2017 ASSEMBLY BILL 816

January 5, 2018 – Introduced by Representatives POPE, HEBL, GENRICH, CONSIDINE, BOWEN, VRUWINK, HESSELBEIN, ANDERSON, GOYKE, OHNSTAD, BILLINGS, ZEPNICK, BARCA, C. TAYLOR, SUBECK, SHANKLAND, SARGENT, KOLSTE, SPREITZER, CROWLEY, STUCK, RIEMER, ZAMARRIPA, BERCEAU, WACHS and SINICKI, cosponsored by Senators LARSON, BEWLEY, CARPENTER, VINEHOUT, RINGHAND and HANSEN. Referred to Committee on Education.

AN ACT to repeal 20.255 (2) (aq) and 115.437; to consolidate, renumber and amend 121.15 (1m) (a) (intro.) and 3.; to amend 20.255 (2) (ac), 79.10 (4), 79.10 (5m), 79.14, 79.15, 121.004 (7) (a), 121.07 (6) (d), 121.105 (2) (am) 1., 121.105 (2) (am) 2. (intro.), 121.90 (2) (am) 1., 121.905 (1), 121.905 (3) (c) 6., 121.91 (2m) (i) (intro.), 121.91 (2m) (r) 1. (intro.), 121.91 (2m) (r) 1. b., 121.91 (2m) (s) 1. (intro.), 121.91 (2m) (s) 1. b. and 121.91 (2m) (t) 1. (intro.); and to create 20.255 (2) (bi), 121.004 (7) (g), 121.10, 121.105 (5), 121.136 (3), 121.15 (3m), 121.905 (3) (c) 7., 121.905 (3) (c) 8., 121.91 (2m) (im) and 121.91 (2m) (j) of the statutes; relating to: counting low-income pupils for state school aid purposes; calculating the amount to be appropriated for state general school aid; school aid factors; special adjustment aids; hold harmless aid; per pupil aid; school
district revenue limits; the first dollar and school levy property tax credits; and
making an appropriation.

**Analysis by the Legislative Reference Bureau**

This bill makes a number of changes in the laws relating to public school financing, including the following:

1. Currently, the amount appropriated each fiscal year for general school aid is a sum set by law. This bill directs the Department of Public Instruction, the Department of Administration, and the Legislative Fiscal Bureau annually to jointly certify to the Joint Committee on Finance an estimate of the amount necessary to appropriate in the following school year to ensure that state school aids equal the following percentage of partial school revenues (in general, the sum of state school aids and school property taxes):
   a. For the 2018-19 school year, 64.5 percent.
   b. For the 2019-20 school year, 65.2 percent.
   c. For the 2020-21 school year, 65.9 percent.
   d. For the 2021-22 school year and each school year thereafter, two-thirds.

   Under the bill, JFC determines the amount appropriated as general school aids in each odd-numbered fiscal year (e.g., the 2018-19 fiscal year) and the amount is set by law in each even-numbered fiscal year.

2. For purposes of determining a school district’s general school aid amount, in general this bill requires that each pupil who is eligible for a free or reduced-price lunch under the federal school lunch program be counted as an additional 0.3 pupil.

3. Currently, if a school district would receive less in general state aid in any school year than 85 percent of the amount it received in the previous school year, its state aid for the current school year is increased to 85 percent of the aid received in the previous school year. This bill increases the percentage to 90 percent.

4. This bill provides that a school district’s state aid in any school year may not be less than an amount equal to the school district’s membership multiplied by $3,000.

5. Under current law, there is no per pupil adjustment for purposes of calculating a school district’s revenue limit. This bill provides a per pupil adjustment of $300 per pupil for the 2018-19 school year. Under the bill, in the 2019-20 school year and thereafter, the per pupil adjustment is the per pupil adjustment for the previous school year as adjusted for any increase in the consumer price index.

6. Current law provides a minimum per pupil revenue limit for school districts, known as the revenue ceiling. Under current law, the revenue ceiling is $9,100. This bill increase the revenue ceiling to $9,500 in the 2018-19 school year and $9,900 in the 2019-20 school year. In the 2020-21 school year and each school year thereafter, the revenue ceiling is the revenue ceiling for the previous school year as adjusted for any increase in the consumer price index.

7. Currently, if at least 50 percent of a school district’s enrollment is eligible for a free or reduced-price lunch under the federal school lunch program, the school
district is eligible for a prorated share of the amount appropriated as high-poverty aid. This bill eliminates this aid beginning in the 2018-19 school year. The bill provides additional state aid for the 2018-19 school year to hold school districts harmless from the loss of high-poverty aid.

