



1999 ASSEMBLY BILL 468

September 14, 1999 - Introduced by Representatives KRUG, RILEY, URBAN, KRUSICK, SYKORA, RICHARDS, GOETSCH, LA FAVE, SINICKI, COLON, PLALE, PLOUFF and WASSERMAN, cosponsored by Senators BURKE, GROBSCHMIDT and ROSENZWEIG. Referred to Committee on Education.

1 **AN ACT to repeal** 20.255 (2) (ec), 119.71 (2), 119.75 (2) (a), 119.78 (2), 121.85 (6)
2 (b) 1. and 121.85 (6) (f); **to renumber** 119.78 (1); **to renumber and amend**
3 119.75 (2) (b); **to amend** 20.445 (3) (md), 66.431 (5) (a) 4. c., 73.0305, 119.24,
4 119.71 (3), 119.72 (5), 119.74 (intro.), 119.80 (1), 119.80 (1m), 119.82 (3), 121.004
5 (7) (a) (intro.), 121.05 (1) (a) 11., 121.07 (6) (a) (intro.), 121.58 (5), 121.85 (6) (a)
6 (intro.), 121.85 (6) (a) 2. and 121.85 (7); and **to create** 20.255 (2) (kp), 49.175
7 (1) (z), 66.431 (5) (a) 4. d., 66.431 (5m), 119.80 (4), 121.004 (7) (f), 121.85 (6) (am),
8 121.85 (6) (ar), 121.85 (6m), 121.87 (3) and 121.90 (1) (e) of the statutes;
9 **relating to:** intradistrict transfer aid, bonding for construction of and capital
10 improvements to schools in Milwaukee Public Schools and making an
11 appropriation.

Analysis by the Legislative Reference Bureau

Under current law, Milwaukee Public Schools (MPS) must establish geographical areas (attendance areas) within MPS for designating the elementary, middle, high or other school that pupils residing in the attendance area would normally attend. Current law also requires each school in MPS to be open to pupils

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residing in the attendance area established for that school. A pupil may attend a school in an attendance area other than the one in which he or she resides with the written permission of the superintendent of schools.

This bill provides that, beginning in the 2000–01 school year, the MPS board must provide spaces in each school for pupils who reside outside the attendance area for the school, but must fill any unused spaces with pupils who reside in the attendance area. A pupil who attends a school may continue to attend that school until he or she graduates from the school; in addition, the MPS board must give each sibling of that pupil priority over other pupils in the process of admission for that school.

Under current law, the integration aid program (commonly known as chapter 220) transfers pupils between school districts and between schools to promote racial integration. In addition to receiving interdistrict transfer aid under chapter 220, the MPS board receives intradistrict transfer aid for each minority pupil who is transferred from an attendance area where minority pupils comprise 30% or more of the population to an attendance area that has less than a 30% minority pupil population and for each nonminority pupil who is transferred from a nonminority attendance area (less than 30% minority) to a minority attendance area (30% or more minority). The aid MPS receives is calculated by multiplying the number of eligible transfer pupils by 0.25 and then multiplying this product by MPS's equalization aid payment per pupil for the current school year.

This bill provides that the MPS board may not receive intradistrict transfer aid for a certain percentage of pupils who are transferred from one attendance area to another without the written permission of a parent or guardian. More specifically, in the 2000–01 school year, MPS may not receive aid for that percentage of intradistrict transfer pupils below 75% (target percentage) who are transferred without parental permission. In the 2001–02 school year, the target percentage is 80%, in the 2002–03 school year, the target percentage is 90% and in the 2004–5 school year and subsequent school years, the target percentage is 100%. The MPS board must report annually to the legislature the number, percentage, race, sex, grade and attendance area of pupils transferred between attendance areas without written, parental consent.

Under the current “Blight Elimination and Slum Clearance Act”, a redevelopment authority is created in every city, village and town in which slum and blighted areas exist to engage in blight elimination, slum clearance and urban renewal programs. The powers of such redevelopment authorities include the power to carry out redevelopment and urban renewal projects, to acquire real or personal property for such projects and to borrow money and issue bonds in connection with such projects. Generally, a redevelopment authority's bonds are payable, with respect to interest and principal, solely from the income or revenues derived from or in connection with the authority's projects or activities.

