

Thank you for this opportunity to speak before you today. My name is Ben Niehaus, I have been district administrator for the Goodman-Armstrong Creek School District since 2011, and as of May 1st of this year, I have assumed the position of district administrator for the School District of Florence County, splitting my time between these two schools and communities.

I appreciate this opportunity and am very optimistic that we can find real solutions to the challenges our rural schools face. The formation of this task force is long overdue. It's time to be progressive in working towards solutions that support our schools, which in turn support our communities and local economies. My testimony today is going to speak to the challenges we face in extremely small Northern Wisconsin rural districts and how these challenges are compounded by a school funding formula that is not sustainable and is nearing a point that could have catastrophic implications.

To begin with, I need to paint the picture of who we are as small rural schools and present a snapshot of what we do day in and day out to sustain our schools. I will use the Goodman-Armstrong Creek School District as an example to illustrate our situation. I don't intend for this to be "poor me" or "poor us" testimony, but I think it's critical to take this opportunity for you and those who will consider the main points of this testimony at a later date to know who we are.

As a school district, one of our greatest challenges is our capacity, both in the classroom and administratively. Yes, we have fewer students, but we have the same expectations and responsibilities in all our functions as do larger districts. Our teachers wear many hats, and many have invested in multiple certifications. Unlike many larger schools, all of our teachers in the Goodman-Armstrong Creek High School teach a different class each hour of the day, and the same can be said for the majority at Florence High School. As an example, my math and science teachers are responsible for all curriculum, instruction and lesson plans in grades 6-12. My technology education teacher also teaches history. Our language arts teacher teaches the remainder of our social studies curriculum. My Dean of Students, a position we've added with my shared role (as I can no longer also serve the daily principal role) is also our athletic director and 7-12 physical education teacher. We have one art teacher for 4K-12 and one vocal music/band teacher for 4K-12. Our elementary has multi-age classrooms, where different standards and outcomes have to be met based upon the personalized learning needs of the individual student. This is something we excel at, shown by regularly earning Wisconsin Promise School of Recognition Awards from the state and having been recognized in the past as one of the best rural schools in the country as listed by *US News*. Some may then wonder, what's the problem then...sounds like all is good. My concern is whether or not we'll be able to continue in these successes as our resources seem to be less with each passing day, and we are finding ourselves at a point where there is simply no more to cut. Simultaneously, initiatives continue to come from every direction, RtI, PBIS, CCSS, SLO's, SMART Goals, new SLD rules, Smarter Balanced Assessment, Educator Effectiveness and the list goes on, yet our capacity only dwindles. These are the same staff members who have to coach, chaperone and fill all the other duties and in our attempts to provide for student programming and activities, everyone is

pushed to the brink of finding the balance between professional responsibility and also being someone's husband, wife, parent or grandparent.

Obviously our administrative capacity is limited evidenced by the fact that I serve two districts. Although my previous daily responsibilities of also serving as principal in Goodman-Armstrong Creek have been re-delegated to our athletic director and physical education teacher, I'm still the point person for everything from completing a complex Civil Rights Audit last year to taking what is often considerable time to respond to numerous open records requests. Often I rely on my predecessor and retired administrator to help me with submissions of data, reports and records as I simply can't do it alone. We are spread so thin that with only one district secretary the past three years, I rely on high school students to answer the phones and do routine office tasks while my secretary takes her duty free lunch (sometimes voluntarily giving it up); a secretary who, for two separate buildings, answers phones, is responsible for attendance, arranging substitutes daily, takes care of requisitions, accounts payable and all billings to name only a few of her many responsibilities. As our resources dwindle, we are forced to cut as far from the classroom as possible, and this is just one example...again, the list could go on and on, but I'll summarize with this:

“Regardless of the size of our small, rural districts, we must meet all required reporting and submissions of accountability as does any large, urban district. Our numbers just have fewer zeroes, plain and simple.”