8. Under current law, the state annually pays each school district an amount equal to its average enrollment in the current and two preceding school years multiplied by $450 in the 2017-18 school year, $654 in the 2018-19 school year, and $630 in each school year thereafter. This bill eliminates this per pupil aid after the 2017-18 school year.

9. Currently, $75,000,000 in school aid payments is delayed until the following school year. Beginning in the 2018-19 school year, this bill delays $972,400,000 in school aid payments until the following school year.

10. In the school district equalization aid formula, the guaranteed evaluations represent the amount of property tax base support that the state guarantees behind each pupil. There are three guaranteed valuations used; each applies to a different level of expenditures. The first level is for expenditures up to the primary cost ceiling of $1,000 per pupil. The second level is for costs per pupil that exceed $1,000 but are less than the secondary cost ceiling, which is set at 90 percent of the prior school year statewide shared cost per pupil. This bill changes the secondary cost ceiling to 100 percent of the prior school year statewide shared cost per pupil.

11. The bill eliminates the school levy property tax credit and the first dollar property 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:

SECTION 1. 20.255 (2) (ac) of the statutes is amended to read:

The amounts in the schedule A sum sufficient for the payment of educational aids under ss. 121.08, 121.09, 121.095, 121.105, 121.137 and subch. VI of ch. 121 equal to the amount determined by the joint committee on finance under s. 121.15 (3m) (c) in the 2018-19 fiscal year and biennially thereafter, and equal to the amount determined by law in the 2019-20 fiscal year and biennially thereafter.

SECTION 2. 20.255 (2) (aq) of the statutes is repealed.

SECTION 3. 20.255 (2) (bi) of the statutes is created to read:
20.255 (2) (bi) **Hold harmless aid.** A sum sufficient for hold harmless aid to school districts under s. 121.10.

**SECTION 4.** 79.10 (4) of the statutes is amended to read:

79.10 (4) **SCHOOL LEVY TAX CREDIT.** Except as provided in sub. (5m), the amount appropriated under s. 20.835 (3) (b) shall be distributed to municipalities in proportion to their share of the sum of average school tax levies for all municipalities. No municipality shall receive a payment under this subsection after 2018.

**SECTION 5.** 79.10 (5m) of the statutes is amended to read:

79.10 (5m) **FIRST DOLLAR CREDIT.** Each municipality shall receive, from the appropriation under s. 20.835 (3) (b), an amount determined by multiplying the school tax rate by the estimated fair market value, not exceeding the value determined under sub. (11) (d), of every parcel of real property with improvements that is located in the municipality. No municipality shall receive a payment under this subsection after 2018.

**SECTION 6.** 79.14 of the statutes, as affected by 2017 Wisconsin Act 59, is amended to read:

79.14 **School levy tax credit.** The appropriation under s. 20.835 (3) (b), for the payments under s. 79.10 (4), is $319,305,000 in 1994, 1995, and 1996; $469,305,000 beginning in 1997 and ending in 2006; $593,050,000 in 2007; $672,400,000 in 2008; $747,400,000 in 2009; $732,550,000 in 2010, 2011, and 2012; $747,400,000 in 2013, 2014, and 2015; $853,000,000 in 2016 and 2017; and $940,000,000 in 2018 and in each year thereafter.

**SECTION 7.** 79.15 of the statutes is amended to read:

79.15 **Improvements credit.** The total amount paid each year to municipalities from the appropriation account under s. 20.835 (3) (b) for the
payments under s. 79.10 (5m) is $75,000,000 in 2009, $145,000,000 in 2010, and
thereafter 2018.

SECTION 8. 115.437 of the statutes, as affected by 2017 Wisconsin Act 59, is
repealed.

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

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

SECTION 10. 121.004 (7) (g) of the statutes is created to read:

121.004 (7) (g) A pupil who satisfies the income eligibility criteria for a free or
reduced-price lunch under 42 USC 1758 (b) (1) shall be counted as the number
specified in this subsection for the pupil plus an additional 30 percent of that number.

SECTION 11. 121.07 (6) (d) of the statutes is amended to read:

121.07 (6) (d) The “secondary ceiling cost per member” in the 2001-02 2018-19
school year and in each school year thereafter is an amount determined by dividing
the state total shared cost in the previous school year by the state total membership
in the previous school year and multiplying the result by 0.90.

