

1999 DRAFTING REQUEST

Bill

Received: 11/11/1999

Received By: mlief

Wanted: Soon

Identical to LRB:

For: Brian Burke (608) 266-8535

By/Representing:

This file may be shown to any legislator: NO

Drafter: mlief

May Contact:

Alt. Drafters:

Subject: Education - school finance

Extra Copies: PG

Pre Topic:

No specific pre topic given

Topic:

Eliminating the primary hold harmless, school levy tax credit and categorical aid for children at risk; weighting membership.

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mlief 11/11/1999	jgeller 11/11/1999		_____			S&L
/1			jfrantze 11/11/1999	_____	lrb_docadmin 11/11/1999		S&L
/2	mlief 11/12/1999	jgeller 11/12/1999	mclark 11/15/1999	_____	lrb_docadmin 11/15/1999	lrb_docadmin 12/14/1999	

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FE Sent For:			MRC 11/15	MRC/JF 11/15			

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1?	mlief	11/11/99 jlg	11/11/99	11/11/99 me			

FE Sent For:

<END>

3941 / 1
LRB-21804
MJL:jlg:hmh
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staus

1999 BILL

SOON
TO coming 11/11
editors: See 3-16

Regen

1 AN ACT *to repeal* 20.255 (2) (bc), 20.835 (3) (b), 79.10 (4), 79.10 (7m) (a) 1., 79.14,
2 118.153 (2) (b), 118.153 (3) (a) (intro.) and 1. and 118.153 (4) and (5); *to*
3 *renumber* 79.10 (7m) (a) 2. and 118.153 (2) (a); *to renumber and amend*
4 118.153 (3) (a) 2.; *to amend* 13.101 (6) (a), 41.41 (10) (b), 41.41 (10) (c) 1., 74.09
5 (3) (b) 3., 79.10 (6m), 118.153 (6), 118.153 (7), 121.004 (7) (a), 121.007, 121.08
6 (2), 121.15 (3m) (b) and 121.15 (4); and *to create* 121.004 (7) (f) and (g), 121.05
7 (1) (e) and 121.15 (1m) (a) 4. of the statutes; **relating to:** eliminating the school
8 levy tax credit, and guaranteed aid for primary costs and weighting children at
9 risk for equalization aid purposes.

Analysis by the Legislative Reference Bureau

The state school aid formula is designed to equalize school district tax bases and thus minimize the differences among the abilities of school districts to raise revenue for educational programs. The formula establishes three guaranteed tax bases, known as guaranteed valuations, that apply to three different levels of expenditure. The primary guaranteed valuation applies to those costs that do not exceed the primary ceiling cost per pupil of \$1,000. The secondary guaranteed valuation applies to per pupil costs that exceed the primary ceiling. The tertiary guaranteed valuation

BILL

applies to per pupil costs that exceed the secondary ceiling, which, in the 1998–99 school year, is \$6,285 per pupil. The percentage of a school district's state-aided costs at each level of expenditure is equal to the net guaranteed valuation (the difference between the applicable guaranteed valuation and the equalized value of taxable property in the school district) divided by the applicable guaranteed valuation. Under the school aid formula, the aid generated at the primary level is reduced by aid generated at the secondary and tertiary levels but each school district is guaranteed aid for its primary costs.

School aid is computed using school district membership, which is the sum of the average of pupils enrolled in the third Friday in September and the second Friday in January of the previous school year and the number of full-time equivalent pupils enrolled in summer school in the previous summer. With some exceptions, each pupil is counted as 1.0 member.

This bill eliminates the guarantee of aid for primary costs for a school district whose secondary or tertiary equalized valuation exceeds its secondary or tertiary guaranteed valuation. The bill also counts children at risk (pupils in grades five to twelve who are academically lagging and are also dropouts, habitual truants, parents or adjudicated delinquents) as 1.2 members.

