


CHANZ GREEN
STATE REPRESENTATIVE • 74TH ASSEMBLY DISTRICT

September 28th, 2023

Testimony on Assembly Bill 403
Assembly Committee on Education

Thank you, Chairman Kitchens and other Assembly committee members, for having a hearing today on Assembly Bill 403 relating to restrictions on the revenue ceiling for school districts.

Under current law, during the three school years following a school year in which an operating referendum fails in a school district, the school district's revenue limit ceiling is the revenue limit ceiling that applied in the school year during which the referendum was held.

With the state budget being signed into law, it would allow school districts to be eligible for the \$11,000 low revenue ceiling adjustment. This low revenue ceiling adjustment would allow schools to catch up with inflationary increases and help narrow funding disparities between districts.

But with the current provisions that are in place, 19 school districts would be blocked from receiving this adjustment because those districts have had a failed referendum within the last three years.

Assembly Bill 403 would benefit multiple school districts in Wisconsin as it eliminates the provision under which a school district's revenue ceiling is the revenue ceiling from a previous school year because an operating referendum failed in the district.

I am grateful for the opportunity to work on this bill with my colleague from the Senate, Senator Testin. Thank you for your time today, and thank you for your consideration of this bill.



PATRICK TESTIN

STATE SENATOR

DATE: September 28, 2023
RE: **Testimony on Assembly Bill 403**
TO: The Assembly Committee on Education
FROM: Senator Patrick Testin

Thank you Chairman Kitchens and members of the Senate Education Committee for accepting my testimony on behalf of Assembly Bill 403 (AB 403).

Assembly Bill 403 is a very simple bill, but for multiple school districts in our state, it is very important. As most of you know, this biennium's budget bill allowed school districts to be eligible for the \$11,000 low revenue ceiling adjustment. This was done to allow schools to catch up with inflationary increases and to help narrow funding inequalities between districts.

However, provisions in 2017 Act 141 would block nineteen districts from receiving this adjustment because those districts have had a failed referendum within the last three years. So, while most districts with a base revenue per member less than \$11,000 will be able to increase to that level, these school districts will be unfairly penalized and forced to remain at \$10,000.

AB 403 simply allows all low revenue school districts to be eligible for the \$11,000 per pupil limit, regardless if they had been frozen at \$10,000. I hope you can join me in supporting AB 403. Thank you.



To: Assembly Committee on Education
From: Senator Mark Spreitzer
Re: Testimony on Assembly Bill 403
Date: September 28, 2023

Chair Kitchens and committee members:

Thank you for hearing Assembly Bill 403. On behalf of the school districts that I represent in the State Senate, I am grateful for the opportunity to share my strong support for AB 403.

A 2017 law bars school districts from utilizing the low-revenue ceiling increase if they have a failed referendum in the previous three years, creating a three-year lockout period for school districts. AB 403 is a bipartisan bill that simply repeals this aspect of the 2017 law.

This summer, I heard directly from school board members and school administrators in my legislative district about their serious concerns with the impact of this 2017 law due to the passage of 2023 Wisconsin Act 11 and its associated increase in school districts' low-revenue ceiling.

Several school districts in the 15th Senate District would be prevented from utilizing the low-revenue ceiling increase due to a failed referendum that occurred before the passage of Act 11. This would continue to exacerbate financial difficulties for districts that are most in need, and would prevent districts from taking full advantage of the low-revenue ceiling increase recently passed by the legislature. At the time these districts went to referendum, neither the districts nor their voters knew that the legislature would soon pass a significant increase in the low-revenue ceiling.

I am pleased that there is strong bipartisan support for this important bill, and I hope that the committee schedules an executive session on AB 403 soon. Thank you again for the opportunity to submit testimony in favor of this bill. Please reach out to my office with any questions.

Thank you again for the opportunity to testify on this bill. Please do not hesitate to reach out to my office with any questions.

Sincerely,

A handwritten signature in blue ink that reads "Mark Spreitzer".

