



BUDGET SUPPLEMENT

FIVE YEAR BUDGET FORECAST

2019-20 through 2023-24

February 2019

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NOTE: This budget document is intended for internal use for developing the annual budget and for assisting with long range planning. This document is one of several making up the documentation to support the annual budget. Interpretation of data without an understanding of programs, legal requirements, policies and rules of the School Board, and practices of the district could lead to erroneous conclusions. This document is accurate as of the date of preparation. The School Board may take action that may change the projections, or decisions of other regulatory agencies may render the document inaccurate or incomplete.

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Introduction

Budget forecasts are an effort to project revenues and expenditures for the next five years. The following steps are taken into consideration when developing the forecast.

- (1) Project pupil enrollment and membership
- (2) Project revenues
- (3) Project expenditures necessary to continue instructional and support programs on the same basis as the current school year
- (4) Project costs for program changes approved by the School Board for an upcoming year
- (5) Calculate the difference between projected revenues and projected expenditures to determine budget flexibility

The projections assume continuation of State imposed revenue limits, State and federal categorical and program aids, and compensation for certified staff. Further, the projections assume no Federal or State legislation or local action will have additional impact on the revenue that is available for school operations.

The forecast for 2019-2020 will continue to be updated over the next nine months.

Pupil Enrollment

School district revenues and costs are directly related to the number of pupils served as well as the academic and support programs offered. Consequently, enrollment projections constitute the beginning point for calculation of budget forecasts.

The School District of Kettle Moraine in collaboration with Forecast5 Analytics, Inc. uses a modified three-year average cohort-survival enrollment projection methodology.

The district prepares an enrollment projection for five years. Enrollment is projected to decrease from 4,056 total students currently served in 2018-19 to 3,987 students served in 2019-20 and continues to decrease each year thereafter.

Over the past 10 years, there were fewer incoming kindergartners than outgoing 12th graders from the previous year. This offers a snapshot of how the age structure of the district enrollment is shifting from younger to older. The graduating class of 2019 is 351 students and the current five-year-old kindergarten class is 218 students. For 2019-2020, the projection assumes the number of students enrolled will decrease by (69) students.

The resident enrollment has been declining. The district is a desirable place to live and families remain in their homes long after their children graduate from the school system. Affordable housing to newer families with school-age children is not readily available within the district's boundaries. Regular communication with municipalities has been maintained to monitor anticipated development.

In 2010, the district implemented four-year-old kindergarten, which generated an immediate increase in enrollment of 199 students and currently has 192 students enrolled in the program. Kettle Moraines' model for four-year-old kindergarten utilizes a community partner approach in order to best meet the needs of parents while strengthening the district's relationships with providers in our community.

The number of students that will elect to attend Kettle Moraine schools under open enrollment is projected to remain relatively stable as resident student enrollment continues to decline.

The enrollment history for the last five years and projection for the next five years is shown below.

			Middle	High				
		Elem	School	School	Total	Non-	Total	
	PRE - K	K - 5	6 - 8	9 - 12	Enrolled	Attending	Served	Change
Historical Data								
2014-15	205	1,526	893	1,428	4,052	153	4,205	
2015-16	226	1,476	861	1,434	3,997	179	4,176	(29)
2016-17	193	1,515	876	1,423	4,007	178	4,185	9
2017-18	216	1,484	821	1,370	3,891	195	4,086	(99)
2018-19	202	1,452	833	1,372	3,859	197	4,056	(30)
Projection								
2019-20	202	1,444	828	1,316	3,790	197	3,987	(69)
2020-21	202	1,414	841	1,298	3,755	197	3,952	(35)
2021-22	202	1,419	811	1,280	3,712	197	3,909	(43)
2022-23	202	1,388	829	1,267	3,686	197	3,883	(26)
2023-24	202	1,412	773	1,278	3,665	197	3,862	(21)

Total enrolled means pupils enrolled for attendance in one of the ten Kettle Moraine schools, regardless of status. Total enrolled for future years is adjusted to include the change in the number of open enrollment pupils projected to be accepted in 2019-20 through 2023-24.

Non-attending represents resident pupils who attend school in another school district, mostly under the State's open enrollment law.

Projections are made using a cohort survival analysis adjusted for initial grade data fluctuations and the last three-year average enrollment.

Projected Revenue

District revenues are dependent on enrollment. Over the past five years the district's membership for the revenue limit calculation has decreased by (368) students from 3,874 in 2013-2014 to 3,506 in 2018-2019.

The total 2018-2019 enrollment includes 192 four-year-old kindergarten students. Four-year-old kindergarten students are counted at 0.6 full time equivalents (FTE) per student for revenue limit purposes.

The revenue limit dollar per member adjustment for 2019-20 is projected to be \$0 for the fifth consecutive fiscal year. This keeps the allowable revenue per member static at \$9,948 for the 2019-2020 school year. The remaining four years of the forecast also maintain a \$0 per member adjustment in the revenue limit in each fiscal year.

