



State of Wisconsin
2023 - 2024 LEGISLATURE

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**SENATE SUBSTITUTE AMENDMENT 1,
TO SENATE BILL 838**

February 7, 2024 - Offered by Senator STROEBEL.

1 **AN ACT** *to repeal* 115.7915 (4m) (f), 118.40 (2r) (g), 118.40 (2x) (f), 118.60 (3) (d),
2 118.60 (4d), 121.07 (2), 121.08 (4) (b) 1. and 3., 121.085, 121.845 (1m) and 121.91
3 (4) (n); *to consolidate, renumber and amend* 121.08 (4) (b) (intro.) and 2.;
4 **to amend** 115.7915 (4m) (title), 118.60 (4s), 121.137 (2), 121.15 (1) (c), 121.15
5 (1g) (c), 121.90 (1) (g) and 121.91 (7); and *to create* 121.91 (4) (m) of the statutes;
6 **relating to:** reductions to state aid paid to school districts for payments made
7 under parental choice programs and the Special Needs Scholarship Program
8 and to certain independent charter schools and school district revenue limits.

Analysis by the Legislative Reference Bureau

This bill repeals reductions to state aid paid to 1) school districts for per pupil payments made under the Milwaukee Parental Choice Program, the Racine Parental Choice Program, the Wisconsin Parental Choice Program, and the Special Needs Scholarship Program; and 2) independent charter schools authorized by the Office of Educational Opportunity in the UW System, the chancellor of an institution in the UW System other than UW–Milwaukee or UW–Parkside, a technical college district board other than the Milwaukee Area Technical College district board, the

county executive of Waukesha County, the College of Menominee Nation, or the Lac Courte Oreilles Ojibwa Community College (new charter school authorizer). The bill also provides a one-time recurring revenue limit adjustment for school districts that is equal to 25 percent of the impact on a school district's levy that occurs due to the changes in the bill, including removing parental choice pupils and independent charter school pupils and shared costs associated with reductions for payments made for those pupils from the general state formula.

The Racine and Wisconsin Parental Choice Programs and the Special Needs Scholarship Program

Under current law, per pupil payments to private schools participating in the RPCP, WPCP, and SNSP are paid from sum sufficient appropriations, ensuring that full payments are made to private schools for pupils participating in each of the programs. Current law also requires the Department of Public Instruction to reduce each school district's equalization aid by an amount equal to the total per pupil payments paid to private schools participating in the RPCP, WPCP, and SNSP that are attributable to pupils residing in that school district. If a school district does not receive equalization aid sufficient to cover the aid reduction, the balance is reduced from other state aid received by the school district. These aid reductions are deposited into the general fund. In general, these reductions reimburse the general fund for per pupil payments made under the RPCP, WPCP, and SNSP. Under current law, pupils who participated in the RPCP or WPCP before the 2015-16 school year are not included for purposes of the equalization aid reduction.

The bill eliminates reductions to equalization aid for per pupil payments made under the RPCP, WPCP, and SNSP beginning in the 2024-25 school year.

Under current law, a pupil participating in the RPCP, WPCP, or SNSP for whom a per pupil payment was made in the previous school year is included in the pupil's resident school district's membership for purposes of calculating general state aids. A school district's membership in the previous school year is a factor used to calculate equalization aid. Current law also allows a school district to increase its revenue limit by the amount of the aid reduction described above.

The bill repeals both of these provisions. Under the bill, beginning in the 2024-25 school year, a pupil participating in the RPCP, WPCP, or SNSP is not included in the pupil's resident school district membership and there is no longer a school district revenue limit adjustment for the aid reduction described above.

The Milwaukee Parental Choice Program

Under current law, payments to private schools participating in the MPCP are paid from a sum sufficient appropriation, ensuring that full payments are made to private schools for all pupils participating in the MPCP. Current law also requires DPI to reduce the general state aid for Milwaukee Public Schools by a percentage of the amount paid to private schools participating in the MPCP and deposit the reduction into the general fund. Under revenue limits, MPS may levy property taxes to make up for the amount of general aid lost due to this reduction.

Current law describes the amount of the reduction in two parts. In the 2023-24 school year, the first part of the reduction to the general state aid for MPS is 3.2 percent of the total per pupil payments made to private schools participating in the

MPCP. Under current law, this part of the reduction is reduced by 3.2 percentage points each school year until the 2024-25 school year, at which time there is no reduction. The bill eliminates this aspect of the reduction to the general state aid for MPS.

