



**Wisconsin State Senate
Committee on Education**

Public Hearing - Thursday, September 12, 2013

TESTIMONY ON SENATE BILL 271

Submitted by Thomas E. Wohlleber

Good morning. I would like to express my sincere thanks to the Chair and members of the Senate Education Committee for this opportunity to address SB 271 which would amend Wisconsin Statute 115.88 (1) to allow school districts to be eligible for special education categorical aid when utilizing contracted substitute teaching and paraprofessional services.

To help educate its 6,300 students, the Middleton-Cross Plains Area School District employs 555 teachers and 133 para-educators. During the 2012-13 school year, the school district employed 277 substitute teachers and 89 substitute para-educators to fulfill the duties or responsibilities of regular staff when they are away from their classroom or supporting and supervising students. Last school year, our district experienced 11,330 absences for teachers and para-educators. Of those, 330 (almost 3%) were not able to be filled. Numerous others required significant staff intervention to make sure that classes were covered.

As a process improvement initiative, our district implemented an automated substitute placement and absence management system 7 years ago. While this change provided a more efficient means of assigning substitutes in our schools, it did not address the critical issue of a lack of an adequate pool of qualified substitutes. Despite our diligent efforts to recruit substitutes, we experience shortages that result in a number of unfilled assignments. This situation is not only disruptive to student learning, but often results in increased costs as regular teachers are utilized to fill-in during their prep periods at a higher hourly rate.

The Middleton-Cross Plains Area School District has had the good fortune in that a number of our retirees elect to substitute for our district. If the district had continued to employ its

substitutes, recent retirees would have been limited to no more than 110 days of substituting as changed by Wisconsin Act 20 following a 75-day break in service. Another factor that restricts recent teacher retirees from being employed as substitutes in our district is the potential suspension, as determined by IRS regulations, of earned post-employment benefits if the retiree is re-employed by the district (even in a substitute role). Lastly, the employer mandates included in the Affordable Health Care Act are anticipated to increase employer costs by providing health eligibility to substitute employees (who work the required number of hours) that have previously been ineligible. Using 2013-14 data, 10 of our substitutes would become eligible for health insurance and another 20 substitutes were very near this eligibility threshold.

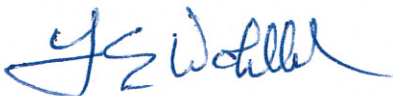
Last year, our leadership team researched the option of utilizing contracted substitute employment services to provide an effective and sustainable solution to fulfill our district's substitute needs. In reviewing this option, it became apparent that the contracted substitute solution not only addressed many or all of the issues just discussed, provided potential for future cost avoidance, and allowed us to utilize many or all of the same individuals who have been previously substituting for us.

Contracting by school districts for staffing a wide range of special education services is a viable and accepted practice in our state. The legislature has endorsed this practice and established a precedent by allowing the cost of these contracted staff to be eligible for categorical aid. The inclusion of qualified substitute teachers and paraprofessionals provided by private or public agencies to be aid eligible is consistent with this precedent. With no or minimal difference in aid eligible costs expected from the change to contracted substitute services, special education categorical aid availability and distribution should not be negatively impacted.

Not only is this proposal to include qualified substitute teachers and paraprofessionals contracted from public and private agencies good public policy, it helps remove a barrier from school districts to utilize a creative, cost-effective solution to address staffing needs.

Thank you for the opportunity to testify to this bill.

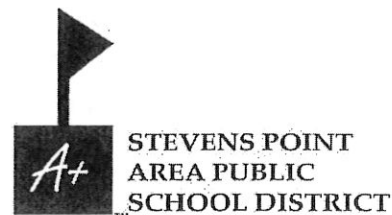
Sincerely,

A handwritten signature in blue ink, appearing to read "T. Wohlleber".

Thomas E. Wohlleber

Assistant Superintendent of Business Services

Thomas R. Owens, PhD., Director of Business Services
Bliss Educational Services Center
1900 Polk Street, Stevens Point, WI 54481
Ph: (715) 345-5432 Fax: (715) 345-5431



Senate
PUBLIC HEARING
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TESTIMONY
ON SENATE BILL 271
Thomas R. Owens, Ph.D.

