



Legislative Fiscal Bureau

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TO: Members
 Special Committee on Review of State School Aid Formula

FROM: Russ Kava, Fiscal Analyst

SUBJECT: Revenue Limits -- Flexibility Options

The following memorandum provides information on a proposal to provide school districts with revenue limit flexibility based on a percentage of statewide average allowable revenue per pupil.

Current Law

Under revenue limits, the annual increase in a school district's per pupil revenue derived from general school aids, computer aid, and property taxes is restricted. Actual general aids, computer aid, and property tax revenues received in the prior school year are used to establish the base year amount in order to compute the allowable revenue increase for 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. In 2006-07, this per pupil increase is \$256.93. There are several adjustments that are made to the standard revenue limit calculation, such as the low-revenue ceiling, the declining enrollment adjustment, and the carryover of unused revenue limit authority. These adjustments generally increase a district's limit, providing the district with more revenue authority within the calculated limit. A school district can also exceed its revenue limit by receiving voter approval at a referendum.

Flexibility Proposal

There have been a number of proposals in the past to provide school districts with some flexibility under revenue limits outside of the standard revenue limit calculation or approval through referendum. One such proposal that has been considered would be to allow a school board to increase its revenue limit, on a non-recurring basis, by an amount equal to a statutorily-set percentage of the statewide average allowable revenue per pupil in the previous school year, multiplied by the district's current year three-year rolling average pupil count.

One option discussed would be to allow school boards to increase their revenue limit by 1% of the statewide average allowable revenue per pupil. Had this proposal been in effect for the 2006-07 school year, school boards would have had the authority to increase their revenue limit by \$88 per pupil. If all school districts utilized this option, statewide revenue limit authority would have increased by \$75.7 million in 2006-07. The attachment shows the revenue limit increase for each district under this option, had it applied in 2006-07.

A number of issues would need to be considered in relation to such a proposal:

Amount of the adjustment. The total revenue limit authority generated under the proposal could be increased or decreased by changing the percentage of statewide average allowable revenue per pupil allowed under the adjustment. If the proposal had set the adjustment in 2006-07 at 2% of statewide average allowable revenue per pupil, statewide revenue limit authority could have increased by a maximum of \$151.4 million. If it were set at 0.5%, statewide revenue limit authority could have increased by a maximum of \$37.9 million.

Weighted adjustment. Some versions of the proposal have specified that, rather than a flat per pupil adjustment being provided to all districts, the per pupil adjustment be weighted by some factor designed to give a certain class of districts a larger adjustment. For example, the adjustment could be weighted by property value to give lower property value districts a higher per pupil adjustment than higher property value districts. This could be done by applying a weighting factor to the per pupil adjustment equal to statewide average property value per member divided by the value per member of the district. Had this applied in 2006-07, a district with half the statewide value per member would have been allowed an adjustment of \$176 per pupil, while a district with twice the statewide value per member would have been allowed an adjustment of \$44 per pupil.

Similarly, the adjustment could be weighted by per pupil revenue to give lower revenue per pupil districts a higher adjustment than higher revenue per pupil districts. In this case, the weighting factor could be the statewide average allowable revenue per pupil divided by the district's revenue per pupil.

Required school board vote. Another consideration is the level of support needed on a school board to utilize the flexibility option, either by a majority vote or by a super-majority (such as two-thirds) of the members-elect of the board. Given that such a vote would increase the property tax levy of the district, it could be viewed as appropriate to have a higher threshold for using the revenue limit flexibility. However, it could be argued that requiring a super-majority would be unduly restrictive and impede the ability of a locally-elected board to govern its affairs.

Frequency of use. The proposal could also be structured to place limits on how often a board would be able to use the proposed flexibility option. The proposal could be structured to allow school boards to approve the flexibility option on an annual basis, which would give them an ongoing method for raising the resources they deem necessary for their operations and be able to respond to unanticipated needs as they arise. However, because the adjustment would be non-

recurring, this could make it more difficult for districts to use it to address ongoing expenditure needs.

