



PAT STRACHOTA

STATE REPRESENTATIVE

AB533 Testimony for Assembly Education Committee – 12/18/13

When you purchase a house, among all the paperwork there is a one-page document which states that even though the "sticker" (principal) price of your home is \$175,000, with 30 years of interest at 6%, the total cost will be almost \$378,000. If a bank or financial institution can provide that type of information to consumers, then elected school board members who are accountable to the taxpayers should provide it as well. Citizens voting on school spending referenda should be able to know the total cost of what they are voting to approve, not simply the principle amount.

The West Bend School District enacted the "Disclosure of Financing and Total Costs of All Referenda," policy in 2012. It was approved unanimously. Later that year, West Bend School District voters narrowly approved a \$22.8 million (principal only; with interest it exceeded \$30 million) referendum.

AB 533 provides this additional information and transparency to school districts and taxpayers across the state. Voters can then make a better and more informed decision about whether or not they want to support the additional spending.

If there is a concern among school districts that giving an exact number wouldn't work due to changing interest rates, a range can always be given. The bottom line is that, taxpayers should be provided will a full picture of the costs associated with a spending referendum.

Testimony and Documentation in Support of 2013 Assembly Bill 533 by Bart Williams 12/18/13

1. A Truth in Lending Disclosure Statement (please see Attachment 1) is required for individuals borrowing money to buy a home, and it's a good idea because it informs the buyer of exactly what all the costs are and what they're getting themselves into financially. This legislation is Truth in Lending Disclosure applied at the school district level, in which taxpayers are being asked to use their money to support a referendum. It's also a good business practice.

2. The legislation increases transparency of the referendum process and its costs to the public, which builds trust between the school district and the community. Taxpayers then know that the district has fully considered the total costs of the referendum and the length of time it will impact taxpayers, and with that, voters can make a much more informed decision on the referendum vote. Some of the other trust-building measures we're using in the West Bend School District:

a. Policy 615 – Disclosure of Financing and Total Costs of All Referenda (see Attachment 2), unanimously approved by the School Board in January 2012 and unanimously re-affirmed in September 2013. Please note that this is simple, but important, one-page policy.

b. Policy 187 – Public Participation at Board Meetings (see Attachment 3). This allows districts residents to speak to the Board on any topic they want, even if it is not on the agenda. The Board simply listens and does not respond. Residents know they can speak to their School Board at any regular meeting. Again, transparency builds trust.

c. *Citizens' Guide to the Budget*. Our district developed and has made this guide available to our community for the past couple of years to translate the complex school financing process into more understandable terms for our residents.

3. The problem is that, to my knowledge, the West Bend School District is the only one in the state to have such a disclosure of financing and total costs of all referenda policy, even though we're only the 19th largest district in the state. That is exactly like the 19th largest bank in the U.S. – United Services Automobile Association (USAA) – being the only bank that uses the Truth in Lending Disclosure for home buyers while no other bank does. This works for me personally since I am a USAA member (I'm a veteran), but the vast majority of my friends do not bank at USAA. By not requiring this basic disclosure to district residents, 400+ public school districts in our don't have to disclose this and therefore do not. This then opens the door to certain shortcuts potentially being taken with respect to referenda, which decreases trust.

4. There are varying levels of financial literacy in our state. Some have a very solid grasp of public finance, while others do not. A majority of retirement-age Americans say they don't have enough saved for retirement. Many people I've talked don't know what an operating referendum is or how it works. This legislation would at least give people basic knowledge of the financial aspects and costs of school district referenda.

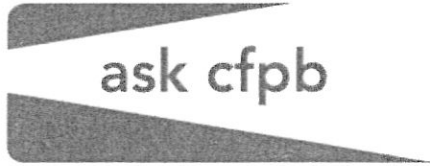
5. This legislation provides the best of all worlds. You can have an informed electorate and still pass a referendum. For example, on November 6, 2012, West Bend School District voters narrowly approved a \$22.8 million (principal only; with interest it exceeded \$30 million) referendum with policy 615 in place and having been enforced for over 10 months.



