

Item 9A: Business Services Report: Addressing AASD Budget Deficit

Board of Education

Mon, Jul 14, 2025 6:00PM

Kay Eggert (Board President) 07:09

Okay, we will then move on to reports, first, business services regarding—this will be the AASD budget deficit. So, Mr. Hartjes, you want to get us started with that.

Greg Hartjes (Superintendent - AASD) 07:22

I will. So, our Executive Director of Finance, Holly Burr, and I will take you through a few items regarding our budget prioritization and our budget fiscal deficit that we have. And so, Holly is going to take you through a real high-level summary of this past year, then go into the state budget, and then we'll share some information that we collected from all of you as board members. So, I will turn it over to Holly, and, Kayla, if you could bring up our PowerPoint that we have prepared.

Holly Burr (AASD Executive Director Of Finance) 07:25

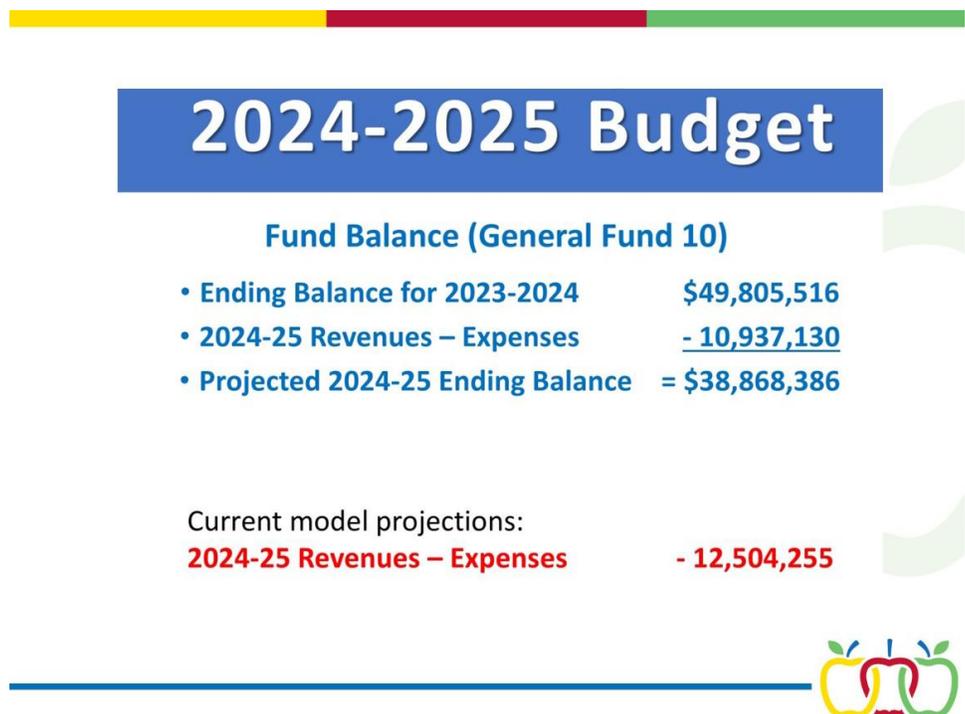
Okay, good evening again. This is part three in our series of budget prioritization discussions, and as Mr. Hartjes said, we're going to cover a couple topics tonight and then the survey that you all took. So first, we want to start the discussion tonight at a very high level, look at what the year ending, '24-'25—what we're expecting that to look like.

Holly Burr (AASD Executive Director Of Finance) 08:40

So, I pulled this slide from a presentation we did a few months back. We had originally budgeted a deficit of about \$11 million for the year, and then this winter, we updated that estimate to a \$12.5 million deficit. And so that's the slide we're looking at. We still have several large adjustments to make, including final revenues for grants and final adjustments for the employee health plan. The on-site audit will be conducted in au—August, with final adjustments in October. So, these final adjustments could swing that deficit by two and a half million dollars. So just so there's an awareness, we have the potential of ending the year as high as 15 million deficit.

Holly Burr (AASD Executive Director Of Finance) 09:37

Now, it could swing a little lower too, but, yeah, that would be a blessing. Obviously, everybody's more concerned that it ends up higher. So, I just want to put that out there that that does have the potential with those



final audit adjustments, bearing in mind that's a very large number, but two and a half million dollars is 1% of our budget. So just kind of keeping that in perspective, that's a reasonable amount to have variance at this point.

Holly Burr (AASD Executive Director Of Finance) 10:11

And then also just a reminder that when we're looking at our fund balance, so the top half of that slide, we ended the year—if we ended the current year, or—excuse me, '24-'25 previous year—with a \$15 million deficit, that would basically wipe out our unassigned or discretionary fund balance. So, the 39 million that you're seeing on this screen, what we ended last year, previous year, ending '24, is the total amount. So that's amount that's reserved, assigned, and unassigned. That's the total amount that we basically have in our accounts at the end of June. Only about 15 million of that was unassigned at the start of the year. So, we kind of have to keep those numbers in our head. Is there questions on the current year summary?

Kay Eggert (Board President) 11:14

I just have a question. So, when you are saying with the adjustments, is this somewhat of industry standard, just typically how there can be adjusted—adjustments at the end that those could run about 1% of the budget. That's—so you're using that as—there's not one thing in particular that you are expecting could....?

Holly Burr (AASD Executive Director Of Finance) 11:37

Correct. That is kind of industry standards, and especially running self-funded health employee health insurance, you we could see swings a little bit more than what we were probably used to prior to that. Prior to that, we could nail that down a little bit better, but depending on where the, you know, incurred but not reported estimate ends at the end of the year, and when all the final billings come in, it's—today is June or July 14, we don't even have all the invoices yet. You know, some places haven't even sent them, or they're just mailing them now, and we're just getting them for June. So, we do still have some bills to pay and things like that.