Under the bill, the redevelopment authority in the city of Milwaukee is specifically authorized to issue up to \$200,000,000 in bonds to be used to finance capital improvements at the request of the MPS board. The MPS board may use intradistrict transfer aid to pay debt service on the bonds. If the MPS board decides

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to use the aid to pay the debt service, it must request the department of public instruction (DPI) to remit the aid to the redevelopment authority in an annual amount agreed to by the MPS board and DPI. The bill also guarantees the MPS board the amount of intradistrict transfer aid that it received in the 1998-99 school year (adjusted for inflation for the years since the 1998-99 school year), reduced by aid for those pupils transferred without consent, or the amount of intradistrict transfer aid to which the MPS board is entitled, reduced by aid for those pupils transferred without consent, whichever is greater. This guarantee expires in the first fiscal year following the last principal and interest payment on the redevelopment authority bonds or, if no bonds are issued, within five years of the effective date of this bill.

In addition, the \$200,000,000 in bonds that are authorized in the bill are subject to a "state moral obligation pledge". This pledge provides that if there are not sufficient funds in debt service reserve funds for the repayment of the bonds, "the legislature expresses its expectation and aspiration" that it will make an appropriation to restore the sufficiency of the debt service reserve funds. The bonds would be subject to the "state moral obligation pledge" only if the secretary of administration determines, among other things, that there is a reasonable likelihood that the bonds will be repaid without the necessity of drawing on funds in the debt service reserve funds.

This bill also requests the joint legislative council to conduct a study of the chapter 220 program and to report its findings, conclusions and recommendations to the legislature by January 1, 2000 and requires the MPS board to submit a report to the joint committee on finance by May 1, 2000, on the board's strategy for expanding or renovating neighborhood schools and for decreasing the percentage of intradistrict transfer pupils transferred without parental consent. The joint committee on finance must approve the report, and any modifications to the report, by September 1, 2000. DPI may not distribute any intradistrict transfer aid to the MPS board until this approval.

Under current law, a pupil who transfers from one school district to another under chapter 220 is counted as one pupil for state aid and revenue limit purposes by the school district in which the pupil resides. This bill provides that beginning in the 2001-02 school year each transfer pupil is counted by the school district in which he or she resides as one-half pupil for state aid and revenue limit purposes.

Under current law, DPI distributes funds to MPS for a variety of early childhood education programs. DPI's appropriation for this purpose is funded with general purpose revenues. This bill funds two of these programs with moneys from the federal temporary assistance for needy families block grant. No state or federal aid is directly provided for the other programs, but the bill specifies the minimum amount the MPS board must spend for each program.

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1 49.175 (1) (z) *Aid to Milwaukee Public Schools*. For aid to the school district
2 operating under ch. 119 under ss. 119.72 and 119.82, \$1,410,000 in each fiscal year.

3 **SECTION 6.** 66.431 (5) (a) 4. c. of the statutes is amended to read:

4 66.431 (5) (a) 4. c. To issue bonds in its discretion to finance its activities under
5 this section, including the payment of principal and interest upon any advances for
6 surveys and plans, and may issue refunding bonds for the payment or retirement of
7 such bonds previously issued by it. ~~Such~~ Except for bonds described under subd. 4.
8 d., such bonds shall be made payable, as to both principal and interest, solely from
9 the income, proceeds, revenues, and funds of the authority derived from or held in
10 connection with its undertaking and carrying out of projects or activities under this
11 section; provided that payment of such bonds, both as to principal and interest, may
12 be further secured by a pledge of any loan, grant or contribution from the federal
13 government or other source, in aid of any projects or activities of the authority under
14 this section, and by a mortgage of any such projects or activities, or any part thereof.
15 Bonds issued under this section shall not constitute an indebtedness within the
16 meaning of any constitutional or statutory debt limitation or restriction of the state,
17 city or of any public body other than the authority issuing the bonds, and shall not
18 be subject to any other law or charter relating to the authorization, issuance or sale
19 of bonds. Bonds issued under this section are declared to be issued for an essential
20 public and governmental purpose and, together with interest thereon and income
21 therefrom, shall be exempt from all taxes. Bonds issued under this section shall be
22 authorized by resolution of the authority and may be issued in one or more series and
23 shall bear such date, be payable upon demand or mature at such time, bear interest
24 at such rate, be in such denomination, be in such form either with or without coupon
25 or registered, carry such conversion or registration privileges, have such rank or