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MORTGAGES

What is a final Truth-in-Lending disclosure?

UPDATED 10/18/2013

A Truth-in-Lending Disclosure Statement provides information about the costs of your credit. Your Truth-in-Lending form will include information about:

- Your annual percentage rate (APR)
- Your finance charge
- The amount financed (the amount of credit provided on your behalf)
- The total of payments (the amount you will have paid after you have made all of your scheduled mortgage payments)

MORE INFORMATION

APR
Annual Percentage Rate
Truth-in-Lending
TIL



THIS ANSWER

Helpful To
Confusing

GET HELP

Tell us your story, good or bad, about your experience with consumer financial products.

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Attachment 1
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TRUTH IN LENDING DISCLOSURE STATEMENT

Creditor	Applicant(s)
Mailing Address	Property Address
Loan Number	Preparation Date

ANNUAL PERCENTAGE RATE <small>The cost of your credit as a yearly rate.</small> E % E\$	FINANCE CHARGE <small>The dollar amount the credit will cost you.</small> E\$	Amount Financed <small>The amount of credit provided to you or on your behalf.</small> E\$	Total of Payments <small>The amount you will have paid after you have made all payments as scheduled.</small> E\$
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PAYMENT SCHEDULE:

NUMBER OF PAYMENTS	* AMOUNT OF PAYMENTS	MONTHLY PAYMENTS ARE DUE BEGINNING	NUMBER OF PAYMENTS	* AMOUNT OF PAYMENTS	MONTHLY PAYMENTS ARE DUE BEGINNING

* Includes mortgage insurance premiums, excludes taxes, hazard insurance or flood insurance.

DEMAND FEATURE: This loan does not have a Demand Feature This loan has a Demand Feature.

ITEMIZATION: You have a right at this time to an ITEMIZATION OF A MOUNT FINANCED.
 I/We do do not want an itemization.

REQUIRED DEPOSIT:
 The annual percentage rate does not take into account your required deposit.

VARIABLE RATE FEATURE:
 This Loan has a Variable Rate Feature. Variable Rate Disclosures have been provided to you earlier.

SECURITY: You are giving a security interest in:

ASSUMPTION: Someone buying this property
 cannot assume the remaining balance due under original mortgage terms.
 may assume, subject to lender's conditions, the remaining balance due under original mortgage terms.

FILING / RECORDING FEES: \$

PROPERTY INSURANCE:
 Property / hazard insurance is a required condition of this loan. Borrower may purchase this insurance from any insurance company acceptable to the lender.
 Hazard insurance is is not available through the lender at an estimated cost of _____ for a _____ month term.

LATE CHARGES: If your payment is more than _____ days late, you will be charged a late charge of _____ % of the overdue payment.

PREPAYMENT: If you prepay this loan in full or in part, you
 may will not have to pay a penalty.
 may will not be entitled to a refund of part of the finance charge.

See your contract documents for any additional information regarding non-payment, default, required repayment in full before scheduled date, and payment refunds and penalties.

E means estimate.

I/We hereby acknowledge reading and receiving a complete copy of this disclosure. I/We understand there is no commitment for the creditor to make this loan and there is no obligation for me/us to accept this loan upon delivery or signing of this disclosure.

Date	Date
Date	Date

Attachment 1
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FISCAL MANAGEMENT GOALS

DISCLOSURE OF FINANCING AND TOTAL COSTS OF ALL REFERENDA

It shall be the policy of West Bend Joint School District No. 1 to provide disclosure to District residents and taxpayers regarding the total costs of any proposed referendum, whether it is a facilities referendum, operating referendum, or any other type. The genuine transparency regarding the planned use of public funds provides for a much more fully informed electorate, facilitates better communication with (and within) the community regarding referendum details, and builds trust among all District stakeholders.

