

Item 9A: Business Services Report: AASD Budget Strategy

Board Of Education

Mon, Aug 25, 2025 6:00PM

Kay Eggert (Board President) 19:58

Moving to reports, we are now on number nine on the agenda. First, from Business Services, the district budget strategy. Superintendent Hartjes and team, Holly.

Greg Hartjes (Superintendent - AASD) 20:18

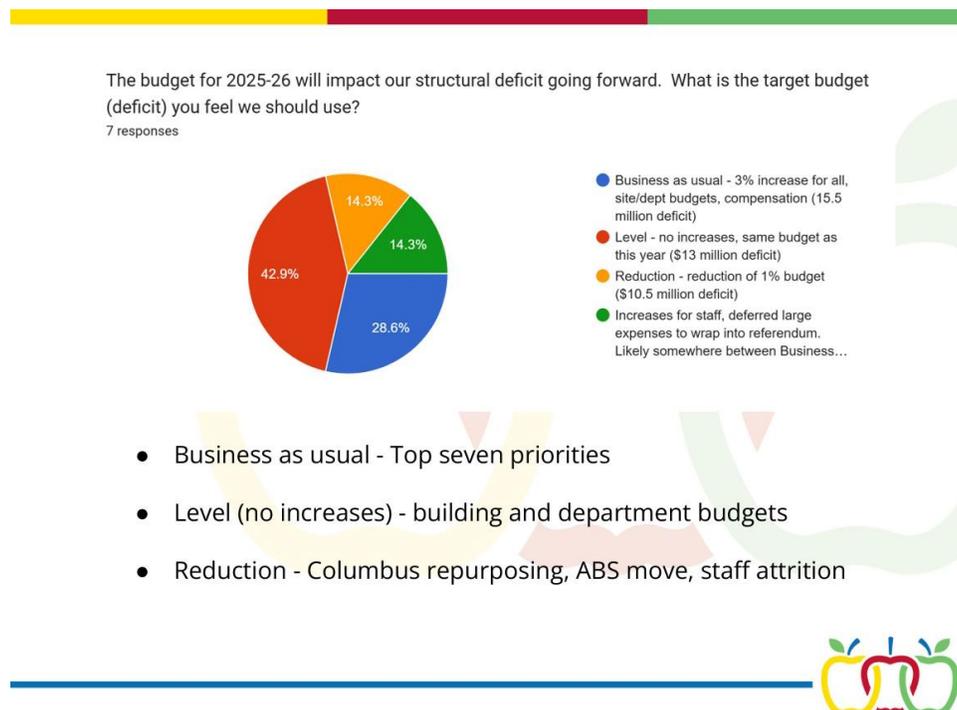
I will start while Kayla brings up the PowerPoint. So, Julie King and Holly Burr and myself put a lot of time into trying to summarize the past two months of discussions that we have had around our fiscal challenges. And so, what we are attempting to do tonight is to summarize some of those pieces. As we start to move forward, over the next two months, we will be building the budget for this current school year, and so that is where we will start.

Greg Hartjes (Superintendent - AASD) 20:50

So let me go to the next slide here. What we're looking at here is our strategy for dealing with this year's budget, and the top half of this slide should look familiar. This is the third time that you've seen that information, and that was just a survey that we asked you to complete, just to give the executive team and Holly and Julie and I an opportunity to put together some ideas for you to consider.

Greg Hartjes (Superintendent - AASD) 21:19

And so, we asked the question here about, you know, this year's budget, and what is your comfort level with either increasing our structural deficit, trying to keep it where it's at, or trying to reduce that budget this year, that structural deficit through our budget this year. And as you can see from the responses, kind of all over the place—right?—in terms of four different answers, which is entirely fine.



Greg Hartjes (Superintendent - AASD) 21:50

And so ultimately, what we are proposing for this year's budget would be a strategy that would kind of meet all of your wishes. So essentially, what we would look to do is we would look to stay business as usual which three of you had selected. And obviously we've had a lot of discussion. We're not just basing this on what this circle graph is telling us. But we would stay business as usual for any of our seven priority areas, which I will get to in a little bit. And so those are things like compensation, ELA, everything that we said dealing with literacy, so some of those areas, meaning we would be willing to increase our budget in those areas this year, roughly 2 to 3% as needed.

Greg Hartjes (Superintendent - AASD) 22:45

We then would look for areas—and we've technically done this already, and because we're two months into our fiscal year already, even though we won't finalize the budget until the end of October. But we've already told departments that they are having the same budget this year as they had last year. So, in better economic times for us, we will try to do a 3% increase for departments. So, tech services could have a 3% increase each year, and AC&I, and business services, all the departments. But we've said this year not—we're not going to be able to have any increases to those budgets. Obviously, they have expenses that increase. They just have to figure out within their department how they're going to manage those budgets. And then also the same with our schools. So, our schools have a budget allocation based on a per pupil amount. So, we take the number of students that they have; it's multiplied by that dollar amount. We're keeping that number frozen this year as well. So, there are some areas where we are having no increases.