Why is it such a challenge financially for our districts? We are working with a school funding formula that is antiquated and has had so many band aids put on it that we can't control the bleeding caused by what are unforeseen implications of changes to this formula. Just one detailed example of many is declining enrollment. The vast majority of all schools have dealt with rapidly declining enrollments over the past decade, but those declining enrollments are beginning to plateau in their drastic drop. Speaking for Goodman, our enrollment has actually increased by one student. Yet, as we could not foresee the increase of thirteen new students to the district when we were doing our initial budget projections last winter into the spring, we built a budget for this school year doing our best to predict where our enrollment would be. We had a graduating class of 17 this past spring, and projected only 5 students coming into our 4K, a loss of 12, yet we gained one student overall. This should be viewed as movement in a positive direction for our district, community and local business. Finally, after years of steady declining enrollment it looks as though those days maybe are behind us, or at least the drops will be a smaller percentage than they have been over the past decade. Yet, even though we have a student body that is nearly identical to last year, we lost approximately \$23,000 on our revenue authority because our enrollment did not decrease as we originally projected. Yes, if our enrollment would have declined, I would have had the authority to generate more revenue than I otherwise could have for this fiscal year...does this make sense?

I know this one specific example could be taken as I'm trying to have my cake and eat it too. Having a declining enrollment exemption in place to help alleviate the sudden loss in students does recognize that an overnight reduction in personnel doesn't necessarily happen, yet it

points out one of many flaws in school funding. On this specific matter, I would suggest that for schools that have an enrollment increase, or let's say decrease by less than a certain percentage (2% for illustration purposes), would consideration be given to a one-year hold harmless provision for those schools that see a flat line or increase in enrollment could maintain the declining enrollment exemption for one year as though the enrollment decrease continued? What happens if the following year our student enrollment drops again, then we get the exemption and again can generate more revenue with fewer students? I see this as a short-term solution in this one specific matter, but not to go on to all that is wrong with other parts of the school funding formula, it's very evident that the current school funding formula, as created in 1993, no longer meets the needs of schools two decades later in a new century. Both of my boards at Goodman-Armstrong Creek and Florence have passed resolutions in support of Tony Ever's Fair Funding for our Future School Funding Formula, and although it may not be a cure all, or perfect, it is a step in the right direction that brings forth the realization that our current funding formula is not sustainable, and if action is not taken, schools in property rich, income poor areas simply will not be able to sustain. This is evident with many of our schools in rural, northern Wisconsin, and the following are the facts.

Our current funding formula bases the distribution of shared revenue on one factor and one factor only, property wealth. It looks at nothing else, it does not take the dynamics of other local implications into consideration, specifically poverty. Our formula says the following: **If your school district's property value is above the average, then your local taxpayers should be able to generate the majority of the revenue for your schools.** Nothing else is taken into consideration, just this one factor...property wealth. Those that will argue that the current funding formula is the most equitable, objective way to distribute shared revenues need to realize that the equalization of property values is only an "attempt" to equalize assessed properties, and by no means truly equalizes property values throughout the state. Even then, how can this one factor be the sole determination for school funding? Our rural schools, specifically those in northern Wisconsin are income poor, yet property rich (in many of our district's great portions of our property are not on the local tax rolls, 87% of the Town of Goodman's acreage is non-taxable). Our working families that earn considerably less than the state average in per capita income are asked to share the burden of their local school's revenues because of matters that are out of their control? The system is broke and needs to be fixed.

My further frustration in trying to understand the current system is as follows: The funding of our public schools usually centers on property taxes, but rarely do we think to inquire as to where these tax dollars paid by working taxpayers in the form of state income taxes go relative to their area schools? I question whether there is an equitable return of these dollars, paid by working Wisconsin families in the form of state income taxes, back to their local schools. I think it's simple to answer for many of our rural, northern schools, specifically those like Phelps, Northland Pines, Three Lakes and Elcho that receive no equalized state aid, and my districts that receive slightly more. Where is the return on those state income taxes paid by local working families to the local schools that their children attend? Speaking to my two schools, Goodman-Armstrong Creek continues to see an erosion of state aid as the attached

spreadsheet shows, as does the School District of Florence County. Yet, as referenced by recent headlines of the \$100 million tax cut signed into law by Governor Walker, the schools that predominately benefited from this are those south of a line drawn across the state that represents Highway 64. The first page of the packet you have before you clearly illustrates the disparity in school funding as shown by the distribution of equalized aid in the state, and the second page shows a map representative of distribution in 2006-2007. The following is an excerpt from *The Chippewa Herald* on October 16, 2013 that clearly reiterates what the map shows:

“Typical Madison property taxpayers would see roughly twice as much tax relief as the state average under a bill moving quickly through the state Legislature. The average \$25 savings on property tax bills that would reach homeowners in December would come from the Madison School District receiving about \$2.3 million in additional aid as part of \$100 million in property tax relief over two years...”