SECTION 12. 121.10 of the statutes is created to read:

121.10 Hold harmless aid. (1) In this section, “state aid” means the sum of
the following:

(a) The payments made to a school district under ss. 121.08 and 121.105 and
subch. VI.
(b) The payments that would be made to a school district under s. 121.136 if s. 121.136 were still applicable.

(c) The amount that would be received by a school district under s. 79.10 (4) and (5m) if s. 79.10 (4) and (5m) were still applicable.

(2) (a) Except as provided in par. (b), in the 2018-19 school year, if a school district would receive less in equalization aid under s. 121.08 in the current school year before any adjustment is made under s. 121.15 (4) (b) than it would have received in state aid in the current school year, the department shall pay to the school district the amount equal to the difference.

(b) If a school district from which territory was detached to create a new school district under s. 117.105 would receive in equalization aid under s. 121.08 in the school year beginning on the first July 1 following the effective date of the reorganization less than the amount determined as follows, the department shall pay to the school district the difference between the former amount and the amount determined as follows:

1. Divide the school district’s membership in the preceding school year by the school district’s membership in the 2nd preceding school year.

2. Multiply the amount of state aid that would have been received by the school district in the preceding school year, as adjusted under s. 121.15 (4) (b) in the current school year, by the quotient under subd. 1.

(3) In the school year in which a school district consolidation takes effect under s. 117.08 or 117.09 and in each of the subsequent 4 school years, if the consolidated school district’s equalization aid is less than the aggregate state aid to which the consolidating school districts would have been eligible in the school year prior to the
school year in which the consolidation takes effect, the department shall pay the
difference to the consolidated school district.

(4) Additional aid under this section shall be paid from the appropriation under
s. 20.255 (2) (bi). No aid may be paid under this section after the 2018-19 school year.

SECTION 13. 121.105 (2) (am) 1. of the statutes is amended to read:

121.105 (2) (am) 1. Except as provided in subd. 2., if a school district would
receive less in state aid in the current school year before any adjustment is made
under s. 121.15 (4) (b) than an amount equal to \( \frac{85}{90} \) percent of the amount of state
aid that it received in the previous school year, as adjusted under s. 121.15 (4) (b) in
the current school year, its state aid for the current school year shall be increased to
an amount equal to \( \frac{85}{90} \) percent of the state aid received in the previous school year.

SECTION 14. 121.105 (2) (am) 2. (intro.) of the statutes is amended to read:

121.105 (2) (am) 2. (intro.) If a school district from which territory was detached
to create a new school district under s. 117.105 would receive in state aid in the school
year beginning on the first July 1 following the effective date of the reorganization
less than \( \frac{85}{90} \) percent of the amount determined as follows, its state aid in the school
year beginning on the first July 1 following the effective date of the reorganization
shall be increased to an amount equal to \( \frac{85}{90} \) percent of the amount determined as
follows:

SECTION 15. 121.105 (5) of the statutes is created to read:

121.105 (5) A school district’s state aid in any school year may not be less than
an amount equal to $3,000 multiplied by the school district’s membership.

SECTION 16. 121.136 (3) of the statutes is created to read:

121.136 (3) No aid may be paid under this section after June 30, 2018.
SECTION 17. 121.15 (1m) (a) (intro.) and 3. of the statutes are consolidated, renumbered 121.15 (1m) (a) and amended to read:

121.15 (1m) (a) Notwithstanding subs. (1) and (1g), a portion of state aid to school districts shall be distributed as follows: 3. Beginning beginning in the 1999-2000 2018-19 school year, annually the state shall pay to school districts, from the appropriation under s. 20.255 (2) (ac), $75,000,000 $972,400,000 on the 4th Monday in July of the following school year.

SECTION 18. 121.15 (3m) of the statutes is created to read:

121.15 (3m) (a) In this subsection:

1. “Partial school revenues” means the sum of state school aids, property taxes levied for school districts, and aid paid to school districts under s. 79.095 (4), less all of the following:
   a. The amount of any revenue limit increase under s. 121.91 (4) (a) 2. due to a school board’s increasing the services that it provides by adding responsibility for providing a service transferred to it from another school board.
   b. The amount of any revenue limit increase under s. 121.91 (4) (a) 3.
   c. The amount of any revenue limit increase under s. 121.91 (4) (h).
   d. The amount of any property taxes levied for the purpose of s. 120.13 (19).
   e. An amount equal to the amount estimated to be paid under s. 119.23 (4) and (4m) multiplied by the sum of the applicable percentages specified in s. 121.08 (4) (b) 1. and 2.
   f. The amount by which the property tax levy for debt service on debt that has been approved by a referendum exceeds $490,000,000.