However, if a school board believes its district's revenue limit is set at a level too low to maintain its ongoing operations, it may be preferable to require referendum approval as under current law to ensure that there is the support of a majority of voters in the district for such expenditures. Accordingly, the proposal could be structured to allow boards to use the flexibility option once every certain number of years.

Attachment

ATTACHMENT

One Percent Revenue Limit Flexibility Option Had it Applied in 2006-07

<u>School District</u>	<u>Current Three Year-Rolling Average Pupils</u>	<u>Revenue Limit Increase Under 1% Option</u>	<u>School District</u>	<u>Current Three Year-Rolling Average Pupils</u>	<u>Revenue Limit Increase Under 1% Option</u>
Abbotsford	640	\$56,320	Boscobel Area	939	\$82,632
Adams-Friendship Area	1,999	175,912	Boulder Junction J1	191	16,808
Albany	451	39,688	Bowler	471	41,448
Algoma	636	55,968	Boyceville Community	854	75,152
Alma	301	26,488	Brighton #1	171	15,048
Alma Center	596	52,448	Brillion	879	77,352
Almond-Bancroft	492	43,296	Bristol #1	519	45,672
Altoona	1,413	124,344	Brodhead	1,193	104,984
Amery	1,795	157,960	Brown Deer	1,591	140,008
Antigo	2,749	241,912	Bruce	621	54,648
Appleton Area	14,430	1,269,840	Burlington Area	3,629	319,352
Arcadia	953	83,864	Butternut	189	16,632
Argyle	362	31,856	Cadott Community	868	76,384
Arrowhead UHS	2,302	202,576	Cambria-Friesland	437	38,456
Ashland	2,221	195,448	Cambridge	953	83,864
Ashwaubenon	2,867	252,296	Cameron	821	72,248
Athens	539	47,432	Campbellsport	1,504	132,352
Auburndale	816	71,808	Cashton	520	45,760
Augusta	623	54,824	Cassville	295	25,960
Baldwin-Woodville Area	1,460	128,480	Cedar Grove-Belgium Area	987	86,856
Bangor	637	56,056	Cedarburg	2,986	262,768
Baraboo	2,933	258,104	Central/Westosha UHS	1,218	107,184
Barneveld	423	37,224	Chetek	1,061	93,368
Barron Area	1,389	122,232	Chilton	1,195	105,160
Bayfield	483	42,504	Chippewa Falls Area	4,690	412,720
Beaver Dam	3,322	292,336	Clayton	400	35,200
Beecher-Dunbar-Pembine	270	23,760	Clear Lake	661	58,168
Belleville	933	82,104	Clinton Community	1,200	105,600
Belmont Community	324	28,512	Clintonville	1,559	137,192
Beloit	7,016	617,408	Cochrane-Fountain City	696	61,248
Beloit Turner	1,181	103,928	Colby	1,058	93,104
Benton	267	23,496	Coleman	759	66,792
Berlin Area	1,694	149,072	Colfax	844	74,272
Big Foot UHS	568	49,984	Columbus	1,125	99,000
Birchwood	287	25,256	Cornell	517	45,496
Black Hawk	502	44,176	Crandon	961	84,568
Black River Falls	1,863	163,944	Crivitz	791	69,608
Blair-Taylor	716	63,008	Cuba City	660	58,080
Bloomer	1,116	98,208	Cudahy	2,668	234,784
Bonduel	910	80,080	Cumberland	1,161	102,168