The membership calculation for revenue limit purposes includes district resident students that are attending other schools through tuition or open enrollment, but it does not include non-resident students attending Kettle Moraine schools through open enrollment, or tuition. Instead, the district receives open enrollment revenue from the State at a current (estimated) rate of \$7,379 per regular education student and \$12,431 per special education student for those students attending Kettle Moraine schools via the open enrollment process. The membership from the district's Summer Academy program also adds additional membership to the revenue limit calculation. For the 2018-2019 revenue limit calculation, Summer Academy increased the membership by 82 full time equivalents.

The trend of declining enrollment for revenue limit purposes is anticipated to continue, and the projection over the next five years is an additional reduction of (196) by 2023-2024. The reduction in membership for revenue limit purposes for 2019-2020 is anticipated to be (73). The projection includes the continuance of the four-year-old kindergarten program.

Revenues fall into two broad categories, those subject to revenue limits and those not subject to State imposed revenue limits. Approximately 90% of revenue available for Kettle Moraine School District funding is subject to revenue limits. Revenue limits apply to the amount of property taxes and General State Aid the district is entitled to receive. If there is no change to the revenue limit and the General State Aid decreases, then the local property tax increases.

Enrollment is projected to decline, and the district's equalized value is projected to increase 3.0% each year for the next two years and 2.5% each year for the last three years. Equalization aid reflects a reduction in aid each year. As the district's equalized value increases and the enrollment decreases the district's share of State aid is reduced. On average this reduction of State aid is projected to be a 15% decrease each year over the next 5 years.

Revenues that are not subject to revenue limits include, but are not limited to, State Categorical Aids, Federal Revenues, student fees, rentals, and investment earnings. The revenues not subject to revenue limits are anticipated to remain constant with the exception of the State Per-pupil Categorical Aid, which is set (per current State Law) to decrease by \$24 per resident student in 2019-2020 and remain constant at \$630 per (resident) student in each year of the forecast.

Revenue projections assume:

- Revenue limits will continue
- The per member increase for revenue limit purposes will be \$0 per member for 2019-2020 and \$0 per member in each of the remaining four years of the forecast
- State Per-pupil Categorical Aid will decrease to \$630 per member for 2019-2020, and remain at \$630 per member (per current State Law) in each of the remaining four years of the forecast
- General State aid to Kettle Moraine will continue to be reduced by 15% per year
- The Special Ed Categorical Aid cost reimbursement percentage for students with disabilities will decrease by 0.25% in each fiscal year of the forecast
- Change in revenue from student fees and charges will be directly proportional to changes in enrollment
- Investment income will reflect current anticipated investment rates
- All other revenue will remain relatively stable.

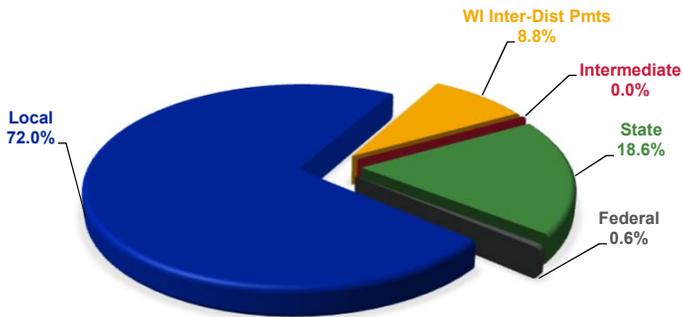
The chart and graphs on the following page present the projected change in revenue based on the projected enrollment for fiscal years 2020-2024. Changes in projected tax revenue and State aid are reflected in the Local and State Sources.

Fund 10 - General Fund - Revenue Analysis (by Source)

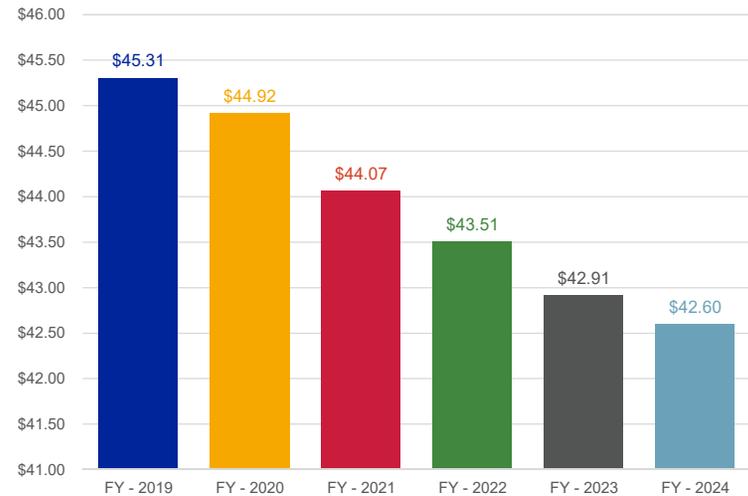
Kettle Moraine School District | 5-year Budget Forecast 190205 BoE Mtg. Base Forecast