Mark Spreitzer
State Senator
15th Senate District

15th SENATE DISTRICT



September 28, 2023

Assembly Committee on Education

**Department of Public Instruction Testimony
2023 Assembly Bill 403**

I want to thank Chairman Kitchens and members of the committee for the opportunity to provide testimony on Assembly Bill 403 (AB 403). My name is Kevyn Radcliffe, and I am the Legislative Liaison for the Department of Public Instruction.

DPI supports AB 403.

This bill would eliminate the current law language that imposes the three-year freeze on the applicable Low Revenue Ceiling (LRC) amount for school districts that fail to pass an operating referendum. This limitation on the applicable LRC was enacted under 2017 Act 141.

School District Revenue Limit Calculation / Low Received Ceiling Adjustment

Under current law, school districts are subject to a revenue limit, which controls the revenue a district is allowed to raise from state general aid and the local property tax levy for general school operations (i.e., the revenue limit excludes tax levy for debt service on building projects). The basic calculation for a school district's revenue limit is this: determine the prior year ("base") revenue per pupil, add the allowable per pupil adjustment, and then multiplied by the current year. For FY24 and FY24, the allowable per pupil adjustment is \$325 – every school district will receive that adjustment.

School districts may also be able to incorporate other allowable adjustments to the revenue limit, which has the impact of increasing a district's revenue authority. One of those adjustments is referred to as the low revenue ceiling (LRC). If a school district's current revenue authority per member (which includes the allowable per pupil adjustment for the current year) is less than the LRC for that school year, the school district's revenue authority per member is automatically raised to that LRC level, providing the school district with additional revenue raising capacity that remains in the school district's base revenue going forward (i.e., assuming the school district fully levies for this revenue authority).

The LRC does not ever have the effect of lowering a school district's revenue authority per member. If the school district's current year revenue authority per member already exceeds the LRC amount, the LRC amount becomes moot.

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2017 Act 141

The provisions of 2017 Act 141 were embedded in 2017 AB-0835, introduced in January 2018 and signed into law in March 2018 (Governor Walker).

Under 2017 Act 141, if a school district holds a referendum to increase revenue authority for general school operations and the voters of the school district do not approve the referendum, the school district becomes subject to the LRC amount that was in place the year in which the referendum failed, for the subsequent three school years. This means that even if the LRC amount is increased for school districts generally, the school districts that failed to pass an operating referendum (and whose revenue authority per member is lower than the generally applicable LRC amount) do not benefit from the higher LRC amount that is applicable to all other school districts.

Current law does provide that, for school districts subject to a LRC freeze, if the school district passes a referendum for school operations in any of the three years of the freeze period, the freeze is lifted. As a result, the school district's applicable LRC amount becomes the amount that is generally applicable for all other school districts.

At the time 2017 AB-0835 was being deliberated by the Legislature, the authors of the bill argued that if a community was not willing to approve an operating referendum to increase revenues for school district operations, then the school district should not be enabled to raise its revenue authority via the LRC adjustment. This stance is in direct contrast to the rationale behind creating the LRC adjustment in the first place: school districts that were locked into a relatively low level of revenue authority per member at the time that revenue limits were implemented in 1993 should be enabled to raise their revenue authority per member to a minimal level, i.e., the LRC amount.

DPI did not support 2017 AB-0835, as it conditioned the ability of a school district to utilize the LRC amount on the outcome of school district referenda. Since the enactment of 2017 Act 141, DPI has requested that the provisions be repealed as part of its biennial budget requests.

For the reasons stated above, DPI supports AB 403. If you have questions or would like additional information, please contact Kevyn Radcliffe, Legislative Liaison, at Kevyn.radcliffe@dpi.wi.gov or (608) 264-6716.



School District of Milton

*Opportunity · Achievement
Community*

TO: Committee on Education

FROM: Richard Dahman, Superintendent
Ross MacPherson, Director of Business Services

DATE: September 28, 2023

RE: Support of Assembly Bill 403

The School District of Milton would like to voice our support for Assembly Bill 403. The 2023-25 biennium budget moved the new low revenue ceiling for all K-12 school districts to \$11,000. This established a new minimum threshold that is being withheld from some districts based on a 2017 conflicting law (Act 141). Assembly Bill 403 would correct this issue by repealing Sec. 121.905 in its entirety.