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1 priority, be payable in such medium of payment, at such place, and be subject to such
2 terms of redemption, with or without premium, be secured in such manner, and have
3 such other characteristics, as is provided by the resolution, trust indenture or
4 mortgage issued pursuant thereto. Bonds issued under this section shall be executed
5 as provided in s. 67.08 (1) and may be registered under s. 67.09. The bonds may be
6 sold or exchanged at public sale or by private negotiation with bond underwriters as
7 the authority may provide. The bonds may be sold or exchanged at such price or
8 prices as the authority shall determine. If sold or exchanged at public sale, the sale
9 shall be held after a class 2 notice, under ch. 985, published prior to such sale in a
10 newspaper having general circulation in the city and in such other medium of
11 publication as the authority determines. Such bonds may be sold to the federal
12 government at private sale, without publication of any notice, at not less than par,
13 and, if less than all of the authorized principal amount of such bonds is sold to the
14 federal government, the balance may be sold at private sale at not less than par at
15 an interest cost to the authority of not to exceed the interest cost to the authority of
16 the portion of the bonds sold to the federal government. Any provision of any law to
17 the contrary notwithstanding, any bonds issued pursuant to this section shall be
18 fully negotiable. In any suit, action or proceeding involving the validity or
19 enforceability of any bond issued under this section or the security therefor, any such
20 bond reciting in substance that it has been issued by the authority in connection with
21 a project or activity under this section shall be conclusively deemed to have been
22 issued for such purpose and such project or activity shall be conclusively deemed to
23 have been planned, located and carried out in accordance with this section.

24 **SECTION 7.** 66.431 (5) (a) 4. d. of the statutes is created to read:

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1 66.431 (5) (a) 4. d. Subject to sub. (5m), the authority of a 1st class city may
2 issue up to \$200,000,000 in bonds to finance capital improvements at the request of
3 the board of school directors of the school district operating under ch. 119 to
4 implement the report approved under 1999 Wisconsin Act (this act), section 38 (2)
5 (b). Bonds issued under this subd. 4. d. may not have a maturity in excess of 20 years,
6 and may not be issued later than the first day of the 60th month beginning after the
7 effective date of this subdivision 4. d. [revisor inserts date]. Principal and interest
8 payments on bonds issued under this subd. 4. d. may be paid by the board of school
9 directors of the school district operating under ch. 119.

10 **SECTION 8.** 66.431 (5m) of the statutes is created to read:

11 66.431 (5m) SPECIAL DEBT SERVICE RESERVE FUNDS. (a) *Designation of special*
12 *debt service reserve funds.* The authority may designate one or more accounts in
13 funds created under s. 66.066 (2) (e) as special debt service reserve funds if, prior to
14 each issuance of bonds to be secured by the special debt service reserve fund, the
15 secretary of administration determines that all of the following conditions are met
16 with respect to the bonds described under sub. (5) (a) 4. d.:

17 1. 'Purpose.' The proceeds of the bonds, other than refunding bonds, will be
18 used for public school facilities in the school district operating under ch. 119.

19 2. 'Feasibility.' There is a reasonable likelihood that the bonds will be repaid
20 without the necessity of drawing on funds in the special debt service reserve fund
21 that secures the bonds. The secretary of administration may make this
22 determination of reasonable likelihood only after considering all of the following:

23 a. Whether a pledge of the revenues of the school district operating under ch.
24 119 is made under the bond resolution.

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1 b. How the revenues of the school district operating under ch. 119 are pledged
2 to the payment of the bonds.

3 c. The proposed interest rates of the bonds and the resulting cash-flow
4 requirements.

5 d. The projected ratio of annual revenues from the school district operating
6 under ch. 119 to annual debt service of the authority, taking into account capitalized
7 interest.

8 e. Whether an understanding exists providing for repayment by the authority
9 to the state of all amounts appropriated to the special debt service reserve fund
10 pursuant to par. (g).

11 f. Whether the authority has agreed that the department of administration will
12 have direct and immediate access, at any time and without notice, to all records of
13 the authority relating to the bonds.

14 3. ‘Limit on bonds issued.’ The amount of all bonds, other than refunding
15 bonds, that would be secured by all special debt service reserve funds of the authority
16 will not exceed \$200,000,000.

17 4. ‘Refunding bonds.’ All refunding bonds to be secured by the special debt
18 service reserve fund meet all of the following conditions:

19 a. The refunding bonds are to be issued to fund, refund or advance refund bonds
20 secured by a special debt service reserve fund.

21 b. The refunding of bonds by the refunding bonds will not adversely affect the
22 risk that the state will be called on to make a payment under par. (g).

23 5. ‘Approval of outstanding debt.’ All outstanding debt of the authority relating
24 to the bonds has been reviewed and approved by the secretary of administration. In
25 determining whether to approve outstanding debt under this subdivision, the

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1 secretary may consider any factor which the secretary determines to have a bearing
2 on whether the state moral obligation pledge under par. (g) should be granted with
3 respect to an issuance of bonds.