To the Chairman, members of the committee and those in attendance I wish you a good morning and I thank the committee for this opportunity to address SB 271, an Act to amend Wisconsin Statute 115.88 (1) relating to substitute special education teachers and paraprofessional staffing services.

Nearly two years ago, several district leadership team members began to explore ways to reduce cost via the services of Teachers On Call, a company that provides comprehensive substitute staffing for many types of educational programs.

Earlier efforts to gain efficiencies led us to utilize Aesop Technology, an automated system that allows staff to report absences online or by phone and in turn searches for substitutes.

Aesop did reduce a labor intensive process and improve response time. However, the process of acquiring and notifying substitutes remained too laborious..

Contracting with Teachers on Call provided us an opportunity to continue the use of Aesop while further reducing staff FTE, staff workload, and Worker's Compensation loss exposure. The later is of significant concern to us as a result of several years of high loss.

For the 2012-13 school year, we employed about 490 teachers, of which 105 were special education teachers and 185 aides, of which 141 were special education aides. The Teachers on Call contract allowed us to reduce a clerical position in our Human Resources department by half and free additional time for building secretaries.

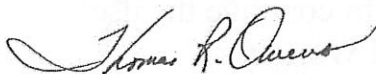
During the last school year, teachers generated nearly all of the 11,114 total days of absences of which 9,441 days required substitutes. On average, each sub worked 5.95 hours per day of service with a fill rate for teacher absences of just over 99%. Special Education substitutes who qualified for aid reimbursement totaled 1,560 hours, or 195 days. We have not yet fully included the use of substitutes for all paraprofessionals, but that is coming. It is important to note that the substitutes hired and used by Teachers On Call are the same individuals we used by prior to contracting this service or would use in the absence of such service.

Attached is a Cost Analysis for the 2012-13 school year for our District showing automated substitute staffing with Teachers On Call. We saved \$8,261. Had we received special education aid for the third party use of the same subs we used in prior years, our net savings would increase. Additionally, a reduction in staff FTE further helped us eliminate about \$15,000 in ongoing annual costs. Of course, the Affordable Health Care Act's unknown burdens may create more expense.

In conclusion, we recognize the practice of contracting with private or public agencies for a variety of special education services is a long standing concept. Consistent with that philosophy, the inclusion of qualified teachers and paraprofessionals among those listed is sound common sense. These are after all the same individuals who when hired directly qualify for aid reimbursement and their inclusion in this statute would likely be a neutral influence on special education aid availability and distribution. Going further, I think this amendment encourages innovation and cost reduction.

Again, thank you for this opportunity to speak.

Respectfully,



Thomas R. Owens, Ph.D.
Director of Business Services

Cf: Attila J. Weninger, Ph.D., Superintendent

Attachment: Cost Analysis for 2012-13 school year Automated Substitute Staffing w/Teachers On Call

Cost Analysis for 2012-2013 school year Automated Substitute Staffing w/Teachers On Call – Stevens Point Area Public School District