Many Wisconsin districts have operated at the low revenue ceiling for many years. Districts like Milton have pursued referenda in past years due to little or no change to the per pupil adjustment under state revenue limits. The increase to the low revenue ceiling was not identified prior to many district's plans to go to referendum. The change to the 2023-24 low revenue ceiling was not able to be part of planning for any districts when referendum questions were to be considered in April 2023. Act 141 identifies that districts who have a failed referendum cannot access the low revenue ceiling for a period of three years. This holds districts like Milton below the established new lowest revenue threshold in the 2023-25 state budget. For reference, districts were operating with the following sets of information for 2023-24 planning:

- DPI Proposal September 2022 / Governor's Proposal February 2023
 - Low Revenue Ceiling to \$10,350 in FY24 and \$11,000 in FY25
 - Per Pupil \$350 in FY24 and \$650 in FY25
- Act 11 – June 2023
 - Low Revenue Ceiling to \$11,000 in FY24
 - Per Pupil \$325 in FY24 and \$325 in FY25

At the same time the low revenue ceiling was raised, charter payments for non-public school entities passed the low revenue ceiling for the first time. Independent charter schools now receive \$11,385 per pupil (+23%), and Public School Choice now receive \$12,387 per pupil (+37%). School districts must participate in these new amounts and were not subject to voter approval.



School District of Milton

*Opportunity · Achievement
Community*

The implications of Act 141 and established low revenue ceilings in the 2023-25 are counterintuitive. The established \$325/pupil increase in the 2023-25 budget represents less than a 1% increase in available revenue limit resources for Milton in the 2023-24 school year. Access to the low revenue ceiling of \$11,000 would change this considerably but would still be under recent rates of inflation. As one-time sources of revenues from federal aid programs are set to expire in the next year, K-12 resources continue to dwindle while the cost of everything else rises. Please vote in support of Assembly Bill 403.

Respectfully,

Richard Dahman
Superintendent
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Ross MacPherson
Director of Business Services
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SCHOOL DISTRICT OF HORICON

Home of the Marshmen

Dear Members of the Assembly Committee on Education

September 28, 2023

Thank you for allowing me a few moments to address you in support of Assembly Bill 403. The School District of Horicon is a small K-12 district of approximately 850 students nestled in the heart of the Horicon Marsh in Dodge County. We have consistently been a low spending, fiscally conservative district for decades with a \$10,005 revenue limit per pupil for the past two years.

The district sought an Operational Referendum in the Spring of 2023. We held information sessions, wrote articles, emails, and was on the radio to try and inform our public of the needs and impact that this operational referendum support would have. In addition, we also sent out a satisfaction survey to our parents of which we received over 40% return. The overwhelming response was in support of our district and the direction we are going, to include financially supporting the needs of the district. Not one person opposed the referendum at any of the meetings held or any Board of Education meetings. What occurred on election day was a large voter turnout for a non-school related vote. Our referendum failed and this is why I am here.

I am seeking your support of AB 403 to repeal ACT 121 which freezes any revenue limit increase to our district for three years. To freeze the lowest spending, arguably most financially in need districts makes little sense to me. The financial impact that Act 121 has to the School District of Horicon includes:

- \$325 per student times 848 (est. students) = \$275,600 per year or \$826,800 over three years.
- This freeze keeps us and low revenue districts behind others without a mechanism to catch up.
- Cost of Living and increased costs / expenses continue to rise in our district and other districts, this will be more difficult to meet those increases due to this freeze.
- We have utilized all the tools afforded us to keep our spending down and have exhausted all the ESSER dollars that we received.
- Enrollment has gone up in our district which has required us to hire additional staff
 - Addition / Hiring of 2 new teaching staff and 3 paraprofessionals. We added the support staff as special education numbers continue to rise.
 - Salary increase of 4.0% (even though CPI was at 8.%) /our health benefit increase of 4.5%

Please support AB 403 now so that the impact is not felt for the 2023-24 school year by hurting the School District of Horicon and others like us with a repeated freeze of revenue limits due to a failed operational referendum. Our students and staff need your support. Thank you for allowing me your time to address this bill.