The second part of the MPS general state aid reduction under current law is equal to 6.6 percent of the total per pupil payments made to private schools participating in the MPCP. However, current law requires DPI to provide additional state aid, known as first class city school levy aid, to the City of Milwaukee and requires the City of Milwaukee to pay the amount received to the school board. In other words, the school board receives the amount of the reduction through first class city school levy aid. The bill does not eliminate this reduction or the first class city school levy aid.

Independent charter schools

Under current law, per pupil payments to an independent charter school authorized by a new charter school authorizer are paid from sum sufficient appropriations, ensuring that full payments are made to independent charter schools. Current law also requires DPI to reduce each school district's equalization aid by an amount equal to the total per pupil payments paid to these independent charter schools that are attributable to pupils residing in that school district. If a school district does not receive equalization aid sufficient to cover the aid reduction, the balance is reduced from other state aid received by the school district. These aid reductions are deposited into the general fund. In general, these reductions reimburse the general fund for per pupil payments made to independent charter schools that are authorized by new charter school authorizers.

The bill eliminates reductions to equalization aid for per pupil payments made to these independent charter schools beginning in the 2024-25 school year. The 2021-23 biennial budget eliminated reductions to equalization aid for payments made to independent charter schools authorized by the City of Milwaukee, the chancellor of UW-Milwaukee, the chancellor of UW-Parkside, or the Milwaukee Area Technical College district board (legacy charter school authorizers).

Under current law, a pupil for whom a per pupil payment was made to an independent charter school authorized by a new charter school authorizer in the previous school year is included in the pupil's resident school district's membership for purposes of calculating general state aids. A school district's membership in the previous school year is a factor used to calculate equalization aid. Additionally, under current law, pupils attending an independent charter school authorized by a new charter school authorizer are included in their resident school district's pupil count for purposes of calculating revenue limits.

The bill repeals both of these provisions. Under the bill, beginning in the 2024-25 school year, a pupil attending an independent charter school authorized by a new charter school authorizer is not included in the pupil's resident school district membership and is not counted as enrolled in the pupil's resident school district for purposes of revenue limits.

School district revenue limit adjustment

The bill creates a school district revenue limit adjustment that increases a school district's limit for the 2024-25 school year by an amount equal to 25 percent of the levy impact of the changes discussed above for each school district. The revenue limit adjustment is a recurring revenue limit adjustment, which means the increase is included in the base for determining a school district's revenue limit for the next school year.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 115.7915 (4m) (title) of the statutes is amended to read:

2 115.7915 (**4m**) (title) SCHOLARSHIP PAYMENTS; ~~STATE AID REDUCTION.~~

3 **SECTION 2.** 115.7915 (4m) (f) of the statutes is repealed.

4 **SECTION 3.** 118.40 (2r) (g) of the statutes is repealed.

5 **SECTION 4.** 118.40 (2x) (f) of the statutes is repealed.

6 **SECTION 5.** 118.60 (3) (d) of the statutes is repealed.

7 **SECTION 6.** 118.60 (4d) of the statutes is repealed.

8 **SECTION 7.** 118.60 (4s) of the statutes is amended to read:

9 118.60 (**4s**) Notwithstanding subs. (4), (~~4d~~), (4m), and (4r), a pupil attending
10 a private school participating in the program under this section who is receiving a
11 scholarship under s. 115.7915 shall not be counted as a pupil attending the private
12 school under this section under sub. (4), (~~4d~~), (4m), or (4r).

13 **SECTION 8.** 121.07 (2) of the statutes is repealed.

14 **SECTION 9.** 121.08 (4) (b) (intro.) and 2. of the statutes are consolidated,
15 renumbered 121.08 (4) (b) and amended to read:

16 121.08 (**4**) (b) The amount of state aid that the school district operating under
17 ch. 119 is eligible to be paid from the appropriation under s. 20.255 (2) (ac) shall be
18 reduced by the amount calculated as follows: ~~2. Multiply by multiplying~~ the amounts

1 paid under s. 119.23 (4) and (4m) in the 2009-10 school year by 3.4 percent, and
2 multiply ~~by multiplying~~ the amounts paid under s. 119.23 (4) and (4m) in the 2010-11
3 school year and in each school year thereafter by 6.6 percent.

4 **SECTION 10.** 121.08 (4) (b) 1. and 3. of the statutes are repealed.

5 **SECTION 11.** 121.085 of the statutes is repealed.

6 **SECTION 12.** 121.137 (2) of the statutes is amended to read:

7 121.137 (2) Annually, the department shall calculate the amount of the state
8 aid reduction under s. 121.08 (4) (b)-2. in the current school year and shall notify the
9 board, in writing, of the result.

