



State of Wisconsin
2025 - 2026 LEGISLATURE

LRB-1850/1

FFK:emw

2025 SENATE BILL 32

February 12, 2025 - Introduced by Senator TOMCZYK, cosponsored by Representatives FRANKLIN, BEHNKE, STEFFEN, VOS, WICHGERS and ALLEN. Referred to Committee on Education.

1 **AN ACT** *to amend* 118.24 (1), 119.44 (2) (c) and 121.085 (1); *to create* 120.18 (1)
2 (h) and 121.10 of the statutes; **relating to:** requiring a school board to spend
3 at least 70 percent of its operating expenditures on direct classroom
4 expenditures and annual pay increases for school administrators.

Analysis by the Legislative Reference Bureau

This bill requires school boards to spend a minimum amount of operating expenditures on direct classroom expenditures and limits annual compensation increases for school administrators.

REQUIREMENT TO SPEND 70 PERCENT OF OPERATING EXPENDITURES ON DIRECT CLASSROOM COSTS

The bill requires each school board to spend at least 70 percent of its operating expenditures in each school year on direct classroom expenditures. Under the bill, "direct classroom expenditures" are expenditures for salaries and benefits of teachers and teacher aides, instructional supplies, tuition, athletic programs, and cocurricular activities.

Under the bill, if a school board fails to meet the 70 percent threshold in any school year, the school board must increase the amount spent on direct classroom expenditures by at least 2 percent in each succeeding school year until the 70 percent level is reached. In addition, in the school year following a school year in which a school board fails to meet the 70 percent threshold, the bill directs the

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Department of Public Instruction to reduce the school district's state aid payments by the difference between what the school board spent on direct classroom expenditures and the minimum that it should have spent on direct classroom expenditures and prohibits the school board from levying additional property taxes to compensate for the reduction. Finally, if the total reduction in state aid and other state payments does not cover a school board's excess expenditures, DPI must order the school board to reduce the property tax obligations of its taxpayers, including providing refunds to taxpayers who have already paid their annual taxes, by an amount that represents the amount of excess expenditures that have not been recovered through the state aid reductions.

**LIMITATION ON ANNUAL COMPENSATION INCREASES FOR SCHOOL
ADMINISTRATORS**

The bill limits the amount a school board may increase the total compensation paid to a school district administrator, business manager, or school principal, or an assistant to any of those positions (collectively, school administrators), to the average annual percentage increase in total compensation that the school board provided to teachers in the school district.

Under current law, the term of a school administrator contract is limited to no more than two years but may provide for additional one year extensions. The pay increase limitation created in the bill first applies to contracts entered into, renewed, or modified on the date the bill becomes law.

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. 118.24 (1) of the statutes is amended to read:

118.24 (1) A school board may employ a school district administrator, a business manager, and school principals and assistants to such persons. The term of each employment contract may not exceed 2 years. A contract for a term of 2 years may provide for one or more extensions of one year each. In an employment contract under this subsection, a school board may not provide a school district administrator, business manager, or school principal, or an assistant to such a person, an annual percentage increase in total compensation that is greater than

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1 the average annual percentage increase in total compensation provided to teachers
2 in the school district.

3 **SECTION 2.** 119.44 (2) (c) of the statutes is amended to read:

4 119.44 (2) (c) The information specified under s. 120.18 (1) (gm), (h), and (i).

5 **SECTION 3.** 120.18 (1) (h) of the statutes is created to read:

6 120.18 (1) (h) The percentage of the school district's total operating
7 expenditures that were spent during the school year on direct classroom
8 expenditures, as defined in s. 121.10 (1) (a).

9 **SECTION 4.** 121.085 (1) of the statutes is amended to read:

10 121.085 (1) The department shall make state aid adjustments under ~~s. ss.~~
11 118.51 (16) and (17) and 121.10 before making a reduction under s. 115.7915 (4m)
12 (f), 118.40 (2r) (g) or (2x) (f), or 118.60 (4d) (b).

13 **SECTION 5.** 121.10 of the statutes is created to read:

14 **121.10 Classroom expenditures. (1) DEFINITIONS.** In this section:

15 (a) "Direct classroom expenditures" means expenditures for salaries and
16 benefits of teachers and teacher aides, instructional supplies, tuition, athletic
17 programs, and cocurricular activities.

18 (b) "Excess expenditures" means the amount determined as follows, if a
19 positive number:

20 1. Multiply the school district's total operating expenditures by 0.7.

21 2. Subtract from the product under subd. 1. the amount spent by the school
22 district for direct classroom expenditures.

23 **(2) CLASSROOM EXPENDITURES; MINIMUM AMOUNT.** (a) Annually, the school

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1 board shall spend at least 70 percent of a school district's total operating
2 expenditures on direct classroom expenditures.

3 (b) If in any school year a school board spends less than 70 percent of the
4 school district's total operating expenditures on direct classroom expenditures, the
5 school board shall increase the percentage spent on direct classroom expenditures
6 by at least 2 percent each succeeding school year until the 70 percent level is
7 attained.

8 **(3) STATE AID REDUCTION.** The state superintendent shall do all of the
9 following:

10 (a) Deduct from the state aid payment to a school district under s. 121.08 in
11 the school year following any school year in which the school district violated sub.

12 (2) (a) an amount equal to the excess expenditures for the school district or the
13 amount of those aids, whichever is less.

14 (b) If the amount of the deduction under par. (a) is insufficient to cover the
15 excess expenditures, deduct from the other state aid payments to the school district
16 in the school year following the school year in which the school district violated sub.

17 (2) (a) an amount equal to the remaining excess expenditures or the amount of
18 those payments, whichever is less.

19 (c) If the amount of the deductions under pars. (a) and (b) is insufficient to
20 cover the excess expenditures, order the school board to reduce the property tax
21 obligations of its taxpayers by an amount that represents the remainder of the
22 excess expenditures. The school district's refunds to taxpayers who have already
23 paid their taxes shall be increased by interest at the rate of 0.5 percent per month.

24 If the school board violates the order, any resident of the school district may seek

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injunctive relief. This paragraph does not apply to property taxes levied for the purpose of paying the principal and interest on valid bonds or notes issued by the school board.

(d) Ensure that the amount of the aid deductions under this subsection does not affect the amount determined to be received by a school district as state aid under s. 121.08 for any other purpose.

SECTION 6. Initial applicability.

(1) The treatment of s. 118.24 (1) first applies to a contract that is entered into, renewed, or modified on the effective date of this subsection.

SECTION 7. Effective dates. This act takes effect on July 1, 2026, except as follows:

(1) The treatment of s. 118.24 (1) and SECTION 6 (1) take effect on the day after publication.

(END)