Holly Burr (AASD Executive Director Of Finance) 12:22

With that said, we also have monies coming in yet. So, there's a significant amount of grant money that we're waiting—that we will be waiting for yet to come back in. That's, I'm estimating, close to a million dollars that we're waiting to come back in. So that's what I'm saying. There's adjustments that have to be done on both sides yet. So, a 1% swing at this point is very standard.

Kay Eggert (Board President) 12:46

Thank you.

Greg Hartjes (Superintendent - AASD) 12:51

I do want to add just to summarize the '24-'25 budget year. We came into the year with a structural deficit between 7 million and \$8 million. What Holly is now explaining is that that budget deficit is \$12.5 million to perhaps 15 million. This is unprecedented for us. We've not, as a district, ever had this type of deficit. So, it is significant. These numbers we've not ever seen before, and obviously we're going to talk about that a little bit more tonight, but this this number is more than anything we've ever faced in terms of a structural deficit. Many districts are in the same boat we are. We've talked about that, but this is a very large number for us.

Holly Burr (AASD Executive Director Of Finance) 13:46

Uh, moving on to the current year, '25-'26 then, we had been talking the last several meetings about what our state budget is going to look like. And I'm sure everyone is aware that state, the governor and the legislators, did approve a budget for the next two fiscal years. I been heard as describing it as good, but not good enough to be

called great. So, here's a summary of the expected impacts we can see, and these are for one year, for the '25-'26 year.

Holly Burr (AASD Executive Director Of Finance) 14:25

So, the revenue limit—we knew about this, \$325 per student. That will net us approximately \$4.7 million. Special Education aid has been increased from about 32 and a half percent to an estimated 42%. This remains a sum certain amount, meaning that it is a set dollar amount, and the reimbursement percent is an estimate. Historically, the actual reimbursement comes in 2 to 3% Lower than the estimate.

Holly Burr (AASD Executive Director Of Finance) 15:03

The third bullet there is high-cost special education. That has been increased to 50% for next year. Again, sum certain. Historically, this actual has been 5 to 6% lower than the estimate. So, we'll keep an eye on those two. And generally, when I budget, we don't budget the full amount for that reason. Historically, they've been coming in under. The current year, the 32 and a half came in at 30.6, and the high cost special ed aid was at 25 and it came in at 19—at 19 point something. So again, we we'll we budget those conservatively for that reason.

Holly Burr (AASD Executive Director Of Finance) 16:00

In the state budget, we will also see an increase in open enrollment. And since we do have a net positive open enrollment for the year and historically, we will see an increase for this funding as well. And we are estimating that to be about 1 million, depending on what our number nets out too. It's usually 850, 900. 900 is probably the average between open enroll in and open enroll out.

Holly Burr (AASD Executive Director Of Finance) 16:33

And lastly, we have submitted the paperwork for the reimbursement for the implementation of Act 20 funding. The 500,000 is a complete estimate at this point. We really don't know. All I know is how much we've spent. And that is one time funding. All the others are ongoing, but the Act 20 is just a one-time payout. Either questions on the state budget?

Jason Kolpack (Board Member) 17:00

The numbers you have here for special education and reimbursement, that's at the full percentage?

Holly Burr (AASD Executive Director Of Finance) 17:06

Yes.

State budget update

Expected Revenue Increases based on State Budget:

- Revenue Limit increase of \$325/student = **\$4.7 million**
- Special Education Aid funded at 42% = **\$3.7 million**
- High Cost Special Ed funded at 50% = **\$400,000**
- Open Enrollment increase = **\$1 million**
- Release of Act 20 funding = **\$500,000 ***

**one time increase*

Jason Kolpack (Board Member) 17:07

So, the actual number will be lower than that, most likely? So, you're saying 3.7 million, that's 42%?

Holly Burr (AASD Executive Director Of Finance) 17:17

I believe I that's about 40%.

Jason Kolpack (Board Member) 17:20

Okay.

Holly Burr (AASD Executive Director Of Finance) 17:20

So, I did, yeah. I'm already budgeting it conservative.

Jason Kolpack (Board Member) 17:25

Okay, thank you.

Kris Sauter (Board Member) 17:29

Holly, do you know how the state determined the funding for the Act 20 expenditures?

Holly Burr (AASD Executive Director Of Finance) 17:40

Do I know how they're determining that? I do not. I do know that there was—there was a pot of—the pot of money that's set aside, and there is an application process for reimbursement, and then it's going to be a percentage. So, I believe how they normally do those is there's a deadline to get your paperwork in, and then whoever submits by that deadline, they basically take it and then divide up, you know, how much they put aside. So, I'm guessing that's how they're going to do this one as well.

Kay Eggert (Board President) 18:22

We initially anticipated it was like \$2.1 million I recall/

Holly Burr (AASD Executive Director Of Finance) 18:25

Well, that was—

Kay Eggert (Board President) 18:25

Like some years ago.

Holly Burr (AASD Executive Director Of Finance) 18:25

That was going to be our spend. And initially they set up to a 50% reimbursement. So initially we were hoping for a million dollars.

Kay Eggert (Board President) 18:30

Oh.

Holly Burr (AASD Executive Director Of Finance) 18:30

You know, I can still hope for that. I also, like—I also tend to live in reality. So, I am budgeting, again, very conservatively, not knowing how many people are going to put in for this money, what other districts' expenses look like. There's just too many unknowns at this point to say, "Yes, this is going to be our dollar amount." But as soon as I have further information, I will most definitely pass it along. And I'm not sure—Mark was the one that

actually filled out the paperwork for this, since it was his department that did the implementation. So, I don't know if he has any further information on that or not.