<u>School District</u>	<u>Current Three Year-Rolling Average Pupils</u>	<u>Revenue Limit Increase Under 1% Option</u>	<u>School District</u>	<u>Current Three Year-Rolling Average Pupils</u>	<u>Revenue Limit Increase Under 1% Option</u>
D C Everest Area	5,511	\$484,968	Gillett	789	\$69,432
Darlington Community	832	73,216	Gilman	493	43,384
Deerfield Community	743	65,384	Gilmanton	226	19,888
DeForest Area	3,216	283,008	Glendale-River Hills	927	81,576
Delavan-Darien	2,634	231,792	Glenwood City	787	69,256
Denmark	1,557	137,016	Glidden	234	20,592
DePere	3,516	309,408	Goodman-Armstrong	187	16,456
DeSoto Area	574	50,512	Grafton	2,026	178,288
Dodgeland	820	72,160	Granton Area	286	25,168
Dodgeville	1,310	115,280	Grantsburg	993	87,384
Dover #1	105	9,240	Green Bay Area	19,990	1,759,120
Drummond	527	46,376	Green Lake	365	32,120
Durand	1,122	98,736	Greendale	2,055	180,840
East Troy Community	1,702	149,776	Greenfield	2,945	259,160
Eau Claire Area	10,615	934,120	Greenwood	477	41,976
Edgar	643	56,584	Hamilton	4,138	364,144
Edgerton	1,811	159,368	Hartford J1	1,678	147,664
Elcho	405	35,640	Hartford UHS	1,727	151,976
Eleva-Strum	641	56,408	Hartland-Lakeside J3	1,404	123,552
Elk Mound Area	944	83,072	Hayward Community	1,931	169,928
Elkhart Lake-Glenbeulah	558	49,104	Herman #22	85	7,480
Elkhorn Area	2,819	248,072	Highland	287	25,256
Ellsworth Community	1,725	151,800	Hilbert	492	43,296
Elmbrook	6,964	612,832	Hillsboro	591	52,008
Elmwood	372	32,736	Holmen	3,335	293,480
Erin	329	28,952	Horicon	1,003	88,264
Evansville Community	1,742	153,296	Hortonville	3,167	278,696
Fall Creek	866	76,208	Howards Grove	963	84,744
Fall River	476	41,888	Howard-Suamico	5,030	442,640
Fennimore Community	755	66,440	Hudson	5,031	442,728
Flambeau	667	58,696	Hurley	692	60,896
Florence	653	57,464	Hustisford	415	36,520
Fond du Lac	7,289	641,432	Independence	334	29,392
Fontana J8	253	22,264	Iola-Scandinavia	803	70,664
Fort Atkinson	2,657	233,816	Iowa-Grant	852	74,976
Fox Point J2	731	64,328	Ithaca	350	30,800
Franklin Public	3,757	330,616	Janesville	10,421	917,048
Frederic	579	50,952	Jefferson	1,817	159,896
Freedom Area	1,510	132,880	Johnson Creek	599	52,712
Friess Lake	270	23,760	Juda	302	26,576
Galesville-Ettrick	1,386	121,968	Kaukauna Area	3,946	347,248
Geneva J4	93	8,184	Kenosha	21,776	1,916,288
Genoa City J2	622	54,736	Kettle Moraine	4,366	384,208
Germantown	3,702	325,776	Kewaskum	1,956	172,128
Gibraltar Area	598	52,624	Kewaunee	1,064	93,632

