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# Wisconsin Legislative Council

## STAFF BRIEF

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### STUDY COMMITTEE ON SHARED SCHOOL DISTRICT SERVICES

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The Wisconsin Legislative Council is a nonpartisan legislative service agency. Among other services provided to the Wisconsin Legislature, staff of the Wisconsin Legislative Council conduct study committees under the direction of the Joint Legislative Council.

Established in 1947, the Joint Legislative Council directs study committees to study and recommend legislation regarding major policy questions facing the state. Study committee members are selected by the Joint Legislative Council and include both legislators and citizen members who are knowledgeable about a study committee's topic.

This staff brief was prepared by the Wisconsin Legislative Council staff as an introduction for study committee members to the study committee's topic.

# INTRODUCTION

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Wisconsin has 421 school districts. Under state law, each school district has the authority to contract to share services with other school districts or governmental entities, or contract for services with a cooperative educational service agency (CESA). Neighboring school districts may find sharing administrative services to be beneficial due to financial concerns or staff shortages. Additionally, sharing administrative services may streamline hiring processes, reduce administrative costs, or improve the quality of their services.

In response to recent legislative interest in considering different ways to encourage school districts to share services and exploring other states' school district structures, the Joint Legislative Council has directed the Study Committee on Shared School District Services to do the following: (1) review current barriers to shared administrative or other services between school districts; (2) explore statutory changes or creation of incentives to encourage efficiencies; (3) consider methods and make recommendations for legislation for sharing or consolidating services, such as district-level administration and personnel, purchasing, technology and data processing, transportation, food service, and building maintenance; and (4) study school district structures employed in other states, particularly county-wide school district models. To support committee members in accomplishing this charge, this staff brief provides information on the following topics:

- **Part I** provides background on why school districts may decide to share administrative services and on aspects of school funding that are relevant to the committee's charge.
- **Part II** provides an overview of current state law related to shared administrative services, including school district contracting authority, whole grade sharing agreements, and the role of CESAs in providing administrative services to school districts.
- **Part III** reviews legislative actions beginning in the 2017-19 session relating to incentives for shared school services and whole grade sharing agreements.

## PART I | BACKGROUND

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School districts may elect to share services for various economic, efficiency, and quality assurance reasons. School district funding, which generally comes from property tax levies and state aid, is often an integral part of a school district's decision to share services. Under state law, a school district is limited in the revenue it may collect from its property tax levy and may only exceed this revenue limit via resolution or receive a revenue limit adjustment in certain circumstances.

### REASONS SCHOOL DISTRICTS SHARE ADMINISTRATIVE SERVICES

State law allows a school district to contract with a CESA, school district, or other government entity to share administrative services. Whether a school district decides to do so is influenced by potential cost and time savings, staff shortages, and a desire for higher quality services<sup>1</sup>.

#### Cost and Time Savings

According to research done by the Wisconsin Association of School Boards (WASB), two of the most common reasons for shared services agreements cited by school district officials are:

- **Cost savings** due to the standardization of products and services, aggregation of requirements, and combined economics of scale of multiple entities.
- **Time savings** for administrators and staff in procuring products or services, which allows more time to be spent on other educational program activities.

Often, small school districts do not need or cannot afford a full-time employee in a specific position, such as the district business manager. If multiple districts are in need of a part-time employee in the same position, shared services may be a viable option that saves each district time and money. [WASB, *Cooperative Purchasing of Goods and Services*, The FOCUS, May 2016.]

#### Staffing and Labor Shortages

Wisconsin school districts are facing workforce shortages in nearly all areas of K-12 education, including in administrative services. Rural districts, in particular, report having extreme difficulty filling multiple positions. [Department of Public Instruction (DPI), *State Superintendent's Working Group on School Staffing Issues*, July 15, 2016.] According to a recent report, since 2002, local education employees per capita in Wisconsin have dropped 11.1 percent. [Wisconsin Policy Forum, *Wisconsin's Public Sector Employment Continues to Fall*, June 2022.] In the face of these workforce shortages, sharing services presents an opportunity to share expertise and resources. [WASB, *Cooperative Purchasing of Goods and Services*, The FOCUS, May 2016.]