Greg Hartjes (Superintendent - AASD) 19:12

I can add just a little bit of detail. So—

Holly Burr (AASD Executive Director Of Finance) 19:16

—other than I know we did the paperwork.

Greg Hartjes (Superintendent - AASD) 19:19

We did spend over a million—\$2 million, sorry, on buying the materials that were some of it required by Act 20, some of it we had planned because of our implementation of ELA materials. At the at the state level, \$50 million was set aside, but out of that, \$50 million is a lot of money that's going towards, like, literacy coaches at the CISA level. So not all of that money is going to districts. It's going to different funding areas. So, we often when we think about, okay, let's say they have half of that money left, \$25 million, whatever it might be, we have about 1.8% of the student population in the state of Wisconsin. So, a real easy way for us to estimate is if we got what we have for an enrollment as a percentage of these dollars, it might be about \$500,000. So that's just kind of how we came up with that number. Again, these are one-time costs so much different than everything else you see on this slide, which are ongoing funding revenue for us.

Oliver Zornow (Board Member) 20:29

I just want to clarify, so the Act 20 is the literacy program, right? And so, we implemented it, spent over \$2 million, we're hoping to get half a million dollars reimbursed of the expenses that we had to put up, but there's ongoing costs for Act 20 implementation. Is that correct? And is there any state funding that is planned for those? So that would be something that we're incorporating into our deficit budget as well.

Nick Ross (Board Member) 21:01

Sorry, I was—I do have just—basically, the state attorney general, as of today, is suing federal government over the funds that have been withheld from the state. So obviously we can't plan around potential success of a lawsuit. But how much would we get if we did have that?

Holly Burr (AASD Executive Director Of Finance) 21:26

Can you say that first part again, Nick. What—

Greg Hartjes (Superintendent - AASD) 21:34

So, it's the \$72 million that the federal government's withholding from the state that is in Title 2, 3, and 4 grants, totals \$1.8 million for us. And so that is significant. About 1 million out of that, \$1.8 million is our before and after school programs—right?—our 21st Century grant that pays for several schools, before and after school programs. And then it's—there's some EL dollars in there, and then there's from professional development dollars. So, I don't know, Holly, if you want to talk about how you're planning to budget for that?

Holly Burr (AASD Executive Director Of Finance) 22:09

So, the \$1.8 million that Greg mentioned is the total of those grants. So, for the current year—if they're holding the money for the current year, which is what we're assuming, we we've already done claims throughout the year. So, as we—you know, as we incur, we put in a claim, we get reimbursed. So, we've put in about 1.5 million. And so right now, our receivable would be sitting at about \$350,000 for '24-'25. That's one of those adjustments that I just mentioned that might happen at the end of the year. So, if we get word we're not going to be receiving this, that'll be an adjustment we'll have to make in '24-'25 yet.

Holly Burr (AASD Executive Director Of Finance) 22:53

Moving forward for '25-'26, if there is word that these are not going to continue, we are going to have to have some serious discussions about adjustments that we're going to make then. Some might have—might be able to be moved to Fund 80. That would put a larger burden on the taxpayers. Some of it, you know, we may have to talk about priorities and shifting. You know, what do we do at from a district level? You know, where does this land compared to other district priorities? Thus, the rest of our discussion tonight. But, yes, we do have to bear in mind that these kind of are the watch list right now.

Greg Hartjes (Superintendent - AASD) 23:34

And it does pose challenges for us, considering we're two weeks into our fiscal year already, and we've already—we have plans in place for all of that \$1.8 million, right? We have our before and after school programs planned. We have our EL staffing that's already planned, professional development planned. So anyway, it is a concern for us moving forward here, certainly hoping that you know—one of the things we're hearing is that some of the money might come back to the state as a block grant and then come out, rather than being dispersed across Title 2, 3, and 4. But we've heard that the federal government plans to save some dollars and not give all that money back. So, you know, maybe best-case scenario, we get half of the \$1.8 million. We again would have to figure out, what do we want to do with that \$900,000, or it could be more.

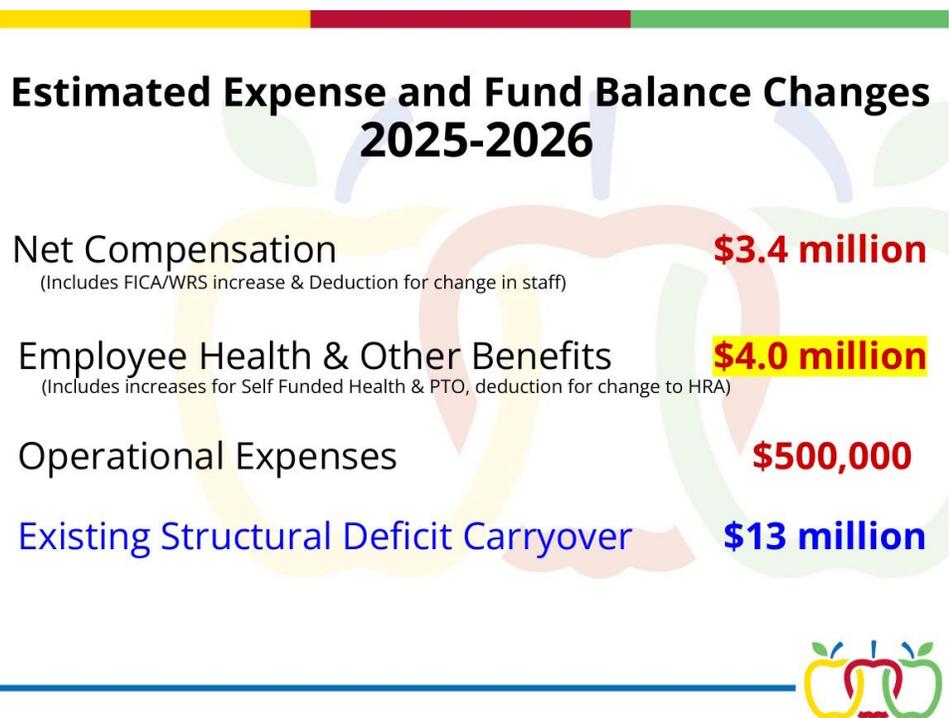
Holly Burr (AASD Executive Director Of Finance) 24:32