Most sincerely,



Rich Appel
Superintendent of Schools
School District of Horicon



Greetings Wisconsin Legislators,

I write this letter upon behalf of the Milton Area Chamber of Commerce in strong support of Assembly Bill 403.

The Milton Area Chamber of Commerce's membership is both robust and expanding. The School District of Milton is one of our community's largest employers. The success of our school district is consistently used as an asset to recruit and retain businesses on main street as well as our ever-expanding industrial park. The School District provides the very foundation to attract families and employees to the region to work within these expanding new businesses.

The School District of Milton has a stellar reputation that serves as one of the strongest components of a solid foundation that the fastest growing community in Rock County utilizes for economic development and business recruitment and retention efforts. We are proud to have them as a member and pleased that they are such a great partner in educating our membership's future workforce.

Like many school districts throughout the state, Milton has required the use of voter approved referendums to upgrade outdated facilities and keep pace with inflation. Two successful operational referendums have been passed, and one capital referendum passed by a supportive community. Unfortunately, our most recent operational referendum failed, and the current legislation seems to further compound the issue of rising costs and the inability to raise necessary revenue to support our great schools.

Assembly Bill 403 represents an important change to support the district, and school's everywhere that are developing the future workforce of this great state. The necessary resources afforded by successful passage of this bill will allow our school district to continue their efforts in cost-effectively educating students and maintain and develop school to career programs and keep the district on equal footing with the students in neighboring districts who chose not to pursue a referendum. A school district should not be "worse off" for asking that which is best for its students, families, and the local business community, and Assembly Bill 403 rectifies that issue appropriately, and it is for that reason, the Milton Area Chamber of Commerce offers our strongest support this bill and asks that you work with others to see it through to passage into law.

Sincerely,

Derek Henze
Chair, Board of Directors
Milton Area Chamber of Commerce

IN SUPPORT OF ASSEMBLY BILL 403

School District of Auburndale

2022-2023

Auburndale \$10,468 per student (maximum revenue limit per statute).

Average for the State is **\$11,888**

Lowest is **\$10,006**

Highest is **\$26,356**

10th percentile is **\$10,433**

90th percentile is **\$14,386**

There has been no increase in revenue limit for the last three years from the State of Wisconsin.

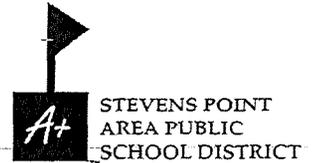
ESSER money from the federal government was provided during and after the pandemic to meet the rising costs of services, supplies, staffing. ESSER money is gone this year so it only seems logical that the ceiling should be increased so all can benefit equally. See Above.

Auburndale is in the bottom 13% of what we spend on students' education compared to everyone else in the state. We believe that our students should have the same opportunities that the students do in the neighboring districts. In April, we asked for a modest, \$600,000 non-recurring two year referendum to meet the rising cost of education knowing that the federal ESSER money was ending, and not knowing what the new biennial budget would do regarding how public education would be funded. At no point in time was raising the low ceiling revenue limit to \$11,000 ever brought up in January or February. If we would have known the low spending ceiling were moving to \$11,000, we would not have attempted a referendum. If we would have passed the non-recurring referendum in April, our students would have moved up to the same starting line as all of the districts moving up to the new \$11,000 ceiling. Because our referendum failed by 22 votes, 775 to 754, our students and our district, who are already spending less than the average, less than 87% of the other districts in the state, are penalized even more as those in our same situation move to \$11,000. We received the \$325 bump to move us closer to \$11,000 but so did our neighbors who were spending \$12,000-\$13,000 per student. Raising the ceiling to \$11,000 for the districts beneath the ceiling helps close the demographic gap that exists between districts across the state. Providing \$325 in additional revenue per student allows districts above the new ceiling to meet the increasing costs of services, supplies, and staffing.