2. “State school aids” means the amounts appropriated under s. 20.255 (1) (b) and (2), other than s. 20.255 (2) (aw), (az), (bb), (dg), (dj), (fm), (fp), (fq), (fr), (fs), (fu),
(f), (k), and (m), the amount appropriated under s. 20.505 (4) (es), and the amount, as determined by the secretary of administration, of the appropriation under s. 20.505 (4) (s) allocated for payments to telecommunications providers under contracts with school districts and cooperative educational service agencies under s. 16.971 (13), for grants to school district consortia under s. 16.997 (7), and to make educational technology teacher training grants under s. 16.996.

(b) By May 15, 2018, and annually by May 15 thereafter, the department, the department of administration, and the legislative fiscal bureau shall jointly certify to the joint committee on finance an estimate of the amount necessary to appropriate under s. 20.255 (2) (ac) in the following school year to ensure that state school aids equal the following portion of partial school revenues:

1. For the 2018–19 school year, 64.5 percent.
2. For the 2019–20 school year, 65.2 percent.
3. For the 2020–21 school year, 65.9 percent.
4. For the 2021–22 school year and each school year thereafter, two-thirds.

(c) By June 30, 2018, and biennially by June 30 thereafter, the joint committee on finance shall determine the amount appropriated under s. 20.255 (2) (ac) in the following school year.

SECTION 19. 121.90 (2) (am) 1. of the statutes is amended to read:

121.90 (2) (am) 1. Aid under ss. 121.08, 121.09, 121.10, 121.105, and 121.136 and subch. VI, as calculated for the current school year on October 15 under s. 121.15 (4) and including adjustments made under s. 121.15 (4).

SECTION 20. 121.905 (1) of the statutes is amended to read:

121.905 (1) In this section, “revenue ceiling” means $9,000 in the 2011–12 school year and in the 2012–13 school year and $9,100 in the 2013–14 2017–18 school
year, $9,500 in the 2018–19 school year, $9,900 in the 2019–20 school year, and in any
subsequent each school year thereafter, the amount under this subsection for the
previous school year multiplied by the sum of 1.0 plus the allowable rate of increase
under s. 73.0305 expressed as a decimal.

SECTION 21. 121.905 (3) (c) 6. of the statutes is amended to read:
121.905 (3) (c) 6. For the limit for the 2015–16, 2016–17, and 2017–18 school
year or any school year thereafter years, make no adjustment to the result under par.
(b).

SECTION 22. 121.905 (3) (c) 7. of the statutes is created to read:
121.905 (3) (c) 7. For the limit for the 2018–19 school year, add $300 to the
result under par. (b).

SECTION 23. 121.905 (3) (c) 8. of the statutes is created to read:
121.905 (3) (c) 8. For the limit for the 2019–20 school year and any school year
thereafter, add the result under s. 121.91 (2m) (j) 2. to the result under par. (b).

SECTION 24. 121.91 (2m) (i) (intro.) of the statutes is amended to read:
121.91 (2m) (i) (intro.) Except as provided in subs. (3), (4), and (8), no school
district may increase its revenues for the 2015–16, 2016–17, and 2017–18 school year
or for any school year thereafter years to an amount that exceeds the amount
calculated as follows:

SECTION 25. 121.91 (2m) (im) of the statutes is created to read:
121.91 (2m) (im) Except as provided in subs. (3), (4), and (8), no school district
may increase its revenues for the 2018–19 school year to an amount that exceeds the
amount calculated as follows:

1. Divide the sum of the amount of state aid received in the previous school year
and property taxes levied for the previous school year, excluding property taxes
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levied for the purpose of s. 120.13 (19) and excluding funds described under sub. (4) (c), by the average of the number of pupils enrolled in the 3 previous school years.

2. Add $300 to the result under subd. 1.

3. Multiply the result under subd. 2. by the average of the number of pupils enrolled in the current school year and the 2 preceding school years.

Section 26. 121.91 (2m) (j) of the statutes is created to read:

121.91 (2m) (j) Except as provided in subs. (3), (4), and (8), no school district may increase its revenues for the 2019-20 school year or for any school year thereafter to an amount that exceeds the amount calculated as follows:

1. Divide the sum of the amount of state aid received in the previous school year and property taxes levied for the previous school year, excluding property taxes levied for the purpose of s. 120.13 (19) and excluding funds described under sub. (4) (c), by the average of the number of pupils enrolled in the 3 previous school years.