The Madison School District, one of 426 public school districts in the state, is receiving more than 2% of this new allotment of state aid. Granted, they are a very large district, but to put this in perspective, the Goodman-Armstrong Creek School District saw an increase of \$38 in state aid and the Florence County School District \$104, not the real dollars that help us to overcome our shortfalls (it should be noted that these two increases did not increase our revenue, just lowered our local levies by this amount).

Seventy percent of our schools in Wisconsin are rural, and although the urban schools make up a minority as a percentage, but serve a majority of the state's students as a percentage, I think it's similar to the analogy of big business and small business in America. In America, 99.7% of businesses are considered small business (employing fewer than 500 employees), yet it seems that those businesses that prosper and see things work more favorably are those .3% that are large businesses. I am not looking to create undue controversy, but the reality is that the current funding formula truly does better serve our large urban districts. A more specific case in point is line H3 in the state's General Aid formula that sends dollars from every public school district in Wisconsin to a charter school in Milwaukee; it's a specific line item in each and every public school's general aid certification.

To conclude on my concern with the minimal aid we receive, and our limited ability to generate revenue, is to speak to our only option to offset these challenges. This is to ask for taxpayers to pass a referendum when they are already burdened with high property taxes and on average earn wages well below that of the state. Currently, the School District of Florence County is in its fourth year of five for a non-recurring operating referendum, and we are in the midst of analyzing budget projections to determine what our next referendum will ask for. Yes, we know for certain that this is our only option, another referendum, and we will once again ask our taxpayers for additional dollars when they continue to see an erosion of equalized aid at 15% annually with minimal increases in revenue. I am encouraged by the recent efforts of Representative Swearingen, Representative Mursau and Senator Tiffany in high cost transportation aid and 25% NFI money, and these are real dollars, but we have a long way to go

to make up the lost ground our rural districts have faced over the past two decades, and the implications of Act 32 which rolled back our authority to generate revenue during the 2011-2012 school year to that of the 2007-2008 school year. As much as categorical aids are needed and appreciated, categorical aids alone will not generate the real dollars needed to make up for the shortfalls in the current school funding formula.

Even though our districts are very small, and I do know that there will never be a totally equitable system when all factors are considered, I think the following example also shows another dilemma we face. Although we are much smaller, we do have costs that are the same as those for the school district of Madison or any other, yet as a percentage of our budget these costs are much larger. One I'm presently dealing with now is my attempt to address board policy in both of my districts, something that is long overdue. Although policy should be a priority of any superintendent, and the fact is that I've worked with legal counsel and my colleagues to create, update or revise about two dozen policies, the reality is I just can't do this alone. I'm looking to contract these services out for both Goodman and Florence. The cost of these services, at \$7,500 in the first year and about \$2,500 each year thereafter, for each district, is identical for us as compared to any other school district. Board policy is board policy, and many of our memberships and dues paid are the same or similar for our small schools as for larger schools (with many organizations giving a reduced amount, yet even at that we pay a much larger percentage in dues and fees as do our counterparts in larger schools). I feel in this matter I'm in a catch 22, as I don't have the personnel to delegate complete board policy review to that of an assistant administrator, yet \$7,500 as a percentage of my budget is more than I receive annually in poverty aid in either district, with the School District of Florence County not receiving one dollar of poverty aid although our elementary school population year in and year out is above 50% free and reduced.

I am going to begin to conclude with reference to the attached spreadsheets and other statistical information you have before you. To further drive home the disparity in school funding in northern Wisconsin, please reference a document I put together a couple of years back upon beginning my tenure at Goodman. I would have prepared an updated one, but I just haven't had the time, but nothing has changed in the funding formula since 2011-2012, so this will make the point – **BRIEF OVERVIEW**

Next, let me reference the counties of Florence, Forest and Marinette, the counties my two districts are part of, primarily in regards to per capita income levels – **BRIEF OVERVIEW**

As you see, we are well below the state average in many areas, so one would think that this could and should lead to extra help in the state's definition and contribution of poverty aid to our schools. Attached is what you see that our two districts receive in poverty aid – **BRIEF OVERVIEW**

Also, attached is some statistical data showing what we know we are challenged with as rural schools in northern Wisconsin, the implications of poverty on student achievement – **BRIEF OVERVIEW**

Our small, northern, rural schools face many challenges and uphill fights. I would be more than happy to further discuss a multitude of other challenges, or to more specifically speak to some of what I referenced here today in my testimony, but our time today is limited.

