

APPLETON AREA SCHOOL DISTRICT
Public Hearing – 2020-2021 Budget Presentation

1. Virtual Meeting Notice

This meeting will be conducted as a virtual meeting due to the active COVID-19 public health emergency situation, meaning that multiple Board members may be participating in the meeting from remote locations through the use of communications technology and/or that public access to the meeting may be arranged through the use of technology. The District discourages the public and/or media from attending the meeting in person at its noticed location due to concerns with health and safety and encourages use of the alternative method(s) of access that the District is providing.

Members of the media or public may access the meeting via the live stream broadcast on the Appleton Area School District YouTube Channel: <https://www.youtube.com/channel/UChO-I09YGgt4uKnCWYvt8Pw>. For remote attendance via telephone, please dial: 1-312-626-6799 Meeting ID: 923 2814 0621

Any special needs or requests for accommodations related to accessing this meeting should be sent to Kelly Vandenberg at vandenbergkell@asd.k12.wi.us or (920) 997-1399 ext. 2032, at least 24-hours in advance of the meeting. This would include any person for whom it would be burdensome or infeasible to use the primary method(s) of remote access established by the District.

On Monday, October 5, 2020, notice was given to the media and public that on Monday, October 12 at 6 pm, prior to the Board of Education meeting, the District would be holding a Public Hearing to present the 2020-2021 Appleton Area School District proposed Budget. Members of the media and general public were further notified that the meeting would be held virtually from remote locations. With respect to the gravity of the current public health emergency, we have made every effort to streamline this meeting as much as possible while still focusing on items that are essential to the current and future operations of the District. As such, there will be no opportunity for live public comments.

Any member of the public wishing to make a statement regarding the 2020-2021 AASD Budget must submit their comments in writing no later than 5:45 pm on Sunday, October 11, 2020. Comments can be submitted to Kelly Vandenberg at vandenbergkell@asd.k12.wi.us (preferred) or mailed to 131 E. Washington Street, Suite 1A, Appleton, WI, 54911. All written comments which were received prior to the noticed deadline and which follow the guidelines and rules established in Board Policy 187-Public Input at School Board and Board Subcommittee Meetings, regarding the proposed 2020-2021 AASD Budget, shall be read aloud for Board consideration. We appreciate your understanding during this unprecedented time.

2. Meeting Opening

A. Roll Call

President Kay Eggert called the virtual Public Hearing to order at 6:00 PM.

Members present: Kay Eggert, Leah Olson, Jim Bowman, Kristine Sauter, Deb Truymen, Barry O'Connor and Gary Jahnke

3. 2020-2021 Proposed Budget Presentation

A. 2019-2020 Budget Summary Recap

Greg Hartjes, Chief Financial Officer for the Appleton Area School District, began by saying that the 2020-2021 Budget is the District's best projection at this time. The actual numbers will come out next week after they are confirmed by the State. Greg said that 2019-2020 was the first year of the biennial State budget. Our Revenue Limit had an increase of \$175 per student and there was also an \$88 increase in Categorical aid per student. This totaled an increase of \$2,600,000 in new Revenue. In previous years, that number had been over 3,000,000. It went down a little because our enrollment had gone down. This is the first year we started to see this.

Greg stated that the \$2,600,000 in increased Revenue was entered and the Budget was built. Greg shared a couple of the District's larger increases. The first being Compensation totaling \$2.0 million. Employees received about a 1.6% increase. Another was a Health Insurance with an increase of \$1.7 million. Finally, 18.5 staff members were added at a cost of \$1.2 million. The deficit we were anticipating never materialized due to how the end of the year went fiscally and the school year closed down. When looking at what that meant for Tax payers last year, they had a tax levy of \$69,809,775. The tax levy rate or mill rate of \$8.32 was the lowest since 2008. We were able to include \$4.5 million in that levy to reduce debt incurred from the 2014 referendum. This saves the District just over \$1,200,000 in interest. We have now used defeasance over that last three years to save approximately \$3,000,000 in debt.

Holly Burr, Director of Business Services spoke regarding the Impact of COVID on the Budget. We carried over approximately \$8 million in unspent dollars from the previous year. This was largely due to projects not being completed, transportation needs, athletics, and utility changes just to name a few.

Of those unspent dollars, \$3.4 million will be spent on 2020-2021 COVID expenses. The remaining \$4.6 million will be spent as it was budgeted last year. This is on projects that still need to be finished such as Capital Projects, Facilities Maintenance, Technology Purchases and School and Department supplies and equipment.