Any proposed referendum presented to the District's Board of Education for approval must disclose the following information and be available for review by the public upon request

1. The total principal dollar amount of the borrowing (typically done through the issuance of long-term bonds (debt)) over its entire term.
2. The total dollar amount of interest expense of the borrowing (i.e., typically a certain annual interest rate is applied to the long-term bonds to calculate the total interest expense over its entire term.
3. The total dollar amount of the referendum, including all principal (see item #1 above), interest (see item #2 above) and any other (e.g., brokerage, bond issuance) costs.
4. All major assumptions and factors used to arrive at item #3 above (i.e., the interest rate used in calculating total interest expense, term of bonds (i.e., time period of the debt), exact nature/type of the bonds, etc.).

If the referendum proposal/resolution is adopted by the Board, any additional communication (e.g., mailed materials to District residents, postings on the District website, communication to media, presentations at Board meetings and other meetings within the community) regarding the referendum must continue to disclose items #1 through #4 above.

Adopted: January 23, 2012

PUBLIC PARTICIPATION AT BOARD MEETINGS

The Board of Education, as well as the administration, of the District recognize and value the importance of District resident input in regular and special meetings of the Board. This community feedback mechanism, or "Privilege of the Floor," is vital for hearing and ultimately dealing with concerns and ideas in a forthright and timely manner. Accordingly, the public is cordially invited to attend any and all open sessions of the Board. At the same time, all Board meetings must comply with legal requirements.

Procedures for Public Participation in Board Meetings and Notice to the Public Audience

1. District resident participant responsibilities:

- a. Presentations are not to be designed for purposes of engaging others in a debate in this forum.
- b. Discussion of individual Board members or any District employee shall not be considered an appropriate topic for this forum, and the speaker will be ruled out of order.
- c. District residents desiring to address the Board should obtain and complete a District resident comment card in the room where the meeting is being held. Comment cards are only for use by residents of the District. If it is determined that a participant does not live within the boundaries of the District, that person will not be allowed to address the Board. Completed comment cards are to be turned in to the Board of Education President prior to the start of the meeting. Comments may involve agenda items or matters not on the agenda. Priority will be given to requests to speak to agenda items. Cards will be accepted until the official opening of the meeting. District residents submitting comment cards will be called upon to speak in the order the cards were submitted. The Board President will determine if residents who turn in cards after the start of the meeting will speak.
- d. There is "Public Participation" time of up to 20 total minutes for resident comments early in the meeting. This time period may be extended by a simple majority vote of the Board.
- e. Each District resident called on by the Board President to speak will approach the microphone and identify him/herself by name, address, whether he/she is representing him/herself or a group (if the latter, the name of the group), and the nature of his/her remarks. He/she will then have the balance of up to two minutes to address the Board.
- f. Based on the participant's identifying information and his/her actual comments, the Board Clerk or his/her designee will include each participant's name, address, who the

resident is representing (i.e., him/herself or a group, and if the latter, the name of the group), and a brief summary of his/her comments in the official Board meeting minutes.

- g. Each participant is expected to be respectful of Board members, District employees, the meeting audience, and the views of others.
- h. It is requested that District residents respect the time of all meeting attendees by not simply repeating the comments of a previous District resident who has spoken.

2. Board President and Board of Education responsibilities:

- a. The Board President will be responsible for maintaining proper order and adhering to time limits.
- b. The Board President will recognize District residents using the completed and submitted District resident comment cards and convey resident participant responsibilities.
- c. Board members pledge to listen respectfully to all District resident comments without interrupting or engaging in conversation or debate.
- d. The Board President may terminate the remarks of any District resident when the individual does not adhere to the established public participation rules. Other Board members and/or the Superintendent may appeal to the Board President to request termination of speaker's remarks.

3. Responding to District resident comments:

- a. The Board will not react to a concern until it has obtained the necessary information. The Board will not engage in debate concerning a resident's remarks and cannot legally take immediate action on any issue residents may raise. Questions or comments regarding individual personnel issues are not to be discussed in open session.
- b. In response to resident's comments, the Board may:
 - i. Request that the resident submit his/her concerns in writing.
 - ii. Refer the matter to the Superintendent.
 - iii. Refer the matter to a Committee of the Board.

LEGAL REF:

Wisconsin Statutes

Chapter 19

Subchapter V, Open Meetings of Governmental Bodies

Sections 19.81 through 19.98.

Adopted: March 5, 2012