Greg Hartjes (Superintendent - AASD) 23:51

And then there are areas where we want to reduce. And so we obviously made the decision last year to repurpose Columbus. So, there's savings in the '25-'26 budget due to the Columbus repurposing. We moved ABS entirely for financial reasons. That's \$100,000 lease that we had. So, by moving ABS into Huntley, we are saving \$100,000 there. And then we also have some staff positions that we did not fill, and we will not fill this year. And we have a handful of positions already, about \$280,000 in savings this year, that we don't intend to fill.

Greg Hartjes (Superintendent - AASD) 24:31

And so, as you can see, this year's budget, what we're looking to do is add some expenses, have other expense areas stay the same, and then reduce expenses in other areas. The hope is that we come out of this year's budget, we don't add to that structural deficit that is somewhere between 13 and \$15 million. So, I'll stop there and see if you have any questions about what I just shared. And obviously Holly and Julie can help answer questions as needed.

Kay Eggert (Board President) 25:10

I just want to reiterate. I know you said it, but I think it's worth repeating that, an example, staff attrition—certainly we are not looking to not fill classroom teachers or those sorts of things, but this would be positions that are not directly related to students. Can you just—

Greg Hartjes (Superintendent - AASD) 25:36

Again, yes, thank you for pointing that out. We have talked about any position that has direct contact with students we would obviously replace, and hopefully we don't have to have a need to replace anyone, as school starts next week, Tuesday, and so it is our hope that we don't run into situations like that. But what we will not replace this year are, for one, an administrative position we did fill. We had a position in facilities that with our referendum projects, we now felt like we could go from three positions down to two in terms of—so we had a resignation, and we were able to consolidate three positions into two, combination of tech services and facilities

and operations. And then we had a coach, math coach, recently resigned. So those are the type of positions that we would look to not fill this year and then see where we are come next spring. Certainly, we would take the savings this year.

Oliver Zornow (Board Member) 26:42

I don't necessarily expect an answer tonight, Holly or Greg, on this is that, but I think as we get towards finalizing the budget, I think it would be helpful to be able to recycle a slide we had from a few meetings ago, because I think it's important also for the community to understand that of the 11 large districts in the state, Appleton spends the least on our kids, and how we will compare against those other districts when we do come around to voting on a final budget, of understanding this mix of no increase and then some priority increases, as well as the reductions that we've already made, where that will place us in that running as far as how much our community is investing in the future.

Greg Hartjes (Superintendent - AASD) 27:34

Other questions or comments on that first slide here regarding the '25-'26 budget?

Ed Ruffolo (Board Member) 27:42

I guess my question it's probably difficult to answer, but I'll ask it. So, we're hoping not to add to the structural deficit, and I understand that goal, but one of the things that has driven the structural deficit is health care costs. So—and that's somewhat unpredictable. So, is there—what things can we do to help stop that rather large growth that we're seeing, if anything? And if it does grow, are we—I suppose that's the bigger question. Let's say it's \$2 million more than we anticipated, which is certainly a realistic possibility. Is that then our intention to cut \$2 million someplace else? Or are we going to let that add to the structural deficit? Or are you looking for guidance from the board on that question?

Holly Burr (AASD Executive Director Of Finance) 28:35

So those are all great questions, and we are going to address all of that, I'm sure, in moving forward as we work through this process. Know that every year, Julie and I spend a lot of time reviewing the health care plan and looking for efficiencies. We ask our consultants to regularly go out to bid for us for services to make sure we're getting the best deal that's out there. We will continue to look for, like I said, efficiencies that would help the bottom line but yet not impact significantly the benefit that the employees are receiving. So, we will have a proposal for you, I believe, in—I was gonna say, next month, on what we're thinking for some potential changes.

Ed Ruffolo (Board Member) 29:39

So last year, we had put some new programs in place that we were hoping would allow us to use our healthcare more efficiently, but not cut in the quality that our employees were receiving. And I understand sometimes that takes longer than just one year for that to come to fruition; however, we're starting to see employees starting to utilize those programs, or is that—maybe Julie knows this—is that increasing? decreasing? Is it kind of getting the results we hoped for?

Holly Burr (AASD Executive Director Of Finance) 30:12

And I'm not sure exactly which programs you're exactly speaking about, but I know our addition of the additional clinic, for instance, we've seen some great utilization in that in growth in that in the past year. So that's one good for example, of where we did put that out there as a benefit for the employees and they are utilizing it.

Julie King (Chief Human Resources Officer) 30:40

I think I would just add, yes, there were some revisions to our plan design last year, specifically for that reason to help the plan perform better. I would say our initial reports that we received from Prairie States was there was more engagement in those cooperatives. However, it's also lagging, because you kind of have that transition of benefit most lagging claims. So, I would say it's not moving as fast as we would like it to. There does seem to be more engagement based on the data that we've received.

Ed Ruffolo (Board Member) 31:11

Thank you.

Greg Hartjes (Superintendent - AASD) 31:13

So, I'll respond to the first and the second part a little bit as well. Overall, we are very frustrated, given the tremendous amount of time Julie, Holly have put in to our benefits, that health plan, going for years. So, we've gone from fully insured. You know, we were told we had a better opportunity if we went self-funded. So, we're now self-funding. We have two clinics. We do—we removed our HRA, our health reimbursement account. The thought was that that would drive more consumerism from our staff and family members. Every year, we continue to get double digit increases, even with all the changes we've made. So, we're certainly frustrated by it.