What do I tell our students, staff, community, and other stakeholders regarding the funding and importance the state is providing for our district? Our community has entrusted us to keep costs down, which we have done. Our mill rate last year was \$6.83/\$1000 of property value. As mentioned before, our cost is in the bottom 13% of all of the 420 plus districts in the state. Our penalty for keeping costs down and failing to pass a referendum is that we will have to continue to tighten our budget. We will be expected to provide quality education with rising costs with less resources than all of our neighbors. With the \$325 increase guaranteed to take effect this year, the average for the State will be at least \$12,213. Without the passage of Assembly Bill 403, our students will be at \$10,793 or approximately \$1,430 per student behind the average in the state. \$1,430 for each of the 779 students in our small district is over \$1.1 million dollars. As of right now, the way the law reads, we are set to receive \$253,000 more than last year. Moving us to the \$11,000 ceiling would be an additional \$414,000 over last year. Our referendum asked for \$600,000 per year for this year and next. With the slight increases in special education funding, we can meet our needs with the ceiling moving to \$11,000 for this year and with an additional \$325 increase in the second year of the biennial budget, can meet our expenses there as well.

We are not asking to be average. We are asking for you to consider all of the low spending districts who are spending less than \$11,000 per student to move up to the same starting line regardless of failed referendums and allow us to move forward at the same rate as others starting at the same \$11,000 ceiling. Our costs to educate and provide quality staff, materials, transportation, and necessities is no different than other schools around us. This Bill will not only allow us to start at the same point but move forward as we look at narrowing the spending discrepancies that exist rather than widening them.

Thank you for considering this Bill and the impact it will have on students and communities across the state. It will allow us to move closer to a funding formula that narrows the gap between those who spend a lot and those who spend less on educating the students within our buildings.



September 26, 2023
417 North (Gar Hall)
9:01 AM

Representative Joel Kitchens (Chair)
and Members of the Assembly Education Committee,

Mr. Chairman and members of the committee, I am Dr. Thomas R. Owens, Director of Business Services for the Stevens Point Area Public School District. Thank you for allowing me time for my comments at today's public hearing. Assembly Bill 403, an Act to repeal the statute relating to restrictions on the low revenue limit ceiling for school districts, is a welcomed piece of bipartisan legislation. We are proud that the representatives serving our district, Senator Testin and Representative Shankland, have co-sponsored this bill.

Wisconsin school districts, like the legislature and citizens throughout the state of Wisconsin, struggle with economic challenges and may find themselves resorting to the use of an operating referendum asking help from voters to sustain their operation. Public schools belong to the people and to those who support them through their taxes, so securing their vote for or against a referendum is clearly appropriate. The result of such a referendum sends a message from the voters to school district leadership. Passage means agreement. Failure means something was wrong. Many possibilities exist to explain a failure, but school district leadership must accept the result, nonetheless. Any attempt to surmise why voters approved or denied a referendum is pure speculation.

Current law, however, adds an additional penalty, a double jeopardy, to low-spending districts. These are the very districts who most need help, but instead are disproportionately impeded. The current low revenue limit ceiling is \$11,000 per pupil. Some individuals are unaware that this law freezing the low revenue ceiling has **no effect** on a school district whose per pupil revenue limit is above that ceiling. For example, a district whose per pupil revenue limit is \$14,000 can fail an operational referendum, and while the low revenue ceiling remains at \$11,000, this district is unaffected since it exceeds the \$11,000 low revenue limit ceiling. This district will receive the subsequent statutorily approved per pupil increase regardless.

Some individuals think that the loss of an operational referendum to exceed the revenue limit means that voters are saying they want no revenue limit increase or tax increase. These individuals claim that this is the justification for the added penalty. However, the voters took no such action. The voters were only asked if they wished to approve an **additional** amount exceeding the revenue limit. Revenue limit increases prescribed by statute are not a matter for referendum, only the excess beyond such limitations require action.

The bipartisan support to repeal this bill is appreciated and its subsequent passage displays sound policy.

Thank you.