4 6. 'Financial reports.' The authority has agreed to provide to the department
5 of administration all financial reports of the authority and all regular monthly
6 statements of any trustee of the bonds on a direct and ongoing basis.

7 (b) *Payment of funds into a special debt service reserve fund.* The authority
8 shall pay into any special debt service reserve fund of the authority any moneys
9 appropriated and made available by the state for the purposes of the special debt
10 service reserve fund, any proceeds of a sale of bonds described under sub. (5) (a) 4.
11 d. to the extent provided in the bond resolution authorizing the issuance of the bonds
12 and any other moneys that are made available to the authority for the purpose of the
13 special debt service reserve fund from any other source.

14 (c) *Use of moneys in the special debt service reserve fund.* All moneys held in
15 any special debt service reserve fund of the authority, except as otherwise specifically
16 provided, shall be used solely for the payment of the principal of bonds secured in
17 whole or in part by the special debt service reserve fund, the making of sinking fund
18 payments with respect to these bonds, the purchase or redemption of these bonds,
19 the payment of interest on these bonds or the payment of any redemption premium
20 required to be paid when these bonds are redeemed prior to maturity. If moneys in
21 a special debt service reserve fund at any time are less than the special debt service
22 reserve fund requirement under par. (e) for the special debt service reserve fund, the
23 authority may not use these moneys for any optional purchase or optional
24 redemption of the bonds. Any income or interest earned by, or increment to, any
25 special debt service reserve fund due to the investment of moneys in the special debt

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1 service reserve fund may be transferred by the authority to other funds or accounts
2 of the authority relating to the bonds to the extent that the transfer does not reduce
3 the amount of the special debt service reserve fund below the special debt service
4 reserve fund requirement under par. (e) for the special debt service reserve fund.

5 (d) *Limitation on bonds secured by a special debt service reserve fund.* The
6 authority shall accumulate in each special debt service reserve fund an amount equal
7 to the special debt service reserve fund requirement under par. (e) for the special debt
8 service reserve fund. The authority may not at any time issue bonds secured in whole
9 or in part by a special debt service reserve fund if upon the issuance of these bonds
10 the amount in the special debt service reserve fund will be less than the special debt
11 service reserve fund requirement under par. (e) for the special debt service reserve
12 fund.

13 (e) *Special debt service reserve fund requirement.* The special debt service
14 reserve fund requirement for a special debt service reserve fund, as of any particular
15 date of computation, is equal to an amount of money, as provided in the bond
16 resolution authorizing the bonds with respect to which the special debt service
17 reserve fund is established, that may not exceed the maximum annual debt service
18 on the bonds of the authority for that fiscal year or any future fiscal year of the
19 authority secured in whole or in part by that special debt service reserve fund. In
20 computing the annual debt service for any fiscal year, bonds deemed to have been
21 paid in accordance with the defeasance provisions of the bond resolution authorizing
22 the issuance of the bonds shall not be included in bonds outstanding on such date of
23 computation. The annual debt service for any fiscal year is the amount of money
24 equal to the aggregate of all of the following calculated on the assumption that the
25 bonds will, after the date of computation, cease to be outstanding by reason, but only

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1 by reason, of the payment of bonds when due, and the payment when due, and
2 application in accordance with the bond resolution authorizing those bonds, of all of
3 the sinking fund payments payable at or after the date of computation:

4 1. All interest payable during the fiscal year on all bonds that are secured in
5 whole or in part by the special debt service reserve fund and that are outstanding on
6 the date of computation.

7 2. The principal amount of all of the bonds that are secured in whole or in part
8 by the special debt service reserve fund, are outstanding on the date of computation
9 and mature during the fiscal year.

10 3. All amounts specified in bond resolutions of the authority authorizing any
11 of the bonds that are secured in whole or in part by the special debt service reserve
12 fund to be payable during the fiscal year as a sinking fund payment with respect to
13 any of the bonds that mature after the fiscal year.

14 (f) *Valuation of securities.* In computing the amount of a special debt service
15 reserve fund for the purposes of this subsection, securities in which all or a portion
16 of the special debt service reserve fund is invested shall be valued at par, or, if
17 purchased at less than par, at their cost to the authority.

