

## 2007 BILL

1     **AN ACT** *to renumber* 121.58 (6); *to renumber and amend* 121.91 (4) (f) 1.; *to*  
2     *amend* 121.07 (6) (a) (intro.), 121.58 (6) (title), 121.905 (1), 121.91 (2m) (e)  
3     (intro.), 121.91 (2m) (r) 1. (intro.), 121.91 (2m) (s) 1. (intro.), 121.91 (4) (f) 1m.  
4     b. and c. and 121.91 (7); and *to create* 20.255 (2) (fp), 121.58 (6) (b), 121.91 (4)  
5     (f) 1. a. to c., 121.91 (4) (f) 1m. d. and 121.91 (8) of the statutes; **relating to:**  
6     awarding grants to school districts for school district consolidation feasibility  
7     studies; increasing the low-revenue ceiling for school district revenue limit  
8     purposes; authorizing a school district to exceed its revenue limit under certain  
9     conditions; modifying the school district revenue limit adjustment for declining  
10    enrollment; distributing transportation aid balances to school districts;  
11    providing for a study; and making an appropriation.

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### *Analysis by the Legislative Reference Bureau*

This bill is explained in the NOTES provided by the Joint Legislative Council in the bill.

**BILL**

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

JOINT LEGISLATIVE COUNCIL PREFATORY NOTE: This bill, developed by the Joint Legislative Council's Special Committee on Review of State School Aid Formula, makes a series of changes to the school finance system in the state.

The bill includes provisions relating to school transportation, declining enrollment districts, low-spending districts, a revenue limit flexibility option, and a grant program for school consolidation feasibility studies.

*Transportation*

The bill requires each school board, by February 1, 2009, to report to the Department of Public Instruction (DPI) the miles driven in the 2007–08 fiscal year to provide transportation to and from school for public and private pupils. Excluded from this calculation are transportation to and from extracurricular activities, the transportation of children with disabilities, shuttle services, and field trips. The bill directs DPI to submit a report summarizing the data to the Legislature by May 1, 2009.

Current law authorizes DPI to reduce payments under the school transportation appropriation that funds a portion of local transportation costs when that appropriation is insufficient to cover eligible costs filed by school districts. The bill directs DPI to fully expend the appropriation set aside for such transportation, by increasing payments to districts on a prorated basis. [See SECTIONS 4, 5, 6, 17 (2), and 18 (3) of the bill.]

*Declining Enrollment*

The bill extends the enrollment adjustment aid period for school districts to three years. Under this approach, in the first year of an enrollment decline, a school district would receive 100% of the allowable revenues that the decline would have generated. In the year after the decline, the district would receive an adjustment equal to 75% of the first-year adjustment. In the third year after the decline year, the district would receive an adjustment equal to 50% of the first year adjustment. [SECTIONS 11, 12, 13, 14, and 18 (1).]

*Low Spending Districts*

The bill increases the low revenue ceiling for revenue limits by \$400 per pupil in each year of the next biennium. Thus, the 2007–08 low revenue ceiling would be increased to \$8,800 from the current \$8,400 per pupil. Subsequently, the ceiling in the 2008–09 school year would be increased to \$9,200. [SECTION 7.]

*Revenue Limit Flexibility Option*

The bill provides school districts with revenue limit flexibility based on a percentage of statewide average allowable revenue per pupil.

Current revenue limits restrict the annual increase in a school district's per pupil revenue derived from general school aids, computer aid, and property taxes. Actual general aids, computer aid, and property tax revenue received in the prior year are used to establish the base year amount in order to compute the allowable revenue increase of 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. For example, in 2006–07, this per pupil increase is \$256.93. A school district may exceed this revenue limit by receiving voter approval at a referendum.

The bill allows a school board, by a 2/3 vote of its members, to increase its revenue limit, on a nonrecurring basis, by an amount equal to 1% of the statewide average

**BILL**

allowable revenue per pupil in the previous school year, multiplied by the district's current three-year rolling average pupil count. Under the bill, the 1% would not be included in shared cost and would not be included in the determination of partial school revenues for purposes of calculating state aid. Thus, any amount raised under this option would not generate corresponding state aid and would not be included in a calculation of the state 2/3 funding goal calculation. The additional costs would be funded from local property taxes and would not be supported by state aid.