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<sup>1</sup> School districts also consider certain legal and logistical factors when determining whether to share administrative services.

## Higher Quality Education

Finally, by pooling resources through sharing services, school districts—especially smaller and rural districts—can access high-quality services that may otherwise be unavailable. According to North Lakeland School District Superintendent Brent Jelinski:

There are many factors that go into the decision to seek out shared purchasing and services. Many times we don't need or can't afford a full-time person in certain positions. We also don't purchase many items at high volumes when compared to other larger districts. This drives us to seek out opportunities to share positions and purchasing. **By pooling our resources with our CESA or another district, we can get more for less or higher quality services that would otherwise be unattainable due to our small size.**

[WASB, *Cooperative Purchasing of Goods and Services*, The FOCUS, May 2016 (emphasis added).]

## SCHOOL DISTRICT FUNDING

School districts have two main sources of funding: property taxes levied under chs. 120 and 121, Stats., and state aid. State aid is determined through the equalization aid formula, and property taxes for school spending are subject to a levy limit.

### Property Tax Levies

State law authorizes a school district to levy taxes on property located within the school district necessary to:

- Operate and maintain the schools of the school district. [ss. [120.12 \(3\)](#) and [120.10 \(8\)](#), Stats.]
- Build, rent, lease, purchase and finish, or equip and maintain school district buildings. [s. [120.10 \(6\)](#), Stats.]
- Purchase, operate, and maintain transportation vehicles and their insurance. [s. [120.10 \(7\)](#), Stats.]
- Discharge any debts or liabilities. [s. [120.10 \(9\)](#), Stats.]

As described below, the amount of revenue a school district may raise through its property tax levy is limited by a formula that considers the district's revenue limit and amounts received in state aid.<sup>2</sup>

### Revenue Limits

Revenue limits restrict the amount of revenue a district can raise from general school aids, property taxes, computer aid, and exempt personal property aid. Current law generally prohibits a school district from increasing its revenue<sup>3</sup> by more than an amount determined by a statutory formula. However, state law creates a process for a school district to exceed its revenue limit by

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<sup>2</sup> For more information, see Legislative Fiscal Bureau, [School District Revenue Limits and Referenda](#), Informational Paper 26 (Jan. 2021).

<sup>3</sup> In this context, "revenue" means the combination of funds received through state school aid and the tax levy. [s. [121.90 \(1m\)](#), Stats.]

getting approval from voters within the district through a referendum. [s. [121.91 \(2m\) \(i\)](#) and [\(3\)](#), Stats.] Additionally, a school district's revenue limit may be adjusted under specific circumstances provided in statute. The revenue limit is adjusted accordingly by DPI.

State law outlines the basic procedure for a school district referendum. First, the school district must adopt a resolution to exceed the revenue limit that specifies whether the proposed excess revenue is for a recurring or nonrecurring purpose or, if the proposed excess revenue is for both recurring and nonrecurring purposes, the amount of the proposed excess revenue for each purpose.<sup>4</sup> Within 10 days after adopting the resolution, the school district must notify DPI that it will schedule a referendum for the purpose of submitting the resolution to the electors of the school district for approval or rejection.<sup>5</sup> [s. [121.91 \(3\) \(a\) 1.](#), Stats.]

In addition to increasing the revenue limit via referendum, a school district's revenue limit may be increased under state law for three reasons: (1) transfer of services; (2) adjustment of territory by a boundary change; and (3) a decrease in pupils enrolled. A revenue limit increase for these reasons is automatic and does not require a resolution or referendum.

If a school district transfers services to or from other governmental units during the current school year, the revenue limit for that school year is increased or decreased by the cost the school district incurred to provide the service.<sup>6</sup> [s. [121.91 \(4\) \(a\) 2.](#), Stats.] If a school district adjusts its territory by a boundary change, the revenue limit for the current school year is increased or decreased by an amount equal to the cost of extending services to the attached territory or stopping services to the detached territory. [s. [121.91 \(4\) \(b\) 2.](#), Stats.] If a school district's current three-year average of pupils enrolled is less than the prior three-year average of pupils enrolled, a district's revenue limit is increased by the additional amount that would have been calculated had there been no decrease in the average number of pupils.<sup>7</sup> [s. [121.91 \(4\) \(f\)](#), Stats.]