	BUDGET	REVENUE PROJECTIONS									
	FY - 2019	FY - 2020	% Δ	FY - 2021	% Δ	FY - 2022	% Δ	FY - 2023	% Δ	FY - 2024	% Δ
LOCAL											
Taxes	\$31,673,493	\$32,063,555	1.23%	\$31,796,447	-0.83%	\$31,714,714	-0.26%	\$31,513,039	-0.64%	\$31,522,861	0.03%
Other Local Revenue	\$886,590	\$848,220	-4.33%	\$848,220	0.00%	\$848,220	0.00%	\$848,220	0.00%	\$848,220	0.00%
TOTAL LOCAL REVENUE	\$32,560,083	\$32,911,775	1.08%	\$32,644,667	-0.81%	\$32,562,934	-0.25%	\$32,361,259	-0.62%	\$32,371,081	0.03%
WI INTER-DIST PMTS	\$4,002,335	\$4,125,892	3.09%	\$4,208,092	1.99%	\$4,290,292	1.95%	\$4,372,492	1.92%	\$4,454,692	1.88%
INTERMEDIATE SOURCES	\$15,905	\$15,905	0.00%	\$15,905	0.00%	\$15,905	0.00%	\$15,905	0.00%	\$15,905	0.00%
STATE											
Categorical Aid	\$331,850	\$331,850	0.00%	\$331,850	0.00%	\$331,850	0.00%	\$331,850	0.00%	\$331,850	0.00%
Equalization Aid	\$4,920,734	\$4,182,624	-15.00%	\$3,555,231	-15.00%	\$3,021,946	-15.00%	\$2,568,654	-15.00%	\$2,183,356	-15.00%
Other State Revenue	\$3,150,200	\$3,019,649	-4.14%	\$2,985,651	-1.13%	\$2,955,452	-1.01%	\$2,935,353	-0.68%	\$2,917,794	-0.60%
TOTAL STATE REVENUE	\$8,402,784	\$7,534,123	-10.34%	\$6,872,732	-8.78%	\$6,309,248	-8.20%	\$5,835,857	-7.50%	\$5,433,000	-6.90%
TOTAL FEDERAL REVENUE	\$261,668	\$261,668	0.00%	\$261,668	0.00%	\$261,668	0.00%	\$261,668	0.00%	\$261,668	0.00%
OTHER REVENUE	\$67,123	\$67,123	0.00%	\$67,123	0.00%	\$67,123	0.00%	\$67,123	0.00%	\$67,123	0.00%
TOTAL REVENUE	\$45,309,898	\$44,916,486	-0.87%	\$44,070,187	-1.88%	\$43,507,170	-1.28%	\$42,914,304	-1.36%	\$42,603,469	-0.72%

REVENUES BY SOURCE - FY2018-19



TOTAL REVENUE PROJECTIONS (MILLIONS)



Projected Expenditures

The budget for 2019-2020 has a projected deficit of (\$1,935,893). The remaining four years in the forecast also reflect annual deficits.

The following assumptions are built into projected expenditures:

- Staffing has not been adjusted to align with reduction in enrollment due to the uncertainty of class size and program demands
- Overall labor costs are projected to increase by approximately 4.43% in 2019-2020 due to anticipated increases in salary and benefit costs
- Benefits paid to retirees will continue to decrease each year as a result of the elimination of post-employment benefits (final payments will be made in 2020-2021)
- An average 5.2% change in salary and benefit cost is projected for the four remaining years of the forecast (includes 25% increases in medical insurance)
- Utility costs are projected to increase 6.4% in each year of the forecast
- Transportation costs have been forecasted to increase 2.0% each year of the forecast
- District liability related insurance coverage is projected to increase by about 1% in each year of the forecast
- Students attending other school districts under open enrollment are projected to remain stable at 188 in 2019-2020 and remain at that level for the remaining years of the forecast

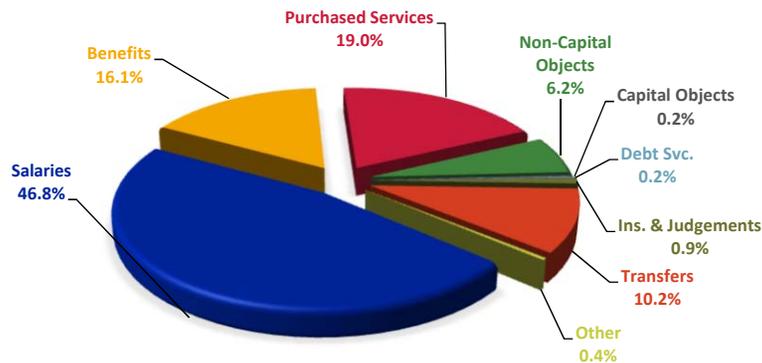
The chart and graphs on the following page present the projected expenditures for fiscal years 2020-2024.

Fund 10 - General Fund - Expenditures Analysis (by Object)

