

2007 SENATE BILL 365

December 19, 2007 – Introduced by JOINT LEGISLATIVE COUNCIL. Referred to Committee on Education.

1 **AN ACT** *to renumber* 121.58 (6); *to renumber and amend* 121.91 (4) (f) 1.; *to*
2 *amend* 121.07 (6) (a) (intro.), 121.58 (6) (title), 121.905 (1), 121.91 (2m) (e)
3 (intro.), 121.91 (2m) (r) 1. (intro.), 121.91 (2m) (s) 1. (intro.), 121.91 (4) (f) 1m.
4 b. and c., 121.91 (7) and 121.91 (8); and *to create* 121.58 (6) (b), 121.91 (4) (f)
5 1. a. to c. and 121.91 (9) of the statutes; **relating to:** increasing the low-revenue
6 ceiling for school district revenue limit purposes; authorizing a school district
7 to exceed its revenue limit under certain conditions; modifying the school
8 district revenue limit adjustment for declining enrollment; distributing
9 transportation aid balances to school districts; and providing for a study.

Analysis by the Legislative Reference Bureau

This bill is explained in the NOTES provided by the Joint Legislative Council in the bill.

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:

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JOINT LEGISLATIVE COUNCIL PREFATORY NOTE: This bill, developed by the Joint Legislative Council's Special Committee on Review of State School Aid Formula, makes a series of changes to the school finance system in the state.

The bill includes provisions relating to school transportation, declining enrollment districts, low-spending districts, and a revenue limit flexibility option. The bill reflects the statutory changes made in 2007 Wisconsin Act 20, the biennial budget act, after the committee adopted its recommendations.

Transportation

The bill requires each school board, by February 1, 2009, to report to the Department of Public Instruction (DPI) the miles driven in the 2007–08 fiscal year to provide transportation to and from school for public and private pupils. Excluded from this calculation are transportation to and from extracurricular activities, the transportation of children with disabilities, shuttle services, and field trips. The bill directs DPI to submit a report summarizing the data to the Legislature by May 1, 2009.

Current law authorizes DPI to reduce payments under the school transportation appropriation that funds a portion of local transportation costs when that appropriation is insufficient to cover eligible costs filed by school districts. The bill directs DPI to fully expend the appropriation set aside for such transportation, by increasing payments to districts on a prorated basis. [See SECTIONS 2, 3, 4, 15 (1), and 16 (3) of the bill.]

Declining Enrollment

The bill extends the enrollment adjustment aid period for school districts to three years. Under 2007 Act 20, in the first year of an enrollment decline, a school district would receive 100% of the allowable revenues that the decline would have generated. The bill continues the 100% in the first year of the decline, but in the year after the decline, the district would receive an adjustment equal to 75% of the first-year adjustment. In the third year after the decline year, the district would receive an adjustment equal to 50% of the first year adjustment. [SECTIONS 9, 10, 11, and 16 (1).]

Low Spending Districts

The bill increases the low revenue ceiling for revenue limits by \$400 per pupil in each of the next two years. Thus, the 2008–09 low revenue ceiling would be increased to \$9,100 from the current \$8,700 per pupil. Subsequently, the ceiling in the 2009–10 school year would be increased to \$9,500. [SECTION 5.]

Revenue Limit Flexibility Option

The bill provides school districts with revenue limit flexibility based on a percentage of statewide average allowable revenue per pupil.

Current revenue limits restrict the annual increase in a school district's per pupil revenue derived from general school aids, computer aid, and property taxes. Actual general aids, computer aid, and property tax revenue received in the prior year are used to establish the base year amount in order to compute the allowable revenue increase of the current school year. A per pupil revenue limit increase, which is adjusted annually for inflation, is added to the base revenue per pupil for the current school year. A school district may exceed this revenue limit by receiving voter approval at a referendum.

The bill allows a school board, by a 2/3 vote of its members, to increase its revenue limit, on a nonrecurring basis, by an amount equal to 1% of the statewide average allowable revenue per pupil in the previous school year, multiplied by the district's current three-year rolling average pupil count. Under the bill, the 1% would not be included in shared cost and would not be included in the determination of partial school revenues for purposes of calculating state aid. The additional costs would be funded from local property taxes and would not be supported by state aid.

Districts would be required to levy the maximum amount allowed under current revenue caps and would not be allowed to put the additional 1% into a fund balance account or maintain the excess revenue in the balance of any fund beyond June 30 of the school year in which the resolution was adopted. As a nonrecurring cost, the additional

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spending would not be part of the school district base budget; therefore, for a school board to exceed its revenue cap in any subsequent years, it would need to authorize the additional 1% each year by a 2/3 vote of the members. [SECTIONS 1, 6, 7, 8, 12, 13, 14, and 16 (2).]

The bill makes other technical changes relating to the placement and cross-references in the statutes necessary to implement the proposed changes.