Greg Hartjes (Superintendent - AASD) 32:00

Your second question about, let's say it goes up by \$2 million. Because we are not insured, we pay all bills. If that happens, we no longer have a fund balance to go into. And so, it would be very difficult for us to go beyond where we are now in terms of our budget deficit. We've been, I would say, somewhat comfortable operating with a negative budget the last two years because we knew we had some fund balance that we could rely on. That fund balance is gone. It's the spendable fund balance.

Greg Hartjes (Superintendent - AASD) 32:35

And so, what's going to happen now is, even this year, we're talking about having to take—because we're not solving our fiscal deficit this year. It's for next year that we're doing that. So, we're going to be going into our fund balance to the point where we will below—be below 20% which is what our auditors want us to be, which is what the Moody rating system wants us to be for bond ratings. And so, it's getting into a situation where we were during really difficult economic times, 2010, 2011, when we were very low in terms of our fund balance, which meant we couldn't meet our cash flow needs for payroll. And so, we had to borrow twice during the year to make payroll. And that's just situation as a district we don't want to have to be in.

Ed Ruffolo (Board Member) 33:23

So, if I'm understanding, the answer then is, if it is more than we anticipated, we're going to have to offset that with cuts somewhere else.

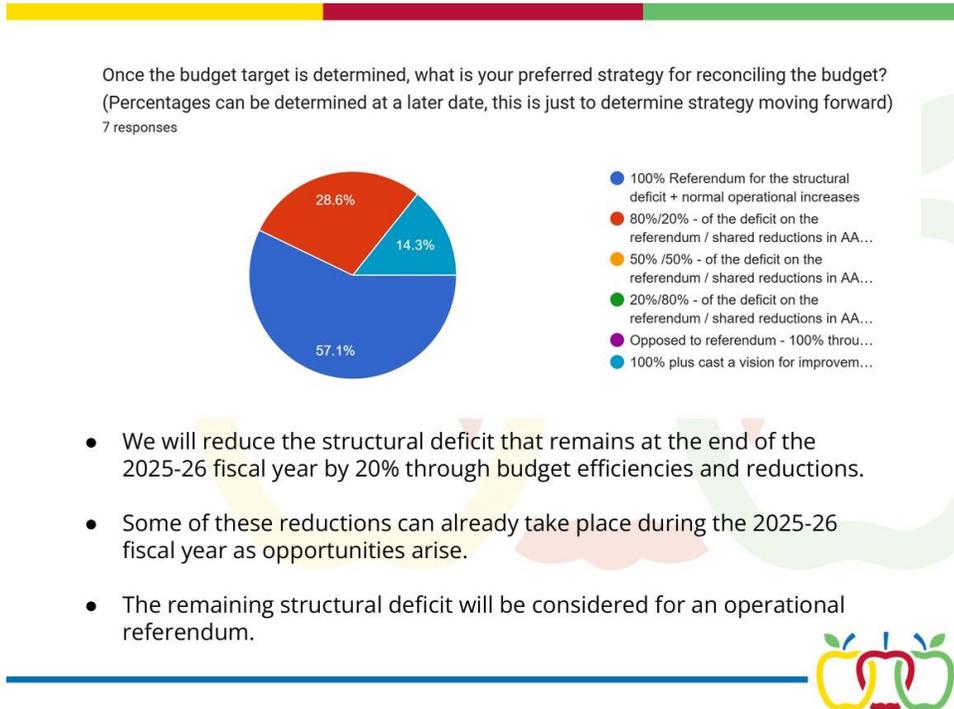
Greg Hartjes (Superintendent - AASD) 33:33

That's correct.

Greg Hartjes (Superintendent - AASD) 33:34

All right, let's go to the next slide then, which is the second part of this strategy, which is to try to solve this structural deficit. So again, we asked you to fill out a survey, and this one was hard to do because you didn't have a lot of detail as far as how much would a certain decision save. You know, what are we going to save based on whatever action we take. But we did our best to come together around this. And so, what you see again is several of you said, "Let's go for 100% of that structural deficit on a referendum," whether that's 13, 14,

\$15,000,000. Two of you were more interested in doing the 20% maybe in reductions, and 80% to the referendum. And there's nothing that has to be exact numbers here. This is very high level yet.



Greg Hartjes (Superintendent - AASD) 34:30

And then through discussions at the last two meetings, seemed like there was a little bit more consensus around trying to do some savings, some reductions, and, yet, then going to referendum. And so, what we talked about as an executive team and the three of us is the possibility that we would look to reduce the structural deficit that remains at the end of the '25-'26 fiscal year by 20% through budget efficiencies and reduction. So, if that number ends up being \$13 million that we have a budget deficit, we would look to reduce \$2.6 million, 20%. If it's \$15 million we would look to reduce \$3 million.

Greg Hartjes (Superintendent - AASD) 35:15

Now we already have a start on that. If at the end of this year everything works out the way we hope it does, in that our state revenue is going to be a little bit higher than our increases to those top priority areas. And so there could be a little bit of savings there. And then with—if we could get the reduction already down to a million dollars this year to attrition. That's another million dollars. So possibly, you know that number, that might be 15 million when we get our audit back. Maybe we can get it down to 13 or 14 million.