## State Aid

State aid to school districts generally falls into three categories: (1) equalization aid; (2) categorical aid; and (3) grants. Payment of state aid to school districts is governed by ss. [121.07](#) and [121.08](#), Stats. State aids are calculated through various formulas, most of which rely on school district membership<sup>8</sup> and enrollment.<sup>9</sup>

The funding amounts determined through the equalization aid formula account for much of the money provided to school districts from the state. The equalization aid formula provides funds on the basis of the relative fiscal capacity of each school district as measured by each district's

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<sup>4</sup> A school district may not adopt more than two resolutions to exceed the revenue limit in any calendar year. [s. [121.91 \(3\) \(a\) 2.](#), Stats.]

<sup>5</sup> Additionally, in the event of a natural disaster that causes a school district's costs to increase, the school district may call a special referendum to be held within the six-month period immediately following the natural disaster, provided the special referendum is to be held not sooner than 70 days after the filing of the resolution of the school district. [s. [121.91 \(3\) \(a\) 2.](#), Stats.]

<sup>6</sup> The state superintendent determines what cost is incurred by a school district to provide a service, for the purposes of s. [121.91 \(4\) \(a\)](#), Stats.

<sup>7</sup> Before making any adjustments under ss. [121.91 \(3\)](#) and [\(4\)](#), Stats., the initial revenue limit must be calculated according to the formula in s. [121.91 \(8\)](#), Stats.

<sup>8</sup> Membership is the sum of the average number of students enrolled on the third Friday of September and the second Friday in January of the previous school year and the full-time equivalent summer enrollment. [s. [121.004 \(5\)](#), Stats.]

<sup>9</sup> "Pupils enrolled" is the total number of pupils, as expressed by official enrollments, in all schools of the school district, subject to certain exceptions. [s. [121.004 \(7\)](#), Stats.]

per pupil value of taxable property. The equalization aid formula uses five factors: (1) student membership; (2) shared cost<sup>10</sup>; (3) equalized property valuation<sup>11</sup>; (4) the state's guaranteed valuation<sup>12</sup>; and (5) the total amount of funding available for distribution.<sup>13</sup>

Categorical aid falls into three categories: (1) formula-driven programs that are determined by membership or enrollment; (2) per pupil aid; and (3) grant programs. Categorical aids typically fund specific program costs, such as special education or student transportation. For a detailed explanation of equalization aid and other state aids school districts receive, see Legislative Fiscal Bureau, [\*State Aid to School Districts\*](#), Informational Paper 27 (Jan. 2021).

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<sup>10</sup> Shared cost is determined by subtracting certain deductible receipts from the gross cost of a district's general fund for operating costs and its debt service fund for expenditures for long-term debt retirement.

<sup>11</sup> Equalized property valuation is the full market value of taxable property in the school district as determined by the Department of Revenue as of January 1 of each year.

<sup>12</sup> The state's guaranteed valuations are the amount of property tax base support the state guarantees for each student. An individual school district's equalized valuation is compared to the guaranteed valuations, and state aid is provided equal to the amount of revenue which would be generated by the "missing" portion of the guaranteed tax base.

<sup>13</sup> The total amount of funding available for distribution is established in an appropriation from the general fund in the state budget.

## PART II | CURRENT LAW RELATING TO SHARED SERVICES

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State law provides school districts with certain options to enable them to share administrative services. First, a school district has the authority to contract directly with one or more districts to share services. Additionally, school districts may enter into whole grade sharing agreements that allow the districts to address inefficiencies or funding issues by having certain students attend school in another district. Finally, a school district may receive administrative services directly through the CESA.

### SCHOOL DISTRICT POWERS

School boards oversee school districts, and are required to care for, control, and manage the property and affairs of the school district. Additionally, state law grants school districts the broad power to do “all things reasonable to promote the cause of education, including establishing, providing and improving school district programs, functions and activities for the benefit of students.” [s. [120.12 \(1\)](#), Stats.]