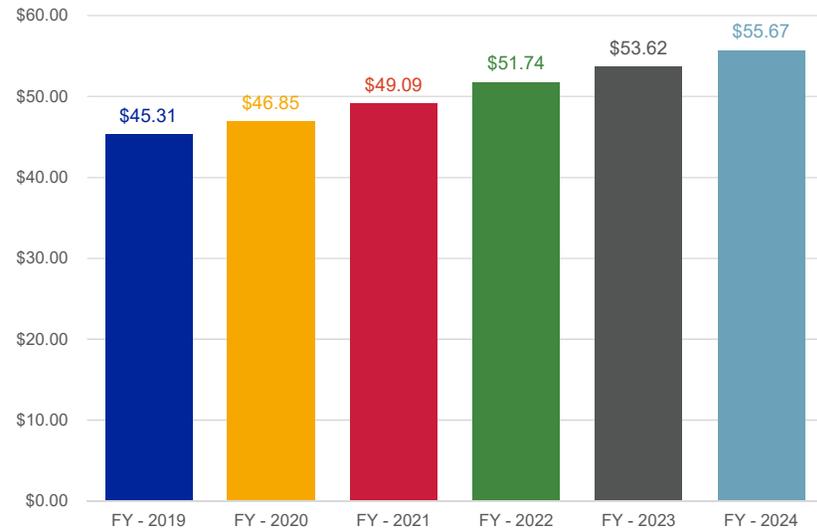
Kettle Moraine School District | 5-year Budget Forecast 190205 BoE Mtg. Base Forecast

	BUDGET		EXPENDITURE PROJECTIONS								
	FY - 2019	FY - 2020	% Δ	FY - 2021	% Δ	FY - 2022	% Δ	FY - 2023	% Δ	FY - 2024	% Δ
SALARY & BENEFIT COSTS											
Salaries	\$21,224,448	\$21,736,520	2.41%	\$22,313,882	2.66%	\$22,961,051	2.90%	\$23,627,636	2.90%	\$24,314,218	2.91%
Benefits	\$7,273,964	\$8,023,734	10.31%	\$9,111,657	13.56%	\$10,486,077	15.08%	\$11,270,652	7.48%	\$12,134,913	7.67%
SALARIES & BENEFITS TOTAL	\$28,498,413	\$29,760,254	4.43%	\$31,425,539	5.60%	\$33,447,128	6.43%	\$34,898,288	4.34%	\$36,449,131	4.44%
OTHER COSTS											
Purchased Services	\$8,596,998	\$8,611,241	0.17%	\$8,762,948	1.76%	\$8,919,787	1.79%	\$9,082,035	1.82%	\$9,249,983	1.85%
Non-Capital Objects	\$2,811,734	\$2,811,734	0.00%	\$2,811,734	0.00%	\$2,811,734	0.00%	\$2,811,734	0.00%	\$2,811,734	0.00%
Capital Objects	\$108,900	\$108,900	0.00%	\$108,900	0.00%	\$108,900	0.00%	\$108,900	0.00%	\$108,900	0.00%
Debt Service	\$78,892	\$78,892	0.00%	\$78,892	0.00%	\$78,892	0.00%	\$78,892	0.00%	\$78,892	0.00%
Insurance & Judgement	\$412,000	\$414,550	0.62%	\$417,126	0.62%	\$419,727	0.62%	\$422,354	0.63%	\$425,008	0.63%
Transfers	\$4,641,442	\$4,905,288	5.68%	\$5,323,489	8.53%	\$5,795,141	8.86%	\$6,057,109	4.52%	\$6,388,594	5.47%
Other Expenditures	\$161,519	\$161,519	0.00%	\$161,519	0.00%	\$161,519	0.00%	\$161,519	0.00%	\$161,519	0.00%
OTHER COSTS TOTAL	\$16,811,485	\$17,092,124	1.67%	\$17,664,607	3.35%	\$18,295,700	3.57%	\$18,722,543	2.33%	\$19,224,630	2.68%
TOTAL COSTS	\$45,309,898	\$46,852,379	3.40%	\$49,090,146	4.78%	\$51,742,828	5.40%	\$53,620,831	3.63%	\$55,673,761	3.83%

EXPENDITURES BY OBJECT - FY2018-19



TOTAL EXPENDITURE PROJECTIONS (MILLIONS)



Budget Flexibility

Budget flexibility is the difference between projected revenue and projected expenditures. A positive balance would allow the district to recover expenditure reductions made in the past few years; a negative balance indicates a need for further reductions or additional revenue.

The following table shows the calculation of budget flexibility for 2020-2024. Based on the assumptions described above, the district anticipates a negative balance for 2019-2020 followed by negative balances in each of the remaining four budget years. Therefore, the district will need to continue to reduce costs and/or increase revenues for the next several years.

The general fund balance decreased by \$1,257,470 during the 2017-2018 fiscal year. The fund balance currently represents 26.2% of general fund expenditures.

Revenue to Expenditure Comparison

The chart on the following page illustrates the total budget reductions or additional revenue that will potentially be necessary over the next five years (this is a cumulative total). To further clarify;

The district will need to make budget adjustments to balance the budgets for each budget year starting with 2019-2020.

The table below illustrates each of the budget forecast years.

<u>Reductions or Additional Revenue necessary each year</u>	
FY - 2020	(\$1,935,893)
FY - 2021	(\$5,019,959)
FY - 2022	(\$8,235,658)
FY - 2023	(\$10,706,527)
FY - 2024	(\$13,070,292)
Total	(\$38,968,329)

The chart on the following page presents the projected revenue and expenditure summary for fiscal years 2020-2024.

