



PAT STRACHOTA

STATE REPRESENTATIVE

Testimony on School Trust Fund Legislation – 2/6/14

SB 540 and its companion bill AB 696 provide school districts across the state with a mechanism to save for future capital improvements. This bill allows districts that are fiscally responsible and have unforeseen excess funds at the end of the school year to put that money into a trust fund for a specifically outlined capital project. By providing this tool to districts, it allows them to save for a project instead of going to a referendum for more tax dollars. If a referendum is still needed, saving these funds can also help reduce the amount requested. The bill also places restrictions on any money placed into the trust fund to prevent a school district from transferring funds to other projects not specified in the long-term capital plan.

The tool this bill gives to school districts is similar to a person's decision on whether or not to buy a new car or keep putting money into the old one they have now. A person who is fiscally responsible and has extra money left over can put that money into savings for a new car purchase in the future. They could also take that money and spend it right away on continued fixes to their current car. By saving the money, they can build it up over time for the specific goal of getting that new car. They may not have 100% of the funds needed, but they will at least be able to defray a greater percentage of the total cost. Similarly, this bill gives school districts another process to save those funds for a future capital project, reducing the need to ask taxpayers for more money.

The idea for this bill was presented to me by members of the West Bend School district. They have effectively used the cost-saving tools available to them to reduce district spending to some of the lowest in the state. At the end of the school year, districts sometimes have excess funds leftover when they don't spend all of the money budgeted for a certain program. Currently, they must either spend those excess funds or be penalized; there is no incentive to save extra money. This differs from Fund 41. To save money using that program it must be budgeted ahead of time at the yearly meeting. SB 540 and AB 696 provide this trust fund option to every school district in the state, and implementation of this legislation would not harm other school districts that choose not to use it. School districts who do take advantage will be able to save those unforeseen excess funds for specific capital projects without penalty.

Additionally, both the West Bend School District and the Village of Jackson passed resolutions asking for this legislation.

RESOLUTION #13-11

A RESOLUTION REQUESTING FISCALLY RESPONSIBLE SCHOOL DISTRICTS TO PLAN FOR FUTURE FACILITIES AND INFRASTRUCTURE IMPROVEMENTS

THE VILLAGE BOARD of the Village of Jackson, Washington County, Wisconsin, does resolve as follows:

WHEREAS, the West Bend School District has developed and adopted a 25-year facility plan that strategically identifies future expenditures that exceed funding forecasts or lendable limits, and

WHEREAS, the West Bend School District wishes to designate funds for future building remodeling or new building construction, and

WHEREAS, the current rules under the Wisconsin Department of Public Instruction and Wisconsin State Statute penalize school districts that have not depleted their annual budgets, and

WHEREAS, the West Bend School District would like to employ a fiscal strategy to set aside funds, without penalty, under the current funding rules in order to create a forward planning trust dedicated to the construction or remodeling of buildings in order to employ best possible fiscal planning and savings, and

WHEREAS, current rule and Statute prohibit the recognition of a trust for future building remodeling or new building construction,

NOW, THEREFORE, BE IT RESOLVED that the Village of Jackson formally requests that Representative Strachota and Senator Grothman draft, sponsor and introduce legislation allowing fiscally responsible school districts to plan for future facilities and infrastructure improvements by creating a trust without penalty under the current funding formula.

Introduced by: Michael Kufahl

Seconded by: NANCY KRAUSE

Vote: 6 ayes 0 nays

Passed and Approved: Oct. 24, 2013

Attest: Susan E. Rank
Susan E. Rank - Village Clerk

Wendy A. Kamenberg
Wendy A. Kamenberg - Village President



RESOLUTION

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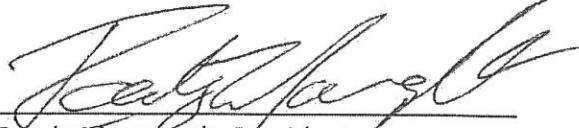
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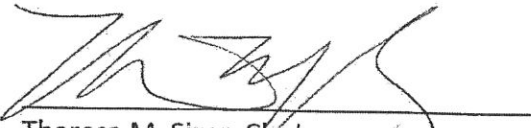
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WHEREAS, current rule and Statute prohibit the recognition of a trust for future building remodeling or new building construction.

THEREFORE, the West Bend School District formally requests that Representative Strachota and Senator Grothman draft, sponsor and introduce legislation allowing fiscally responsible school districts to plan for future facilities and infrastructure improvements by creating a trust without penalty under the current funding formula.



Randy Marquardt, President
Board of Education



Therese M. Sizer, Clerk
Board of Education