Greg Hartjes (Superintendent - AASD) 35:52

A lot is going to depend on what our enrollment comes in at on third Friday here in September. And so, we're having a lot of discussions without knowing a really important piece to our budget and that's going to be, "What is our revenue going to be based on our student enrollment?" And so, you know, for many years, we were going up by 100 students every year, and so that that's a million dollars in new revenue every year. In the '19-'20 year was the first year we didn't go up by 100 students in several years. We actually went down by 100 students, right? And then we lost 1,400 students during the pandemic. So, enrollment is really important to what our revenue is going to be.

Greg Hartjes (Superintendent - AASD) 36:36

So, then what we would look at here is we would—like I said—do some of those reductions already this year, and then the remaining structural deficit we would consider for an operational referendum. So, I'll stop there again and see if there are any questions or concerns about what I shared.

Oliver Zornow (Board Member) 37:05

I want to just comment on this, and I think that, you know, I speak for myself here, but I don't align with the idea that, you know, we need to do an additional 20% in cuts. I'll reference back to my comments earlier. The city—the Appleton Area School District, of the 11 large districts, invests the least per pupil in our kids. And however we accomplish these cuts, we will be expanding that gap between what we're investing in our kids and what's being invested in kids in Green Bay, in Oshkosh, in Eau Claire, in Madison, in Milwaukee and making sure that we continue to be a destination district. I don't know that it is fair to our broader team or to our students to continue to ask them to scale back and do more with less, because we have high expectations for our team and high expectations for our kids. And so, I'm a firm believer that we should be looking at a referendum that not only meets the structural deficit but then begins to talk about what is—what are those opportunities for us to improve our outcomes for students.

Oliver Zornow (Board Member) 38:16

I want to clarify: if there are things where we can find efficiencies and how we're using \$2 today, let's do it. But I can guarantee you, there's a space where those \$2 can be put to help our students achieve better, help support our staff better. So, I'm a firm believer that we should be looking at how do we enhance the experience we're able to offer in Appleton rather than looking how we can cut the investment in our future.

Greg Hartjes (Superintendent - AASD) 38:55

Any other questions or comments? Okay.

Greg Hartjes (Superintendent - AASD) 39:00

So, on the next slide, this is where we have spent some time in a work session and a previous board meeting in trying to develop some priorities just to drive decisions for this year's budget and for, long term, the structural deficit. So, we put together a list of 25 areas in our district that obviously require funding, and we try to prioritize them. So, you did an activity where you ranked them one to 25 and we then compiled that. And then what was really important is for us to give you a little bit more information. So, we took the top 12—there's a kind of a clear break between those—and tried to give you just some clear detail on "Okay, here's what it might mean."

Greg Hartjes (Superintendent - AASD) 39:46

So, let's say that we want to look at possibly maybe changing class sizes at the high school. So, class sizes we staff at 29 to 1; if we were to go to 30 to 1, we could save over a million dollars. And that seems reasonable, but there's also an outcome to that. That means that we'd have 2.5 less FTE, let's say, at North High School, which means that they would have less classes that run. So, it doesn't just necessarily mean that you have a little bit larger—might have more kids in biology sections, so you have 12 sections of biology, and you have them at 31 instead of at 29. But it also means you may not be able to run a class that has 20 kids that have enrolled in it. So, it seems like a, kind of a minimal decrease, but it could have some significant outcomes.

Greg Hartjes (Superintendent - AASD) 40:43

So, every one of these is the same way—right? And so, we tried to give you enough detail to at least say all right, "Here are our top priorities. We absolutely aren't going to consider any reductions here." And that's what this slide shows you. So those broke down to be the top seven. So that's following the weighted dots activity that

you did. And so, it was very clear, really, staff compensation, student success, special education caseload. Those three were kind of very high, highly scored by you as top priorities. Then the next four. And then there was a clear break, which brings us to our next seven, and then the next 12. Nope, I'm sorry 11—the next 11.

Budget Priorities - August 2025

Top priorities - Reductions would **ONLY** occur if savings goals cannot be reached with second and third-level reductions:

- Staff Compensation
- Student success - Literacy (includes interventionists)
- Special Education caseload sizes, co-teaching, and pull-out classes
- Class Sizes-Elementary (grades 3 - 5)
- Mental health resources and student services staff (ie. psych, SW, counselor)
- Success/behavior supports (homeless, attend, deans, advocates, EMLSS)
- Student success - Mathematics (includes interventionists)



Second-level priorities - Reductions to occur if savings goals cannot be reached with third-level reductions:

- Early childhood education programs - 4K
- Staff Benefits
- Operating budgets for schools and departments
- Programming (Dual Credit, Electives, Youth Apprenticeship, Alt. Ed, Electives)
- Safety and security measures in schools
- Class sizes - MS/HS
- English as a Second Language services (non-mandated)

Third-level priorities - Reductions could be made in these areas as needed to meet the reduction goal:

- Special education services and activities (non-mandated)
- Professional development for staff (includes instructional coaches)
- Operational technology (software, hardware, cybersecurity)
- Facilities (capital improvement and ongoing maintenance/replacements)
- Curriculum updates and improvements
- Classroom technology (Tech Integrators, laptops, Viewsonic boards, LMC)
- Enhanced music (elementary band/orchestra, middle school small groups)
- Co-curricular activities
- Transportation
- Community engagement initiatives (excluding Community Schools)
- Summer learning programs



Greg Hartjes (Superintendent - AASD) 41:19

And so, if the direction is for us to look to make some savings here, find some reductions this year, we would start down in that third level of priorities. And if the direction is to save a million dollars this year or by next year be at a 20% savings, or that \$3 million, we would start there, and we would look to see what would we be able

to reduce there to make up \$3 million. Or if it's 2 million that you want, or if it's just 1 million. If we have to go deeper, then we would go into our second level priorities.

