

2019 DRAFTING REQUEST**Assembly Amendment (AA-AB56)**

For: **Legislative Fiscal Bureau** Drafter: **fknepp**
 By: **Pugh** Secondary Drafters:
 Date: **5/28/2019** May Contact:

Same as LRB:

Submit via email: **YES**
 Requester's email:
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Pre Topic:

LFB:.....Pugh -

Topic:

Motion #94, Fair funding for our future

Instructions:

Motion #94 - yank Fair funding for our future

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	fknepp 5/28/2019				
/P1	fknepp 6/4/2019	wjackson 5/28/2019	jmurphy 5/28/2019		
/P2		csicilia 6/4/2019	lparisi 6/4/2019		

FE Sent For:

<END>

Yank remaining parts of Fair Funding draft

Agency	Type and Purpose of Aid	2018-19	Governor		2019-21 Change to	
		Base Year	2019-20	2020-21	Base Year Doubled	Amount
Categorical Aid--PR Funded						
DPI	AODA	\$1,284,700	\$1,284,700	\$1,284,700	\$0	0.0%
	Tribal Language Revitalization Grants	222,800	222,800	485,000	262,200	58.8
	Total Categorical Aid--PR Funded	\$1,507,500	\$1,507,500	\$1,769,700	\$262,200	8.7%
Categorical Aid--SEG Funded						
DPI	School Library Aids	\$37,000,000	\$37,900,000	\$38,800,000	\$2,700,000	3.6%
DOA	Educ. Telecommunications Access Support ****	15,984,200	9,959,200	9,959,200	-12,050,000	-37.7
	Total Categorical Aid--SEG Funded	\$52,984,200	\$47,859,200	\$48,759,200	-\$9,350,000	-8.8%
	Total Categorical Aid--All Funds	\$1,226,079,400	\$1,358,282,300	\$1,854,750,800	\$760,874,300	31.0%
	Total School Aid--All Funds	\$5,899,757,400	\$6,236,960,300	\$8,032,250,800	\$2,469,696,300	20.9%

* Reflects the total amount of funding to be distributed through the formula for the 2019-20 school year; does not include the \$75 million in funding appropriated in 2019-20 to buy back the current law delayed aid payment.

** Reflects the total amount of funding to be distributed through the formula for the 2020-21 school year; includes the \$1,090 million in property tax credit funding that would be reallocated to general aid but still paid in the 2021-22 fiscal year.

*** Appropriations previously made under other agencies but transferred to DPI and included as categorical aids under the bill.

**** Not all of the funding shown in 2018-19 may go to school districts.

2. GENERAL SCHOOL AID BASE FUNDING INCREASE

GPR	\$611,322,000
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Governor: Provide \$205,000,000 in 2019-20 and \$406,322,000 in 2020-21 for general school aids. Base level funding is \$4,656,848,000.

3. BUYBACK OF CURRENT LAW GENERAL SCHOOL AID PAYMENT DELAY

GPR	\$75,000,000
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Governor: Provide \$75,000,000 in 2019-20 for general school aids and, beginning in the 2019-20 school year, delete the current law provisions under which the state annually pays that amount of aid on a delayed basis on the fourth Monday in July of the following school year. To distribute the correct amount of funding, specify that, for the purpose of calculating general school aid in the 2019-20 school year, DPI would treat the appropriation as if there were no buyback.

Under current law, equalization aid is distributed to districts according to the following payment schedule: 15% on the third Monday in September; 25% on the first Monday in December; 25% on the fourth Monday in March; and 35% on the third Monday in June. Total aid entitlements on each of the four dates are reduced by the percentage that generates the \$75 million amount for the school year.

[Bill Sections: 1708 and 9134(1)(a)]

4. TWO-THIRDS FUNDING OF PARTIAL SCHOOL REVENUES

Governor: Beginning in 2020-21, restore the requirement that that state fund two-thirds of

K-12 partial school revenues and the associated statutory provisions that existed prior to its repeal in the 2003-05 biennial budget, as modified to reflect changes to K-12 funding provisions in the intervening time.