Districts would be required to levy the maximum amount allowed under current revenue caps and would not be allowed to put the additional 1% into a fund balance account or maintain the excess revenue in the balance of any fund beyond June 30 of the school year in which the resolution was adopted. As a nonrecurring cost, the additional spending would not be part of the school district base budget; therefore, for a school board to exceed its revenue cap in any subsequent years, it would need to authorize the additional 1% each year by a 2/3 vote of the members. [SECTIONS 3, 8, 9, 10, 15, 16, and 18 (2).]

*Grant Program for School District Consolidation Feasibility Studies*

The bill creates a grant program for school district consolidation feasibility studies. The bill permits a consortium of two or more school districts to apply to DPI for a one-time grant to conduct a school district consolidation feasibility study. The bill provides that applicants for the grant must submit a plan identifying the school districts engaged in the study, the issues the study will address, and how the grant funds will be allocated. The grant program is funded with a one-time appropriation of \$250,000 in the 2008–09 fiscal year. Grants under the bill would be limited to \$10,000 per year to any consortium.

The bill requires DPI to give priority to applications that demonstrate prior district attempts to address underlying issues associated with management and operation of the district's programs.

The bill authorizes grants only for the 2008–09 school year and provides that a school district may not be a member of more than one consortium seeking a grant. [SECTIONS 1, 2, 17 (1), and 19 (1).]

The bill makes other technical changes relating to the placement and cross-references in the statutes necessary to implement the proposed changes.

1           **SECTION 1.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert  
2           the following amounts for the purposes indicated:

3		<b>2007–08</b>	<b>2008–09</b>
4	<b>20.255 Public Instruction, department of</b>		
5	(2) Aids for local educational programming		
6	(fp) Grants for school district consoli-		
7	dation feasibility studies	GPR A	–0– 250,000

8           **SECTION 2.** 20.255 (2) (fp) of the statutes is created to read:

9           20.255 (2) (fp) *Grants for school district consolidation feasibility studies.* The  
10          amounts in the schedule for grants for school district consolidation feasibility studies

**BILL****SECTION 2**

1 under 2007 Wisconsin Act .... (this act), section 17 (1). No funds may be encumbered  
2 from this appropriation after June 30, 2009.

3 **SECTION 3.** 121.07 (6) (a) (intro.) of the statutes is amended to read:

4 121.07 **(6)** (a) (intro.) “Shared cost” is the sum of the net cost of the general fund  
5 and the net cost of the debt service fund, except that “shared cost” excludes any costs,  
6 including attorney fees, incurred by a school district as a result of its participation  
7 in a lawsuit commenced against the state, beginning with such costs incurred in the  
8 fiscal year in which the lawsuit is commenced;~~i~~ excludes any expenditures from a  
9 capital improvement fund created under s. 120.135 ~~and~~~~i~~ excludes the costs of  
10 transporting those transfer pupils for whom the school district operating under ch.  
11 119 does not receive intradistrict transfer aid under s. 121.85 (6) as a result of s.  
12 121.85 (6) (am); and excludes the amount of any excess revenue approved under s.  
13 121.91 (8) (a). In this paragraph, “net cost of the debt service fund” includes all of  
14 the following amounts:

15 **SECTION 4.** 121.58 (6) (title) of the statutes is amended to read:

16 121.58 **(6)** (title) ~~APPROPRIATION PRORATED;~~ PRORATION. DISTRIBUTION OF BALANCE.

17 **SECTION 5.** 121.58 (6) of the statutes is renumbered 121.58 (6) (a).

18 **SECTION 6.** 121.58 (6) (b) of the statutes is created to read:

19 121.58 **(6)** (b) If there is a balance in the appropriation under s. 20.255 (2) (cr)  
20 in any fiscal year after the department has paid the full amount of approved claims  
21 under this section and s. 121.575, the department shall distribute the balance to  
22 those school districts entitled to state aid under this section, with each school district  
23 receiving a percentage of the balance equal to its percentage of the total approved  
24 claims.

