Some area school systems will lose hundreds of thousands of dollars, others will see six-figure increases

In a state where two-thirds of school districts are losing state aid, Ozaukee County is the land of extremes, according to 2012-13 state figures released Monday.

Some local school districts will lose hundreds of thousands of dollars in general school aid, forcing an increased reliance on reserve funds and possibly triggering property tax increases.

Other area school systems will be the beneficiaries of six-figure increases that provide breathing room in budgets that were feared to be particularly austere.

The Grafton School District tops the list of local districts losing aid with a 15% decrease in state funding — tied for the 10th highest percentage loss in the state. The decrease will cost the school system $996,746 this school year.

At the other end of the spectrum, the Northern Ozaukee School District in Fredonia will receive a 10.5% increase in aid — the 18th highest in the state — worth $269,716.

The Cedar Grove-Belgium School District is another beneficiary of the state aid distribution. It will receive a 6.7% increase worth $363,528.

In the middle is the Port Washington-Saukville School District, which will see a decrease of 1.8%, or $228,693.

For better or worse, the much anticipated aid figures give school officials, who spent the summer guessing how much state funding their districts will receive, a clear indication of the impact of the second year of a state budget that includes a two-year, $834 million reduction in state aid and a 5.5% reduction in the revenue cap.

To soften the blow, reductions in state aid were capped at 10% last year. This year those caps have been lifted.

General school aid is calculated using a complex formula based on student enrollment, property values and the previous year's spending. Although administrators have dealt with the formula for years, it continues to keep them guessing.

The 2012-13 allocation surprised some local superintendents while others, particularly those whose districts are losing state aid, said they anticipated the reductions, although even their worst-case scenarios didn't fully predict the impact.

“It wasn’t shocking,” Grafton School Supt. Jeff Pechura said. “We were originally anticipating about a 12% decrease, so it was a little more than that, but we built a cushion in the budget to absorb it by using our fund balance.

“Obviously, with a loss of funding, it’s challenging. It forces you to reprioritize spending, and we have done that.”

The district’s $16.1 million levy, which was approved by residents at the Sept. 24 annual meeting, is the same as last year’s. The tax rate is also expected to remain flat.

Cedar Grove-Belgium School Supt. Steve Shaw is pleasantly perplexed by the state aid allocation. A $363,528 increase in aid is a nice surprise for a district that in July was anticipating a $400,000 reduction.

“To be honest, I looked at the formula that was used and I’m completely befuddled,” said Shaw, who expects the state aid figures to be the topic of conversation at a superintendents’ meeting Friday.

“There are going to be some real horror stories,” he said. “And some people will come smiling, like me.”

The loss of state aid for the Port Washington-Saukville School District isn’t a horror story, but it’s worse than officials anticipated in June when the board approved a budget that is tweaked until late October when the tax levy is certified.

“Is this a surprise? It depends,” Supt. Michael Weber said. “It’s certainly not what we expected in June at our budget hearing, but by August we were anticipating about a $200,000 reduction.”

The 2012-13 budget was drafted with an assumption the district’s state aid allocation would remain the same as last school year. Fortunately, Weber said, the district’s healthy financial condition, buoyed by recent savings in health insurance and other employee benefits, the retirement of referendum debt and a significant fund equity balance, will allow the School Board to manage the loss of aid, although not without some impact.

“This will not significantly impact our operations or programs,” Weber said. “If we had been in a situation where we had a structural deficit, the reduction in aid would have been very significant, but we didn’t have a deficit.

“We are making adjustments to the tax levy. This could result in a slight increase in the tax rate, which is something we have worked very hard to keep flat.”

In the Northern Ozaukee School District, the state aid allocation could have the opposite affect. Supt. Blake Peuse said the increased allocation will help compensate for an anticipated 4.8% decrease in equalized property value. Taxes in the district are expected to decrease slightly.

“We did not use the additional state aid to add anything to our budget,” Peuse said. “We saw an opportunity to ease the tax burden while living within our means and continuing to build for the future.”

Other school districts in the county will lose state aid, most notably Cedarburg, whose allocation will decrease 15% for a $1.5 million loss.

In the Mequon-Thiensville School District, state aid will be reduced by 6.2% for a $142,186 loss.

The Port Washington-Saukville School District will receive a total of $12.75 million in general state school aid this school year, the most of any district in the county. It is followed by Cedarburg, $8.68 million; Cedar Grove-Belgium, $5.82 million; Grafton, $5.59 million; Northern Ozaukee, $2.85 million; and Mequon-Thiensville, $2.16 million.

Ozaukee Press reporters Steve Ostermann, Carol Pomeday and Mark Jaeger contributed to this story.