School districts, with some exceptions, receive 15% of the total school aid entitlement in September, 25% in December, 25% in March and 35% in June. One exception to this distribution schedule directs the state to distribute \$75,000,000 of aid for the current school year on the fourth Monday of July of the following school year. This bill directs the state to make an additional delayed school aid payment of \$469,305,000 for the current school year on the fourth Monday of July of the following school year.

Under current law, the school levy tax credit is distributed to municipalities based on each municipality's share of statewide levies for school purposes during the three preceding school years. Each individual taxpayer in a municipality shares in the school levy tax credit paid to the municipality based on the taxpayer's share of the municipality's total assessed value. This bill eliminates the school levy tax credit.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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

- 1 **SECTION 1.** 13.101 (6) (a) of the statutes is amended to read:
- 2 13.101 (6) (a) As an emergency measure necessitated by decreased state
- 3 revenues and to prevent the necessity for a state tax on general property, the
- 4 committee may reduce any appropriation made to any board, commission,
- 5 department, the university of Wisconsin system or to any other state agency or

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1 activity by such amount as it deems feasible, not exceeding 25% of the
 2 appropriations, except appropriations made by ss. 20.255 (2) (ac), ~~(be)~~, (bh), (cg), (cr)
 3 and (q), 20.395 (1), (2) (cq), (eq) to (ex) and (gq) to (gx), (3), (4) (aq) to (ax) and (6) (aq)
 4 and (ar), 20.435 (6) (a) and (7) (da) and 20.445 (3) (a) and (dz) or for forestry purposes
 5 under s. 20.370 (1), or any other moneys distributed to any county, city, village, town
 6 or school district. Appropriations of receipts and of a sum sufficient shall for the
 7 purposes of this section be regarded as equivalent to the amounts expended under
 8 such appropriations in the prior fiscal year which ended June 30. All functions of
 9 said state agencies shall be continued in an efficient manner, but because of the
 10 uncertainties of the existing situation no public funds should be expended or
 11 obligations incurred unless there shall be adequate revenues to meet the
 12 expenditures therefor. For such reason the committee may make reductions of such
 13 appropriations as in its judgment will secure sound financial operations of the
 14 administration for said state agencies and at the same time ~~interfere least with their~~
 15 services and activities.

16 **SECTION 2.** 20.255 (2) (bc) of the statutes *was affected by the 1999 Wisconsin Act 9,* is repealed.

17 **SECTION 3.** 20.835 (3) (b) of the statutes is repealed.

18 **SECTION 4.** 41.41 (10) (b) of the statutes is amended to read:

19 41.41 (10) (b) Each year, the department shall ascertain from the clerk of each
 20 taxation district in which the reserve or any land acquired by the board is located the
 21 aggregate gross general property tax rate for the taxation district, exclusive of the
 22 rate that applies under s. 70.58 and ~~without respect to the school levy tax credit~~
 23 ~~under s. 79.10.~~

24 **SECTION 5.** 41.41 (10) (c) 1. of the statutes is amended to read:

BILL

1 41.41 (10) (c) 1. Except as provided in par. (d), on or before each January 31,
2 the department shall pay to the treasurer of each taxation district specified in par.
3 (b), with respect to all land in the Kickapoo valley reserve and all land acquired by
4 the board on or before January 1 of the preceding year, an amount determined by
5 multiplying the estimated value of the land equated to the average level of
6 assessment in the taxation district by the aggregate gross general property tax rate,
7 exclusive of the rate that applies under s. 70.58 and without respect to the school levy
8 tax credit under s. 79.10, that would apply to the land in that taxation district for that
9 year if it were taxable.

10 **SECTION 6.** 74.09 (3) (b) 3. of the statutes is amended to read:

11 74.09 (3) (b) 3. The tax levied on the property by the school district where the
12 property is located ~~minus the credit under s. 79.10 (4) allocable to the property,~~ for
13 the previous year and the current year, and the percentage change in that net tax
14 between those years.

15 **SECTION 7.** 79.10 (4) of the statutes is repealed.