Okay, moving on then. Since we talked about revenues, then let's talk also about our expected increases to expenses for '25-'26. Now, bearing in mind, I put a caveat on this as well, that these are all, I—these are, these are estimates. Net compensation—we have not started discussions with the employee groups on compensations increases for the year. This is strictly for what if scenarios.

Holly Burr (AASD Executive Director Of Finance) 25:12

Health and benefit—health and benefits. We do not have final numbers for the employee health plan, nor do we know what the renewal for 2026 will look like.

Operational expenses have basically been frozen for the for the current year '25-'26 other than a few that we have little or no control over, such as insurance, transportation costs, utilities, things like that. But the departments have been frozen. The sites of operational funding has been frozen. So that's how we're keeping that down to \$500,000. That number is normally around \$2.5 million. And then our existing structural deficit carryover, which now we are looking at about close to \$13 million.



Holly Burr (AASD Executive Director Of Finance) 26:09

With the increases in revenues and the changes in expenses that I just mentioned, and also taking into account cost saving measures that we have already done this year, such as closing Columbus and freezing in the operational budgets, I would expect the '25-'26 deficit to be in the range of seven and a half to 11 and a half, depending on compensation. Questions?

Kay Eggert (Board President) 26:40

That would be additional....? Could you just repeat what you said? That would be in addition to 13 million—

Holly Burr (AASD Executive Director Of Finance) 26:45

No, including the 13. So, our total deficit for the year.

Greg Hartjes (Superintendent - AASD) 26:50

You're talking about the difference between the new revenue and the new expenses. So, the two pages she just went through.

Holly Burr (AASD Executive Director Of Finance) 26:56

So, the new revenue and the new—just the new. We do have more revenue coming in than—new revenue than new expenses. So, we will eat away at that 13 million a little bit. With compensation increases, it could be 11 point 5 million. If there's no compensation increases, it could take that 13 down to seven and a half. Does that make more sense, Kay? Sorry. We're going to get this—into this a lot deeper in future discussions, but I just kind of wanted to put it out there.

Greg Hartjes (Superintendent - AASD) 27:39

So, Kayla, if you could go back one slide. If you add up the ongoing revenue increase here—you see the \$4.7 plus the \$3.7 plus the \$400,000 plus a million—that comes out to be \$9.8 million. So that's ongoing new revenue. Then if you go to the next slide, Holly shared the ongoing new expenses—that compensation, employee health, operational expenses. So, the difference between \$9.8 in new revenue and \$7.9 million in new expenses saves us a couple of million dollars that eat into that structural deficit. If we weren't to do compensation increases, that would be \$3.4 million more that would go towards that structural deficit.

Greg Hartjes (Superintendent - AASD) 28:40

Regardless of all of this (and we'll get to it in the next couple of slides), is we're going to end with a structural deficit. There's really no way for us to cut enough expenses to get to even by the end of this year in terms of that structural deficit. But the increase from the state does help. The increased revenue doesn't come close to making up for the two years from '21 to '23 when we had no revenue increase; that's the hole that we're digging out of. It's the hole that every district is digging out of. But this year's revenue increase of \$9.8 million, it helps a little bit. It at least helps us from going in the other direction, which is further into the deficit.

Oliver Zornow (Board Member) 29:28

Greg, I just wanted to comment on that real quick is that the change—right?—so there's, there's two years without an increase in the levy, but or the revenue limit, but really, this also goes back to the decoupling of the revenue limit from inflation, which the gap that we experienced this year was \$40 million relative to what we spent on kids in 2009 versus this last year.

Greg Hartjes (Superintendent - AASD) 29:53

Yeah, absolutely. And that's something we talked about several meetings ago where, historically, how did this all take place. And then certainly the revenue limits in '93 and then the decoupling of the revenue increase to the CPI in the early 2000s has caused these struggles.

Holly Burr (AASD Executive Director Of Finance) 30:18

Okay, then we will move into the prioritization exercise that we had you all participate in.

Greg Hartjes (Superintendent - AASD) 30:26

So, the executive team has started to talk about this current year's budget. Obviously, Holly, myself, and our chief HR officer, Julie King, we've talked a lot about it, but we wanted to get some input from all of you. And so, we started with this first question, which is to say, to ask—the budget for '25-'26 will impact our structural deficit going forward. So, we've got a structural deficit. Depending on the decisions we make around the '25-'26 budget, that's going to impact our deficit, knowing that we can't make up the full amount. So, what we wanted to know is, what is the target budget you feel we should use?