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Kickapoo Area	439	\$38,632	Menomonie Area	3,242	\$285,296
Kiel Area	1,432	126,016	Mequon-Thiensville	3,836	337,568
Kimberly Area	3,803	334,664	Mercer	189	16,632
Kohler	468	41,184	Merrill Area	3,155	277,640
Lac du Flambeau #1	464	40,832	Merton Community	863	75,944
LaCrosse	7,099	624,712	Middleton-Cross Plains	5,625	495,000
Ladysmith-Hawkins	959	84,392	Milton	3,228	284,064
LaFarge	249	21,912	Milwaukee	94,871	8,348,648
Lake Country	484	42,592	Mineral Point	781	68,728
Lake Geneva J1	1,908	167,904	Minocqua J1	600	52,800
Lake Geneva-Genoa UHS	1,342	118,096	Mishicot	1,057	93,016
Lake Holcombe	426	37,488	Mondovi	1,094	96,272
Lake Mills Area	1,288	113,344	Monona Grove	2,853	251,064
Lakeland UHS	952	83,776	Monroe	2,577	226,776
Lancaster Community	988	86,944	Montello	824	72,512
Laona	265	23,320	Monticello	412	36,256
Lena	451	39,688	Mosinee	2,065	181,720
Linn J4	125	11,000	Mount Horeb Area	2,151	189,288
Linn J6	108	9,504	Mukwonago	5,070	446,160
Little Chute Area	1,477	129,976	Muskego-Norway	4,835	425,480
Lodi	1,680	147,840	Necedah Area	825	72,600
Lomira	1,084	95,392	Neenah	6,367	560,296
Loyal	617	54,296	Neillsville	1,119	98,472
Luck	583	51,304	Nekoosa	1,446	127,248
Luxemburg-Casco	1,952	171,776	Neosho J3	214	18,832
Madison Metropolitan	24,688	2,172,544	New Auburn	306	26,928
Manawa	857	75,416	New Berlin	4,562	401,456
Manitowoc	5,421	477,048	New Glarus	814	71,632
Maple	1,423	125,224	New Holstein	1,230	108,240
Maple Dale-Indian Hill	423	37,224	New Lisbon	660	58,080
Marathon City	689	60,632	New London	2,524	222,112
Marinette	2,343	206,184	New Richmond	2,664	234,432
Marion	618	54,384	Niagara	467	41,096
Markesan	814	71,632	Nicolet UHS	1,212	106,656
Marshall	1,206	106,128	Norris	63	5,544
Marshfield	3,958	348,304	North Cape	222	19,536
Mauston	1,549	136,312	North Crawford	488	42,944
Mayville	1,166	102,608	North Fond du Lac	1,271	111,848
McFarland	1,971	173,448	North Lake	340	29,920
Medford Area	2,138	188,144	Northern Ozaukee	847	74,536
Mellen	312	27,456	Northland Pines	1,468	129,184
Melrose-Mindoro	720	63,360	Northwood	434	38,192
Menasha	3,639	320,232	Norwalk-Ontario-Wilton	652	57,376
Menominee Indian	973	85,624	Norway J7	114	10,032
Menomonee Falls	4,173	367,224	Oak Creek-Franklin	5,433	478,104

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Oakfield	569	\$50,072	Rhineland	3,018	\$265,584
Oconomowoc Area	4,441	390,808	Rib Lake	521	45,848
Oconto	1,212	106,656	Rice Lake Area	2,469	217,272
Oconto Falls	1,907	167,816	Richfield J1	432	38,016
Omro	1,304	114,752	Richland	1,443	126,984
Onalaska	2,777	244,376	Richmond	417	36,696
Oostburg	986	86,768	Rio Community	517	45,496
Oregon	3,538	311,344	Ripon	1,768	155,584
Osceola	1,789	157,432	River Falls	3,006	264,528
Oshkosh Area	10,250	902,000	River Ridge	548	48,224
Osseo-Fairchild	1,026	90,288	River Valley	1,449	127,512
Owen-Withee	622	54,736	Riverdale	805	70,840
Palmyra-Eagle Area	1,237	108,856	Rosendale-Brandon	1,016	89,408
Pardeeville Area	966	85,008	Rosholt	675	59,400
Paris J1	205	18,040	Royall	618	54,384
Park Falls	739	65,032	Rubicon J6	126	11,088
Parkview	1,116	98,208	Saint Croix Central	1,243	109,384
Pecatonica Area	472	41,536	Saint Croix Falls	1,102	96,976
Pepin Area	306	26,928	Saint Francis	995	87,560
Peshtigo	1,176	103,488	Salem J2	1,199	105,512
Pewaukee	2,146	188,848	Sauk Prairie	2,605	229,240
Phelps	156	13,728	Seneca	303	26,664
Phillips	999	87,912	Sevastopol	637	56,056
Pittsville	718	63,184	Seymour Community	2,462	216,656
Platteville	1,451	127,688	Sharon J11	291	25,608
Plum City	336	29,568	Shawano-Gresham	2,867	252,296
Plymouth	2,415	212,520	Sheboygan Area	10,103	889,064
Port Edwards	499	43,912	Sheboygan Falls	1,688	148,544
Port Washington-Saukville	2,677	235,576	Shell Lake	563	49,544
Portage Community	2,485	218,680	Shiocton	823	72,424
Potosi	384	33,792	Shorewood	1,693	148,984
Poynette	1,152	101,376	Shullsburg	379	33,352
Prairie du Chien Area	1,257	110,616	Silver Lake J1	575	50,600
Prairie Farm	336	29,568	Siren	511	44,968
Prentice	489	43,032	Slinger	2,753	242,264
Prescott	1,175	103,400	Solon Springs	362	31,856
Princeton	428	37,664	Somerset	1,449	127,512
Pulaski Community	3,632	319,616	South Milwaukee	3,209	282,392
Racine	21,072	1,854,336	South Shore	229	20,152
Randall J1	715	62,920	Southern Door	1,256	110,528
Randolph	493	43,384	Southwestern Wisconsin	565	49,720
Random Lake	990	87,120	Sparta Area	2,636	231,968
Raymond #14	405	35,640	Spencer	779	68,552
Reedsburg	2,531	222,728	Spooner	1,444	127,072
Reedsville	719	63,272	Spring Valley	720	63,360