Current District Cost	Annualized District Cost – <u>With TOC 24/7</u>	Value Enhancements / Advantages – <u>With TOC 24/7</u>
<p>\$784,165 Payroll – substitute teachers¹ \$ 90,979 Substitutes’ Burden – hard costs² \$ 58,812 Substitutes’ Burden – soft costs³ \$ 8,000 Aesop annual contract (‘11-‘12) \$15,000 Human Resources staffing (‘11-‘12) \$4,353 Workers Compensation (‘11-‘12) \$35,000 Unemployment Claims⁶</p> <p>= \$996,309 <u>(TOTAL BUDGET FOR SUBS)</u></p> <p>+</p> <p>\$___ Additional HR and Payroll staffing \$___ Background & license checks⁴ \$___ Physicals & TB tests⁵ \$___ Cost of borrowing money⁷</p>	<p>\$784,165 Your district’s substitute Payroll x 1.26% = \$988,048 <u>(TOTAL BUDGET FOR SUBS)</u></p> <p><i>+ actual tax cost for Affordable Health Care Act (no mark-up) ... as yet to be determined!</i></p> <p>Includes:</p> <ul style="list-style-type: none"> ■ All payroll ■ All burden ■ Aesop automation 	<p>Opportunity Cost Savings</p> <ul style="list-style-type: none"> - TOC will ensure all the advantages of the automation and additional services are utilized - TOC can become “responsible” for any sub assignment policy changes the District would like to make - District can reassign payroll, sub-calling staff - District no longer will pay overtime for Educational Assistants subbing in a combination of positions/areas - Less overtime paid reduces eligibility for WRS - District will not have to hire a sub in a position after 45 days if a permanent employee hasn’t been hired - TOC handles all direct communication with subs, e.g. assignments, re-assignments, conflicts, payroll questions - District will retain happy substitutes, as they accrue time toward TOC benefits - District can direct to TOC for employment all laid-off employees who file for unemployment compensation. (TOC subs filing for unemployment are TOC’s responsibility) <p>Quality</p> <ul style="list-style-type: none"> - TOC backs up the automation, increasing daily sub fill rate to as close to 100% as possible - TOC continues to fill open positions with quality subs - TOC exercises objective hiring practices

¹ based on 8,000 students: 41 subs/day x 180 sch. days = 7,366 sub days x \$95/day; higher rate for long-term subs = \$784,165 payroll

² Burden Hard Costs based on 11.602% (*actual could be higher, depending on year and geographic area*: FICA, Workers’ Comp Insurance, WRS, Payroll/Direct Deposit, Advertising / Recruiting, Liability)

³ Burden Soft Costs based on 7.50 %: Staff time in each school building for manual sub calling each day, and handling incoming phone calls from substitutes, regarding assignments, re-assignments, conflicts, payroll questions ... Staff time for tracking and recording staff absences , tracking substitutes’ time, and handling Substitutes’ payroll ... Time and expense for calculating and verifying payroll for substitutes, advertising, recruiting, and interviewing subs, and maintaining substitute personnel files ... Paper costs

⁴ estimated at \$25/sub, based on 20% annual turnover - 33 new subs for district of 500 teachers

⁵ based on \$12 cost times total number of subs

⁶ Stevens Point has 3 open unemployment claims from school year 2012-2013. Each unemployment claim your district is subjected to is dollar-for-dollar up to \$17,000/year for 3 years. A typical district pays on 3-4 unemployment claims/year, adding \$50,000 to substitute expenditures

⁷ Many districts are in a position to have to borrow funds for payroll/tax obligations. With TOC, the district pays only after a substitute works for them – there are no advance fees.



School District of
West Allis-West Milwaukee, et al.
EDUCATIONAL ADMINISTRATION CENTER

September 12, 2013

On behalf of Kurt Wachholz, the Superintendent of Schools in the West Allis-West Milwaukee School District, I am providing testimony on Senate Bill 271.

We are in support of the proposal to authorize a school district, county, and CESA to contract for substitute teaching and paraprofessionals staffing services as long as there are additional funds made available for this purpose. In the West Allis-West Milwaukee School District we hire our own substitute teachers and currently utilize these funds. Without additional funding the finite amount of funding available in this area will decrease due to the fact that everyone will take funds out of the same pool of money. This could have a potential negative effect on districts like ours.

In addition, we are proposing an addition to SB-271 which would exempt long-term substitutes, in regular and special education, from the hour requirements, enacted upon retirees in Act 20, who return for part-time work. It is our belief that in some cases the need for a long-term substitute teacher is in the best interest of the students and the continuity they bring to a classroom is invaluable. The hour requirements as established through Act 20 would disrupt the learning process for students in these situations.

Thank you for your attention and consideration of this matter. Please contact my office with any questions.


Kurt Wachholz,
Superintendent of Schools