Greg Hartjes (Superintendent - AASD) 31:06

So, in blue would be business as usual, which would be to add 3% to all departments' budgets. So, in a normal year, so to speak, we are adding 3% to Facilities and Operations, knowing that they're going to have costs that are increasing by because of inflation. We're going to add to tech services. We're going to add to assessment, curriculum and instruction. 3% has not been the case over the last several years—right? It's been much higher, but nonetheless, that's what we've tried to do. So that's what blue is saying. Let's add the 3% to all the budgets. Holly has said, right now, we have frozen them going into this year. So that's what blue is.

Greg Hartjes (Superintendent - AASD) 31:48

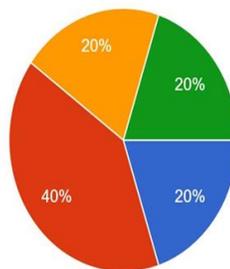
Then in red is level. So, no increase, the same budget as this year. So conceivably, that would leave us with the same deficit. So, we're not adding to the deficit. Now that we know a little bit more about the state budget, that would reduce more. But we just wanted to keep this fairly simple.

Greg Hartjes (Superintendent - AASD) 32:07

Then the yellow would be a reduction. So, if we were to say, okay, not only are we not going to give an increase, but we're going to reduce budgets across our district of 1%, that would save us money in our structural deficit. It's very hard to do, knowing that that's going to be offset by a lot of inflationary increases. And so even staying level is a challenge for departments. Having a 1% cut is more of a challenge.

The budget for 2025-26 will impact our structural deficit going forward. What is the target budget (deficit) you feel we should use?

5 responses



- Business as usual - 3% increase for all, site/dept budgets, compensation (15.5 million deficit)
- Level - no increases, same budget as this year (\$13 million deficit)
- Reduction - reduction of 1% budget (\$10.5 million deficit)
- Increases for staff, deferred large expenses to wrap into referendum. Likely somewhere between Business...



Greg Hartjes (Superintendent - AASD) 32:34

And so those were the three options we gave. And then there was an “other”. So, you could add an “other” as well. And so, one person added an “other”.

Greg Hartjes (Superintendent - AASD) 32:42

So, the way these came out then is one individual said we should do business as usual. One—that's the blue. The green actually said we should be increasing staff, deferring large expenses to wrap into the referendum, and so somewhere likely between business-as-usual level. And then one said reduction of 1%. And then the other three said level. So again, one of each of the blue business as usual, green, somewhere between business as usual and level, and one had reduction, and the other three had level.

Greg Hartjes (Superintendent - AASD) 33:20

So, this is just simply helping the executive team start to formulate some ideas of what we should bring for decision making for you. So, nothing that—this is not set in stone at all. It just helps us kind of make some plans, put together some scenarios for you to consider going forward. Is there any questions on this first survey?

Greg Hartjes (Superintendent - AASD) 33:47

Okay, let's go to the next one. So, the next one asks once the budget target is determined, what is your preferred strategy for reconciling the budget? And so here we're asking, okay, so knowing that regardless of what we do, we're going to have some level of a structural deficit yet, how do we go about that? How do we work our way out of that? And so, we said, first of all, 100% referendum for the structural deficit. So go to our—that would be going to our taxpayers and asking for those dollars, that support. In red is 80% towards a referendum, 20% from reductions. So, we would be reducing 20% of budgets—not all budgets, and that's what the third question is that I'll get to in just a little bit.

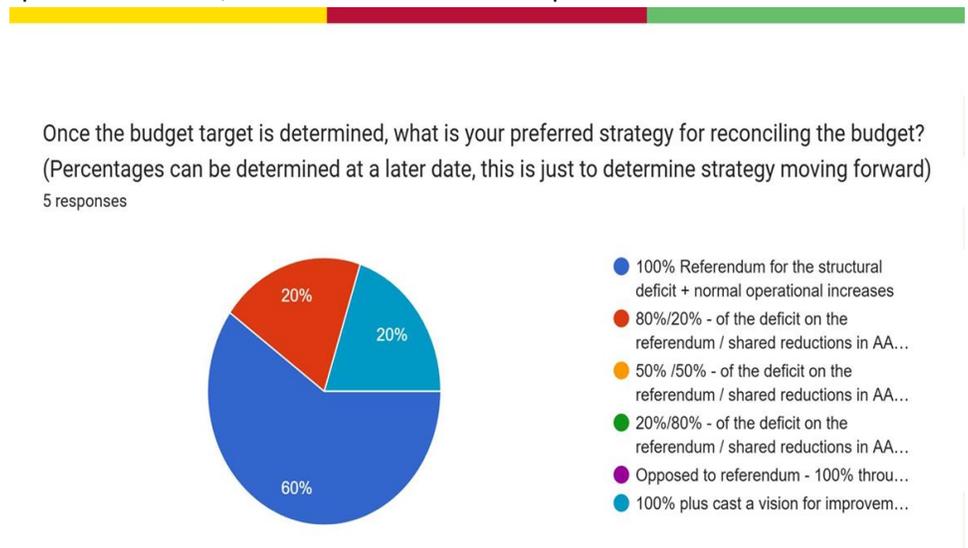
Greg Hartjes (Superintendent - AASD) 34:37

And then you can see 50/50, or 20/80, which no one put in, and nobody put in that they were opposed to referendum. And then you could put other as well, and so that one was 100% plus cast a vision for

improvement. So, we talked a little bit about at the last meeting, what areas do we need to improve? We talked about student services and our concerns around mental health and wanting to maybe put additional dollars into additional staffing for student services.

Greg Hartjes (Superintendent - AASD) 35:05

So that's what this question is asking. And then three out of the six responded with 100% on the referendum. One, that lighter shade of blue, was 100% on the referendum, plus additional needs for the



district. And then two responded at 80% on a referendum, 20% on reductions in the district. Is there any questions on this survey?