Respectfully,

Thomas R. Owens, Ph.D., SFO
Director of Business Services
Bliss Educational Services Center
1900 Polk Street, Stevens Point, WI 54481
Phone: 715-345-5432



September 28, 2023

Members of the Assembly Education Committee,

Thank you for your consideration of the Assembly Bills before the committee today. The School District of Beloit would like to register our position as follows:

Assembly Bill 403 - School District of Beloit **SUPPORTS** this bill as the restrictions currently in place with Sec. 121.905 (1)(b) 1. to 3. WI Stats are punitive on impacted districts. The School District of Beloit is currently impacted by the statutory limitations to utilize the newly enacted \$11,000/member low revenue limit ceiling mark as a result of our April 4, 2023 operating referendum request being rejected by the voters. Following are implications specific to the School District of Beloit:

- Passage of Act 11 established a new minimum level of investment in education at \$11,000/member. Sec. 121.905 (1)(b) 1. to 3. WI Stats specifically prohibits underfunded districts like Beloit from having access to that same level of funding authority. Even with the \$325/member adjustment within the revenue limit, if the School District of Beloit is unable to utilize the full \$11,000/member we are penalized by a loss of over \$4,000,000 annually for the next three school years or until a subsequent operational referendum is passed. The financial challenges of the district are only compounded by this provision of state statutes.

Fiscal Year	Per Member Revenue Limit Adjustment	Statutory Low Revenue Ceiling per Member	SD Beloit's Low Revenue Ceiling per Member	Notes
2022-23	\$0	\$10,000	\$10,039	Actual
2023-24	\$325	\$11,000	\$10,364	Restricted by Sec. 121.905(1)(b) 1. to 3. from using the Low Revenue Ceiling adjustment.
2023-24	\$325	\$11,000	\$11,000	Authority in absence of 121.905(1)(b) 1. to 3.

- School Districts must pass a referendum question at least 70 days prior to the election date, for the April 4, 2023 election, that date was January 25, 2023. The School District of Beloit's school board adopted their operating referendum question on January 17. To our knowledge, there was no consideration being given at the state level at that time to increasing the low revenue limit ceiling threshold.
- Further, the School District of Beloit was above the previous low revenue ceiling per member authority of \$10,000/member at the time of going to referendum. Thus, Beloit had no expectation that the decision to go to referendum would put future resources, i.e. low revenue ceiling per member adjustments, in jeopardy.
- Current statutes, i.e. Sec. 121.905(1)(b) 1. to 3. establishes a punitive prohibition on some unknown and unforeseen circumstance that extends over the course of two state biennial budget cycles given the three years following the school year in which an operating referendum failed.
- One of the goals of education is to close the opportunity/achievement gap along with furthering the academic achievement of all students. Current legislation unnecessarily hampers those efforts instead of supporting them. Instead of closing the gap between the have and have-not districts, current legislation further expands the funding gap, thereby creating additional equity and disparity concerns.
- Current state law limits the School District of Beloit to \$10,364/member, less than the recently enacted transfer amounts for students seeking other educational opportunities. The following chart anticipates increased educational expenses



related to such transfer payments of over \$2,000,000.

	2022-23			2023-24			2024-25
	# students	Per Pupil Payment	Total Cost	# students	Per Pupil Payment	Total Cost	Per Pupil Payment
Private school choice, K-8 pupil	120.5	\$ 8,399.00	\$1,012,079.50	120.5	\$ 9,874.00	\$1,189,817.00	\$10,271.00
Private school choice, 9-12 pupil	44	\$ 9,045.00	\$ 397,980.00	44	\$ 12,362.00	\$ 543,928.00	\$12,765.00
Special Needs Scholarship	0	\$ 13,076.00	\$ -	0	\$ 15,046.00	\$ -	\$15,443.00
Independent Charter School	451.5	\$ 9,264.00	\$4,182,696.00	526.5	\$ 11,366.00	\$5,984,199.00	\$11,763.00
Total Non Open Enrollment related Educational Costs			\$5,592,755.50			\$7,717,944.00	
Anticipated Increased Expenses related to Non Open Enrollment related Educational Costs						\$2,125,188.50	

- The combined impact of the inability to utilize the \$11,000/member adjustment to the low revenue limit ceiling and the increased per-pupil payments for resident students attending other non-open enrollment educational opportunities provides an approximate \$6,000,000 hit to district finances.

Thank you for the opportunity to address and submit the School District of Beloit's position on the above reference senate bills under consideration before the Assembly Education Committee.

Respectfully,

Dr. Willie E. Garrison II
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Robert Chady
Executive Director of Business Services
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