16 **SECTION 8.** 79.10 (6m) of the statutes is amended to read:

17 79.10 (6m) CORRECTIONS OF STATE PROPERTY TAX CREDIT PAYMENTS. If the
18 department of administration or the department of revenue determines by October
19 1 of the year of any distribution under ~~subs. (4) and sub. (5)~~ that there was an
20 overpayment or underpayment made in that year's distribution by the department
21 of administration to municipalities, as determined under ~~subs. (4) and sub. (5)~~,
22 because of an error by the department of administration, the department of revenue
23 or any municipality, the overpayment or underpayment shall be corrected as
24 provided in this subsection. Any overpayment shall be corrected by reducing the
25 subsequent year's distribution, as determined under ~~subs. (4) and sub. (5)~~, by an

BILL

1 amount equal to the amount of the overpayment. Any underpayment shall be
2 corrected by increasing the subsequent year's distribution, as determined under
3 subs. (4) and sub. (5), by an amount equal to the amount of the underpayment.
4 Corrections shall be made in the distributions to all municipalities affected by the
5 error. Corrections shall be without interest.

6 **SECTION 9.** 79.10 (7m) (a) 1. of the statutes is repealed.

7 **SECTION 10.** 79.10 (7m) (a) 2. of the statutes is renumbered 79.10 (7m) (a).

8 **SECTION 11.** 79.14 of the statutes is repealed.

9 **SECTION 12.** 118.153 (2) (a) of the statutes is renumbered 118.153 (2).

10 **SECTION 13.** 118.153 (2) (b) of the statutes is repealed.

11 **SECTION 14.** 118.153 (3) (a) (intro.) and 1. of the statutes are repealed.

12 **SECTION 15.** 118.153 (3) (a) 2. of the statutes is renumbered 118.153 (3) (a) and
13 amended to read:

14 118.153 (3) (a) Upon Every school board that has identified children at risk
15 under sub. (2) shall make available for these children a program for children at risk
16 and, at the request of a pupil who is a child at risk or the pupil's parent or guardian,
17 a school board described under subd. 1. shall enroll the pupil in the program for
18 children at risk. If the school board makes available more than one program for
19 children at risk, the school board shall enroll the pupil in the program selected by the
20 pupil's parent or guardian if the pupil meets the prerequisites for that program. If
21 there is no space in that program for the pupil, the school board of the school district
22 operating under ch. 119 shall place the pupil's name on a waiting list for that program
23 and offer the pupil an alternative program for children at risk until space in the
24 requested program becomes available.

25 **SECTION 16.** 118.153 (4) and (5) of the statutes are repealed.

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1 **SECTION 17.** 118.153 (6) of the statutes is amended to read:

2 118.153 (6) Biennially, the legislative audit bureau shall audit school district
3 eligibility, performance criteria and state aid payments under this section.

4 **SECTION 18.** 118.153 (7) of the statutes is amended to read:

5 118.153 (7) The state superintendent shall promulgate rules to implement and
6 administer this section. ~~The rules shall not be overly restrictive in defining approved~~
7 ~~programs and shall not serve to exclude programs that have demonstrated success~~
8 ~~in meeting the needs of children at risk.~~

9 **SECTION 19.** 121.004 (7) (a) of the statutes is amended to read:

10 121.004 (7) (a) “Pupils enrolled” is the total number of pupils, as expressed by
11 official enrollments, in all schools of the school district, except as provided in pars.
12 (b) to (e) (g). If such total contains a fraction, it shall be expressed as the nearest
13 whole number. The same method shall be used in computing the number of pupils
14 enrolled for resident pupils, nonresident pupils or both.

15 **SECTION 20.** 121.004 (7) (f) and (g) of the statutes are created to read:

16 121.004 (7) (f) A pupil who is eligible for a free or reduced-price lunch under
17 42 USC 1758 (b) shall be counted as 1.2 pupils, except that a pupil who is also enrolled
18 in a kindergarten program or a preschool program under subch. V of ch. 115 shall be
19 multiplied under this paragraph by a number equal to the result obtained by
20 multiplying 1.2 by the appropriate fraction under par. (c), (cm) or (d).