18 (g) *State moral obligation pledge.* If at any time of valuation the special debt
19 service reserve fund requirement under par. (e) for a special debt service reserve fund
20 exceeds the amount of moneys in the special debt service reserve fund, the authority
21 shall certify to the secretary of administration, the governor and the joint committee
22 on finance the amount necessary to restore the special debt service reserve fund to
23 an amount equal to the special debt service reserve fund requirement under par. (e)
24 for the special debt service reserve fund. If this certification is received by the
25 secretary of administration in an even-numbered year prior to the completion of the

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1 budget compilation under s. 16.43, the secretary shall include the certified amount
2 in the budget compilation. In any case, the joint committee on finance shall introduce
3 in either house, in bill form, an appropriation of the amount so certified to the
4 appropriate special debt service reserve fund of the authority. Recognizing its moral
5 obligation to do so, the legislature hereby expresses its expectation and aspiration
6 that, if ever called upon to do so, it shall make this appropriation.

7 **SECTION 9.** 73.0305 of the statutes is amended to read:

8 **73.0305 Revenue limits calculations.** The department of revenue shall
9 annually determine and certify to the state superintendent of public instruction, no
10 later than the 4th Monday in June, the allowable rate of increase ~~for the limit~~
11 ~~imposed under s. 121.85 (6) (ar) and~~ subch. VII of ch. 121. For that limit, the
12 allowable rate of increase is the percentage change in the consumer price index for
13 all urban consumers, U.S. city average, between the preceding March 31 and the 2nd
14 preceding March 31, as computed by the federal department of labor.

15 **SECTION 10.** 119.24 of the statutes is amended to read:

16 **119.24 Admission of pupils.** ~~Each school under the jurisdiction of the board~~
17 ~~shall be open to pupils residing within the attendance district established for that~~
18 ~~school under s. 119.16 (2). A pupil residing in any such district may attend a school~~
19 ~~in another an attendance district other than the one in which he or she resides with~~
20 ~~the written permission of the superintendent of schools. Beginning in the 2000-01~~
21 ~~school year, the board shall provide spaces in each school for pupils who reside~~
22 ~~outside the attendance district for the school, but shall fill any unused spaces with~~
23 ~~pupils who reside in the attendance district. A pupil who attends a school may~~
24 ~~continue to attend that school until he or she graduates from the school and each~~

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1 sibling of that pupil shall be given priority over other pupils in the process of
2 admission for that school.

3 **SECTION 11.** 119.71 (2) of the statutes is repealed.

4 **SECTION 12.** 119.71 (3) of the statutes is amended to read:

5 119.71 (3) (a) ~~The Annually, the board shall use the funds received under sub.~~
6 ~~(2) spend at least \$5,090,000 to expand its half-day 5-year-old kindergarten~~
7 ~~program to a full-day program, as provided under par. (b), and shall enroll in the~~
8 ~~expanded program only pupils who meet the income eligibility standards for a free~~
9 ~~lunch under 42 USC 1758 (b). The board shall select pupils for the expanded program~~
10 ~~based on the order in which the pupils register for the program.~~

11 (b) ~~The board shall use the funds received specified under sub. (2) par. (a) to pay~~
12 ~~the costs of teachers, aides and other support staff, transportation of staff to pupils'~~
13 ~~homes, in-service programs, parental involvement programs and instructional~~
14 ~~materials. The board may not use the funds to supplant or replace funding otherwise~~
15 ~~available for full-day 5-year-old kindergarten or to provide facilities to house the~~
16 ~~program or to pay pupil transportation or indirect administrative costs associated~~
17 ~~with the program.~~

18 **SECTION 13.** 119.72 (5) of the statutes is amended to read:

19 119.72 (5) From the appropriation under s. 20.255 (2) ~~(ee)~~ (kp), the state
20 superintendent shall pay to the board the amount specified in the spending plan
21 under s. 119.80 for the program under this section in each school year.

22 **SECTION 14.** 119.74 (intro.) of the statutes is amended to read:

23 **119.74 Extended-day elementary grade, 4-year-old kindergarten and**
24 **alcohol and other drug abuse programs.** (intro.) ~~From the appropriation under~~
25 ~~s. 20.255 (2) (ee), the state superintendent shall pay to the The board the amounts~~

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1 specified in the spending plan under s. 119.80 shall spend at least \$430,000 for the
2 following programs in each school year:

3 **SECTION 15.** 119.75 (2) (a) of the statutes is repealed.