Jason Kolpack (Board Member) 35:29

Yeah, I guess I'm just second guessing some of my responses, or maybe how I understood how these questions were being asked. Can you talk about the difference between, like, so the second question, we said, if someone said 80% from referendum, 20% from reductions, compare that against the question on the '25-'26 budget with the business as usual, versus a reduction of 1%. Like, do you understand kind of what I'm getting at? Like, what's the difference between a 1% reduction in the first question and a 20% from reductions in the second question?

Greg Hartjes (Superintendent - AASD) 36:10

Yeah, so essentially, we wanted the first question to just be about this year's budget, and knowing that we could need it—with this year's budget, we could be adding to the structural deficit, we could be subtracting from it, keeping it the same. And so, what do we want to do with this year's budget? And then the second one was really about the structural deficit. How do we go about attacking that structural deficit? So, you're right, we kind of need to know the answer to the first question, because the second question in red is kind of saying the same thing as the yellow on the previous one. So—

Jason Kolpack (Board Member) 36:53

Yeah, that was kind of my point. Like a 20% reduction in the second question is kind of the same thing as that 1% reduction in the first question?

Greg Hartjes (Superintendent - AASD) 36:56

Right.

Jason Kolpack (Board Member) 36:58

Okay.

Greg Hartjes (Superintendent - AASD) 37:01

Yeah, it is.

Kay Eggert (Board President) 37:06

Or, I guess, another interpretation, maybe my interpretation, whatever—that, if you, let's say the structural deficit is, for ease of math, \$10 million and then so if 20% if you're going to do 80%—address that 80%, get rid of the structure deficit, 80% of that through referendum, 20%, then 20% of the \$10 million or \$2 million would come from cuts. But not—that's not necessarily 1% reduction.

Greg Hartjes (Superintendent - AASD) 37:43

Right.

Kay Eggert (Board President) 37:43

1% reduction of the whole budget. So anyways, more definition to...

Greg Hartjes (Superintendent - AASD) 37:50

Right.

Kay Eggert (Board President) 37:51

Yeah.

Greg Hartjes (Superintendent - AASD) 37:52

And that's kind of where priorities will come in place is we may make some cuts but also add some expenses, if they're part of our priorities. So, you know, it might be a situation where we say, all right, we're going to try to cut \$2 million in tech services, facilities, and operations and ACNI's budget, knowing we want to add \$2 million in health plan costs. So more likely the scenario is going to be a little of both. We just wanted to get an idea of are we in our budget going to add to the deficit this year or not? And then are we going to really say we're going at a referendum, or is it a combination of referendum and costs, knowing that we're going to have some additional costs and we're going to probably have to cut some expenses.

Holly Burr (AASD Executive Director Of Finance) 38:50

Now also, my interpretation of this was more like what Kay had just described—President Eggert had just described. But to answer Jason's question, part of this was—this was written before the state budget came through. So, the numbers are a little bit higher; you know, the 15.5 the 13 and the 10 and a half are a little bit higher than what we're seeing right now. But question one was really getting at, where is our comfort level moving forward with the deficit? What deficit are we trying to make up? Are we trying to make up, you know, a reduced amount, or are we trying to stay where we're at? Or are we trying to improve? And that's kind of the three levels. So again, the priorities there. Then once we decide what our deficit is, based on all of that, then how do we want to make that money up? All referendum or a combination thereof? Does that make sense?

Jason Kolpack (Board Member) 40:00

Yeah, I think so.

Holly Burr (AASD Executive Director Of Finance) 40:01

I think it's confusing when we—

Jason Kolpack (Board Member) 40:02

In my head, it still kind of feels like six of one half dozen of the other. You know, my personal feeling is that we probably need to, like, show some good faith towards the community and say, you know, we're like, doing everything we can to reduce as much as we can, so that when we do go and ask for that that referendum funding, we can say we did everything we could to reduce that deficit as much as we could before we came asking. That's my personal feeling.

Greg Hartjes (Superintendent - AASD) 40:37

The other piece to this is—and Holly will talk about this—from a timing standpoint, is we have to bring the budget to you for approval in October, and that's for this year. We already hired all of our staff for this year. So, when we talk about if we're going to do any cuts, we're talking about making those cuts in the spring of the year. So, there is a timeline to this. So that question one does truly come first, meaning we have to set the budget for this year. Then after that, we have to talk about how do we solve our structural deficit? I mean, the conversations go together, but there is a timing piece to it.

Oliver Zornow (Board Member) 41:18

I think the point that Board Member Kolpack is making is a really important one, and I think it's something that some of the comments made allude to, which is—and maybe some of the conversation in the community right now about this is caricaturing is that I don't think anybody is saying we shouldn't make efficiencies when we can have them. And I think that we have a long track record, back to the early 2000s when we decoupled from inflation, we have literally been spending less real dollars on kids since I was in high school in the Appleton Area School District, and so we've been making cuts along the way, and those cuts have included closing an

elementary school a few months ago which is estimated to save us almost up to a million dollars. So, we're making these cuts, and now it's—okay, so where are we going? Are we going to keep cutting our way to becoming a destination district again, or are we going to ask the community to let's help fill part of this \$40 million bucket that's been leaking for 20 years?