2. Multiply the amount of the revenue increase per pupil allowed under this subsection for the previous school year by the sum of 1.0 plus the allowable rate of increase under s. 73.0305 expressed as a decimal.

3. Add the result under subd. 1. to the result under subd. 2.

4. Multiply the result under subd. 3. by the average of the number of pupils enrolled in the current and the 2 preceding school years.

Section 27. 121.91 (2m) (r) 1. (intro.) of the statutes is amended to read:

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

Section 28. 121.91 (2m) (r) 1. b. of the statutes is amended to read:
121.91 (2m) (r) 1. b. Add an amount equal to the amount of revenue increase per pupil allowed under this subsection for the previous school year multiplied by the sum of 1.0 plus the allowable rate of increase under s. 73.0305 expressed as a decimal to the result under subd. 1. a., except that in calculating the limit for the 2013–14 school year and the 2014–15 school year, add $75 to the result under subd. 1. a., and in calculating the limit for the 2015–16, 2016–17, and 2017–18 school year and any school year thereafter, make no adjustment to the result under subd. 1. a., in calculating the limit for the 2018–19 school year, add $300 to the result under subd. 1. a., and in calculating the limit for the 2019–20 school year and any school year thereafter, add the amount calculated under par. (j) 3. for that school year to the result under subd. 1. a.

**SECTION 29.** 121.91 (2m) (s) 1. (intro.) of the statutes is amended to read:

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

**SECTION 30.** 121.91 (2m) (s) 1. b. of the statutes is amended to read:

121.91 (2m) (s) 1. b. Add an amount equal to the amount of revenue increase per pupil allowed under this subsection for the previous school year multiplied by the sum of 1.0 plus the allowable rate of increase under s. 73.0305 expressed as a decimal to the result under subd. 1. a., except that in calculating the limit for the 2013–14 school year and the 2014–15 school year, add $75 to the result under subd. 1. a., and in calculating the limit for the 2015–16, 2016–17, and 2017–18 school year and any school year thereafter, make no adjustment to the result under subd. 1. a., in
calculating the limit for the 2018-19 school year, add $300 to the result under subd. 1. a., and in calculating the limit for the 2019-20 school year and any school year thereafter, add the amount calculated under par. (j) 3. for that school year to the result under subd. 1. a.

**SECTION 31.** 121.91 (2m) (t) 1. (intro.) of the statutes is amended to read:

121.91 (2m) (t) 1. (intro.) If 2 or more school districts are consolidated under s. 117.08 or 117.09, except as follows, in the 2013-14 school year and the 2014-15 school year, the consolidated school district’s revenue limit shall be determined as provided under par. (hm), and in the 2015-16, 2016-17, and 2017-18 school years and in each school year thereafter, the consolidated school district’s revenue limit shall be determined as provided under par. (i), in the 2018-19 school year, the consolidated school district’s revenue limit shall be determined as provided under par. (im), and in the 2019-20 school year and in each school year thereafter, the consolidated school district’s revenue limit shall be determined as provided under par. (j):

**SECTION 32. Nonstatutory provision.**

(1) **SECONDARY GUARANTEE.** Notwithstanding section 121.07 (7) (b) of the statutes, for the purpose of setting the secondary guaranteed valuation per member in the 2018-19 school year, the department of public instruction shall treat the appropriation under section 20.255 (2) (ac) of the statutes as if an additional $897,400,000 were appropriated in the 2018-19 fiscal year.

**SECTION 33. Fiscal change.**

(1) **HIGH POVERTY AID.** In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of public instruction under section 20.255
(2) (bb) of the statutes, the dollar amount for fiscal year 2018–19 is decreased by $16,830,000 for the purposes for which the appropriation is made.

SECTION 34. Initial applicability.

(1) STATE AID. The treatment of sections 20.255 (2) (ac), 121.004 (7) (a) and (g), 121.07 (6) (d), and 121.105 (2) (am) 1. and 2. (intro.) and (5) of the statutes first applies to the distribution of school aid in, and the calculation of revenue limits for, the 2018–19 school year.

(2) DELAYED PAYMENT. The treatment of section 121.15 (1m) (a) (intro.) and 3. of the statutes first applies to the payment made under section 121.15 (1m) (a) of the statutes on the 4th Monday in July 2019.

SECTION 35. Effective dates. This act takes effect on the day after publication, except as follows:

(1) PER PUPIL AID. The treatment of sections 20.255 (2) (aq) and 115.437 of the statutes takes effect on July 1, 2018.

(END)