



WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

Memo No. 1

TO: MEMBERS OF THE SPECIAL COMMITTEE ON REVIEW OF STATE SCHOOL AID FORMULA

FROM: Russ Whitesel and Mary Matthias, Senior Staff Attorneys

RE: Summary of Actions Taken by the Joint Legislative Council's Special Committee on Review of State School Aid Formula

DATE: January 31, 2007

At the January 22, 2007 meeting of the Special Committee on Review of State School Aid Formula, the following recommendations were tentatively agreed to by the committee. Once drafted into statutory format, these provisions will be incorporated into a package and sent to each committee member along with a mail ballot to allow each committee member to formally vote on the proposal. If approved by a majority of committee members, the recommendations will be forwarded to the Joint Legislative Council (JLC) for its review and consideration. The JLC may vote to introduce the recommendation to the 2007-08 Legislature.

Transportation

The committee tentatively agreed to direct the Department of Public Instruction (DPI) to collect from school districts data on the number of miles driven to transport pupils, excluding transportation provided for special education pupils and for extracurricular activities. In addition, the committee approved allowing DPI to prorate payments to districts either positively or negatively from the appropriation for school district transportation under ss. 121.58 (6) and 20.255 (2) (cr), Stats. Currently, DPI may only reduce payments when the appropriation is insufficient to cover costs filed by school districts. This provision would allow DPI to fully expend the appropriation set aside for such transportation, by increasing payments to districts on a prorated basis.

The committee agreed to endorse in its final report the DPI budget request to increase the school district reimbursement rate for pupils transported more than 12 miles from their homes from \$180 to \$220 annually, to be funded from the current appropriation of \$27,292,500 annually.

Declining Enrollment

The committee tentatively agreed to recommend allowing school districts to extend the declining enrollment adjustment to three years. Under this alternative, in the first year of an enrollment decline, a district would receive 100% of the allowable revenues that the decline would have generated. In the year after the decline, the district would receive an adjustment equal to 75% of the first-year adjustment. In the third year after the decline, the district would receive an adjustment equal to 50% of the first year adjustment.

Fiscal information relating to this change is included in the Legislative Fiscal Bureau (LFB) memorandum, dated December 18, 2006, entitled *Additional Information on Declining Enrollment Alternatives*. The committee based its recommendations on option 2 outlined in that paper.

Low-Spending Districts

The committee tentatively agreed to increase the low-revenue ceiling for revenue limits by \$400 per pupil, in each year of the next biennium. Thus, the 2007-08 low-revenue ceiling would be increased to \$8,800 from the current \$8,400 per pupil. Subsequently, the increase in the 2008-09 school year would be increased to \$9,200. Fiscal information relating to this proposal is contained in the LFB January 22, 2007 memorandum, entitled *Revenue Limits: Information on Additional \$100 Increase in Low-Revenue Ceiling*.

Revenue Limits – Flexibility Options

The committee tentatively agreed to provide school districts with revenue limit flexibility based on a percentage of statewide average allowable revenue per pupil.

Under revenue limits, the annual increase in a school district's per pupil revenue derived from general school aids, computer aid, and property taxes is restricted. Actual general aids, computer aid, and property tax revenues received in the prior year are used to establish the base year amount in order to compute the allowable revenue increase for the current school year. A per pupil revenue limit increase, which is adjusted annually for inflation, is added to the base revenue per pupil for the current school year. For example, in 2006-07, this pupil increase is \$256.93. A school district may exceed this revenue limit by receiving voter approval at a referendum.

This committee proposal allows a school board, by a 2/3 vote of its members, to increase its revenue limit, on a nonrecurring basis, by an amount equal to 1% of the statewide average allowable revenue per pupil in the previous school year, multiplied by the district's current three-year rolling average pupil count. Under the proposal, the 1% would not be included in shared cost and would not be included in the determination of partial school revenues for the purposes of calculating state aid. In other words, any amount raised under this option would not generate corresponding state aid and would not be included in the state 2/3 funding goal calculation. The additional costs would be funded from local property taxes and would not be supported by state aid.

Districts would be required to levy the maximum amount allowed under current revenue caps and would not be allowed to put the additional 1% into their fund balance account. As a nonrecurring cost, the additional spending would not be part of the school district base budget; therefore, a school

board would need to authorize the additional 1% each year by a 2/3 vote of the members. Fiscal information relating to this proposal is included in the January 22, 2007 LFB paper, entitled *Revenue Limits: Flexibility Options*.

Grant Program for School District Consolidation Feasibility Studies

The committee tentatively recommended creating a grant program for school district consolidation feasibility studies. The proposal would allow a consortium of two or more school districts to apply to DPI for a one-time grant to conduct a school district consolidation feasibility study. The proposal provides that applicants for the grant must submit a plan identifying the school districts engaged in the study, the issues the study will address, and how the grant funds will be allocated. The grant program would be funded with an appropriation of \$250,000 in the 2008-09 fiscal year. The grant amount would be limited to \$10,000 per year.

Under the proposal, DPI may give priority to applications that demonstrate prior district attempts to address underlying issues associated with management and operation of the district and the district's programs. Also, the results of the study are required to be reported to DPI. In addition, DPI is permitted to promulgate rules to implement and administer the program.

This recommendation is based on the draft legislation described in WLC: 0029/1, prepared by Legislative Council staff, dated December 11, 2006, with modifications recommended by the committee at the January 22, 2007 meeting.

If you have questions regarding this summary, please feel free to contact us at the Legislative Council staff offices.

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