Fund 10 - General Fund - Projection Summary

Kettle Moraine School District | 5-year Budget Forecast 190205 BoE Mtg. Base Forecast

BUDGET	REVENUE & EXPENDITURE PROJECTIONS										
	FY - 2019	FY - 2020	% Δ	FY - 2021	% Δ	FY - 2022	% Δ	FY - 2023	% Δ	FY - 2024	% Δ
REVENUE											
Local Sources	\$32,560,083	\$32,911,775	1.08%	\$32,644,667	-0.81%	\$32,562,934	-0.25%	\$32,361,259	-0.62%	\$32,371,081	0.03%
State Sources	\$8,402,784	\$7,534,123	-10.34%	\$6,872,732	-8.78%	\$6,309,248	-8.20%	\$5,835,857	-7.50%	\$5,433,000	-6.90%
Federal Sources	\$261,668	\$261,668	0.00%	\$261,668	0.00%	\$261,668	0.00%	\$261,668	0.00%	\$261,668	0.00%
Other	\$4,085,363	\$4,208,920	3.02%	\$4,291,120	1.95%	\$4,373,320	1.92%	\$4,455,520	1.88%	\$4,537,720	1.84%
TOTAL REVENUE	\$45,309,898	\$44,916,486	-0.87%	\$44,070,187	-1.88%	\$43,507,170	-1.28%	\$42,914,304	-1.36%	\$42,603,469	-0.72%
EXPENDITURES											
Salary and Benefits	\$28,498,413	\$29,760,254	4.43%	\$31,425,539	5.60%	\$33,447,128	6.43%	\$34,898,288	4.34%	\$36,449,131	4.44%
Other Objects	\$16,811,485	\$17,092,124	1.67%	\$17,664,607	3.35%	\$18,295,700	3.57%	\$18,722,543	2.33%	\$19,224,630	2.68%
TOTAL EXPENDITURES	\$45,309,898	\$46,852,379	3.40%	\$49,090,146	4.78%	\$51,742,828	5.40%	\$53,620,831	3.63%	\$55,673,761	3.83%
SURPLUS / DEFICIT	\$0	(\$1,935,893)		(\$5,019,959)		(\$8,235,658)		(\$10,706,527)		(\$13,070,292)	
Change over Previous Year		(\$1,935,893)		(\$3,084,067)		(\$3,215,699)		(\$2,470,869)		(\$2,363,765)	
BEGINNING FUND BALANCE	\$12,076,415	\$12,076,415		\$10,140,523		\$5,120,563		(\$3,115,095)		(\$13,821,622)	
ENDING FUND BALANCE	\$12,076,415	\$10,140,523		\$5,120,563		(\$3,115,095)		(\$13,821,622)		(\$26,891,913)	
FUND BALANCE AS % OF EXPENDITURES	26.65%	21.64%		10.43%		-6.02%		-25.78%		-48.30%	

Note: The chart above shows the budget forecast projection that is based on the assumptions discussed in this budget supplement document. In December 2018, the School Board utilized a slightly modified budget projection (with minor differences in assumptions) to determine the need to place an operating referendum question on the April 2, 2019 election ballot. The chart showing the December 2018 budget projection and explaining the differing assumptions is shown on the next page.

Fund 10 - General Fund - Projection Summary

Kettle Moraine School District | 5-year Budget Forecast 181211 DRAFT-1.Resolution to Vote

	REVENUE & EXPENDITURE PROJECTIONS										
	BUDGET FY - 2019	FY - 2020	% Δ	FY - 2021	% Δ	FY - 2022	% Δ	FY - 2023	% Δ	FY - 2024	% Δ
REVENUE											
Local Sources	\$32,560,083	\$32,784,228	0.69%	\$32,445,198	-1.03%	\$32,291,419	-0.47%	\$32,018,870	-0.84%	\$31,956,135	-0.20%
State Sources	\$8,402,784	\$8,351,112	-0.61%	\$8,359,852	0.10%	\$8,448,861	1.06%	\$8,621,969	2.05%	\$8,856,843	2.72%
Federal Sources	\$261,668	\$261,668	0.00%	\$261,668	0.00%	\$261,668	0.00%	\$261,668	0.00%	\$261,668	0.00%
Other	\$4,085,363	\$4,208,920	3.02%	\$4,291,120	1.95%	\$4,373,320	1.92%	\$4,455,520	1.88%	\$4,537,720	1.84%
TOTAL REVENUE	\$45,309,898	\$45,605,928	0.65%	\$45,357,838	-0.54%	\$45,375,268	0.04%	\$45,358,027	-0.04%	\$45,612,366	0.56%
EXPENDITURES											
Salary and Benefits	\$28,498,413	\$30,106,386	5.64%	\$31,808,581	5.65%	\$33,988,902	6.85%	\$35,246,371	3.70%	\$36,780,352	4.35%
Other Objects	\$16,811,485	\$17,233,206	2.51%	\$17,808,428	3.34%	\$18,475,580	3.75%	\$18,914,964	2.38%	\$19,436,779	2.76%
TOTAL EXPENDITURES	\$45,309,898	\$47,339,593	4.48%	\$49,617,009	4.81%	\$52,464,482	5.74%	\$54,161,335	3.23%	\$56,217,130	3.80%
SURPLUS / DEFICIT	\$0	(\$1,733,665)		(\$4,259,171)		(\$7,089,214)		(\$8,803,308)		(\$10,604,764)	
Change over Previous Year		(\$1,733,665)		(\$2,525,506)		(\$2,830,043)		(\$1,714,093)		(\$1,801,457)	
BEGINNING FUND BALANCE	\$12,076,415	\$12,076,415		\$10,342,751		\$6,083,580		(\$1,005,634)		(\$9,808,942)	
ENDING FUND BALANCE	\$12,076,415	\$10,342,751		\$6,083,580		(\$1,005,634)		(\$9,808,942)		(\$20,413,706)	
FUND BALANCE AS % OF EXPENDITURES	26.65%	21.85%		12.26%		-1.92%		-18.11%		-36.31%	