21 (g) A pupil who is a child at risk, as defined under s. 118.153 (1) (a), shall be
22 counted as 1.2 pupils.

23 **SECTION 21.** 121.007 of the statutes is amended to read:

24 **121.007 Use of state aid; exemption from execution.** All moneys paid to
25 a school district under s. 20.255 (2) (ac), (be), (cg), (cr) and (q) shall be used by the

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1 school district solely for the purposes for which paid. Such moneys are exempt from
2 execution, attachment, garnishment or other process in favor of creditors, except as
3 to claims for salaries or wages of teachers and other school employes and as to claims
4 for school materials, supplies, fuel and current repairs.

5 **SECTION 22.** 121.05 (1) (e) of the statutes is created to read:

6 121.05 (1) (e) The use to which additional aid for pupils counted as 1.2 pupils
7 under s. 121.004 (7) (f) and (g) was put in the previous school year.

8 **SECTION 23.** 121.08 (2) of the statutes is amended to read:

9 121.08 (2) The aid computed under sub. (1) shall be reduced by the sum of the
10 amount by which the school district equalized valuation exceeds the secondary
11 guaranteed valuation, multiplied by the secondary required levy rate, and the
12 amount by which the school district equalized valuation exceeds the tertiary
13 guaranteed valuation, multiplied by the tertiary required levy rate. In no case may
14 the aid under this section be less than ~~the amount under sub. (1) (a)~~ zero.

15 **SECTION 24.** 121.15 (1m) (a) 4. of the statutes is created to read:

16 121.15 (1m) (a) 4. Beginning in the first school year beginning after the
17 effective date of this subdivision [revisor inserts date], annually the state shall
18 pay to school districts, from the appropriation under s. 20.255 (2) (ac), \$469,305,000
19 on the 4th Monday in July of the following school year.

20 **SECTION 25.** 121.15 (3m) (b) of the statutes is amended to read:

21 121.15 (3m) (b) By May 15, 1999, and annually by May 15 thereafter, the
22 department, the department of administration and the legislative fiscal bureau shall
23 jointly certify to the joint committee on finance an estimate of the amount necessary
24 to appropriate under s. 20.255 (2) (ac) in the following school year to ensure that the

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1 sum of state school aids ~~and the school levy tax credit under s. 79.10 (4)~~ equals
2 two-thirds of partial school revenues.

3 **SECTION 26.** 121.15 (4) of the statutes is amended to read:

4 121.15 (4) On July 1 and October 15, using the most accurate data available,
5 the state superintendent shall provide the department of revenue and each school
6 district with an estimate of the total amount of state aid, as defined in s. 121.90 (2),
7 the school district will receive in the current school year, including a separate
8 estimate of the additional aid that each school district will receive for pupils counted
9 under s. 121.004 (7) (f) and (g). On October 15, using the most accurate data
10 available, the state superintendent shall calculate the total amount of state aid, as
11 defined in s. 121.90 (2), that each school district will receive in the current school
12 year. Any adjustments to that calculation shall be made by increasing or decreasing
13 the payment made in September of the following school year.

14 **SECTION 27. Initial applicability.**

15 (1) This act first applies to the distribution of school aid in the school year
16 beginning after the effective date of this subsection.

17 (END)



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-3941/2
MJL:jlj:jf

1999 BILL

RM run

D-N

Due 11/15 by NOON

Regen

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6 assessment in the taxation district by the aggregate gross general property tax rate,
7 exclusive of the rate that applies under s. 70.58 and without respect to the school levy
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9 year if it were taxable.