Oliver Zornow (Board Member) 42:19

And so, it is this combination, I think, regardless of how any of us—I can't speak for others, but how I certainly answered this question. Efficiencies continue to be pursued throughout the district when they're feasible and don't impact our ability to successfully educate students. It's really about the total pie has not kept up with the expenses of even doing that to the level that we once did it. And so, making sure that we explore how are we going to help fill that \$40 million gap? Are we going to ask the community to help us do that, or are we going to keep letting the bucket drain? Is a way that I'm viewing this, and I think it's important for the community, or anybody watching, is to realize that the district is making efficiency cuts. We have been doing that for 20 years, and we did that this year even at pretty significant levels. And we want to look at, how do we go forward? Are we going to be able to cut an additional \$13 million out of our budget and not have any negative impacts? And the way I answer these questions, I certainly don't believe that that's possible or realistic for us to view.

Nick Ross (Board Member) 43:34

If I could, just building off on that a little bit, I just wanted to comment that I appreciate the ability to give this kind of feedback through a survey because it increases transparency for the community. This is not an official board action. This is a pulse check. So again, to everyone who is listening and paying attention to this, like, our email is on the website, you see these pie charts, we are open to community feedback, so let us know.

Greg Hartjes (Superintendent - AASD) 44:12

Any other questions on this slide? Okay, so we have one more question, and, again, this is very preliminary, just trying to get a sense of where you are in terms of priorities. So, we listed out 25 different areas within our district that are maybe not federally mandated or state mandated or paid for through grants, you know, dollars we control, programs we control for the most part. We just wanted to get an idea. So, we had four board

members—and we'll keep this open until an August meeting where we're going to discuss this again, just so that we have time for all seven board members to complete it. But the lower the score, the higher the priority. And so, I don't think anything is a surprise here that you see. You know our number one priority at 3.25, that's the lowest score. So, one being the highest priority on average, across those four board members, student success, literacy, including interventionists. 3.50 is class size at the elementary level, and then grades three

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| Staff Compensation | 3.75 |
| Staff Benefits | 6.75 |
| Professional development for staff (includes instructional coaches) | 11.75 |
| Operating budgets for schools and departments | 11.25 |
| Early childhood education programs (birth-to-5, 4K) | 7 |
| Class Sizes-Elementary (grades 3 - 5) | 3.50 |
| Class Sizes -MS/HS | 8.75 |
| Maintaining caseload sizes for SPED | 8 |
| Transportation (non-mandated) | 17.5 |
| Summer learning programs | 16.5 |
| Success/behavior supports (homeless, attend, admin, deans, advocates, EMLSS) | 8 |
| English as a Second Language services (non-mandated) | 12 |
| Curriculum updates and improvements | 12.75 |
| Co-curricular activities | 14.50 |
| Community engagement initiatives (excluding Community Schools) | 18.50 |
| Programming (Dual Credit, Electives, Youth Apprenticeship, Alt. Ed, Electives) | 9.25 |
| Mental health resources and student services staff (ie. psych, SW, counselor) | 5 |
| Classroom technology/media (Tech Integrators, laptops, Viewsonic boards, LMC) | 15 |
| Operational technology (software, hardware, cybersecurity, etc.) | 14.25 |
| Facilities (capital improvements and ongoing maintenance/replacements) | 13.75 |
| Safety and security measures in schools | 7 |
| Student success - Mathematics (includes interventionists) | 4 |
| Student success - Literacy (includes interventionists) | 3.25 |
| Enhanced music (elem band and orchestra pullouts, middle school small groups) | 14.50 |
| Special education services and activities (non-mandated) | 11.25 |



through five, because we just—we passed a referendum in 2022 that holds our class sizes an average of 20 to one in grades K, 1, and 2. So that's why that's not on here. And then staff compensation as the third highest priority.

Greg Hartjes (Superintendent - AASD) 45:38

And so, you can go from there, and I won't go through all of these obviously. We'll wait 'til all board members complete it. But again, this just helps the executive team kind of put together some scenarios for you all to consider. And so, this would be in a situation, if you know, we do decide that, yes, we're going to look to cut something, certainly efficiencies. I think it would be an important—it would be important for us to put together for board members, maybe like a 10-year history of here's some of the changes we've made to improve our efficiencies in a lot of areas, and a lot of them ending in, you know, probably facilities, transportation, all of those budgets that you try to stay away from directly impacting classrooms. We've certainly done those. And so, we can put that together so you can see it. So, are there any questions about this information? But again, it's not complete, and we'll bring more complete to you at an August meeting.

Jason Kolpack (Board Member) 46:41

Yes, one on this list that I think about is these are all really important things, and, you know, we're ranking them basically by order of our personal importance. Not all of these things have the same level of impact on the—I think that's one piece of context that might be helpful, right? Like, you know, staff compensation is, I think, by a by a large margin, the biggest percentage-wise of these things and understanding kind of where these other things stand, right? So, something that's relatively low ranked, even though it's really important for us—so say, for instance, community engagement initiatives, like, how much of a dollar amount is that compared to staff benefits, for instance, right? And I would imagine there's a pretty stark difference.

Greg Hartjes (Superintendent - AASD) 47:44

Great suggestion. We will make sure that we have that information when we come to discuss again. Okay, the last slide, I'll turn it back over to Holly, and she'll talk about a timeline.

Holly Burr (AASD Executive Director Of Finance) 48:08

So, at the last meeting, somebody had said include a timeline in all future presentations moving forward. So, we're starting with just a very high level one at this at this point. So, the first tab on the far left, July August, 2025, is where we are at this month and next month. And board sets priorities, review and set strategic priorities for addressing the budget deficit. So that's the work we're doing tonight, and the work we're going to do in August.



Holly Burr (AASD Executive Director Of Finance) 48:48

The—above the line, the three tabs there are the work that needs to be done, planning, determining compensation and benefit plans for '25-'26, drafting the final budget for '25-'26 and the fiscal plan moving forward, and then communicating the plans out.

