Dear Joint Finance Committee:

It's often said that a good story will capture the attention of the listener in an impactful and memorable way. Our story, The 101 Challenges of the School District of Florence County, is only one of many books that could be written in a series for our 421 public schools, and I would assume even that of our private schools. It's my hope that you and your colleagues, on both sides of the aisle in the legislature, along with the Governor, will come together on this critical issue in the interest of all kids in Wisconsin.

Our story begins with the current restriction limiting the hours Wisconsin Retirement System annuitants can work on an annual basis. This challenge continues to adversely impact the service we are able to provide to our students to the expense of taxpayers – a double whammy. So, let me illustrate in this, the first chapter of our particular story at the School District of Florence County titled, "Willing and Able to Work, But Can I?"

Chapter 1 begins four years ago - our business manager abruptly resigned. Thankfully, as the district's administrator, I was able to float the ship due to my background in business, specifically as a licensed school business manager. After several weeks, I was able to find a retired business manager from a neighboring district. This retired individual stepped in and agreed to help us for several months. Upon seeing the wealth of knowledge, expertise and efficiency she brought with her, she fulfilled the position and accomplished the same ends working about two-thirds of the days of the previous business manager. After several months, and the with the Board's understandable interest in keeping her on with a part-time schedule, she agreed to serve in the position going forward on a year by year basis. Unfortunately, due to the restriction of allowable annual hours she could work as an annuitant of the WRS system, she had to forego her **earned** annuity. As a result, in hiring her in this role, the District had to increase her wages by $12 per hour, in addition to providing health insurance, as opposed to her continuing at a lesser rate utilizing her **earned** retirement benefit. This also poses the question, why are **all** school employees limited to annual hours worked of 880 hours, which is calculated as two-thirds of nine-month employment? There are numerous positions in public schools that are not school year positions, whether it's that of the superintendent, other administrators and supervisors and our custodial and maintenance staffs – and in this case, that of school district business managers. Those who retire from public education can only maintain their annual annuity if they work fewer than 880 hours per year as this is calculated based on a 9-month year, again, even for those in 12 month positions with school districts. This is unlike that of other government positions who are WRS annuitants – they can work up to 1,200 hours per year. Without going in to all the detail, the direct cost of our business manager foregoing her annuity, and the District to make up the difference to retain this individual, was an additional cost of $30,000 to the School District of Florence County and its taxpayers, ***each*** of the two full years she served the District beyond her first partial year. Instead of the District benefiting from filling what was a full-time position with a part-time position, we were forced to increase our level of compensation or make a decision to find a full-time individual.

Chapter 1 concludes with that of a dedicated and valued custodian who retired nearly two years ago. She has unselfishly assisted the District when we're shorthanded, and at a rate of pay that was more than $5 per hour less than her pay rate upon retirement. This past school year saw three of our four custodians qualify for Family Medical Leave due to their own serious medical conditions or that of their immediate family. This specific retired custodian stepped up to fill a void for the District in each of these specific situations, as after advertising consistently for weeks and months, we did not have any applicants. Unfortunately, this past fall, she had reached her 880 hours of annual service to the District and had to forego further service to the District until her cycle of hours reset. After leaving us in October of 2018, she just returned for the first time the last week of March 2019. Upon her departure, we went for more than a month's time with one less custodial position; this situation occurred just months after the completion of a $14.5 million building renovation, and the start of a new school year. This was a difficult position for sure, especially due to both the care of a new facility and the dynamics of a school building in full operation with the new school year. After weeks of committed advertising, we finally received some interest, yet the individuals would not work at our offered rate of pay. We therefore had to increase our hourly rate by nearly $4 per/hour for the substitute position, although this was likely inevitable due to the competitive nature of a free market. This increase in wages immediately increased our maintenance budget by several thousand dollars, while also having these new staff members play catch-up in matters of light maintenance, in a newly renovated building, due to a retired annuitant having to forego her service to our district.