10 **SECTION 6.** 74.09 (3) (b) 3. of the statutes is amended to read:

11 74.09 (3) (b) 3. The tax levied on the property by the school district where the
12 property is located ~~minus the credit under s. 79.10 (4) allocable to the property~~, for
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21 of administration to municipalities, as determined under ~~subs. (4) and sub. (5)~~,
22 because of an error by the department of administration, the department of revenue
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BILL

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14 **118.153 (3) (a)** Upon Every school board that has identified children at risk
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16 and, at the request of a pupil who is a child at risk or the pupil's parent or guardian,
17 a school board described under subd. 1. shall enroll the pupil in the program for
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21 there is no space in that program for the pupil, the school board of the school district
22 operating under ch. 119 shall place the pupil's name on a waiting list for that program
23 and offer the pupil an alternative program for children at risk until space in the
24 requested program becomes available.

25 **SECTION 16.** 118.153 (4) and (5) of the statutes are repealed.

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1 **SECTION 17.** 118.153 (6) of the statutes is amended to read:

2 118.153 (6) Biennially, the legislative audit bureau shall audit school district
3 ~~eligibility, performance criteria and state aid payments~~ under this section.

4 **SECTION 18.** 118.153 (7) of the statutes is amended to read:

5 118.153 (7) The state superintendent shall promulgate rules to implement and
6 administer this section. ~~The rules shall not be overly restrictive in defining approved~~
7 ~~programs and shall not serve to exclude programs that have demonstrated success~~
8 ~~in meeting the needs of children at risk.~~

9 **SECTION 19.** 121.004 (7) (a) of the statutes is amended to read:

10 121.004 (7) (a) "Pupils enrolled" is the total number of pupils, as expressed by
11 official enrollments, in all schools of the school district, except as provided in pars.
12 (b) to ~~(e)~~ (g). If such total contains a fraction, it shall be expressed as the nearest
13 whole number. The same method shall be used in computing the number of pupils
14 enrolled for resident pupils, nonresident pupils or both.

15 **SECTION 20.** 121.004 (7) (f) and (g) of the statutes are created to read:

16 121.004 (7) (f) A pupil who is eligible for a free or reduced-price lunch under
17 42 USC 1758 (b) shall be counted as 1.2 pupils, except that a pupil who is also enrolled
18 in a kindergarten program or a preschool program under subch. V of ch. 115 shall be
19 multiplied under this paragraph by a number equal to the result obtained by
20 multiplying 1.2 by the appropriate fraction under par. (c), (cm) or (d).

21 (g) A pupil who is a child at risk, as defined under s. 118.153 (1) (a), shall be
22 counted as 1.2 pupils.

23 **SECTION 21.** 121.007 of the statutes is amended to read:

24 **121.007 Use of state aid; exemption from execution.** All moneys paid to
25 a school district under s. 20.255 (2) (ac), ~~(be)~~, (cg), (cr) and (q) shall be used by the

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1 school district solely for the purposes for which paid. Such moneys are exempt from
2 execution, attachment, garnishment or other process in favor of creditors, except as
3 to claims for salaries or wages of teachers and other school employes and as to claims
4 for school materials, supplies, fuel and current repairs.

5 **SECTION 22.** 121.05 (1) (e) of the statutes is created to read:

6 121.05 (1) (e) The use to which additional aid for pupils counted as 1.2 pupils
under s. 121.004 (7) (f) and (g) was put in the previous school year.

Handwritten note: WNS 7-2-99 with an arrow pointing to line 8.

8 **SECTION 23.** 121.08 (2) of the statutes is amended to read:

9 121.08 (2) The aid computed under sub. (1) shall be reduced by the sum of the
10 amount by which the school district equalized valuation exceeds the secondary
11 guaranteed valuation, multiplied by the secondary required levy rate, and the
12 amount by which the school district equalized valuation exceeds the tertiary
13 guaranteed valuation, multiplied by the tertiary required levy rate. In no case may
14 the aid under this section be less than ~~the amount under sub. (1) (a)~~ zero.

15 **SECTION 24.** 121.15 (1m) (a) 4. of the statutes is created to read:

16 121.15 (1m) (a) 4. Beginning in the ²⁰⁰⁰⁻⁰¹ first school year ~~beginning after the~~
17 ~~effective date of this subdivision ... [revisor inserts date]~~, annually the state shall
18 pay to school districts, from the appropriation under s. 20.255 (2) (ac), \$469,305,000
19 on the 4th Monday in July of the following school year.