Define "partial school revenues" as the sum of state school aids, property taxes levied for school districts, and computer aid payments to school districts, less the following: (a) the amount of any revenue limit increase 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 due to a school board increasing the services that it provides by adding responsibility for providing a service that is transferred to it from another governmental unit for a child with a disability or for a limited-English proficient pupil; (c) the amount of any revenue limit increase due to a district depositing funds into a specified capital improvement fund; (d) the amount of property taxes levied for community service activities; (e) an amount equal to the net general aid reduction to the Milwaukee Public Schools' aid entitlement related to the Milwaukee private school choice program; and (f) the amount by which the property tax levy for debt service on referenda-approved debt referendum exceeds \$490 million.

Define "state school aids" as the amounts appropriated under s. 20.255(2), which is the statutory subsection containing the aids for local educational programming, less the appropriations for federal and program revenue aid appropriations and the appropriations for the private school choice, independent charter school, and special needs scholarship programs, which are also under s. 20.255(2), plus the general program operations appropriation for the program for the deaf and hard of hearing and the center for the blind and visually impaired, plus the DOA appropriation for debt service costs for educational technology infrastructure financial assistance to school districts and the amount, as determined by the DOA Secretary, in the DOA appropriation for telecommunications access for educational agencies allocated for payments to telecommunications providers under contracts with school districts and cooperative educational service agencies and to make information technology infrastructure grants.

Require the Departments of Public Instruction and Administration and the Legislative Fiscal Bureau to jointly certify, by May 15, 2021, and annually by May 15 thereafter, to the Joint Committee on Finance an estimate of the amount necessary to appropriate in the general school aids appropriation in the following school year to ensure that state school aids equal two-thirds of partial school revenues. Require the Joint Committee on Finance, by June 30, 2020, and biennially by June 30 thereafter, to determine the amount appropriated in the general school aids appropriation in following school year. Modify the general school aids appropriation from a sum certain appropriation to a sum sufficient equal to the amount determined by Joint Finance in the 2020-21 fiscal year and biennially thereafter, and equal to the amount determined by law in the 2021-22 fiscal year and biennially thereafter.

[Bill Sections: 140, 170, and 9334(1)]

5. REALLOCATE PROPERTY TAX CREDIT FUNDING TO GENERAL SCHOOL AIDS APPROPRIATION

Governor: Eliminate the school levy tax credit and the first dollar tax credit beginning with

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the 2020(21) property tax year and, instead, distribute the base level of funding (\$1,090 million) through the general school aids formula. Specify that the \$1,090 million would be paid to school districts on the fourth Monday in July of the following school year, similar to the current law \$75 million delayed payment of general school aid. Because the two credits are paid on a delayed basis in July under current law, there would be no increase in general fund expenditures in the 2019-21 biennium under this item. To distribute the correct amount of funding, specify that, for the purpose of calculating general school aid in the 2020-21 school year, DPI would treat the appropriation as if there were no payment delay. [See "Shared Revenue and Tax Relief -- Property Tax Credits" for more information on this item.]

A major objective of the equalization aid formula is tax base equalization. The formula operates under the principle of equal tax rate for equal per pupil expenditures. Districts with low per pupil property valuations receive a larger share of their costs through the formula than districts with high per pupil property valuations. The school levy tax credit (\$940 million in 2018-19) is distributed based on each municipality's share of statewide levies for school purposes during the preceding three years multiplied by the annual amount appropriated for the credit and allocated proportionately to reduce individual owners' property tax bills. The first dollar credit (\$150 million in 2018-19) is extended to each taxable parcel of real estate on which improvements are located and is calculated by multiplying the property's gross school tax rate by a credit base value determined by the Department of Revenue or the property's fair market value, whichever is less. These credits are shared with all levying units through the tax settlement process.

[Bill Sections: 1709 and 9134(1)(b)]

6. REALLOCATE HIGH POVERTY AID TO GENERAL SCHOOL AIDS APPROPRIATION

Governor: Eliminate high poverty aid and reallocate base funding of \$16,830,000 to the general school aids appropriation, beginning in 2020-21.

High poverty aid is distributed to districts with at least 50% of their enrollment eligible for free or reduced-price lunch. Aid per pupil is calculated by dividing the amount of funding appropriated by the total membership in all eligible districts, with a district's total payment determined by multiplying that amount by each district's membership.