I could share other examples, but this is only a chapter of the book, and we must move on to the next. This chapter tells the story of two of our most recent employment matters impacted by the current WRS restrictions on rehiring annuitants. We have an opportunity in this state budget, that should be an easy decision for all of you on Joint Finance, and for your colleagues on both sides of the aisle in the legislature. This matter should be mutually exclusive to anything else before the Legislature and the Governor – remove the present restrictions of WRS annuitants being able to return to the workforce. Doing so won't cost Wisconsin taxpayers a dime, and instead will only save taxpayers' dollars while improving educational services to our students. I don't see why we are treating these situations differently than that of the federal government in administering Social Security. Does the federal government require those who have voluntarily retired, and later decide to return to the workforce for what can be a variety of reasons, to forego their <u>**earned**</u> Social Security that both they and their employer(s) have contributed to? We all know this answer. Why then do we treat annuitants of the Wisconsin Retirement System any different?

There can be a happy ending to Chapter 1, and both the legislature and governor can choose to write it. <u>Making this a reality will not cost Wisconsin taxpayers a dime</u>, and will help all of our schools, urban, suburban, rural, public and private to fill much needed staff shortages during a time of dire need as they continue in their role of educating our children for the future success of Wisconsin. You, the Joint Finance Committee, can take this recommendation forward to save Wisconsin taxpayers money while affording our schools more options to serve their students with experienced educators and other school staff.

Thank you for the opportunity to share, and I appreciate your consideration of this change.

Sincerely,

Ben Niehaus, District Administrator
School District of Florence County

As a prelude to Chapter 2, is the conversation that needs to be had pertaining to the challenges of the Affordability and Care Act (ACA). As example, three of our four special education teachers are out on FMLA simultaneously. Although some may think, this is nothing more than a onetime "Perfect Storm," it is not, as evidenced already – perfect storms of human resource challenges hit our school more and more with each passing year.

To the aforementioned matter, we could only find one licensed individual to fill one of these three positions. These reference vacancies are in our highest needs programs, and in only finding one, licensed substitute, we had to fill one of the others with a substitute paraprofessional. In that situation, our director of special education (who also serves as a shared-service with a neighboring school district), had to assume the role of providing new instruction and other requirements of a classroom teacher that a paraprofessional cannot provide. Regarding the remaining vacancy, we were fortunate to be able to utilize one of our retired, veteran, regular education teachers, who is also one of our primary subs at the high school. This all comes at a significant cost in numerous ways, and can be of a financial catastrophe if not closely monitored, let me explain.

First, the aforementioned, retired individual could only serve in this position for a very short window due to the limitations of DPI licensing. His regular teaching license had expired upon his retirement, so therefore he can only provide service in any one, specific position for a maximum of 45 days. Yet, even without this issue, and most concerning from the fiscal end, we must carefully scrutinize his hours due to the ACA. If we exceed utilizing his service by more than 30 hours per week on average, we will face a penalty of $102,000 annually, unless we offer him an affordable insurance policy. From the retiree's end, if he earns more over a specific dollar amount, his subsidies through the ACA require a greater contribution from both him and his spouse in maintaining that level of benefits, limiting his availability of work hours in a calendar year. Upon conclusion of his service to us at the end of next week, he can no longer substitute teach for us until January 1, 2020.

As an employer, we must offer 95% of our qualifying staff affordable healthcare options or face penalties. In its simplest form, for us, the 5% equates to three (3) staff members. Due to the shortage of bus drivers, and having to consolidate routes, along with one of our bus drivers serving as a substitute teacher, we have two (2) qualifying individuals (bus drivers) for healthcare that we do not offer to, as we're within our 5% margin. If the substitute teacher referenced above did choose to work for us beyond a specific time (early May), we will either have to offer three (3) affordable, single insurance policies to these staff members or pay the penalty – either way, our costs go up at, and we already have an operational deficit. The ACA is a matter of federal policy, and together, we need to share the challenges of our respective stories with Washington.