



# Appleton Area School District

*Every Child, Every Day*

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April 24, 2019

Members of the Joint Finance Committee:

My name is Kay Eggert; I am the President of the Appleton Area School District Board of Education. I would like to begin by thanking you for the resources that you provided our district during the 2017-2019 Budget. The \$200 and \$204 increases to our per pupil categorical aid, in addition to a small increase in per pupil revenue limit dollars, due to an increase in our enrollment, allowed us to cover our inflationary increases and provide consumer price indexed compensation increases to our 1,800 staff members, each of the past two years.

However, we are concerned about the next biennial budget if it does not include a minimum revenue increase of \$200 per pupil in each year of the biennium. In addition, we are concerned about future budgets if they do not include predictable and sustainable funding. Therefore, we believe future per pupil revenue adjustments must be indexed to inflation.

For our district, this current year's \$204 increase in per pupil categorical aid, plus the dollars attributed to our enrollment increase amounted to just under **\$3.8 million**. Of this amount, **\$1.8 million** went to cover a 7.5% increase in our health insurance costs. Additionally, **\$500,000** was used to cover other inflationary increases such as bussing, utilities, technology contracts, and custodial contracts. Specific to our custodial contract, which is over \$3,000,000 annually, our provider has struggled to find and retain employees, which has forced them to increase employee pay to remain competitive. As a result, they have then passed these increased employee costs on to us, resulting in a 7% increase this year. The remaining **\$1.5 million** of our \$3.8 million contributed to modest compensation increases for our employees, which we feel are paramount to attracting and retaining a high-quality staff.

## \$3.8 Million in 2018-2019 New Revenue



My name is Dr. Judy Baseman, Superintendent of the Appleton Area School District, let me continue to explain our challenges. In Kay's testimony you heard that **59%** of the increase in funding for our district went into factors that are not under our control. The remaining **41%** went to compensation increases, which reflected the CPI. High quality teachers are absolutely essential to the work we do every day with our students. Attracting and retaining high-quality staff is paramount, and can only be accomplished with a salary schedule that rewards both performance and professional development. In Appleton, we have developed a compensation framework that fulfills this purpose. If the framework criteria are met, staff members qualify for an annual increase. We are proud of the work that has been done to develop our framework and it is appreciated by our staff and our community.

However, a compensation framework is only as good as our ability to deliver the increases. Without a predictable, sustainable revenue stream, either the increases cannot occur or cuts need to happen elsewhere. The uncertainty of the biennial State budget process causes a great deal of apprehension concerning our ability to deliver the increases. A sustainable, predictable revenue stream is critical to our ability to attract and retain highly qualified staff to the profession and to Appleton.

In addition, the needs of our students are becoming increasingly complex, including significant challenges with mental health and trauma. Under the current funding model, we have not been able to respond adequately to these additional challenges. We need to be proactive and innovative in our approach to working with students who face challenges related to mental health and trauma. We would prioritize any additional funds to address these critical areas of need for our students.

My name is Greg Hartjes, Chief Financial Officer for the Appleton Area School District. We are fortunate to be a district with enrollment growth over the past ten years. However, our total enrollment growth of **7%** is heavily skewed by a **26%** enrollment growth in students with special education needs. This disproportionate growth under the current special education reimbursement model is simply not sustainable for our district. Since funding for special education categorical aid was frozen by the State in 2009, the amount of dollars we have annually transferred from our general fund to our special education fund has increased by **61%**, with this year's transfer totaling over **\$24 million**. This has occurred because over the past ten years we have needed to increase our special education teaching staff by **41%**, and special education paraprofessional staff by **75%**. In comparison, over that same period of time, we have only increased our regular education staff by **5%**.

So, where does this \$24 million that needs to be transferred from our general fund to our special education fund come from...everywhere else in the district. Over the past ten years, in an effort to keep class sizes down, we have cut non-classroom staff, such as guidance counselors, psychologists, and social workers. An increase in special education funding would mean fewer dollars transferred out of our general fund, which would allow us to bring back these positions to address the growing mental health concerns of our entire student population. In addition, we would increase staffing for our English Learners. We have a specific need for Swahili interpreters and teachers to work with our growing Congolese population.

We are spending over **\$21,000** per year on a student with special education needs, compared to under **\$11,000** for a student with regular education needs. The 25% reimbursement rate that we receive from the State for special education expenses is not enough.

In closing, we feel strongly that a combination of annual per pupil adjustments of at least \$200 and a significant increase in special education reimbursement are critical if we are going to meet the needs of our increasingly challenging and complex student population.

Thank you for listening today and for serving the citizens of our State.

Kay Eggert  
Board President  
Appleton Area School District

Dr. Judith Baseman  
Superintendent  
Appleton Area School District

Greg Hartjes  
Chief Financial Officer  
Appleton Area School District