B. 2020-2021 Enrollment

Greg Hartjes presented the enrollment numbers from 2011 to present and discussed their importance. The numbers indicated that since 2017-18 we have shown a decrease in enrollment. Those numbers mostly involve 4K and Wisconsin Connections Academy students. Those two areas don't necessarily impact our buildings. This year we have 15,690 students, a decrease of

377 students. 220 of these students are from 4K. This has a lot to do with COVID. There was no decline seen in our High School numbers. We have 2,134 students open enrolled into the AASD and 916 students enrolled out of the AASD. Those are the highest numbers we have had. The net difference of enrollment is +1,218.

C. 2020-2021 Budget

The 2019-2020 unaudited budget equaled \$210.3 million. Moving into 2020-2021, the projected budget is \$217.6 million. Over a \$7 million increase is basically all COVID related. This Budget for 2020-2021 is a balanced budget for the year, which mean the budgeted expenses for the year match or are equal to the expected revenue for the year. We do want to see the budget as close to balanced as possible this year.

The breakdown of amounts are as follows:

71% - Staff

20% - Purchased services (contracted vendors)

5% - Supplies and equipment

4% - Other misc. fees, such as dues and expenses

Greg Hartjes followed up with a recap of COVID expenses that equaled \$6,922,200, including Chromebooks, staffing, unemployment and food services among other things that were discussed at a previous Business Services meeting.

Greg said that the second year of biennial State Budget showed a Revenue Limit increase of \$183 per student, but no increase in Categorical Aid per student. The increase totals \$957,000, which is based on our enrollment. We will receive an additional \$790,000 in a declining enrollment exemption. This means that the State recognizes when Districts have a large decrease in enrollment and have already staffed for that year. Those Districts will receive an exemption. When you put those 2 numbers together, the District has additional revenue of \$1,747,000. This will be spent on COVID expenses, compensation increases and health insurance increases (savings on health insurance beginning on January 1st, 2021). This year we will see saving on transportation, substitutes, utilities, and co-curricular activities. Where the District normally has inflationary increases, this year we will not.

The Revenue Limit is projected to increase \$1,747,000, from \$151.6 million to \$153.3 million. This is 1.2%. With the Revenue Limit increasing, and our Equalization Aid staying the same, our tax levy is projected to increase from \$69.8 million to \$71.9 million.

This \$2.1 million represents a 3% increase, which includes \$4 million to prepay debt. That is something we don't have to do, but would save us a little under a million dollars in interest going forward over the next eight years.

Greg said that \$153 million is our piece of revenue. A projected \$4 million will go in to private schools. After subtracting out Equalization Aid, our property tax levy is \$62.8 million. We add in \$7.1 million, our debt on previous referendums and \$2 million for our community services fund. Those amounts added together total \$71,900,000. This is the Appleton Area School Districts part of the property tax levy. This means we take the \$71,900,000 and spread it across all the property value in the AASD. That number is \$8,893,860,000, so everyone has to pay their share. When we divide that value out, we get .00808. We want to put that into a rate that makes sense for homeowners, so we move that decimal over 3 places. This is because houses are valued in thousands which is where the term mill rate comes from. Our mill rate is \$8.08 cents on a thousand dollar value of property. That is the lowest tax rate since 2008. We are below the state average more than \$1 from last year.

Holly Burr finished the discussion by saying these figures are our best estimates as of today. We are still waiting for some large numbers. First is the final Equalized Property Value from the Department of Revenue. Also, the adjustments to the Revenue Limit and the final Equalization Aid calculation from the DPI, which are both released on October 15th. Based on any changes with those three amounts, we may or may not make adjustments to the Tax Levy amount. The Budget approval & Tax Levy Certification will occur at the October 26th Board of Education meeting.

4. Public Input

A. Public Input

Kay Eggert noted that no questions or comments related to the Budget Public Hearing came in through any of the various sources offered.

5. Adjourn

A: Motion to adjourn

A motion was made to adjourn the Public Hearing at 6:30 PM.

Motion by Barry O'Connor, second by Jim Bowman.

Final Resolution: Motion Carried

Roll Call: Kristine Sauter, Barry O'Connor, Jim Bowman, Kay Eggert, Gary Jahnke, Leah Olson and Deb Truymen