Note: The chart above shows the budget forecast projection used by the School Board, in December 2018, to determine the need to place an operating referendum question on the April 2, 2019 election ballot. Changes in the assumptions between this projection and the projection shown on the previous page (and discussed in this document) are as follows: Per Pupil Categorical Aid increase of \$200/pupil/year; Staffing FTE reduced alongside anticipated declines in enrollment in each fiscal year.

Issues and Concerns

The available resources identified in the above forecast are not sufficient to meet growing needs of the district's students based on the current model of operation. The 2019-2021 State biennial budget will be debated at the State level in the Spring 2019. An unknown State Budget that will impact the first two years of this budget forecast, creates difficulty in predicting district revenues. The 2017-2019 legislative biennial budget allowed for a \$0 increase in the per member revenue limit calculation and a Per-pupil Categorical Aid payment of \$654 per member in the second year of the budget cycle. This forecast reflects current legislation, which maintains the \$0 adjustment in the per member revenue limit calculation and reduces the Per-pupil Categorical Aid to \$630 per member.

Kettle Moraine continues to receive less revenue limit authority per student than the Waukesha County average and the State average; and is one of the lowest in per student spending in Waukesha County. The district's 2018-2019 revenue limit is more than (\$5.8 million) less than in 2010-2011 as a result of WI Act 10 and the most recent State biennial budget. The State aid to Kettle Moraine has been reduced during the same time period more than (\$7.2 million). The continuing reduction of State support not only reduces the funds the district has to operate, but it also shifts the burden to the local taxpayer.

Each year the district has made reductions to align resources and expenses. The majority of the reductions have been made through reductions in force through attrition and non-renewal, as well as, redefining employee benefits using the "tools" provided by the State through (2011) WI Act 10. The district eliminated the its post-employment benefit for administrators beginning in 2006 and subsequently eliminated its post-employment benefit for all staff classifications in 2011.

Opportunities for further reallocation of resources, refinancing of debt and other long-term obligations, improving purchasing practices, and revenue enhancement is limited. If State imposed revenue constraints continue, consideration will need to be given to the type and level of programs that will be offered at Kettle Moraine or additional local revenue support will be necessary.

The Administration continues to support the School Board's charge to transform the educational delivery system to better and more efficiently meet the needs of all students. In the Fall of 2018, a group of community members convened to be part of a scenario planning process. During that time, similar to community sessions held previously, the group affirmed the desire to continue to serve learners in a personalized manner that prepares students for their futures.

Technology

The administration continues to focus on supporting the growing demands on the district's budget in relationship to technology and the transformation of education. Technology use in the district impacts the business elements as well as educational elements of programming. A robust infrastructure, internet access and up-to-date equipment have allowed us to find efficiencies in the tasks required by school districts. In many cases these efficiencies have

allowed us to reduce some staffing and other needs. Instructionally, the district program reflects the needs of post-secondary institutions as well as the world of work. This means our learners need opportunities to use equipment that is up-to-date and programs that prepare them for their future. These devices are supported by a department of technicians and coaches that provide the support for all students and staff across the district. The major area of focus for technology work are: technology device support, network infrastructure, data privacy, the Technology Parent Partnership (TPP) program, and technology support for educational programming.

Technology Device Support

As the number of devices supported by the technology department increases (see chart below), our staff and student need for technology support services has also increased.

Device type	# in district	Device type	# in district
Phones	552	3D printers	16
Security cameras	479	Copiers	36
IP door access controllers	142	Student mobile	4,047
Laser printers	54	Student desktop	312
Servers (physical and virtual)	76	Staff mobile	415
Switches	98	Staff desktop	216
Projectors	226	Flat panel TV	68
Access Points	314	Digital signage	15
IP Clock/Speakers	669	Total Devices	7,735

The device count above does not include personal devices that staff, and students bring to our schools for their learning use. With those items included, we have seen upwards of 10,000 devices active on the network over the course of a school day. With the additional focus being placed on technology related programming across the district (HS^2, Computer Science and programming, STEM fields), we may have to allocate additional resources to provide desktop computers capable of running advanced software solutions in our science and design areas.

At this time, our technical staff resources are stretched thin to support all of these devices and the infrastructure needed to run the programs our educators and learners need to advance in the 21st century. We are currently working to provide additional technology supports through student technology help desks at both the high school and middle school levels; however, we forecast that an additional technology support position may be needed in the 2019-2020 school year. Once again, given the district’s financial constraints, the challenge before us is to provide technology staff / technology-related resources that effectively meet the needs of our students.