4 **SECTION 16.** 119.75 (2) (b) of the statutes is renumbered 119.75 (2) and
5 amended to read:

6 119.75 (2) The Annually, the board shall use the funds received under par. (a)
7 spend at least \$1,070,000 to pay the costs of teachers, aides and other support staff,
8 transportation of staff to pupils' homes, in-service programs, parental involvement
9 programs and instructional materials related to the programs under sub. (1). The
10 board may not use the funds to supplant or replace funding otherwise available for
11 first grade programs or to provide facilities to house the programs under sub. (1) or
12 to pay pupil transportation or indirect administrative costs associated with the
13 programs under sub. (1).

14 **SECTION 17.** 119.78 (1) of the statutes is renumbered 119.78.

15 **SECTION 18.** 119.78 (2) of the statutes is repealed.

16 **SECTION 19.** 119.80 (1) of the statutes is amended to read:

17 119.80 (1) The board shall submit to the governor a proposal for the
18 expenditure of the funds in the appropriation under s. 20.255 (2) ~~(ee)~~ (kp) in each
19 school year.

20 **SECTION 20.** 119.80 (1m) of the statutes is amended to read:

21 119.80 (1m) Annually by June 1, the governor shall submit to the joint
22 committee on finance and to the appropriate standing committees of the legislature
23 under s. 13.172 (3) a proposal for the expenditure of the funds in the appropriation
24 under s. 20.255 (2) ~~(ee)~~ (kp) in the following school year. By June 15, each such

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1 standing committee may submit written recommendations on the proposal to the
2 joint committee on finance.

3 **SECTION 21.** 119.80 (4) of the statutes is created to read:

4 119.80 (4) The department may not distribute any funds in the appropriation
5 under s. 20.255 (2) (kp) in any fiscal year until the spending plan for that fiscal year
6 has been approved.

7 **SECTION 22.** 119.82 (3) of the statutes is amended to read:

8 119.82 (3) From the appropriation under s. 20.255 (2) (~~ee~~) (kp), the state
9 superintendent shall pay to the board the amount specified in the spending plan
10 under s. 119.80 in each school year for the programs under sub. (1).

11 **SECTION 23.** 121.004 (7) (a) (intro.) of the statutes is amended to read:

12 121.004 (7) (a) (intro.) "Pupils enrolled" is the total number of pupils, as
13 expressed by official enrollments, in all schools of the school district, except as
14 provided in pars. (b) to (~~e~~) (f). If such total contains a fraction, it shall be expressed
15 as the nearest whole number. The same method shall be used in computing the
16 number of pupils enrolled for resident pupils, nonresident pupils or both.

17 **SECTION 24.** 121.004 (7) (f) of the statutes is created to read:

18 121.004 (7) (f) A pupil who transfers from one school district to another under
19 s. 121.85 (3) (a) shall be counted by the school district in which the pupil resides as
20 0.5 pupil or, if appropriate, as a number equal to the result obtained by multiplying
21 0.5 by the appropriate fraction under under par. (c), (cm) or (d).

22 **SECTION 25.** 121.05 (1) (a) 11. of the statutes is amended to read:

23 121.05 (1) (a) 11. Pupils residing in the school district but attending a public
24 school in another school district under s. 118.51 or 121.85 (3) (a).

25 **SECTION 26.** 121.07 (6) (a) (intro.) of the statutes is amended to read:

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1 121.07 (6) (a) “Shared cost” is the sum of the net cost of the general fund and
2 the net cost of the debt service fund, except that “shared cost” excludes any costs,
3 including attorney fees, incurred by a school district as a result of its participation
4 in a lawsuit commenced against the state, beginning with such costs incurred in the
5 fiscal year in which the lawsuit is commenced and excludes the costs of transporting
6 those transfer pupils for whom the school district operating under ch. 119 does not
7 receive intradistrict transfer aid under s. 121.85 (6) as a result of s. 121.85 (6) (am).
8 In this paragraph, “net cost of the debt service fund” includes all of the following
9 amounts:

10 **SECTION 27.** 121.58 (5) of the statutes is amended to read:

11 121.58 (5) STATE SUPERINTENDENT APPROVAL. If the state superintendent is
12 satisfied that transportation or board and lodging was provided in compliance with
13 law, the state superintendent shall certify to the department of administration the
14 sum due the school district. The state superintendent may not certify payment of
15 state aid under sub. (2) for the number of pupils calculated under s. 121.85 (6) (am).
16 In case of differences concerning the character and sufficiency of the transportation
17 or board and lodging, the state superintendent may determine such matter and his
18 or her decision is final.