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Stanley-Boyd Area	972	\$85,536	Wauzeka-Steuben	323	\$28,424
Stevens Point Area	7,394	650,672	Webster	739	65,032
Stockbridge	268	23,584	West Allis	8,192	720,896
Stone Bank	302	26,576	West Bend	6,760	594,880
Stoughton Area	3,517	309,496	West DePere	2,295	201,960
Stratford	756	66,528	West Salem	1,686	148,368
Sturgeon Bay	1,240	109,120	Westby Area	1,172	103,136
Sun Prairie Area	5,758	506,704	Westfield	1,342	118,096
Superior	4,857	427,416	Weston	357	31,416
Suring	536	47,168	Weyauwega-Fremont	1,063	93,544
Swallow	412	36,256	Weyerhaeuser Area	191	16,808
Thorp	600	52,800	Wheatland J1	493	43,384
Three Lakes	641	56,408	White Lake	253	22,264
Tigerton	382	33,616	Whitefish Bay	2,532	222,816
Tomah Area	3,040	267,520	Whitehall	769	67,672
Tomahawk	1,568	137,984	Whitewater	1,987	174,856
Tomorrow River	894	78,672	Whitnall	2,290	201,520
Trevor-Wilmot	552	48,576	Wild Rose	737	64,856
Tri-County Area	775	68,200	Williams Bay	512	45,056
Turtle Lake	510	44,880	Wilmot UHS	1,148	101,024
Twin Lakes #4	432	38,016	Winneconne Community	1,557	137,016
Two Rivers	2,019	177,672	Winter	418	36,784
Union Grove J1	638	56,144	Wisconsin Dells	1,670	146,960
Union Grove UHS	735	64,680	Wisconsin Heights	991	87,208
Unity	1,153	101,464	Wisconsin Rapids	5,779	508,552
Valders Area	1,146	100,848	Wittenberg-Birnamwood	1,303	114,664
Verona Area	4,461	392,568	Wonewoc-Union Center	405	35,640
Viroqua Area	1,126	99,088	Woodruff J1	506	44,528
Wabeno Area	589	51,832	Wrightstown Community	1,134	99,792
Walworth J1	551	48,488	Yorkville J2	<u>344</u>	<u>30,272</u>
Washburn	635	55,880			
Washington	93	8,184	STATEWIDE	860,382	\$75,713,616
Washington-Caldwell	236	20,768			
Waterford J1	1,540	135,520			
Waterford UHS	1,094	96,272			
Waterloo	943	82,984			
Watertown	3,733	328,504			
Waukesha	13,063	1,149,544			
Waunakee Community	3,188	280,544			
Waupaca	2,438	214,544			
Waupun	2,277	200,376			
Wausau	8,631	759,528			
Wausaukee	633	55,704			
Wautoma Area	1,542	135,696			
Wauwatosa	5,946	523,248			