### Contracting Authority for Administrative Services

School districts may contract with “municipalities . . . for the receipt or furnishing of services or the joint exercise of any power or duty required or authorized by law.” [s. [66.0301 \(2\)](#), Stats.] “Municipalities” is defined broadly to include any city, village, town, county, or school district, as well as other special purpose governmental districts. [s. [66.0301 \(1\) \(a\)](#), Stats.]<sup>14</sup> State law requires that s. [66.0301](#), Stats., “be interpreted liberally in favor of cooperative action between municipalities,” though each party may act under the contract only to the extent of its own lawful powers and duties. [s. [66.0301 \(2\)](#), Stats.]

Contracts for cooperative programs<sup>15</sup> between school districts must be approved by each participating school district by adoption of a resolution and meet the minimum uniform provisions provided in s. [PI 14.02](#), Wis. Adm. Code. The annual budget for the cooperative program must be approved by each participating school district prior to the beginning of the fiscal year and must include all applicable costs.<sup>16</sup>

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<sup>14</sup> Specifically, under s. [66.0301](#), Stats., “municipality” means “the state or any department or agency thereof, or any city, village, town, county, or school district, the opportunity schools and partnership programs under subch. [IX of ch. 115](#) and subch. [II of ch. 119](#), the superintendent of schools opportunity schools and partnership program under s. [119.33](#), or any public library system, public inland lake protection and rehabilitation district, sanitary district, farm drainage district, metropolitan sewerage district, sewer utility district, solid waste management system created under s. [59.70 \(2\)](#), local exposition district created under subch. [II of ch. 229](#), local professional baseball park district created under subch. [III of ch. 229](#), local professional football stadium district created under subch. [IV of ch. 229](#), local cultural arts district created under subch. [V of ch. 229](#), long-term care district under s. [46.2895](#), water utility district, mosquito control district, municipal electric company, county or city transit commission, commission created by contract under this section, taxation district, regional planning commission, housing authority created under s. [66.1201](#), redevelopment authority created under s. [66.1333](#), community development authority created under s. [66.1335](#), or city-county health department.”

<sup>15</sup> A cooperative program is a program operated between two or more school districts in accordance with an agreement made pursuant to s. [66.0301](#), Stats., and s. [PI 14.02](#), Wis. Adm. Code.

<sup>16</sup> All applicable costs include all of the applicable direct instructional costs and all applicable support service and nonprogram costs. Support service and nonprogram costs include administrative salaries and services, audit costs, fiscal services, custodial services, utilities, maintenance services, space rental, and building administration. [s. [PI 14.02 \(2\) \(e\)](#), Wis. Adm. Code.]

Additionally, a cooperative program contract must:

1. Describe the cooperative program being entered into.
2. Specify one participating school district to be the operator and fiscal agent of the cooperative program.
3. Specify that pupil membership must be counted by each pupil's district of residence.
4. Specify that the proration of costs to each participating school district must be determined prior to June 30 each year. The proration of costs to each participating school district must be based on the respective number of pupils participating in the cooperative program.
5. Provide that prior approval by each participating school district is required prior to any variations to the annual budget for the cooperating program.

The contract must be signed and dated by the president and clerk of the school board of each participating school district. [s. [PI 14.02 \(2\)](#), Wis. Adm. Code.]

## WHOLE GRADE SHARING

Whole grade sharing is an agreement between two or more school districts that provides that all or a substantial portion of the students<sup>17</sup> in one or more grades<sup>18</sup> will attend school in one or more of the other school districts for all or a substantial portion of a school day. [s. [118.50](#), Stats.] A “substantial portion” of students means 20 percent of the students enrolled in each affected grade; a “substantial portion” of a school day means 20 percent of a school day. [s. [PI 33.03](#), Wis. Adm. Code.]<sup>19</sup>

### Requirements of Whole Grade Sharing Agreements

Whole grade sharing agreements must include all of the following provisions:

- The duration of the agreement, which must be one or more entire school years.
- The date on which each school district must notify the other participating school districts of intent to renew the agreement.
- The grade levels in each district that are subject to the agreement.
- The annual amount each student's resident school district pays to the school district that the student attends under the agreement.
- Which school district grants diplomas to students who graduate from high school in a school district other than the student's resident school district.
- Which school district is responsible for the records of students who attend school in a school district other than the student's resident district. [s. [118.50 \(1\)](#), Stats.]