20 **SECTION 25.** 121.15 (3m) (b) of the statutes is amended to read:

21 121.15 (3m) (b) By May 15, 1999, and annually by May 15 thereafter, the
22 department, the department of administration and the legislative fiscal bureau shall
23 jointly certify to the joint committee on finance an estimate of the amount necessary
24 to appropriate under s. 20.255 (2) (ac) in the following school year to ensure that the

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1 sum of state school aids ~~and the school levy tax credit under s. 79.10 (4)~~ equals
2 two-thirds of partial school revenues.

3 **SECTION 26.** 121.15 (4) of the statutes is amended to read:

4 121.15 (4) On July 1 and October 15, using the most accurate data available,
5 the state superintendent shall provide the department of revenue and each school
6 district with an estimate of the total amount of state aid, as defined in s. 121.90 (2),
7 the school district will receive in the current school year, including a separate
8 estimate of the additional aid that each school district will receive for pupils counted
9 under s. 121.004 (7) (f) and (g). On October 15, using the most accurate data
10 available, the state superintendent shall calculate the total amount of state aid, as
11 defined in s. 121.90 (2), that each school district will receive in the current school
12 year. Any adjustments to that calculation shall be made by increasing or decreasing
13 the payment made in September of the following school year.

14 **SECTION 27. Initial applicability.**

15 (1) This act first applies to the distribution of school aid in the school year
16 ~~beginning after the effective date of this subsection.~~ ²⁰⁰⁰⁻⁰¹

17

(END)

1999-2000 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3941/2^{INS}
.....

INS 77

SECTION 1. 121.07 (7) (b) of the statutes, [✓] as affected by 1999 Wisconsin Act 9,
is amended to read:

121.07 (7) (b) The "secondary guaranteed valuation per member" is an amount,
rounded to the next lower dollar, that, after subtraction of payments under ss. 121.09
and 121.85 (6) (b) 2. and 3. and (c), fully distributes an amount equal to the amount
remaining in the appropriation under s. 20.255 (2) (ac) plus \$75,000,000 in the
1997-98 school year and, \$100,000,000 in the 1998-99 school year and ^{\$}~~4~~69,305,000
in the 2000-01 school year for payments under ss. 121.08, 121.105, 121.85 (6) (a) and
(g) and 121.86.

History: 1999 a. 9.

D-N

¶ This redraft makes a technical change by amending the definition of "secondary guaranteed valuation" under S. 121.07 (7)(b) to include the delayed school aid payment in S. 121.15(1m)(a)4, created by the bill. It also changes the mutual applicability provision ~~121.15~~ so that the bill first applies to the distribution of school aid in the 2000-01 school year.

MJL

**SUBMITTAL
FORM**

**LEGISLATIVE REFERENCE BUREAU
Legal Section Telephone: 266-3561
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and sign on the appropriate line(s) below.

Date: 11/15/1999

To: Senator Burke

Relating to LRB drafting number: LRB-3941

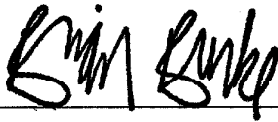
Topic

Eliminating the primary hold harmless, school levy tax credit and categorical aid for children at risk; weighting membership.

Subject(s)

Education - school finance

1. **JACKET** the draft for introduction _____



in the **Senate** or the **Assembly** _____ (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT**. See the changes indicated or attached _____.

A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction _____.

If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Madelon J. Lief, Legislative Attorney
Telephone: (608) 267-7380

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-3941/2dn
MJL,jlg,mrc

November 15, 1999

This redraft makes a technical change by amending the definition of "secondary guaranteed valuation" under s. 121.07 (7) (b) to include the delayed school aid payment in s. 121.15 (1m) (a) 4., created by the bill. It also changes the initial applicability provision so that the bill first applies to the distribution of school aid in the 2000-01 school year.

Madelon J. Lief
Legislative Attorney
Phone: (608) 267-7380