1 **SECTION 1.** 121.07 (6) (a) (intro.) of the statutes is amended to read:

2 121.07 **(6)** (a) (intro.) “Shared cost” is the sum of the net cost of the general fund
3 and the net cost of the debt service fund, except that “shared cost” excludes any costs,
4 including attorney fees, incurred by a school district as a result of its participation
5 in a lawsuit commenced against the state, beginning with such costs incurred in the
6 fiscal year in which the lawsuit is commenced; excludes any expenditures from a
7 capital improvement fund created under s. 120.135 and; excludes the costs of
8 transporting those transfer pupils for whom the school district operating under ch.
9 119 does not receive intradistrict transfer aid under s. 121.85 (6) as a result of s.
10 121.85 (6) (am); and excludes the amount of any excess revenue approved under s.
11 121.91 (9) (a). In this paragraph, “net cost of the debt service fund” includes all of
12 the following amounts:

13 **SECTION 2.** 121.58 (6) (title) of the statutes is amended to read:

14 121.58 **(6)** (title) APPROPRIATION PRORATED; PRORATION, DISTRIBUTION OF BALANCE.

15 **SECTION 3.** 121.58 (6) of the statutes is renumbered 121.58 (6) (a).

16 **SECTION 4.** 121.58 (6) (b) of the statutes is created to read:

17 121.58 **(6)** (b) If there is a balance in the appropriation under s. 20.255 (2) (cr)
18 in any fiscal year after the department has paid the full amount of approved claims
19 under this section and s. 121.575, the department shall distribute the balance to
20 those school districts entitled to state aid under this section, with each school district

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1 receiving a percentage of the balance equal to its percentage of the total approved
2 claims.

3 **SECTION 5.** 121.905 (1) of the statutes, as affected by 2007 Wisconsin Act 20,
4 is amended to read:

5 121.905 (1) In this section, “revenue ceiling” means ~~\$8,700~~ \$9,100 in the
6 ~~2007–08~~ 2008–09 school year and ~~\$9,000~~ \$9,500 in any subsequent school year.

7 **SECTION 6.** 121.91 (2m) (e) (intro.) of the statutes, as affected by 2007 Wisconsin
8 Act 20, is amended to read:

9 121.91 (2m) (e) (intro.) Except as provided in subs. (3), (4), ~~and (8), and (9),~~ no
10 school district may increase its revenues for the 1999–2000 school year or for any
11 school year thereafter to an amount that exceeds the amount calculated as follows:

12 **SECTION 7.** 121.91 (2m) (r) 1. (intro.) of the statutes is amended to read:

13 121.91 (2m) (r) 1. (intro.) Notwithstanding pars. (c), (d), ~~and (e),~~ if a school
14 district is created under s. 117.105, its revenue limit under this section for the school
15 year beginning with the effective date of the reorganization shall be determined as
16 follows except as provided under subs. (3) ~~and (4), and (9):~~

17 **SECTION 8.** 121.91 (2m) (s) 1. (intro.) of the statutes is amended to read:

18 121.91 (2m) (s) 1. (intro.) Notwithstanding par. (e), if territory is detached from
19 a school district to create a new school district under s. 117.105, the revenue limit
20 under this section of the school district from which territory is detached for the school
21 year beginning with the effective date of the reorganization shall be determined as
22 follows except as provided in subs. (3) ~~and (4), and (9):~~

23 **SECTION 9.** 121.91 (4) (f) 1. of the statutes, as affected by 2007 Wisconsin Act
24 20, is renumbered 121.91 (4) (f) 1. (intro.) and amended to read:

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1 121.91 (4) (f) 1. (intro.) Except as provided in subd. 1m., ~~for the 2007–08 school~~
2 ~~year or any school year thereafter~~, if the average of the number of pupils enrolled in
3 the current and the 2 preceding school years is less than the average of the number
4 of pupils enrolled in the 3 previous school years, the limit otherwise applicable under
5 sub. (2m) (e) is increased by ~~the additional amount that would have been calculated~~
6 ~~had there been no decline in average enrollment.~~ as follows:

7 **SECTION 10.** 121.91 (4) (f) 1. a. to c. of the statutes are created to read:

8 121.91 (4) (f) 1. a. In the current school year, by the additional amount that
9 would have been calculated had there been no decline in average enrollment.

10 b. In the succeeding school year, by an amount equal to 75 percent of the
11 additional amount calculated under subd. 1. a.

12 c. In the 2nd succeeding school year, by an amount equal to 50 percent of the
13 additional amount calculated under subd. 1. a.

14 **SECTION 11.** 121.91 (4) (f) 1m. b. and c. of the statutes, as affected by 2007
15 Wisconsin Act 20, are amended to read:

16 121.91 (4) (f) 1m. b. For the school year beginning on the first July 1 following
17 the effective date of the school district reorganization, if the number of pupils
18 enrolled in that school year is less than the number of pupils enrolled in the previous
19 school year, the limit otherwise applicable under sub. (2m) (e) is increased by the
20 additional amount that would have been calculated had there been no decline in
21 enrollment. In the succeeding school year, the limit otherwise applicable under sub.
22 (2m) (e) is increased by an amount equal to 75 percent of the amount calculated under
23 this subd. 1m. b. for the school year beginning on the first July 1 following the
24 effective date of the reorganization. In the 2nd succeeding school year, the limit
25 otherwise applicable under sub. (2m) (e) is increased by an amount equal to 50

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1 percent of the amount calculated under this subd. 1m. b. for the school year
2 beginning on the first July 1 following the effective date of the reorganization.