Greg Hartjes (Superintendent - AASD) 42:17

And obviously, if we were to go to referendum, and a referendum were not to pass, we would be probably looking all the way into our top priorities. \$13 to \$15 million is no—we have never faced that type of deficit. We are in a financial crisis our district has never seen, and most districts across the state are feeling the same way. They're faced with financial crises they've never seen. And so, districts are going to referendum for operating. Districts are closing schools, and they're reducing staff. And those are the three ways that you can mitigate the financial struggles that, as we talked about early on, are a function of the revenue limit at the state level that we don't get to control. So, the revenue limit over the years has really caused us in public education to face these type of financial crises, which we've talked about. So, I won't go back into that, but I'll pause there again and see do you have questions or comments on our priorities?

Ed Ruffolo (Board Member) 43:29

Greg, just hoping you can clarify, because it may cause more concern than it needs to in the public. So, when we say Early Childhood Education Programs 4k, that's not suggesting we're going to cut the entire 4k. That just means we may reduce staff in that area. So just so—now if a referendum doesn't pass, that might be a different story. But all of these—none of these programs are going away. We may just reduce some of our investments in them.

Greg Hartjes (Superintendent - AASD) 43:58

Absolutely. So, you know, when we—and I'll have Holly speak to this. Approximately a \$250 million budget. If we need to cut 2.5 million, that's 1%. And so it's not going to be 1% across all of these. It might be 5% in one area; it might be 1% in another area. We would obviously, you know, put a lot more time and thought into this, but that is a good point. We wouldn't look to simply wipe out, you know, special education services and activities that are not mandated. We're looking at, could we afford to be a little more efficient at 1% or 3% or 5%. It wouldn't be significant cuts if it's only the \$1 to \$2 to \$3 million that we're discussing. If the referendum—if a referendum were not to pass, or we decided not to go to referendum, we would be making significant cuts.

Ed Ruffolo (Board Member) 45:03

So, to Oliver's earlier point, some of these appear to be expenditures that we could delay, see if the referendum is approved, and then restore them if need be. For instance, curriculum updates and improvements, classroom technologies. Those are things we can delay for a year, see what the referendum does, and if it passes, potentially restore those fundings. Some of these, though, appear to be maybe program or staff related. If we cut those, are those cuts difficult to reverse if that's what the citizens of district want? I just want to make sure we're we have flexibility going forward.

Greg Hartjes (Superintendent - AASD) 45:45

So, I'll ask Julie King to respond based on what are our timelines for staffing and the timing of an April referendum?

Julie King (Chief Human Resources Officer) 45:57

Yeah, so to Greg's point, there's almost two parallel plans. There's a '25-'26 and then '26-'27 because some of the staffing decisions would need to be made in advance of '26-'27. Probably the most important timeline would be when our educator contracts go out in March. So, they go out, technically, March 15. That is a district driven in the handbook that could be adjusted. Some districts do those contracts later. We could do it a little bit later, just to buy some time for the referendum. In addition, there are different layoff provisions, but being very

careful on those, attrition, what are the retirements that we receive, where could we kind of look at positions there, as our policies do say attrition first. So, there is a timing piece to it.

Julie King (Chief Human Resources Officer) 46:48

As far as reversing it, if a decision was made for something not to be at a certain grade level in the spring, could we always add it back? Absolutely, as long as we still have the staff, and we haven't made those preliminary decisions. So, there will be some timing issues depending on where those important decisions happen.

Nick Ross (Board Member) 47:13

I have a question related to timeline. So, I know direction—just talked about direction being given to departments. The park before the horse a little bit. Freezing, you know, departments, they've been given direction like budget is frozen for next year. I was wondering, are there other things on the tier two or tier three list that could move that you—that admin would want to make plans to implement before, like, voting on the budget, for example?

