2024-25 and grows to -\$2.8M in 2028-29.

Expense assumptions:

1. **Wages** increase by 3% annually. For teachers this would likely mean steps and lanes plus an approximate 2% increase in wages generally (per cell).
2. **Health insurance** costs increase by 20% in the first year and 5% each year thereafter.
3. **Utilities and fuel** costs increase by 5% each year.
4. All **other expenses** increase by 1% each year.
5. The one-time capital improvement budget addition from the first year of the April 2023 operational referendum ends, reducing expenses by \$2.5 million

The result of these factors over the next five years is an increase in expenses that start at \$1.6M in 2024-25, drops to \$520K the following year and annually increases by \$100K each year until 2028-29.

The result of these budget assumptions is an average \$3.2M budget deficit annually. The projected net changes to revenues, expenses, and the annual budget are identified below. The attached sheet includes more detailed information.

	2024-25	2025-26	2026-27	2027-28	2028-29
Net Change in Revenue	-1,915,406	-1,890,970	-2,284,170	-2,758,127	-2,813,786
Net Change in Expenses	1,639,435	523,269	619,914	720,008	823,683
Budget Deficit	-3,554,841	-2,414,239	-2,904,084	-3,478,135	-3,637,469

2024 Budget Projections

<u>Revenues</u>	2024-25	2025-26	2026-27	2027-28	2028-29
Per Pupil Revenue Limit	11,997	12,322	12,647	12,972	13,297
Revenue Limit Change	325	325	325	325	325
State Funding Revenue	1,837,550	1,778,400	1,726,400	1,685,775	1,642,550
Projected Enrollment	5,654	5,472	5,312	5,187	5,054
Change in Students	-102	-127	-158	-155	-140
Changing Enrollment Revenue	-1,307,280	-1,223,694	-1,564,894	-1,998,226	-2,010,660
Referendum Revenue Change	325,000	325,000	325,000	325,000	325,000
ESSER Funding Change	-2,770,676	-2,770,676	-2,770,676	-2,770,676	-2,770,676
Net Change in Revenue	-1,915,406	-1,890,970	-2,284,170	-2,758,127	-2,813,786

<u>Expenses</u>	2024-25	2025-26	2026-27	2027-28	2028-29
Wages + Wages Based Benefits	69,920,264	72,017,871	74,178,408	76,403,760	78,695,873
Wages Change	3%	3%	3%	3%	3%
Wages Net Expense	2,036,513	2,097,608	2,160,536	2,225,352	2,292,113
Health Insurance Cost	10,159,728	10,667,714	11,201,100	11,761,155	12,349,213
Health Insurance Change	20%	5%	5%	5%	5%
Health Insurance Net Expense	1,693,288	507,986	533,386	560,055	588,058
Utilities/Fuel	\$2,070,600	\$2,174,130	\$2,282,837	\$2,396,978	\$2,516,827
Utilities/Fuel Change	5%	5%	5%	5%	5%
Utilities/Fuel Net Expense	\$98,600	\$103,530	\$108,707	\$114,142	\$119,849
Remaining Expenses	31,414,457	31,728,602	32,045,888	32,366,347	32,690,010
Remaining Expenses Change	1%	1%	1%	1%	1%
Remaining Expenses Net Change	311,034	314,145	317,286	320,459	323,663
Referendum Capital Budget Change	-2,500,000	-2,500,000	-2,500,000	-2,500,000	-2,500,000
Net Change in Expenses	1,639,435	523,269	619,914	720,008	823,683

Budget Deficit	-3,554,841	-2,414,239	-2,904,084	-3,478,135	-3,637,469
Impact on Fund Balance	-3,554,841	-5,969,080	-8,873,164	-12,351,299	-15,988,768