19 **SECTION 28.** 121.85 (6) (a) (intro.) of the statutes is amended to read:

20 121.85 (6) (a) *Intradistrict transfer.* (intro.) The Except as provided under pars.
21 (am) and (ar), the school district of attendance of pupils transferring from one
22 attendance area to another under subs. (3) (b) and (4) shall be entitled to an amount
23 determined as follows:

24 **SECTION 29.** 121.85 (6) (a) 2. of the statutes is amended to read:

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1 121.85 (6) (a) 2. Multiply the number of transfer pupils, as counted for
2 membership purposes under s. 121.004 (7), by 0.25.

3 **SECTION 30.** 121.85 (6) (am) of the statutes is created to read:

4 121.85 (6) (am) *Reduction of intradistrict transfer aid.* The school district
5 operating under ch. 119 may not receive aid under par. (a) for the number of pupils
6 calculated as follows, if the calculation results in a positive number:

7 1. In the 2000-01 school year:

8 a. Subtract from 75% the percentage of pupils whose parents or guardians have
9 provided the board of school directors with written consent to a pupil transfer to
10 another attendance area.

11 b. Multiply the result under subd. 1. a. by the total number of transfer pupils
12 under par. (a) in the current school year.

13 2. In the 2001-02 school year:

14 a. Subtract from 80% the percentage of pupils whose parents or guardians have
15 provided the board of school directors with written consent to a pupil transfer to
16 another attendance area.

17 b. Multiply the result under subd. 2. a. by the total number of transfer pupils
18 under par. (a) in the current school year.

19 3. In the 2002-03 school year:

20 a. Subtract from 90% the percentage of pupils whose parents or guardians have
21 provided the board of school directors with written consent to a pupil transfer to
22 another attendance area.

23 b. Multiply the result under subd. 3. a. by the total number of transfer pupils
24 under par. (a) in the current school year.

25 4. In the 2003-04 school year:

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1 a. Subtract from 95% the percentage of pupils whose parents or guardians have
2 provided the board of school directors with written consent to a pupil transfer to
3 another attendance area.

4 b. Multiply the result under subd. 4. a. by the total number of transfer pupils
5 under par. (a) in the current school year.

6 5. In the 2004–05 school year and each school year thereafter, the number of
7 pupils whose parents or guardians have not provided the board of school directors
8 with written consent to a pupil transfer to another attendance area.

9 **SECTION 31.** 121.85 (6) (ar) of the statutes is created to read:

10 121.85 **(6)** (ar) *Hold harmless.* 1. In the 1999–2000 school year, the department
11 shall pay to the school district operating under ch. 119 the greater of the following:

12 a. The amount of aid received in the 1998–99 school year under par. (a)
13 multiplied by the sum of 1.0 plus the allowable rate of increase under s. 73.0305
14 expressed as a decimal.

15 b. The amount of aid to which the school district is entitled under par. (a).

16 2. Except as provided in subd. 3., in the 2000–01 school year and in each school
17 year thereafter, the department shall pay to the school district operating under ch.
18 119 the greater of the following:

19 a. The amount of aid received in the 1998–99 school year under par. (a),
20 adjusted annually for the school years since 1998–99 by the allowable rate of increase
21 under s. 73.0305 as described under subd. 1. a., less the reduction under par. (am).

22 b. The amount of aid to which the school district is entitled under par. (a), less
23 the reduction under par. (am).

24 3. a. If one or more bonds are issued under s. 66.431 (5) (a) 4., subd. 2. does not
25 apply beginning in the first fiscal year following certification by the secretary of

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1 administration to the department that the last principal and interest payment on the
2 bonds has been made.

3 b. If no bonds are issued under s. 66.431 (5) (a) 4. by the date specified in that
4 section, subd. 2. does not apply beginning in the first fiscal year following that date.

5 **SECTION 32.** 121.85 (6) (b) 1. of the statutes is repealed.

6 **SECTION 33.** 121.85 (6) (f) of the statutes is repealed.

7 **SECTION 34.** 121.85 (6m) of the statutes is created to read:

8 121.85 **(6m)** USE OF AID FOR DEBT SERVICE. The board of directors of the school
9 district operating under ch. 119 may use intradistrict transfer aid under sub. (6) to
10 pay debt service on bonds issued under s. 66.431 (5m). If the board of school directors
11 decides to use the aid to pay the debt service, it may request the department to remit
12 the intradistrict transfer aid under sub. (6) to the redevelopment authority of the city
13 of Milwaukee in an annual amount agreed to by the board of school directors and the
14 department, and the department shall ensure that the aid remittance does not affect
15 the amount determined to be received by the board of school directors as state aid
16 under s. 121.08 for any other purpose.