Holly Burr (AASD Executive Director Of Finance) 49:15

Below the line is some hard deadlines. So, as Superintendent Hartjes had mentioned, October 27 is a hard deadline. We will be setting the budget for '25-'26 and the tax levy on that date. January 27, that board meeting, it would be the final deadline that we could set a resolution—pass a resolution authorizing an April referendum. And then obviously April—I believe it's the seventh, if I looked at my calendar correctly—would be the election. This timeline will get more detailed as we move through this, but I was hoping that for right now just a high-level overview of this is kind of where we are today, this is where we want to be in April. Questions on the timeline?

Kris Sauter (Board Member) 50:13

Related to comments that Oliver just made, as well as Nick, I am just curious if the administrative team talked at all about any formal solicitation of community input before we before we look at what, say, a recommendation for the referendum might be, is that something that...?

Greg Hartjes (Superintendent - AASD) 50:39

We absolutely will want to do that. Haven't put any plans in place at all. You know, certainly not a foregone conclusion that we would go to referendum. So, you know, if we get to, you know, this timeline, like September and kind of building on this year's budget, it looks like we think we will, we certainly can do that, but we haven't gone there yet. No. We certainly had great results from the survey that we sent out in for our 2022 referendum. It was valuable information that we received, and also in the focus groups that we held. Again, those go back as far as 2019 when we started those, and again, though in January of 2022, 10 months before the referendum, we got great feedback from those focus groups and different community members and parents and staff members that helped us shape what we asked the community for and so absolutely anticipate we will want to do the same.

Kris Sauter (Board Member) 51:46

I appreciate that. I know that—I know you had an indication of that in the newsletter that went out, and I know I had personal comments from people that they appreciated kind of knowing ahead that that's a possibility. But then, just like, moving forward, like, some people said, you know, will we will we be asked our opinions on it? So, I appreciate that thought. So, thank you.

Oliver Zornow (Board Member) 52:15

I guess I'm picking on what Kris just said. So, you know, the past, there was sort of a formal process. There was a referendum committee, there were the focus groups, and things like that. Where is the point in this journey where we would make the decision that we're going to establish any of that process? Yeah. And when's too late and when's too early?

Greg Hartjes (Superintendent - AASD) 52:39

So, this is uncharted waters for us is we've not gone to referendum for operational to just kind of manage our budgets. Right? Again, it's unprecedented times in the state. So, to answer your question, some districts are making these decisions quickly. When you're talking about a capital referendum that takes a lot of planning, that takes a lot of looking at enrollments and enrollment projections and capacity and all the different facility needs. So, this one is a little bit cleaner, I guess, because we don't have a capital piece to it. It's really about the operational and so what we have to decide on is—think the hard part is going to be, you know, how much would

we look at? What would we ask for? Certainly, you know, Holly has worked on some numbers of what it might cost. But then also, we have to look at if we wanted to add something to that. If we're going to ask for more than just, what would balance our budget. What would it cost to add 10 social workers, school psychs, and counselors? What if—you know those type of things. We have to have those discussions, and so anticipate we'll be doing that all fall at the same time as gathering some information. So certainly, a much tighter timeline than we've ever had for a referendum.

Kay Eggert (Board President) 54:26
Anything else tonight? No?

Holly Burr (AASD Executive Director Of Finance) 54:30

That is all we have for you tonight. We will be preparing for a work session and a board session in August to continue this priority work and to address some of the questions that you just asked.

Kay Eggert (Board President) 54:49

Anything else that you would want from the board prior to that—I think it's been brought up—regarding the cost, potential cost savings, or so that's been noted. Is there anything else that would be helpful prior to that work session and the additional information? Or—I should ask board members.

Holly Burr (AASD Executive Director Of Finance) 55:13

Yeah.

Kay Eggert (Board President) 55:14

Should be asking the board members what other information would you want? Was there enough clarification on, you know, the list of 25 priorities. Any clarification on what any of those programs or—

Nick Ross (Board Member) 55:32

I guess—

Kay Eggert (Board President) 55:33

Any of those listings are? Go ahead.

Nick Ross (Board Member) 55:35

Like what I—I think so far, the information that is being presented is really good, and I like the way it's being presented, and I like the cadence to everything. One thing that I think would be helpful would be more of the con—like larger context for us as board members and for the community, like, other similar surrounding districts, how they're managing their deficit, how, like, what, how often they have gone to referendum. You know, the cadence of referenda throughout different districts and how that compares to what we've done, kind of more of that, like, not totally global and national but like the broader context of how we're doing in comparison to the rest of the state.

Greg Hartjes (Superintendent - AASD) 56:32

We can certainly look at, as we often do, local districts and then the other 10 largest—nine other largest districts in the state, to see where they are. Obviously, the finances, the numbers are much similar to ours. When you look at Eau Claire, Waukesha, some of those districts and but also local makes sense as well. So, we can find all that information.

Kay Eggert (Board President) 56:59

Probably one of the additional factors, though, if those local districts are low spending or high spending. I mean that enters into it, because we are low spending, and so I mean a district 30 miles to our north spends quite a bit more per student, but that's just how their formula works and monies they have available.

Jason Kolpack (Board Member) 57:22

I was debating with myself whether or not to say anything, but kind of building on what board member Ross was just saying, I know we haven't made a decision to go to referendum, but there are plenty of examples out there from the last couple of years of districts that have failed in an operating referendum and the consequences that have resulted from that. So, I think that's also another thing for us to be paying attention to as well.

Kay Eggert (Board President) 57:49

Okay, any other thoughts, questions right now? Okay. Thank you for that information and obviously a lot more to come on that.