3 c. For the school year beginning on the 2nd July 1 following the effective date
4 of the school district reorganization, if the average of the number of pupils enrolled
5 in that school year and the previous school year is less than the average of the
6 number of pupils enrolled in the 2 previous school years, the limit otherwise
7 applicable under sub. (2m) (e) is increased by the additional amount that would have
8 been calculated had there been no decline in average enrollment. In the succeeding
9 school year, the limit otherwise applicable under sub. (2m) (e) is increased by an
10 amount equal to 75 percent of the amount calculated under this subd. 1m. c. for the
11 school year beginning on the 2nd July 1 following the effective date of the
12 reorganization. In the 2nd succeeding school year, the limit otherwise applicable
13 under sub. (2m) (e) is increased by an amount equal to 50 percent of the amount
14 calculated under this subd. 1m. c. for the school year beginning on the 2nd July 1
15 following the effective date of the reorganization.

16 **SECTION 12.** 121.91 (7) of the statutes, as affected by 2007 Wisconsin Act 20,
17 is amended to read:

18 121.91 (7) Except as provided in sub. (4) (f) 2. and (8), if an excess revenue is
19 approved under sub. (3) for a recurring purpose or allowed under sub. (4), the excess
20 revenue shall be included in the base for determining the limit for the next school
21 year for purposes of this section. If an excess revenue is approved under sub. (3) for
22 a nonrecurring purpose or approved under sub. (9), the excess revenue shall not be
23 included in the base for determining the limit for the next school year for purposes
24 of this section.

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1 **SECTION 13.** 121.91 (8) of the statutes, as created by 2007 Wisconsin Act 20, is
2 amended to read:

3 121.91 **(8)** If a school district's initial revenue limit for the current school year,
4 as calculated under s. 121.905 or sub. (2m) (e), whichever is appropriate, before
5 making any adjustments under sub. (3) ~~or~~ (4), or (9), is less than the amount
6 determined by multiplying the amount under sub. (2m) (e) 1. by the average of the
7 number of pupils enrolled in the 3 preceding school years, the school district's initial
8 revenue limit for the current school year, before making any adjustments under sub.
9 (3) ~~or~~ (4), or (9), is the amount determined by multiplying the amount under sub.
10 (2m) (e) 1. by the average of the number of pupils enrolled in the 3 preceding school
11 years. Any additional revenue received by a school district as a result of this
12 subsection shall not be included in the base for determining the school district's limit
13 under sub. (2m) for the following school year.

14 **SECTION 14.** 121.91 (9) of the statutes is created to read:

15 121.91 **(9)** (a) A school district may exceed the limit otherwise applicable to the
16 school district under sub. (2m) in any school year by the amount determined as
17 follows if a resolution to do so is adopted by at least a two-thirds vote of the
18 members-elect of the school board by November 1 in that school year:

19 1. Multiply the statewide average allowable revenue per pupil in the previous
20 school year by 0.01.

21 2. Multiply the product under subd. 1. by the average of the number of pupils
22 enrolled in the school district in the current and 2 preceding school years.

23 (b) If the school board adopts a resolution under par. (a), the school board shall
24 include the amount of the excess revenue in the property tax levy imposed in the year
25 in which the resolution was adopted and shall expend or encumber in the school year

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1 in which the resolution was adopted all revenue credited to the school district for that
2 school year. The school board may not maintain the excess revenue in the balance
3 of any fund beyond June 30 of the school year in which the resolution was adopted.

SECTION 15. Nonstatutory provisions.

4
5 (1) REPORT ON PUPIL TRANSPORTATION. By February 1, 2009, each school board
6 shall report to the department of public instruction the miles driven to provide
7 transportation to and from school for public and private school pupils under section
8 121.55 (1) of the statutes in the 2007–08 fiscal year, excluding transportation to and
9 from extracurricular activities, the transportation of children with disabilities,
10 shuttle services, and field trips. The department shall submit a report summarizing
11 the data to the legislature in the manner provided under section 13.172 (2) of the
12 statutes by May 1, 2009.

SECTION 16. Initial applicability.

13
14 (1) REVENUE LIMIT; DECLINING ENROLLMENT. The treatment of section 121.91 (4)
15 (f) 1m. b. and c. of the statutes, the renumbering and amendment of section 121.91
16 (4) (f) 1. of the statutes, and the creation of section 121.91 (4) (f) 1. a. to c. of the
17 statutes first apply to the calculation of a school district's revenue limit for the
18 2008–09 school year.

19 (2) REVENUE LIMIT; ONE PERCENT ADJUSTMENT. The treatment of section 121.91
20 (2m) (e) (intro.), (1r) 1. (intro.), and (s) 1. (intro.), (7), (8), and (9) of the statutes first
21 applies to the calculation of a school district's revenue limit for the 2008–09 school
22 year.

23 (3) TRANSPORTATION AID. The treatment of section 121.58 (6) (b) of the statutes
24 first applies to aid paid for transportation provided during the 2008–09 school year.

25 (END)