~~X~~ [Bill Section: 1706]

7. WEIGHTING ECONOMICALLY DISADVANTAGED PUPILS IN PROPERTY VALUES

Governor: Specify that each economically disadvantaged pupil would be weighted by an additional 20% (be counted as 1.2 pupil rather than 1.0 pupil) for purposes of the membership count used in calculating equalized value per member under the general school aids formula, beginning with the 2020-21 distribution of general school aids. This would be accomplished by adding 20% of the number of pupils who satisfy the income eligibility criteria for a free or reduced-

price lunch to each school district's membership for this calculation. DPI indicates that pupil membership would have increased by 63,900 (from 319,600 economically disadvantaged pupils) had the provision been in effect for the 2018-19 aid year.

Under current law, each full-time pupil in grades 1 through 12 is counted as 1.0 pupil in membership. Five-year-old kindergarten students are counted on a full-time equivalency basis, and four-year-old kindergarten students are counted as 0.5 or 0.6 pupil, depending upon the amount of outreach programming provided. The effect of using an additional 20% weight for low-income pupils when calculating equalized value per member is that the value per member calculation for districts with such pupils would be lower than under current law. Because each district's value per member is compared to three guarantees under the equalization formula, with the formula supplying aid to fund the portion of guaranteed tax base that the district is missing, a district that under this item has a lower value per member will generally receive more aid than otherwise. This provision would not, however, automatically result in a district receiving 20% more in aid for each low-income pupil.

[Bill Sections: 1696 thru 1698 and 9334(1)]

8. SPECIAL ADJUSTMENT AID

Governor: Specify that special adjustment aid would be calculated based on 90% of a district's prior year general aid payment, beginning with the 2020-21 distribution of general school aids.

Under current law, special adjustment aid is equal to the amount needed to make an eligible district's total general aid eligibility equal to 85% of the district's prior year general aid payment. This item would raise the percentage to 90%, further limiting year-to-year declines in a district's general aid payment.

[Bill Sections: 1703, 1704, and 9334(1)]

9. MINIMUM AID

Governor: Beginning with the 2020-21 distribution of general school aids, specify that if the sum of a school district's equalization and special adjustment aid entitlements is less than an amount equal to \$3,000 per pupil multiplied by the district's aid membership, minimum aid would be paid in an amount equal to the difference between those two numbers.

Under current law, the formula does not include any provision relating to minimum aid, so that a school district with equalized value per member in excess of the primary guarantee (\$1,930,000 per member) will not receive aid, although it may qualify for special adjustment aid. However, under current law, property taxpayers in every school district benefit from the school levy tax credit. Those taxpayers with an improvement on each taxable parcel benefit from the first dollar credit. These credits would be eliminated under the bill.

[Bill Sections: 1702, 1705, and 9334(1)]

10. SECONDARY COST CEILING

Governor: Set the secondary cost ceiling at 100% of the prior year statewide shared cost per member, beginning with the 2020-21 distribution of general school aids.

Under current law, the secondary cost ceiling is set at 90% of the prior year statewide shared cost per member. Had this item applied for the 2018-19 aid distribution, the secondary cost ceiling would have been \$10,810, rather than \$9,729 as under current law. Under this item, more costs would have been aided at the secondary level with its more generous guarantee, so that the lower level of state aid under the tertiary guarantee would only apply to school districts for shared costs that exceed the statewide average.

[Bill Sections: 1695 and 9334(1)]

11. HOLD HARMLESS AID

GPR	\$7,500,000
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Governor: Create a sum sufficient appropriation from the general fund for hold harmless aid, and provide \$7,500,000 for payments in 2020-21. Specify that if a school district would receive less in equalization aid in 2020-21, before any prior year aid adjustments are made, than it would receive from the sum of general aid, the school levy credit had it still been applicable, and high poverty aid had it still been applicable, the Department would pay the district an amount equal to the difference. Provide that, for a district from which territory is detached to create a new district, the district's prior year aid total would be adjusted by the proportion of pupil membership remaining in the district after the detachment. Provide that, for a consolidated school district, the district's prior year aid total would be the sum of the amounts received by the separate districts prior to consolidation.

Specify that hold harmless aid would be a general aid under revenue limits. Specify that no hold harmless aid could be paid after the 2020-21 school year.

