June 1, 2026

To SSD Staff, Families and Community,

In a series of social media posts and letters, we are addressing some of the questions about school finance. Following budget reductions for the 2026-27 school year, one question we often heard was *why are schools facing funding challenges?*

First, it is important to remember our first and foremost goal is to continue to provide students with safe schools, updated learning opportunities, and strong educational programs. We hope that sharing information will help everyone better understand the budget challenges we face as we reach for that goal.

The funding for schools - that is state aid and property taxes - are capped by school revenue limits (the amount of money schools may receive each year). The revenue limit is determined by the state legislature during the two-year state budget process. The state determines how much revenue each school district may receive each year through the state budget process, which is based on enrollment. Over time, state funding has simply not kept pace with inflation and rising costs. Two points deserve more explanation: Enrollment's effect on funding and the budget and controlling expenses.

Shawano, like 90% of Wisconsin school districts, are experiencing declining enrollment. Unfortunately, declining enrollment doesn't happen equally across grade levels and frequently does not translate to the ability to reduce staff or make other reductions. According to the Wisconsin Association of School Business Officials "Costs are not shed as fast as enrollment revenue goes down…fixed costs do not fall on a per pupil basis." (*Source: Navigating Declining Enrollment How States and Districts Can Adjust to the Fiscal Impacts Long-term 2026 WASBO Spring Conference May 14, 202*6).

Another way of looking at it may be simpler. Imagine 10 classrooms with 24 students each. If a school district has 10 students less this year than last year, it frequently happens that the decline happens across grade levels - not in one grade level. Therefore, imagine one less student in each classroom (or grade level). We still need a teacher in front of the 23 students as we had in front of 24 students. Plus, we need to turn on the lights, heat the room, clean the building, transport the students, etc. So, while our revenue has decreased, expenses continue regardless of how many students walk through the doors.

Examples of increasing expenses include insurance, transportation, technology, facilities, and school safety costs. These are pressures you feel at home, and these are pressures we feel in the school district. Technology is another good example. In 2000, much of today's classroom technology did not exist. Today, it is an essential part of learning.

Another critical factor for a school district is attracting and retaining quality teachers and staff. Wages and benefits are approximately 70% of the budget. Education is a "people-driven" business. As staff retire and move on, we must compete for quality staff on a yearly basis. The key to attracting and retaining quality staff begins with offering a competitive wage. It's not the only reason people choose Shawano, but wages must be competitive to be on the playing field. These factors all contribute to ongoing budget challenges for school districts across Wisconsin. Like any organization, schools regularly look for efficiencies and ways to reduce costs and live within their means. However, expenses continue to rise. According to a recent publication from the Wisconsin Association of School Boards, school costs have increased 94% since 2000, while state funding has not kept pace with inflation.

In addition, some state-required programs are funded below the actual cost to provide them. One example is special education. School districts are rightly required to provide services to all eligible students, but the state reimbursement only covers a small portion of the cost. Bottomline: When state funding and the revenue limit fall behind increasing costs, and when reimbursements are not sufficient to fund mandated programs, budget reductions result.

By sharing information about school funding and our local budget realities, we hope to work together as a community to find solutions. Next in our series: How referendums affect school funding and why building project funds are separate from the funds used for daily school operations.

Thank you,

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