Infrastructure

A large part of the referendum work in technology was in building a robust, secure and reliable technology infrastructure to support district learning goals. During the 2017-18 school year, we took advantage of a federal funding source (e-rate) which provides a 40% reimbursement for network equipment to purchase upgraded firewalls, wireless access points, wireless controllers and some additional network switches to provide additional bandwidth to our new access points. At this time, there should not be a major budget allocation item for network infrastructure until the 2020-2021 budget.

An area that may require additional investigation and investment is virtual desktop solutions. If budget does not allow for the type of devices needed for more advanced software programs to support HS^2, Computer Science, etc., then we will need to look into providing a virtual environment for staff and students to engage in these experiences. Virtual desktop solutions can provide this functionality at a lower ongoing cost than individual devices, but requires a larger up-front investment.

Data Privacy

With the expansion of online tools and resources in use by schools across the nation, attention to the details of student data privacy has emerged as a major issue for IT departments.

A review process for online tools and resources being looked at for use in the district, informed by national organizations, is in place that includes internal examination of the tool's use, the tool's data privacy, the tool's impact on student learning and the return on investment (ROI) on the tool.

This process allows our staff to continue to innovate with new pedagogy and technology-rich learning while maintaining a balance of the technology and learning goals with privacy and our legal security obligations. For information about best practices for reviewing sites and resources, please see <https://studentprivacypledge.org/privacy-pledge/>.

Technology Partnership Program (TPP)

Expansion of the Technology Partnership Program now serves all 6th-12th grade students. Going forward, families will be able to participate in the program at sixth and ninth grades. Our continued use of digital versus text-based resources is increasing, which supports the ability to learn anywhere and at any time. Under this program, families choose to fund half the cost of a device while at the middle school (MS) and again at the high school (HS). An annual selection of devices considers instructional needs, student preference and cost.

Looking forward, we will continue to monitor and adapt this program to reflect current student needs. With changes in educational programs around the Computer Science and STEM fields, we may have to review the HS device offering to limit/eliminate chrome books as they do not currently have ability to support many of the programming options and more advanced software requirements for STEM/Science/Design.

Technology support for educational programming

As device use expands the need for support and professional development expands. These needs are supported by our instructional coaches and library media specialists. The need for further digital learning staff to assist and support the integration of digital resources, mobile technology, online learning, and other emerging technologies continues to be a concern.

The Transformation Task Force recommendation of accessing 21st Century Communication has been realized not only in the digital subscriptions utilized to facilitate learning in an

adaptive and personalized way, but also has focused on Computer Science as a literacy central to 21st Century Communication. As the inclusion of new literacies increases, additional support in teacher licensure, training, and preparedness will be a focus. Consideration of differentiated professional development will be a key ingredient as each staff member comes with a unique set of skills and needs.

Equipping students to be successful in the future requires technology tools as well as professional development to ensure teacher capacity to provide learning opportunities aligned with 21st Century Skills framework. The overall cost to acquire, train, implement and support new technologies is often high. The district's commitment to computer science provides all elementary and middle school student a requirement of learning and practicing coding. Additionally, our high school students have opportunities to earn credits in all areas of computer science.

"It's never been easier to code an app, start a business, wrangle a big data set, and apply powerful tools to address global challenges. Young people deserve learning experiences that will help them develop an innovation mindset and design-thinking skills that will enable them to flourish in the automation economy where they will work with smart machines. Today's students are tomorrow's inventors, engineers, teachers, artists, and leaders. They need more from their schools." – Tom Vander Ark

Impacts of potential budget reductions

The district technology budget consists of a number of supported areas (see chart below). As shown, the largest component of our budget is the replacement of equipment, which in the 18/19 budget consisted of \$300,000 for our HS and MS TPP programs and \$130,000 for elementary device replacements.

Category	2018/19 budget	% of budget
Equipment (replace/add)	\$441,140	54.6%
Applications	\$132,960	16.5%
Repairs	\$76,500	9.5%
Network support	\$62,277	7.7%
Telecommunications	\$44,020	5.4%
Temp help / Interns	\$21,100	2.6%
Outside consultants	\$20,000	2.5%
Professional Development	\$10,000	1.2%

Facilities

The maintenance plan for existing facilities must take into consideration that aging facilities have continuous demands for repairs and remodeling. Historically, due to the financial constraints associated with declining enrollment and the State's fiscal policy, the district has decreased funding available for facilities maintenance and remodeling to a minimal level. As facilities continue to age and new space configurations are needed, additional resources are required. A facility study performed in 2012 identified facility needs in excess of \$85 million to bring buildings and outdoor facilities up to current standards. Systems and infrastructure were beyond their projected useable lifespan and required significant investment to sustain the operation of those systems. The district addressed its most urgent capital maintenance needs with proceeds from the 2014 successful \$49.6 million capital referendum. The facilities department continues to assess and prioritize remaining capital maintenance needs and incorporates them into its Long-range Capital Improvement Plan (CIP). The remaining facility maintenance needs not addressed with the 2014 referendum proceeds are being addressed, as funds allow, through the operational maintenance budget. Addressing these needs in this manner will take several years and will not keep pace with usable lifespans, as some needs are greater than the current budget could ever address.