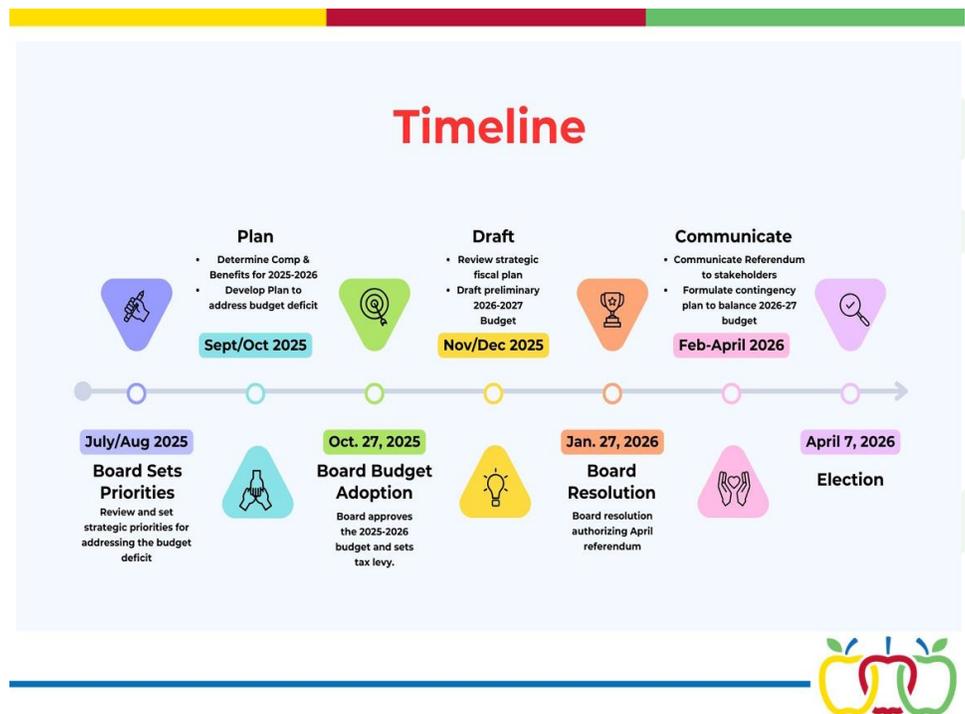
Holly Burr (AASD Executive Director Of Finance) 47:56

So yes, thank you for the segue way into the timeline slide. So right now—and I'll just go over, since we're going to do this anyway. Right now, we're still in the far left the July, August, "Setting The Priorities." And so, this is—I don't want to say it's the last time we're going to talk about it, but specifically with these lists and things like that.

Holly Burr (AASD Executive Director Of Finance) 48:19

Then next we are going to go into our planning phase, and the planning phase will be for the current '25-'26 year. Now, as Mr. Hartjes said earlier, we're already two months into our fiscal year. We won't approve our budget for another two months, so we will be a quarter way through our fiscal year before the budget is actually approved. So, are there some tweaks that we can make this year yet before the approval in October? Yes. And that is something the

administration, the executive team, is going to look at, talking more about the efficiencies and things like that, or, in the case of attrition, you know, we'll look at individual positions if they come through, and say, "Okay, is this a absolute need, or is this something we can get by for the current year without and then reevaluate, you know, in the springtime." So yes, I fully expect that us to be able to come when we do the full proposal for the '25-'26 year to say, "Okay, this is additional places where we're making adjustments."



Nick Ross (Board Member) 49:33

Thank you. And you know, I did get some additional feedback about the music program specifically, and I'm guessing I'm probably not the only one, and we heard about it tonight. And so, you know, I'm wondering if there's a way to get a—like, to have a better sense of when and if certain. Things are going to happen so that people know ahead of time.

Holly Burr (AASD Executive Director Of Finance) 50:06

So specific programs like that, as Julie mentioned, the staffing is already set. The program's already set. School starts on Tuesday. We will not be changing programs or programming, forward-facing student—you know, affecting students at this point. So, it would not be an impact for '25-'26 in a case like that. That would be something where we have to look at it for next year and say, "Okay." So, there would be plenty of warning if there are adjustments like that that end up being made. There will be plenty of warning. It would not be a week's notice or two weeks' notice.

Nick Ross (Board Member) 50:47

Okay, awesome. That's great to hear. And so, I'm also hearing, from what you just said, is that, for the purpose of this school year that starts next week, anything on that list that we saw that does directly impact students—that has not been affected at this point for the '25-'26 school year.

Holly Burr (AASD Executive Director Of Finance) 51:08

Did you have something you wanted to add?

Julie King (Chief Human Resources Officer) 51:10

The only piece of clarity I thought might help is that list, in totality, just gives us planning guidelines or beacons to kind of look at. But yes, the '25-'26 staffing is set, but it does list for—we have to do those two parallel plans to have it for next year as well. So, it does help us.

Kris Sauter (Board Member) 51:36

So, I guess my question was related to Nick's. I was originally going to ask, if I'm understanding this correctly, then any staffing for this year is not going to be affected at this point for student-facing?

Holly Burr (AASD Executive Director Of Finance) 51:54

Student-facing. Student-facing staffing. We wanted to clarify that.

Kris Sauter (Board Member) 52:00

Okay.

Julie King (Chief Human Resources Officer) 52:00

And the other, if there is an adjustment, we would look at an adjustment through attrition. So, we are not considering any staffing adjustments or layoffs, or anything of that nature for '25-'26, but we will look through attrition for if there—if there are positions that we could not fill for a duration of time, if they're not student facing.

Kris Sauter (Board Member) 52:26

Okay. And then you might look at, though, reducing or decreasing the amount of money spent in other areas aside—that could affect students, aside from aside from staffing, correct? I mean, I'm thinking of looking at, you know, you could say, curriculum updates and improvements. Would we be looking at that to go into effect this year, or would that be for next year? Because I'm just looking at some of those areas and wondering about that.

