



---

---

## WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

---

---

<b>2015 Assembly Bill 751</b>	<b>Assembly Amendment 3</b>
<i>Memo published: February 12, 2016</i>	<i>Contact: Jessica Ozalp, Staff Attorney (266-2982)</i>

### **2015 ASSEMBLY BILL 751**

Assembly Bill 751 makes changes to the Special Needs Scholarship program created in the 2015-17 Biennial Budget. This program provides state funding for private school attendance to certain students with a current individualized education program (IEP) or services plan, who attended public school for the prior school year and were denied attendance at a nonresident school district through public school open enrollment. To apply for a scholarship in the 2016-17 school year, a student must have been denied open enrollment in all nonresident school districts he or she applied to, and had an appeal of denial upheld in one school year between 2011-12 and 2016-17. The bill:

- Allows a student to apply at any time during the school year;
- Changes the selection of recipients from a random process to a rolling process;
- Repeals a requirement that a student be in public school the entire 2015-16 school year to be eligible for the scholarship;
- Allows the Department of Public Instruction (DPI) to withhold payment from a school that violates program requirements;
- Requires notice to parents of federal appeal rights to contest a determination of ineligibility for the scholarship because the IEP team believes a student is no longer a child with a disability; and
- Requires schools hosting Special Needs Scholarship students to follow all health and safety laws that apply to public schools.

The bill does not modify school revenue limits or the parental choice programs.

### **ASSEMBLY AMENDMENT 3**

Assembly Amendment 3 modifies the way school revenue limits are calculated. It changes the revenue limits for school districts in which resident students enroll in private school under the Racine parental choice program or the statewide parental choice program. It does not affect the resident school districts of students attending private school under the Milwaukee parental choice program.

#### **School Revenue Limits Under Current Law**

Wisconsin law imposes revenue limits on the amount of revenue a school district can raise from general school aids, computer aid, and property taxes. Both the school aid and the total revenue limit for a school district are tied to the number of students the district serves. The amount of school aid a district receives is based in part on student enrollment or "membership," calculated as a three-year rolling average. Likewise, the revenue limit is calculated on a per-student basis, so the more students count, the higher the revenue limit authority and the more property tax can be collected.

The 2015-17 Biennial Budget modified the funding of choice payments for new choice students, called "incoming choice students" (as opposed to continuing choice students.) This group is defined as students who begin attending a private school through the Racine or statewide choice program in the 2015-16 school year and thereafter. These incoming choice students are counted in the membership of the school district in which they reside, in the following year. However, school aid to their resident school district is reduced in the year they enroll in a private choice school, in order to fund the choice payment to the choice school. To offset this, the district receives a revenue limit adjustment to account for these students, allowing it to levy more property tax than it could without counting them.

#### **School Revenue Limits Under the Amendment**

Under Assembly Amendment 3, incoming choice students would be funded through a separate revenue limit adjustment, but they would be included in membership enrollment counts, like every other type of student counted for revenue limit purposes, on a three-year rolling average. Accordingly, instead of full revenue limit authority for incoming choice students in each year of their attendance at a choice school, the resident district would receive revenue limit authority for 1/3 of a student in the first year of attendance; 2/3 the second year; and 3/3 the third year. Just as it is phased in, each student's effect on the count is also phased out, so that the first year after graduation the student still counts 2/3; the second year after graduation the student counts 1/3; and the third year after graduation the student's effect is zero.

This would mean the 142 districts with incoming choice students would generally receive less revenue limit authority in the first two years these students attend a choice school. For these two years, this reduces the amount of property tax the district can levy. Over time, the lost revenue limit authority would be regained in the two years after the students graduate or leave the choice school.

### **Declining Enrollment Adjustment**

The Legislature has provided for certain adjustments to the revenue limit for eligible school districts. School districts where the three-year rolling average student enrollment goes down are eligible for a declining enrollment adjustment.

The amendment allows declining enrollment districts to continue to receive the full amount of the adjustments regardless of any incoming choice students, until the 2019-20 school year.

### **Hold Harmless Adjustment**

School districts with severe declining enrollment may be eligible for an adjustment to set the initial revenue limit equal to the prior year's base revenue. The amendment maintains this adjustment regardless of any incoming choice students, until the 2019-20 school year.

### **BILL HISTORY**

Assembly Amendment 3 was offered by Representative Vos on February 9, 2016. On February 10, 2016, the Assembly Committee on Education recommended adoption of the amendment, on a vote of Ayes, 9; Noes, 5. The committee then recommended passage of the bill, as amended, on a vote of Ayes, 11; Noes, 5.

JO:ksm