

APPLETON AREA SCHOOL DISTRICT
Public Hearing – 2021-2022 Budget Presentation

1. Meeting Opening

A. Roll Call

Vice President Kris Sauter called the Public Hearing to order at 6:00 PM.

Members present: Kay Eggert, Jim Bowman. Kristine Sauter, Deb Truymen, Edward Ruffolo, Amanda Stuck and James Bacon

2. Budget Presentation

A. 2020-2021 Budget Summary Recap

Greg Hartjes, Chief Financial Officer for the Appleton Area School District, began the meeting by discussing the 2020-2021 budget. The total expenditures (unaudited) were \$222,118,161. We will get the fully completed audit back in December. This was the second year of the biennial State budget. We knew we would see an increase in our Revenue Limit because we were given \$183 per student totaling an increase of \$2,600,000. We also found out last year we were getting \$1.5 million in ESSER I funds. What we weren't aware of at that time was that we would also be receiving ESSER II funding and ultimately, ESSER III funding. The ESSER II was critical in the District being able to have a balanced budget. In terms of expenses, we had a lot of COVID related expenses totaling \$5.5 million. We needed to provide chromebooks to grades 4K-12. Due to COVID, we also needed to reduce class sizes for our lower elementary levels, so we could keep students safely distanced. We added 19 staff so that we could bring students grades K-4 back as quickly as possible. We also added 27 Paraprofessionals in isolation rooms for students who were exhibiting COVID symptoms. Another expense was the PPE, disinfecting materials and ventilation filters we needed to supply, which added to the total cost.

We were able to give 3% salary increases to staff, which costs \$3 million. We were able to do this because we saved money on health insurance. Employees were given an option this year, offering a change that would save them money and the District dollars, allowing for that compensation and benefits. 60% of our employees chose the less expensive, but narrow network.

We carried over to this year's budget approximately \$5 million in unspent dollars, primarily because of COVID reasons. Saving was also due to reductions in transportation, substitutes, co-curricular activities, and unfilled positions. Unspent dollars also occurred in Facilities, Capital Projects and school budgets. Those dollars will carry over and be used by the department this year.

Last year, the Tax Levy was set at \$71,741,179. The Tax Levy rate (mill rate) was \$7.96, which was the lowest since 2008. In addition, we were able to levy \$4.5 million to prepay on debt incurred from the 2014 referendum, which will save the District just over \$956,000 in interest. We plan to defease \$5.5 this year as well.

This year our projected budget is \$231.8 million, which is a \$9 million dollar increase from last year, much of which is due to ESSER III funding. We are currently spending that and will plan to spend our full budget this fiscal year.

- 10% of the monies comes from the Federal Government. This is primarily through Grants, Title 1, free and reduced meal reimbursement and is very restrictive.
- 60% of our revenue is from the State and is broken down into two areas: *Non-Revenue Limit State Aid* and *Revenue Limit State Aid*. The *Non-Revenue Limit State Aid* comes through Categorical Aid, which reimburses ELL and Special Education and a lot of other areas where we get grants from the State. The *Revenue Limit State Aid* - the bulk of which is Equalization Aid, is tied together with our local property taxes. Together the sum of those two can't be more than our Revenue Limit Authority.
- 30% comes from local property taxes.

B. 2020-2021 Enrollment

Greg Hartjes began by explaining how our Revenue Limit and Equalization Aid get calculated based on our membership enrollment, the number of students in our District being educated in public schools. Our enrollment and the needs of those students is what drives our staffing, which is by far our highest budget outlay.

Greg Hartjes presented the enrollment numbers from 2013 to present and discussed their importance. This year we have 15,186 students, a decrease of 504 students. We had a decrease of 377 the previous year. We are the 6th largest district. The 5 larger Districts have seen similar declines. We have 1,794 students open enrolled into the AASD and 943 students enrolled out of the AASD. The net difference of enrollment is +851. Our 10-year average has been over 1,000.

C. 2021-2022 Budget

Holly Burr began by stating that 2021-2022 is the first year of the *Biennial State Budget* and for both years of this budget, there is no increase to our portion of the Revenue Limit or to our categorical aid. We do want to highlight two parts of the formula. We will receive a \$3,177,957 *Hold Harmless Non-Recurring Exemption* and \$3,177,897 *Declining Enrollment Exemption*. These exemptions are calculated annually based on enrollment and prior year expenditures. Our total revenue will see an increase of approximately \$719,633. This is due to an increase in the Private School Vouchers. The largest part of our limited revenue comes from our State Equalization Aid, about 60%. We will see an increase of \$256,625 (0.3%) to \$94,770,375. Equalization Aid is based on last year's spending, enrollment, and property values. The second part of the Limited Revenue is the Property Tax Levy. Included in the levy are General Funds, funds for Private school Vouchers, Referendum Debt and Capital Projects. Outside the Revenue Limit, is also Referendum Debt Levy and Levy for Community Services.

There's a very slight change in the total Levy this year. There are changes between funds and two of those are a decrease in Non-Referendum Debt payments of \$568,933 and an increase in Community Service funds of \$517,805. Community Services includes after school programs, our truancy piece through the Boys and Girls Club and are Student Resource Officers (SRO) and Crossing Guards.

What this means for taxpayers is that our levy is going up from \$71,741,179 to \$72,683,034. Of the \$941,855 increase, \$756,165 can be attributed to the increase in private school vouchers. The \$941,855 represents a 1.31% increase to our Tax Levy, which is not very significant. This also includes \$5.5 million to prepay debt.

Greg Hartjes said that \$158.5 million is our Revenue Limit. After subtracting out Equalization Aid of \$95.9 million, our Property Tax Levy is \$62.6 million. We add in \$7.6 million, our debt on previous referendums and \$2.5 million for our Community Services fund. Those amounts added together total \$72.2 million. This is the Appleton Area School Districts part of the Property Tax Levy.

This means we take the \$72,683,034 and spread it across all of the property value in the AASD. That number is \$9,493,679,888. When we divide that value out, we get .00766. 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 \$7.66 cents on a thousand dollar value of property. This is the lowest tax rate in 32 years.

How this money is spent is broken down as follows:

- 50% - Salaries
- 22% - Benefits
- 19% - Purchased Services
- 5% - Supplies & Equipment
- 4% - Miscellaneous

The Budget Adoption & Tax Levy Certification will occur following the Public Hearing at the Board of Education meeting.

4. Public Input

A. Public Input

Kristine Sauter 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 6:45 PM.

Motion by James Bacon, second by Deb Truymen.

Final Resolution: Motion Carried

Roll Call: Kristine Sauter, Jim Bowman, Kay Eggert, Deb Truymen, Edward Ruffolo, Amanda Stuck and James Bacon