Holly Burr (AASD Executive Director Of Finance) 53:08

Yeah, that's a fair question. So again, for this year, curriculum, for example, the department as a whole, the budget is we're calling it frozen. It is level with last year. So, they did not get their normal 3% increase, which in some cases, does fund, you know, something special that they want to do, or adding, you know, a new a new class somewhere, or something like that. I can't speak to what they're—where they're setting their individual priorities, but unless there's—unless there are inefficiencies somewhere, or, you know, if we can find a better deal on the software kind of thing, where then that would not impact the students, it—I can't say, I don't know, but it may. I mean, it could. It's not going to be significant this year, because we are only talking about a very small—you know, a relatively small amount of money as far as freezing a budget.

Holly Burr (AASD Executive Director Of Finance) 54:18

But there, yeah, there are some things. You know, back in—when we were still using a lot of hard textbooks that would mean, oh, well, now we're going to use—we're not buying new textbooks this year. We're going to push that down the road another year or two. So, the students would have to be using old textbooks again for another year. It's not as easy now that everything's digital and online and in the cloud, and they charge you every single year for use of that same software. But what we are looking at as an executive team is just that: are there more economical ways to get the same value? You know, to find the same software? The same access? Things like that. So, we are doing a deep dive into all of that to see, you know, is—are there ways that we can just do better first. Before we talk about reductions, before we talk about adjustments, are there are there just plain ways where we can just do better? And so that's our first look.

Kris Sauter (Board Member) 55:27

I appreciate all the work that goes into that, and then also the clarification, because I do think that the clarification might help as people are reading through this and trying to understand what this means, like currently, as opposed to the future. So, thank you for that.

Holly Burr (AASD Executive Director Of Finance) 55:43

Yeah, absolutely. This is, this is scary stuff for all of us.

Kay Eggert (Board President) 55:48

Taking on what Kris just said. I—you know, all of these things that are listed, there's there is more information on each of those items. I mean, and Ed is the first one that brought it up. And we are not going to not have safety and security measures in our schools. I mean, that's just not the case. We are not going to not have music in our schools. But so, it's—and I think we needed to try to get these lists and but just the caution of then, how you look at this list with out of the context of the rest of it. And yet, I know we're not going to put the context of each of these 23 items, 25 items. So anyways. There will be a lot more discussion on all of this. And so anyways.

Holly Burr (AASD Executive Director Of Finance) 56:46

Yes, and then just to, I guess, finish touching base on the timeline. So, we are moving into the phase, our planning phase, which we will have to—I'll come with a full presentation on, you know, ending 2024-'25 and what a draft of our '25-'26 is going to look like. We weren't need to then step into developing, you know, as Julie was saying, that dual plan, the two-year plan, looking at '26-'27 and what does that look like. And also talking about what is our referendum going to look like, and what, going back to—and I don't have it in front of me right now. I apologize for that. I should probably include it in the slide, but I will on the next one. And looking back at our original talking points, you know, the numbering—the what we had talked about, and at what point and what does it look like to get community input and feedback as to, you know, what are their thoughts. We heard

from a few people here tonight, but obviously, we want to hear more from our community at large, at—as to what the tolerance level is.

Ed Ruffolo (Board Member) 58:02

So just a comment on the communication portion of this. As far as communicating the why behind the referendum, I think it's important to note the why is not the structural deficit. We sat together as a board with leadership, collaborated on four major goals that we're trying to achieve in the future, as well as all the other things that we're doing. That's really the why—right? We need to communicate that to the community: here are the things that we feel are important for us to continue to do to service our students and our community. And I also think it's very important for voters when they go to decide on the referendum, so they know what they're voting "yes" on, but they also should know if I vote "no," what are those cuts? So, people clearly know it's not "Well, I hope they find \$15 million some place." It's "Here are the programs we're going to have to cut. Here's the steps we're going to take," and so they can make a good decision. Thank you.

Greg Hartjes (Superintendent - AASD) 59:08

So just so we have clarity, we did not hear any concerns about our strategy for the '25-'26 budget. So, we will proceed as we had talked about. Did hear some, perhaps, opposition to the 20% of the structural deficit that we would look to reduce for next year, and that—and that's okay, because that's not a decision that needs to be made now. We can finish up our '25-'26 budget end of October, and then start to have some those of those discussions about, you know, a little bit more, around what do we want to do with that \$15 million. Also, our audit, by that time, maybe has enough information to be close. So obviously, our fiscal year ended June 30—right? And then we have a couple of months of still paying bills. And then our auditors started last week, and so they will be here for several weeks—months?

Holly Burr (AASD Executive Director Of Finance) 1:00:13

Well, they're only—thankfully, they're only—I shouldn't say that so loud; they may be watching. They're only on site for a week or two, depending on the year and depending on their staffing levels. The rest of it is kind of behind the scenes, virtual. But yes, they they—we will be in communications with them yet through October, for sure, sometimes it goes longer than that. I'm not anticipating that this year.

Oliver Zornow (Board Member) 1:00:43

I wanted to just one more time acknowledge the work that's going into this and also sort of amplify and echo one of the words you shared, which is that this is very scary. I think that this—these discussions and the decisions that we will make over the next few months will have impact on our community for generations. The possibility of trying to impose a \$15 million cut on our programs, I—is not something that I don't—that I think anyone in the community can truly fathom what that means. It will again put our children further behind relative to their peers at other large districts in the state on a per pupil basis.