25 **SECTION 7.** 121.905 (1) of the statutes is amended to read:

**BILL**

1           121.905 **(1)** In this section, “revenue ceiling” means ~~\$8,100~~ \$8,800 in the  
2           ~~2005–06~~ 2007–08 school year and ~~\$8,400~~ \$9,200 in any subsequent school year.

3           **SECTION 8.** 121.91 (2m) (e) (intro.) of the statutes is amended to read:

4           121.91 **(2m)** (e) (intro.) Except as provided in subs. (3) ~~and, (4), and (8)~~, no  
5           school district may increase its revenues for the 1999–2000 school year or for any  
6           school year thereafter to an amount that exceeds the amount calculated as follows:

7           **SECTION 9.** 121.91 (2m) (r) 1. (intro.) of the statutes is amended to read:

8           121.91 **(2m)** (r) 1. (intro.) Notwithstanding pars. (c), (d), ~~and (e)~~, if a school  
9           district is created under s. 117.105, its revenue limit under this section for the school  
10          year beginning with the effective date of the reorganization shall be determined as  
11          follows except as provided under subs. (3) ~~and, (4), and (8)~~:

12          **SECTION 10.** 121.91 (2m) (s) 1. (intro.) of the statutes is amended to read:

13          121.91 **(2m)** (s) 1. (intro.) Notwithstanding par. (e), if territory is detached from  
14          a school district to create a new school district under s. 117.105, the revenue limit  
15          under this section of the school district from which territory is detached for the school  
16          year beginning with the effective date of the reorganization shall be determined as  
17          follows except as provided in subs. (3) ~~and, (4), and (8)~~:

18          **SECTION 11.** 121.91 (4) (f) 1. of the statutes is renumbered 121.91 (4) (f) 1.  
19          (intro.) and amended to read:

20          121.91 **(4)** (f) 1. (intro.) Except as provided in subd. 1m., ~~for the 1999–2000~~  
21          ~~school year or any school year thereafter~~, if the average of the number of pupils  
22          enrolled in the current and the 2 preceding school years is less than the average of  
23          the number of pupils enrolled in the 3 previous school years, the limit otherwise  
24          applicable under sub. (2m) (e) is increased ~~by the additional amount that would have~~

**BILL****SECTION 11**

1 ~~been calculated had the decline in average enrollment been 25% of what it was. as~~  
2 follows:

3 **SECTION 12.** 121.91 (4) (f) 1. a. to c. of the statutes are created to read:

4 121.91 (4) (f) 1. a. In the current school year, by the additional amount that  
5 would have been calculated had there been no decline in average enrollment.

6 b. In the succeeding school year, by an amount equal to 75 percent of the  
7 additional amount calculated under subd. 1. a.

8 c. In the 2nd succeeding school year, by an amount equal to 50 percent of the  
9 additional amount calculated under subd. 1. a.

10 **SECTION 13.** 121.91 (4) (f) 1m. b. and c. of the statutes are amended to read:

11 121.91 (4) (f) 1m. b. For the school year beginning on the first July 1 following  
12 the effective date of the school district reorganization, if the number of pupils  
13 enrolled in that school year is less than the number of pupils enrolled in the previous  
14 school year, the limit otherwise applicable under sub. (2m) (e) is increased by the  
15 additional amount that would have been calculated had the there been no decline in  
16 average enrollment ~~been 25 percent of what it was.~~

17 c. For the school year beginning on the 2nd July 1 following the effective date  
18 of the school district reorganization, ~~if the average of the number of pupils enrolled~~  
19 ~~in that school year and the previous school year is less than the average of the~~  
20 ~~number of pupils enrolled in the 2 previous school years,~~ the limit otherwise  
21 applicable under sub. (2m) (e) is increased by the additional an amount that would  
22 have been calculated had the decline in average enrollment been 25 percent of what  
23 it was equal to 75 percent of the additional amount calculated under subd. 1m. b.

24 **SECTION 14.** 121.91 (4) (f) 1m. d. of the statutes is created to read:

**BILL**

1           121.91 (4) (f) 1m. d. For the school year beginning on the 3rd July 1 following  
2           the effective date of the school district reorganization, the limit otherwise applicable  
3           under sub. (2m) (e) is increased by an amount equal to 50 percent of the additional  
4           amount calculated under subd. 1m. b.