Our schools are vital to the economic growth and prosperity of not only our immediate communities but our state. We are a year round destination for a great many tourists; tourists that need our local communities for hospitality and services. We have a multitude of resources available for employers to grow their industry as we have a great natural resource all around us in our forests, and a workforce that has a Northwood's work ethic instilled in them from generations before. The relationship between our schools and communities is one of perfect reciprocity...a community needs a school, a school needs a community. Without one you don't have the other more times than not, specifically a community that provides needed services for its residents and visitors, and needed employment opportunities to raise a family.

The last item I want to tie into this closing is the word "consolidation." I hear this word regularly, I know it crosses the mind of many individuals and maybe that word has popped into your mind or that of those in attendance. What frustrates me a bit, as an administrator and knowing the intrinsic detail of the business of education, specifically on the managerial and financial side, is that people tend to overlook some of the challenges that are so very obvious to those of us that sit in this chair as district administrator. They are as follows:

1. Nearly 80% of our expenditures are in salary and benefits. We are a service business, and unlike any other service business, big or small, people are our greatest asset, yet our greatest expenditure. Although there are things we could do more efficiently in consolidation, I don't see it as solving all of our problems, and consolidation is not a "cure all" in my opinion as the vast majority of our people will need to remain in place. We already are a model in our region for shared services between Goodman-Armstrong Creek, Florence, Pembine and Niagara and with some of our other neighbors in what we've been working towards and striving to do to operate leaner. Obviously my position as a shared administrator, like that of my friend and colleague in Bill Fisher in the White Lake and Elcho School District, illustrates how area school districts are operating leaner while keeping their local identities. The following are just some of the general areas we share services in amongst our rural districts: administration, speech and language pathologists, psychologists, other specialty needs for special needs students, nursing services, teachers, combined extra-curricular teams and activities, etc....the list goes on and on. Yet, we still find ourselves challenged like never before financially. So this leads to the greatest challenge to overcome in consolidation, that is never brought up in these discussions, and that is *transportation*.
2. Transportation. This is the simplest of challenges to understand, but never do I hear anyone who is considering or advocating for consolidation bringing this up. I'm afraid that any savings in consolidation are going to come at a great cost financially in significant increases in transportation budgets. More importantly, the time students would be on school busses would increase significantly, at least for many, and how can

we put a price tag on that? I have students at Goodman who get on the bus at 6:40 AM for drop off one hour later, and students in Florence who are getting on the bus shortly after 6:30 AM, and not being dropped off until 7:45 AM. We spend nearly 6% of our operating budget on transportation in Florence, and about 4% in Goodman, and this excludes extra-curricular costs. I'm afraid if a "centralized school" is built, and I question what those costs would be to taxpayers both short-term and long-term when many of our buildings are modernized and paid for, that many students could be on busses for more than three hours daily, nearly the equivalent of driving to Madison each day from here in Rhinelander, on a school bus. What will those costs be too student learning and time with family?

I felt it was necessary to at least speak to consolidation as I know it's a sound bite that resonates with some, and maybe more specifically to those in places of this state that think it's a simple solution. Yet one must think about what I just spoke to, along with remembering the reciprocity between school and community. I think if consolidation was looked upon as a solution, many of our small communities would turn into rural, residential areas like we see throughout the landscape from a time gone by when rail and industry were more prevalent in rural Wisconsin. I'm not outright opposed or ignorant of some situations that could be explored, yet the effect on local communities, the cost of transportation (real expenses and the toll on students) are two factors that would first have to be addressed and studied in great detail.

I thank you all for your time here today. I think our collective efforts and continued dialogue will help us to find real and creative solutions to addressing the matters facing our rural schools. A majority of my testimony today is critical of the system, and in general people tend to criticize and not offer solutions. I have ideas, and I want to contribute to the solution, yet I would like to bounce these ideas off individuals who can answer questions or play devil's advocate to my suggestions; I'd be more than happy to be a part of those discussions. At this time I am happy to answer any questions you may have and do want to thank you all for your participation in today's hearing and your efforts to help our rural schools sustain and prosper well into our future.