Oliver Zornow (Board Member) 1:01:28

This is not an enrollment crisis. You're absolutely right, Superintendent Hartjes, that when our enrollment was growing, it was easier to manage this situation, but it is—on a per pupil basis, we are spending less in Appleton on our kids than any other large district in the state, through 11 large districts, and we continue to have instability in our tax levy. We've had almost 30 years of cuts to the tax levy, and that's—the problem is the way we fund schools in Wisconsin, and it's why every district is facing some form of this.

Oliver Zornow (Board Member) 1:02:05

And as a result, I wanted to pose the question to the board, which is if we would entertain the possibility of the creation of an ad hoc committee—flexible in all the pieces of this, but my initial concept is an 18-month financial

strategy committee focused on stabilizing the tax rate and addressing the structural deficit. This would provide an opportunity for us to dig deeper into information as it comes, for instance, the audit or financial statements, the history of the tax levy, current debt, and debt repayment, and make sure that we are providing sort of fully digested information and supporting the team, the leadership team, as they move forward in making these decisions. As with our ad hoc committees, the committee doesn't make decisions, but will bring recommendations to the board. And so, I want to see if any other board members would support the creation of such committee.

Kay Eggert (Board President) 1:03:14

Clari—go ahead, Ed. Do you want to speak first?

Ed Ruffolo (Board Member) 1:03:17

I was just going to say, I wonder—and I leave this in your hands, Kay—would that be better put on an agenda for another future meeting to discuss? Because if we're going to create a committee, and it hasn't been publicly noticed and the board hasn't had a chance to digest it, I'm a little uncomfortable with that. It may be a very good idea, but maybe that's something to add to an agenda, future board agenda.

Kay Eggert (Board President) 1:03:42

I think we'd try to get a little more clarification at first, but I do agree with you. I don't think that it would be something that we should act on, because it was not posted for that purpose. So, can you just share a little bit more, would this be—do you see this as a committee that would work outside of administration, or would administration be involved in the committee? I'm just looking for a little more of how you see or what it is that you would be looking for.

Oliver Zornow (Board Member) 1:04:17

Yeah, I think I see it generally as a first step towards that making sure that our actions are vetted through the value inputs of our community. We're the elected representatives of our community, and providing a tool for the administration as we navigate these, prepare for these board decisions, as we sort of vet information, process it, and provide that opportunity to partner with the administration on ensuring that there's board support for the actions that are being recommended, and that there's a sounding board. I don't think this replaces the need for community input at a broader level. I see this as an initial working group that could then help support that effort as we move forward.

Oliver Zornow (Board Member) 1:05:11

I too, don't expect action on this tonight. So, I framed it as a question of where the board is at on this. I do believe it fits within the agenda item that was noticed about budget strategy, but that I do think if we were to— if there was a momentum behind it, that we would vote on it at a future meeting.

Kay Eggert (Board President) 1:05:33

Any other initial thoughts from board members?

Pheng Thao (Board Member) 1:05:39

Yeah, I think that if we could get it on paper and proposal, Oliver, in terms of what you're sharing, I think that would be good to react to. I think, man, I don't know what my initial thought on it is, but I would like to see that and more of the inner workings of the relationship in terms of what you're talking about, in terms of that working group, and too in relationship to admin.

Nick Ross (Board Member) 1:06:05

Yeah, the questions I would want answered would be like, what—I know you talked about, it kind of high level. But what is the work of the committee specifically? And, you know, I guess my understanding of like an ad hoc is that there will be a product as a result of the work of the committee and so—and that could be a recommendation like and—yeah. So those kind of details I would love to know more.

Jason Kolpack (Board Member) 1:06:36

Yeah, just building on that. Specifics about the work of the committee and how it differs from the work that's already being done by the administration.

Kris Sauter (Board Member) 1:06:53

I think it's an interesting proposal, and I'd like to know—just be able to digest a little bit more, and then maybe the makeup of the committee, what you view as who might be on the committee, would be appreciated as well. Thanks.

Kay Eggert (Board President) 1:07:09

So, put it on a future agenda? Get—won't get more information. Okay. Anything else about this? All right, we will move on to—

Nick Ross (Board Member) 1:07:28

Okay, I'm so sorry. I actually had one more thing about the slides.

Kay Eggert (Board President) 1:07:32

For sure.

Nick Ross (Board Member) 1:07:33

Which was, I'm wondering if we can remove the—those two circle graphs, just because I feel like maybe some of us have moved since we originally responded to those, and I don't know if it's helpful anymore in as far as where we're at in the discussion. So just wondering.

Greg Hartjes (Superintendent - AASD) 1:07:56

Yeah, absolutely. That's not a problem. We were just trying to make sure that you could connect our strategy to where it originated, but certainly we're ready to move on.

Holly Burr (AASD Executive Director Of Finance) 1:08:06

Yeah, I was just gonna say I think this was the last time.

Ed Ruffolo (Board Member) 1:08:15

Although, not to be a stickler, but we can stop going forward, but we can't remove them. They've been publicly put out there.

Holly Burr (AASD Executive Director Of Finance) 1:08:19

I just won't include them in future presentations.

Kay Eggert (Board President) 1:08:31

All right, thank you. Good, good, good point to bring up.