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<sup>17</sup> A student attending a public school in a nonresident school district under a whole grade sharing agreement has all of the rights and privileges of students residing in that school district, and is subject to the same rules and regulations as students residing in that school district. [s. [118.50 \(5\) \(a\)](#), Stats.] If a whole grade sharing agreement provides for a student to attend a grade in a nonresident school district in which the student is attending school, the student's status as attending the nonresident school district is suspended for the school year the student is enrolled in the grade that is subject to the whole grade sharing agreement. This does not prevent a student from continuing to attend the nonresident school district in succeeding school years without reapplying. [s. [118.50 \(6\)](#), Stats.]

<sup>18</sup> “Grades” includes four- and five-year-old kindergarten and prekindergarten. [s. [118.50 \(1\)](#), Stats.]

<sup>19</sup> According to DPI, no school has ever participated in whole grade sharing.

Each student's resident school district is responsible for transporting the student to and from the school the student attends under a whole grade sharing agreement during the school term, unless the agreement provides otherwise. An agreement must also specify which participating school district is responsible for transporting students to summer school classes. [s. [118.50 \(3\)](#), Stats.]

A school district that enters into a whole grade sharing agreement that designates more than one school district for the attendance of its students must establish the attendance areas within the school district. [s. [118.50 \(4\)](#), Stats.]

## **Process of Entering Whole Grade Sharing Agreement**

At least 60 days before entering into, extending, or renewing a whole grade sharing agreement, each school district must adopt a resolution stating its intention to do so. [s. [118.50 \(2\) \(b\)](#), Stats.] The school district clerk must publish or post notice of the adoption of this resolution.<sup>20</sup> At least 30 days before entering a whole grade sharing agreement, each school district must hold a public hearing in the school district.<sup>21</sup> [s. [118.50 \(2\) \(d\)](#), Stats.]

Within 30 days after publication or posting of a resolution, a petition signed by at least 20 percent of the electors residing in the school district may be filed with the school district requesting a feasibility study of the agreement. Upon receiving a petition, the school district must contract with an organization approved by DPI to conduct the study.<sup>22</sup> The school district may not enter into, extend, or renew a whole grade sharing agreement until it receives the results of the feasibility study. The results must be posted on the school district's internet site. [s. [118.50 \(2\) \(c\)](#), Stats.]

No later than 10 days after entering into or renewing a whole grade sharing agreement, the school district clerk must file a certified copy of the agreement with the state superintendent. [s. [118.50 \(2\) \(e\)](#), Stats.]

## **Special Adjustment Aid**

Under current law, each school district that enters into a whole grade sharing agreement receives additional special adjustment aid for a period of seven years to ensure no school district receives less general school aid than it was eligible for in the school year prior to the year the agreement took effect. Therefore, the specific amount of additional aid each school district receives will vary, but is generally determined as follows:

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<sup>20</sup> The resolution must be published as a Class 1 notice under ch. [985](#), Stats., in a newspaper published by the school district or posted as provided in s. [10.05](#), Stats.

<sup>21</sup> Two or more school boards that will be parties to the agreement may hold a joint public hearing in one of the school districts. [s. [118.50 \(2\) \(d\)](#), Stats.]

<sup>22</sup> DPI must base its approval of organizations conducting feasibility studies on one or more of the required criteria. The criteria are: (a) knowledge/experience conducting feasibility studies; (b) knowledge/experience with school district finances; (c) knowledge/experience conducting reorganization studies; and (d) other relevant factors. [s. [PI 33.08](#), Wis. Adm. Code.]

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Additional special adjustment aid amount necessary to ensure a district does not receive less general school aid than the amount it was eligible for before entering a whole grade sharing agreement.					66 percent of amount received in Year 5	33 percent of amount received in Year 5

This aid applies only to new agreements, not renewals of existing agreements. [s. [121.105 \(4\)](#), Stats.]

