

Capital vs. Classroom: Why One Referendum Doesn't Cover Both

Many community members have asked why the district is now pursuing an operational referendum just two years after the passage of the \$8.5 million capital improvement referendum in April 2022. These questions are understandable and generally fall into two areas:

- Why proceed with building improvements if operational funding challenges existed?
- Why can't the capital referendum funds be used to assist with operating expenses?

Both questions make sense, and we want to provide clear answers.

Capital Funds Have Legal Restrictions

Funds approved in a capital referendum are legally limited to the scope of the projects described on the ballot—typically construction, renovations, and facility improvements.

Under Wisconsin Statute 120.10(10m), these dollars must be held in a separate fund and cannot be redirected to operational costs, such as:

- Staff salaries
- Utilities
- Classroom materials
- Daily operating expenses

This means that even as operational needs change, capital dollars cannot be repurposed without additional voter approval.

Understanding the Operating Shortfall

The operating budget challenges facing our district did not develop overnight. They are the result of long-term statewide funding trends and rising costs.

Funding Not Keeping Pace

For more than a decade:

- Annual increases to state funding have not consistently kept up with inflation.
- The automatic inflation adjustment was removed from the state school funding formula in 2009.
- Standard cost increases in areas such as transportation, staffing, and supplies have outpaced revenue growth.

COVID-Era Funding Complications

After the COVID-19 shutdown, the state did not increase district revenue limits for one biennium because districts were receiving temporary federal relief funds. However:

- Those federal funds were one-time only, not permanent.
- When they expired, districts statewide experienced significant gaps between rising operating costs and state revenue.

As a result, school districts across Wisconsin—including ours—are now addressing budget realities that have been building for more than ten years.

The Timeline: How We Got Here

The district's capital planning began in December 2019, based on long-standing facility needs.

- The first referendum to replace the 1921 section of the building was presented in April 2021 but did not pass.
- A revised proposal with a smaller scope passed in April 2022.

At the time, the full financial effects of statewide funding decisions and inflation were not yet known. Like many districts, we are now adjusting to the budget picture that has become clearer since then.

Two Different Needs, Two Different Referendums

In Wisconsin, capital and operational referendums serve different purposes:

- Capital referendums improve buildings and infrastructure.
- Operational referendums support the daily work of educating students—people, programs, and services.

Strong facilities require strong funding inside them. When state revenue limits do not keep pace with increasing costs, districts must seek voter approval to maintain quality educational services.

Questions? We're Here to Help.

If you would like more information or wish to discuss this further, please feel free to reach out:

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