5           **SECTION 15.** 121.91 (7) of the statutes is amended to read:

6           121.91 (7) Except as provided in sub. (4) (f) 2., if an excess revenue is approved  
7           under sub. (3) for a recurring purpose or allowed under sub. (4), the excess revenue  
8           shall be included in the base for determining the limit for the next school year for  
9           purposes of this section. If an excess revenue is approved under sub. (3) for a  
10          nonrecurring purpose or approved under sub. (8), the excess revenue shall not be  
11          included in the base for determining the limit for the next school year for purposes  
12          of this section.

13          **SECTION 16.** 121.91 (8) of the statutes is created to read:

14          121.91 (8) (a) A school district may exceed the limit otherwise applicable to the  
15          school district under sub. (2m) in any school year by the amount determined as  
16          follows if a resolution to do so is adopted by at least a two-thirds vote of the  
17          members-elect of the school board by November 1 in that school year:

18               1. Multiply the statewide average allowable revenue per pupil in the previous  
19               school year by 0.01.

20               2. Multiply the product under subd. 1. by the average of the number of pupils  
21               enrolled in the school district in the current and 2 preceding school years.

22               (b) If the school board adopts a resolution under par. (a), the school board shall  
23               include the amount of the excess revenue in the property tax levy imposed in the year  
24               in which the resolution was adopted and shall expend or encumber in the school year  
25               in which the resolution was adopted all revenue credited to the school district for that



**BILL****SECTION 16**

1 school year. The school board may not maintain the excess revenue in the balance  
2 of any fund beyond June 30 of the school year in which the resolution was adopted.

**SECTION 17. Nonstatutory provisions.****(1) GRANTS FOR SCHOOL DISTRICT CONSOLIDATION FEASIBILITY STUDIES.**

3  
4  
5 (a) A consortium of 2 or more school districts may apply to the department for  
6 a grant to conduct a school district consolidation feasibility study. The consortium  
7 shall submit a plan identifying the school districts engaged in the study, the issues  
8 the study will address, and how the grant funds will be expended. A school district  
9 may not be a member of more than one consortium.

10 (b) In the 2008–09 school year, the department shall award grants to consortia  
11 from the appropriation under section 20.255 (2) (fp) of the statutes, as created by this  
12 act. The department may not award more than \$10,000 to any consortium.

13 (c) The department shall give priority to applications that demonstrate prior  
14 attempts to address the underlying issues associated with management and  
15 operation of the school districts' programs.

16 (d) A consortium awarded a grant under paragraph (b) shall submit the results  
17 of the study to the department.

18 (2) REPORT ON PUPIL TRANSPORTATION. By February 1, 2009, each school board  
19 shall report to the department of public instruction the miles driven to provide  
20 transportation to and from school for public and private school pupils under section  
21 121.55 (1) of the statutes in the 2007–08 fiscal year, excluding transportation to and  
22 from extracurricular activities, the transportation of children with disabilities,  
23 shuttle services, and field trips. The department shall submit a report summarizing  
24 the data to the legislature in the manner provided under section 13.172 (2) of the  
25 statutes by May 1, 2009.



**BILL****SECTION 18. Initial applicability.**

(1) REVENUE LIMIT; DECLINING ENROLLMENT. The treatment of section 121.91 (4) (f) 1m. b., c., and d. of the statutes, the renumbering and amendment of section 121.91 (4) (f) 1. of the statutes, and the creation of section 121.91 (4) (f) 1. a. to c. of the statutes first apply to the calculation of a school district's revenue limit for the 2008–09 school year.

(2) REVENUE LIMIT; ONE PERCENT ADJUSTMENT. The treatment of section 121.91 (7) and (8) of the statutes first applies to the calculation of a school district's revenue limit for the 2008–09 school year.

(3) TRANSPORTATION AID. The treatment of section 121.58 (6) (b) of the statutes first applies to aid paid for transportation provided during the 2007–08 school year.

**SECTION 19. Effective dates.** This act takes effect on the day after publication, except as follows:

(1) SCHOOL DISTRICT CONSOLIDATION STUDIES. The treatment of section 20.255 (2) (fp) of the statutes and SECTION 1 of this act take effect on July 1, 2008.

(END)