A school district cannot receive special adjustment aid beyond the seventh year after a whole grade sharing agreement takes effect. However, a school district may receive additional aid if the district enters into a **new** whole grade sharing agreement that **does not involve any grade covered by a previous agreement** entered into by the school district, including any previously terminated whole grade sharing agreement. [s. [PI 33.06 \(3\)](#), Wis. Adm. Code.]

## Students With Disabilities

State law includes specific provisions regarding students with disabilities who attend a school under a whole grade sharing agreement. For each student with an individualized education program (IEP) in effect, the student’s resident school district must pay the nonresident school district in which the student attends school under a whole grade sharing agreement the sum of:

- The per pupil annual amount that student’s resident school district paid to the school district that the student attends under the agreement for the previous school year.
- The amount of the per pupil revenue limit adjustment for the current school year, if positive.
- The change in the amount of statewide categorical aid per pupil between the previous school year and the current school year, if positive. [s. [118.50 \(2m\) \(a\)](#), Stats.]<sup>23</sup>

If a student with an IEP in effect attends school in a nonresident school district under a whole grade sharing agreement for less than a full school year, this payment must be prorated based on the number of days that school is in session during that school year and number of days the student attends school in the nonresident school district during that school year. [s. [118.50 \(2m\) \(b\)](#), Stats.]

## CESAs

A CESA is a governmental subdivision that serves as a link between school districts and other entities. [s. [116.01](#), Stats., and *Miller v. Mauston School District*, 222 Wis. 2d 540, 588 N.W.2d 305 (Ct. App. 1998).]<sup>24</sup> CESAs may provide leadership, coordination, educational, and administrative services to school districts, schools, higher education institutions, and public and

<sup>23</sup> This formula first applied in the 2017-18 school year. In the 2016-17 school year, the resident district payment amount for a student with an IEP in effect and who was attending a school under a whole sharing agreement was \$12,000. [s. [118.50 \(2m\) \(a\) 1.](#), Stats.]

<sup>24</sup> Section [116.01 \(1\)](#), Stats., further provides that the organization of Wisconsin school districts is such that the Legislature recognizes the benefit to having a service unit between the school district and the state superintendent.

private agencies and organizations that provide services to students. Twelve CESAs serve 12 distinct regions across the state.<sup>25</sup>

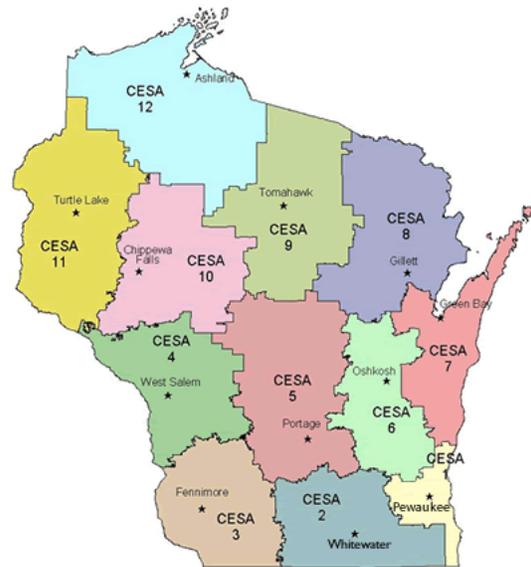
CESAs offer a wide variety of services to the school districts that they serve<sup>26</sup>. The services offered depend on the resources of the CESA and the needs and priorities of the member school districts. CESA services include information technology (IT), communications, administrative or specialist staffing, accounting, purchasing, professional development, and special and alternative education services.