[Bill Sections: 141, 1701, and 1720]

12. REVENUE LIMIT PER PUPIL ADJUSTMENT

Governor: Set the per pupil adjustment under revenue limits at \$200 in 2019-20 and \$204 in 2020-21 and restore the prior law inflationary adjustment beginning in 2021-22.

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Under revenue limits, the amount of revenue a school district can raise from general school aids, property taxes, and exempt property aids is restricted. A district's base revenue in a given year is equal to the restricted revenues received in the prior school year. Base revenue is divided by the average of the district's enrollments in the prior three years to determine its base revenue per pupil. Under current law, in 2018-19 and each year thereafter, no per pupil adjustment is made to base revenue per pupil to determine a district's current year revenue per pupil. Current year revenue per pupil is then multiplied by the average of the district's enrollments in the current and prior two years to determine the district's initial revenue limit.



State of Wisconsin
2019 - 2020 LEGISLATURE

LRBb02382
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WJ

IN 5-28

LFB:.....Pugh - Motion #94, Fair funding for our future

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION
ASSEMBLY AMENDMENT ,
TO ASSEMBLY BILL 56

- 1 At the locations indicated, amend the bill as follows:
- 2 √ **1.** Page 376, line 6: delete lines 6 to 12.
- 3 √ **2.** Page 893, line 5: delete lines 5 to 21.
- 4 √ **3.** Page 894, line 10: delete the material beginning with that line and ending
- 5 with page 896, line 21.
- 6 √ **4.** Page 896, line 23: delete the material beginning with that line and ending
- 7 with page 897, line 2.
- 8 √ **5.** Page 897, line 7: delete the material beginning with that line and ending
- 9 with page 898, line 12.
- 10 √ **6.** Page 902, line 6: delete lines 6 to 9.

1 ✓ **7.** Page 902, line 11: delete lines 11 to 18 and substitute:

2 “**SECTION 1722f.** 121.905 (1) (a) of the statutes is amended to read:

3 121.905 (1) (a) Except as provided in par. (b), in this section, “revenue ceiling”
4 means \$9,100 in the 2017-18 school year, \$9,400 in the 2018-19 school year, \$9,500
5 in the 2019-20 school year, \$9,600 in the 2020-21 school year, \$9,700 in the 2021-22
6 2019-20 school year, and \$9,800 \$10,000 in the 2022-23 2020-21 school year and in
7 any subsequent school year.”.

History: 1995 a. 27; 1997 a. 27, 113, 164, 286; 1999 a. 9, 32; 2001 a. 16; 2003 a. 33; 2005 a. 25, 219; 2007 a. 20; 2009 a. 28; 2011 a. 32; 2013 a. 20; 2017 a. 141.

8 ✓ **8.** Page 1114, line 16: delete lines 16 to ~~24~~ ²⁰.

9 ✓ **9.** Page 1134, line 21: delete lines 21 to 25.

10

(END)

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Instructions from Russ

- delete section 141 - (p. 376 lines 13-15)
- revenue ceiling language

~~revise to use caps refer~~

use fewer references to school year
apply \$10,000 to any subsequent
school year.

move \$10,000 ~~aw~~ to the end of
the sentence



State of Wisconsin
2019 - 2020 LEGISLATURE

LRBb0238/P1
FFK:wlj

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↓
ajs

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TO ASSEMBLY BILL 56**

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- 10 **6.** Page 902, line 6: delete lines 6 to 9.

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121.905 (1) (a) Except as provided in par. (b), in this section, “revenue ceiling” means \$9,100 in the 2017-18 school year, \$9,400 in the 2018-19 school year, \$9,500 in the 2019-20 school year, \$9,600 in the 2020-21 school year, \$9,700 in the 2021-22 2019-20 school year, and \downarrow $\$9,800$ \downarrow $\$10,000$ in the 2022-23 \downarrow $\$10,000$ school year and in \downarrow each any subsequent school year”.

8. Page 1114, line 16: delete lines 16 to 20.

9. Page 1134, line 21: delete lines 21 to 25.

(END)



State of Wisconsin
2019 - 2020 LEGISLATURE

LRBb0238/P2
FFK:wj&cjs

LFB:.....Pugh - Motion #94, Fair funding for our future

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION
ASSEMBLY AMENDMENT ,
TO ASSEMBLY BILL 56

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