



# THE SCHOOL DISTRICT OF NORTH FOND DU LAC

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Wednesday, April 28<sup>th</sup>, 2021

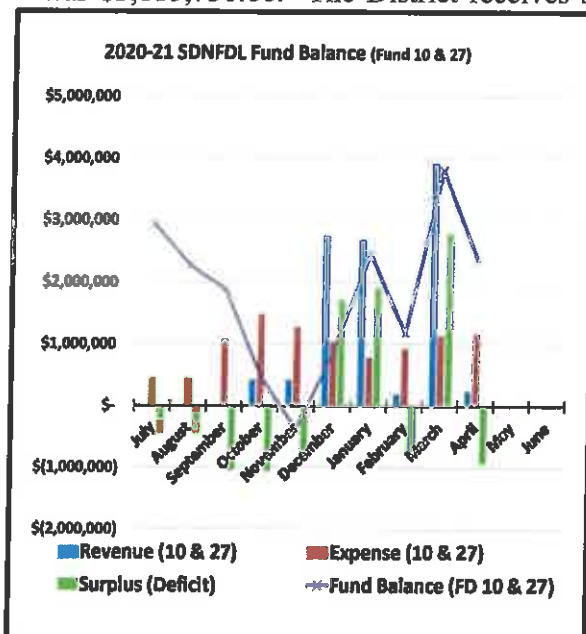
## Testimony of Support for AB 162 (companion SB 177)

Dear Assembly State Affairs Committee Members,

Living and serving in the state of Wisconsin is a blessing and gift – Public Education in Wisconsin is strong; the past investment in public education is appreciated and has been and will be used judiciously. On behalf of superintendents, thank you for your past support of public education and continual focus on how we can better provide resources for every child, every day. This year has been a herculean challenge, but the light is at the end of the tunnel!

My name is Aaron Sadoff and I am proud to serve the School District of North Fond du Lac as superintendent; we are a growing district of more than 1,450 students (up 170 over the last 4 years), the largest employer in our community (with a budget of over \$20,000,000) employing over 200 staff; and a partner with local business and educational institutions to make our community stronger. Our student body is made up of 18% Special Education students; 11% English Language Learner students; 52.8% of our students qualify for the Federal Free and Reduced Lunch Program and a 100% of students that deserve the best education we can afford, develop and implement.

I am here to give testimony to support AB 162 (a companion to SB 177 – similar bills were considered in 2018 – SB 415 and AB 461), addressing the timing of equalization aid. The School District of North Fond du Lac is financially strong. We have a total budget of over \$20,000,000, increasing enrollment and a strong Fund Balance of roughly 20% (based on our two annual, largest funds, Fund 10 general/discretionary and Fund 27 special education). The 2020 – 2021 beginning Fund Balance was \$3,615,736.66. The District receives state aid of approximately 65% – 70% of our revenue authority, which is \$11,920,506.00 for the 2020 – 2021 school year.



Graph Revenue and Expenditures with Fund Balance

This bill addresses an issue that results from state equalization aid being distributed at 15% in September, 25% in December, 25% in March and then 35% at the end of the fiscal year in June. This discrepancy causes the largest strain in the months of November and December when expenditures are eating away at fund balance due to not getting local tax revenue yet and having to fund 25% of the years expenditures with only 15% of equalized aid. This is what triggers short-term borrowing and bringing additional costs to Districts. Our District has been fortunate to not have to short-term borrow yet, but that will change for next year if things remain status quo. This past year we held on to bills and have a \$750,000 line of credit with a local bank just in case.

Here is data of what the proposed changes in would do to the aid for our District:

**SD NFDL Aid Impact of AB 162**

Based on current year numbers (2021 – 2022)

State Aide Amount – \$11,920,506.00

**Fund Balance - \$3,615,736.66– Down below \$0 late November – Early December (see chart on previous page) – strategy hold bills this year and maintain line of credit – short-term borrowing will occur in November 2021 if the law does not change.**

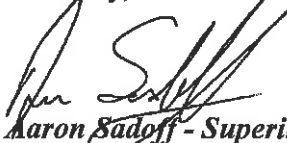
<b>% of State Aide</b>	<b>\$\$</b>	<b>Increase over 15%</b>	<b>September - June Payments</b>
15%	\$1,788,076		Current SEPT – JUNE
35%	\$4,172,177		
17%	\$2,026,486	\$238,410	Proposed 2021 – 2022
33%	\$3,933,767		
19%	\$2,264,896	\$476,820	Proposed 2022 – 2023
31%	\$3,695,357		
21%	\$2,503,306	\$715,230	Proposed 2023 – 2024
29%	\$3,456,947		
23%	\$2,741,716	\$953,640	Proposed 2024 – 2025
27%	\$3,218,536		
25%	\$2,980,126	\$1,192,051	Proposed 2025 – 2026

As proposed, by these numbers, the 2025 – 2026 school year, the District would receive almost \$1.2 million more in state equalization aid at the beginning of the school year, helping to pay expenditures and possibly allowing for resources to be freed up to do one time investments and improvements. **More consistent revenue would mean changing the level of Fund Balance needed (for higher aided districts) to avoid short-term borrowing. These resources could be used for many onetime costs, including professional development, seed money for partial self-funded health insurance or facility improvements.**

According to the Department of Administration Fiscal Bureau projections (as reported in 2018 the last time this bill was introduced), this change may cost just over \$11,000,000 in 2025-2026 due to lost interest revenue. Although I do not have specific data, I believe this amount is incredibly lower than the interest District are paying for short-term borrowing, allowing for more money to go directly to student achievement and growth.

In closing, budgeting for public education is like “nailing Jell-O to a wall,” there are so many uncertainties and our budgets do not get approved until the end of October, which is a quarter through the fiscal year. Any help to give more consistent, equal aid payments would be helpful for districts that need that revenue sources to pay expenditures. Also, no districts or schools (public or private) would be negatively impacted by this bill. Thank you for your efforts to continue supporting our most precious natural resource, our children.

Sincerely,



**Aaron Sadoff - Superintendent**

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