10 **SECTION 13.** 121.15 (1) (c) of the statutes is amended to read:

11 121.15 (1) (c) For the payments from December to June, the total aid
12 entitlement for each district shall be computed on the basis of the school district's
13 membership, ~~as calculated under s. 121.07 (2)~~ budget and membership report under
14 s. 121.05.

15 **SECTION 14.** 121.15 (1g) (c) of the statutes is amended to read:

16 121.15 (1g) (c) For the payments from November to June, the total aid
17 entitlement shall be computed on the basis of the school district's membership, ~~as~~
18 ~~calculated under s. 121.07 (2)~~ budget and membership report under s. 121.05.

19 **SECTION 15.** 121.845 (1m) of the statutes is repealed.

20 **SECTION 16.** 121.90 (1) (g) of the statutes is amended to read:

21 121.90 (1) (g) ~~In Beginning in~~ the 2017-18 school year and ~~in each~~ ending in
22 the 2023-24 school year ~~thereafter~~, the "number of pupils enrolled" shall include the
23 total number of pupils residing in the school district who on the 3rd Friday of
24 September of each appropriate school year attend a charter school established under

1 a contract with an entity under s. 118.40 (2r) (b) 1. e. to h. or a charter school
2 established under a contract with the director under s. 118.40 (2x).

3 **SECTION 17.** 121.91 (4) (m) of the statutes is created to read:

4 121.91 (4) (m) The limit otherwise applicable under sub. (2m) to a school
5 district is increased for the 2024-25 school year by an amount calculated as follows:

6 1. Determine the total amount by which the school district's state aid payment
7 under s. 121.08 was reduced under s. 115.7915 (4m) (f) 1., 2021 stats., s. 118.40 (2r)
8 (g) 1., 2021 stats., s. 118.40 (2x) (f) 1., 2021 stats., and s. 118.60 (4d) (b) 1., 2021 stats.,
9 in the 2023-24 school year and express the reduction as a positive number.

10 2. Determine the amount of state aid the school district would have received
11 under s. 121.08 in the 2023-24 school year if the pupils described in s. 121.07 (2) (b)
12 to (f), 2021 stats., were not included in the membership for all school districts in the
13 2023-24 school year and the shared costs associated with the aid reductions under
14 s. 115.7915 (4m) (f) 1., 2021 stats., s. 118.40 (2r) (g) 1., 2021 stats., 118.40 (2x) (f) 1.,
15 2021 stats., and s. 118.60 (4d) (b) 1., 2021 stats., for all school districts were not
16 included in the 2023-24 school year.

17 3. Subtract the amount of general aid the school district actually received in
18 the 2023-24 school year from the amount determined for the school district under
19 subd. 2.

20 4. Add the amount under subd. 3. to the amount under subd. 1.

21 5. Multiply the amount under subd. 4. by 0.25.

22 **SECTION 18.** 121.91 (4) (n) of the statutes is repealed.

23 **SECTION 19.** 121.91 (7) of the statutes is amended to read:

24 121.91 (7) Except as provided in subs. (4) (f) 2. and ~~(n)~~ (o) to (qe) and (8), if an
25 excess revenue is approved under sub. (3) for a recurring purpose or allowed under

1 sub. (4), the excess revenue shall be included in the base for determining the limit
2 for the next school year for purposes of this section. If an excess revenue is approved
3 under sub. (3) for a nonrecurring purpose, the excess revenue shall not be included
4 in the base for determining the limit for the next school year for purposes of this
5 section.

6 **SECTION 20. Nonstatutory provisions.**

7 (1) DECOUPLING; 2024-25 SCHOOL YEAR. The department of public instruction shall
8 exclude pupils described in s. 121.07 (2) (b) to (f), 2021 stats., and any shared costs
9 associated with the aid reductions under s. 115.7915 (4m) (f) 1., 2021 stats. s. 118.40
10 (2r) (g) 1. and (2x) (f) 1., 2021 stats., and s. 118.60 (4d) (b) 1., 2021 stats., from the data
11 for the 2023-24 school year that are used to calculate general state aid paid in the
12 2024-25 school year.

13 **SECTION 21. Initial applicability.**

14 (1) The treatment of ss. 115.7915 (4m) (title) and (f), 118.40 (2r) (g) and (2x) (f),
15 118.60 (4d) and (4s), and 121.08 (4) (b) (intro.), 1., 2., and 3. first applies to aid paid
16 in the 2024-25 school year.

17 (2) The treatment of s. 121.91 (4) (n) first applies to a revenue limit calculated
18 for the 2024-25 school year.

19 (END)