



DISTRICT OFFICE

563 A.J. Allen Circle Wales, WI 53183
P: 262-968-6300
F: 262-968-6217
W: www.kmsd.edu

BUSINESS SERVICES

John Stellmacher
Chief Financial Officer
stellmacherj@kmsd.edu | ext. 5303

April 19, 2021

Dear Members of the Joint Finance Committee,

Thank you for the opportunity to submit written testimony in support of efforts to provide an inflationary increase to Wisconsin Public Schools within the 2021-23 State of Wisconsin biennial budget.

The past 12 months have brought some unique challenges to education. At the Kettle Moraine, School District we have offered a five-day/week face-to-face format since the start of the school year and have also offered a fully virtual distance learning program to meet the needs of every student within our community. Offering this choice to parents and operating during the Covid-19 pandemic has been expensive. This has resulted in other instructional and infrastructure needs being delayed to sustain this choice for parents while providing appropriate mitigation strategies necessary to keep students/staff safe.

In considering the 2021-23 state budget, we ask you to look at the wide variance in resources provided by the federal government intended to cover one-time, Covid-19 related expenses. Kettle Moraine has incurred approximately \$2 million dollars in additional Covid-19 expenses, yet has only been approved for approximately \$325,000 in federal stimulus dollars. We anticipate potential additional resources from the ESSER 2 supplemental pool and a Title 1 based allocation from ESSER 3 (ARPA), but the total federal resources received will likely be only sufficient to cover reimbursement for expenses already incurred during 2020-21.

As a result, federal revenues are unlikely to be available for Kettle Moraine and other similar Wisconsin School Districts for the purpose of supporting our 2021-22 and 2022-23 fiscal year budgets. Inflation impacts the cost of benefits, transportation fuel, utilities, and the technology infrastructure needed to keep our schools competitive with learning experiences that are preparing our children for a 21st century economy.

Our district has utilized every tool made possible through Act 10. We have no post-employment benefits, we have bid out our insurance annually since 2011, and our health plan carries a single deductible of \$3,600 with a family deductible of \$7,200 (with no district reimbursements). Streamlining our benefits has been a necessary decision to balance our budgets. We recently passed an operating referendum to sustain our school system following a decade of declining enrollment, but the parameters of that referendum depend on annual inflationary increases in revenue limit authority in order to maintain a strong financial position.

We "right-size" our district for our enrollment on an annual basis. Our administrative cost per student is one of the lowest in Waukesha County and among the lowest in the State. We have reduced our property tax rate (mill rate) for five consecutive years and are positioned to deliver the lowest tax rates in our district's history based on the district's five year financial projection. To achieve these results for our taxpayers and citizens, we need support from the State Legislature in the form of a per-pupil increase aligned with inflation (CPI).



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The proposed \$200/\$204 per-pupil revenue limit adjustments represent 1.75% per pupil annual increases in our operational budget. This funding is necessary to allow us to keep pace with the inflationary pressures impacting our school and economy. We further ask you to increase the sum certain appropriation for Special Education Categorical Aid. Serving our most vulnerable learners requires additional resources and current funding for Special Education only reimburses 28.18% of eligible expenses. We believe that a 45-50% reimbursement rate is a good long-term goal and ask you to make progress towards that goal in the 2021-23 budget.

We believe both the revenue limit adjustments and a meaningful/incremental increase in funding for Special Education are possible based on the State of Wisconsin's current fiscal position. Given the healthy projected balances in the State's general fund, we believe inflationary funding for schools can be accomplished while providing crucial funding for other stakeholders in the budget process and also delivering tax relief for Wisconsin citizens. We applaud your efforts to budget conservatively with uncertainty around revenue growth, but ask that you make these incremental strategic investments which will not jeopardize the state's long term financial health.

We pledge to continue our efforts to serve our students and community in the most economically efficient and instructionally effective manner possible and ask for your support in securing inflationary increases in this 2021-23 State of Wisconsin budget.

Thank you.

Sincerely,

John T Stellmacher
Chief Financial Officer
Kettle Moraine School District

2020-21 President
Wisconsin Association of School Business Officials (WASBO)