Further reductions in the facilities budget would additionally curtail the ability to support classroom remodeling in the tech ed spaces, other program and charter spaces, and other facility upgrades that have been completed to support student learning in the past.

Outdoor facilities have become the priority, as these structures and equipment are well beyond the typical life span. An outdoor facilities master plan to address the needs at the high school campus has been developed with an estimated cost of \$20 million. The facilities department will need to divert the majority of available maintenance funds to keeping these outdoor structures and equipment in a usable condition, or they will become unusable for the district's outdoor programming needs. The tennis courts, outdoor running track and bleachers are just a few items that are in need of major upgrades in the immediate future.

With limited funding available for capital maintenance, there are limited options to consider. One option would be to divert all capital improvement funds toward the outdoor facilities to repair and patch them for the near future and not make improvements to tech ed and other program spaces that also need to be addressed. Another option is to continue funding improvements to the tech ed and other program spaces that are needed to support curricular programs, and let the outdoor facilities worsen to the point where they will eventually become unusable for outdoor programming. Without the budget flexibility to effectively address both priorities, the district will need to examine ways to balance these two within the capital maintenance budget constraints.

A report completed and shared with the School Board in January 2008 analyzed the district demographics and enrollment projections along with district owned land. The report, done by Eppstein Uhen Architects, along with Waukesha County Department of Parks and Land Use, stated that the district currently owns sufficient land to meet the maximum future potential enrollment of the district. The district continues to monitor plans for residential development that may increase the number of students. The district is also monitoring enrollment trends that may decrease the number of students. An elementary school boundary and enrollment study is being conducted in 2019 to ensure efficient and effective use of district facilities and operations.

Staffing

The district aligns its workforce every year in accordance with student enrollment and shifting student interests and needs.

The district closely monitors overall voluntary turnover among staff each year to make sure it is within or below industry norms. Staff selecting to leave the district participate in an exit survey that provides qualitative data. Current data suggests staff leave to take a promotion elsewhere, in response to a spouse's change in employment and location and to increase their salary or benefit package. By monitoring the salaries and benefits offered by neighboring districts, Kettle Moraine is working to provide a total compensation package that will attract and retain high performing staff members. In particular, the district is monitoring health insurance plans offered by both private and public sector entities in the area and is allocating additional funds to health insurance to try to remain competitive with those of other employers.

To support salary progression, in 2014-15, the district piloted a micro-credentialing process that allows educators to increase their base salary by engaging in rigorous professional development. Feedback from the pilot year and subsequent years confirmed that teachers value the ability to personalize their learning, and micro-credentials are seen as a differentiator among other districts. Therefore, the district continues to use the micro-credentialing process. Even with attractive programs, such as micro-credentials, it is increasingly challenging to compete for talent with neighboring districts. We are especially vulnerable when staffing areas such as, technology education, computer science, family and consumer education, and business education. Without competitive compensation we will not be able to retain these teachers.

The district must continue to develop long-term strategies for staff recruitment and retention. The liabilities related to post-employment benefits will be satisfied by 2020-21. The district must continue to seek ways to create flexibility in scheduling and staffing, and consider improvements to the methods of instructional delivery, to maximize student learning opportunities.

Professional Development

The Teaching and Learning Department evaluates professional development that considers the needs of staff and budgetary constraints. Research indicates that high quality teachers and well defined and implemented professional development have a greater impact in raising student achievement than small class size. Professional development has a significant impact on learners when it is personalized, aligned to vision/mission, embedded in daily work and reacts to current data. The two areas of professional development that meet all of these purposes and have a positive impact in Kettle Moraine have been micro-credentials and instructional coaching. The use of micro-credentials allows each teacher to have targeted professional development that is driven by needs and interests. This work is funded in the personnel budget. Instructional coaches are positions within our schools that provide daily, job embedded learning. Survey data from staff suggests that the work of our instructional coaches allows them to attempt and refine more personalized practices with their students. Additionally, as new staff come on board the coaches are irreplaceable in their ability to

facilitate the transition and quickly make a positive impact on learners. Learning coaches have been very effective and efficient. Additionally, large scale professional development is used to a lesser extent and is funded through the Teaching and Learning budget. Securing necessary revenues to support professional development will serve to advance the work of transformation.

Nutritional Services

The decline in enrollment has a direct impact on the revenue supporting the district's Nutritional Services (lunch) program. Currently, the program has been self-supported generating its' own revenues to cover necessary expenses. The continued impact of the revenue loss could force the district to assist in funding the program with use of general fund dollars.

Revenue - Federal legislation will mandate the amount that the district charges for participation in the program. The district is required to align the fee charged with the legislation. The potential negative impact of any required increase in pricing is a decrease in participation. The district offers the opportunity to the private schools to contract with the Nutritional Services department to supply lunch for the students/staff at the private schools. The contracts are of an economic benefit to the program overall.

Expense - The administration is analyzing the expenses associated with the program and working to reduce costs. Salaries and benefits continue to be evaluated and addressed.

Fund Balance - The nutritional services program currently has a fund balance of \$85,471 which is 5.6% of Nutritional Services Fund expenditures.

External Funding

The State's past two-year budget commitment to the funding of education does not provide a sustainable financial forecast for the district, creating urgency in developing external financial resources.