17 **SECTION 35.** 121.85 (7) of the statutes is amended to read:

18 121.85 **(7)** TRANSPORTATION. Transportation shall be provided to pupils
19 transferring schools under this section if required under subch. IV. Transportation
20 for a pupil attending a public school under sub. (3) (a) outside the pupil's school
21 district of residence shall be provided pursuant to agreement between the school
22 district of residence and the school district of attendance. If either the school district
23 of residence or the school district of attendance operates a program of intradistrict
24 transfers under sub. (3) (b), that school district shall be responsible for the cost of
25 transportation. The school district may meet this responsibility either by

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1 contracting directly for provision of transportation or by reimbursing another school
2 district for the cost of such a contract. Transportation for a pupil attending a public
3 school under sub. (3) (b) outside his or her attendance area of residence may be
4 provided by his or her school district. A school district providing transportation
5 under this subsection may not claim transportation aid under subch. IV for pupils
6 so transported. A school district that transports a pupil who moves outside his or her
7 attendance district during the school year to the school in the pupil's former
8 attendance district may use intradistrict transfer aid under sub. (6) to pay the costs
9 of transporting the pupil.

10 **SECTION 36.** 121.87 (3) of the statutes is created to read:

11 121.87 (3) In addition to the report under sub. (1), annually by May 1 the board
12 of school directors of the school district operating under ch. 119 shall submit a report
13 to the legislature under s. 13.172 (2) that specifies the number, percentage, race, sex,
14 grade and attendance area of pupils transferred outside their attendance area
15 without written consent under s. 121.85 (6) (am).

16 **SECTION 37.** 121.90 (1) (e) of the statutes is created to read:

17 121.90 (1) (e) In determining a school district's revenue limit for the 2000-01
18 school year or for any school year thereafter, the department shall calculate the
19 number of pupils enrolled in each school year prior to the 2000-01 school year as the
20 number was calculated in that school year under s. 121.85 (6) (b) 1. and (f), 1997 stats.

21 **SECTION 38. Nonstatutory provisions.**

22 (1) STUDY OF SPECIAL TRANSFER PROGRAM. The joint legislative council is
23 requested to conduct a study of the special transfer program under subchapter VI of
24 chapter 121 of the statutes. If the joint legislative council conducts the study, it shall

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1 report its findings, conclusions and recommendations to the legislature in the
2 manner provided under section 13.172 (2) of the statutes by January 1, 2000.

3 (2) SPECIAL TRANSFER AID REPORT.

4 (a) By May 1, 2000, the board of school directors of the school district operating
5 under chapter 119 of the statutes shall submit a report to the joint committee on
6 finance for its approval under paragraph (b). The report shall include all of the
7 following:

8 1. A strategy for achieving the percentages specified under section 121.85 (6)
9 (am) of the statutes, as created by this act.

10 2. A facility plan specifying the neighborhood schools that are needed, the
11 location of specialty schools and the estimated cost of the facility plan.

12 3. Other means by which the pupil capacity of neighborhood schools will be
13 expanded, which could include remodeling and use of nontraditional facilities.

14 4. Specific plans for establishing neighborhood schools and replicating or
15 relocating specialty schools throughout the school district in order to increase the
16 number of pupils attending neighborhood schools.

17 5. A description of the alternative settings, which are in compliance, as defined
18 in section 115.33 (1) (a) of the statutes, that will be used for educating pupils.

19 (b) The joint committee on finance shall review the report under paragraph (a)
20 and may modify the report. The committee shall approve the report, and any
21 modifications to the report, by September 1, 2000.

22 (c) Notwithstanding section 121.85 (6) (ar) of the statutes, as created by this
23 act, the department of public instruction may not distribute any aid under section
24 121.85 (6) (ar) of the statutes, as created by this act, to the board of school directors
25 of the school district operating under chapter 119 of the statutes in the 2000-01 fiscal

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1 year until the report is approved by the joint committee on finance under paragraph
2 (b).

3 **SECTION 39. Initial applicability.**

4 (1) INTERDISTRICT TRANSFER PUPILS AND REVENUE LIMITS. The treatment of
5 sections 121.004 (7) (a) (intro.) and (f), 121.05 (1) (a) 11. and 121.85 (6) (a) 2., (b) 1.
6 and (f) of the statutes first applies to the distribution of state aid in, and to the
7 revenue limits for, the 2000-01 school year.

8 (END)