## Structure, Duties, and Leadership

Each CESA is governed by a board of control with broad authority to do all things necessary to carry out the CESA's statutory duties. The board is comprised of school board members of the school districts within the agency's region. Each school board annually appoints one of its members to serve on the CESA board of control.<sup>27</sup>

A CESA board of control's duties include the following:

- Determining the policies of the CESA. [s. [116.03 \(1\)](#), Stats.]
- Determining each participating member school district's proportional share of the cost of cooperative programs and assessing the costs of each program against each school district participating in the program. No cost may be assessed against a member district for a cooperative program unless the district enters into a contract for that service. [s. [116.03 \(4\)](#), Stats]
- Appointing an agency administrator. The CESA administrator is responsible for implementing the board's policies. [s. [116.04](#), Stats.]
- Authorizing the expenditure of money for the CESA to fulfill its statutory purposes, as well as for the actual and necessary expenses of the board and agency administrator and for the acquisition of equipment, space, and personnel. [s. [116.03 \(10\)](#), Stats.]
- Doing all other things necessary to carry out its statutory responsibilities. [s. [116.03 \(14\)](#), Stats.]



<sup>25</sup> CESA boundaries may be revised by petition of a school board, when a new school district is created, and when territory is detached from a school district operating high school grades. [s. [116.06 \(1\)](#) and [\(2\)](#), Stats.] CESAs may also consolidate. [s. [116.07](#), Stats.]

<sup>26</sup> A school district may withdraw from, and may rejoin, a CESA. [s. [116.065](#), Stats.]

<sup>27</sup> For the purpose of determining membership on the board of control, a school district operating elementary grades only and lying in more than one union high school district is considered part of the union high school district territory in which the major portion of its equalized valuation lies. [s. [116.02 \(1\) \(a\)](#), Stats.]

Additionally, each CESA must have a professional advisory committee, comprised of the school district administrator<sup>28</sup> of each member school district. A CESA board of control may appoint additional advisory committees that are representative of the users of the CESA's services and programs. [s. [116.05](#), Stats.]

## **Board of Control Purchasing and Contracting Authority**

### **Real Property and Equipment**

Each CESA board of control may purchase, hold, encumber, and dispose of real property, if a resolution to do so is adopted by a two-thirds vote of the members of the board and then approved by three-fourths of the school districts in the agency by majority vote of each school district. State aid may be used for the purpose of purchasing and maintaining real property. [s. [116.055](#), Stats.] The board of control may also lease equipment for the purpose of assisting students with a visual impairment to read. [s. [116.10](#), Stats.]

### **Contracting Authority**

Each CESA board of control may enter into contracts with school districts, University of Wisconsin System (UWS) institutions, technical college district boards, private schools, tribal schools, and agencies or organizations that provide services to students. A CESA board may not contract with any person to provide services to these entities if that entity does not have the authority to contract directly for the services with the person itself. [s. [116.032 \(1\)](#) and [\(2\)](#), Stats.]

State law specifies that a CESA board may contract with private schools, tribal schools, or private agencies or organizations to provide a service or program only if: (1) the service or program was developed for and has been provided to public schools; and (2) providing the service or program will not have a negative effect on the CESA board's ability to serve school districts. [s. [116.032 \(3\) \(a\)](#), Stats.]<sup>29</sup>

Any contract between a board of control and an entity that is **not** a school district must require payment for at least the full cost of the service or program provided. As noted above, no cost may be assessed against a school district for a cooperative program unless the district enters into a contract for the service. The term of any contract entered into by a CESA may not exceed 20 years. [s. [116.032 \(3\) \(b\)](#) and [\(5\)](#); s. [116.03 \(4\)](#), Stats.]

## **Funding**

Generally, CESAs are funded through payments from member districts, as well as state and federal grants.<sup>30</sup> Specifically, a CESA board of control is eligible for any state or federal grant for which a school district is eligible. However, if a member school district applies for a grant, the board of control may only apply for said grant on behalf of one or more member districts in the CESA. [s. [116.09](#), Stats.] CESAs may also incur short-term loans, but the total amount of loans at

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<sup>28</sup> "School district administrator" means the school district superintendent, supervising principal or other person who acts as the administrative head of a school district. [s. [115.001 \(8\)](#), Stats.]

<sup>29</sup> A board of control may also contract with one or more school boards to operate a charter school under s. [118.40 \(3\) \(c\) 1. b.](#), Stats.

<sup>30</sup> Each CESA may receive up to \$25,000 in state aid to match federal funding for vocational education administration. [ss. [116.08 \(1\)](#) and [20.255 \(2\) \(fg\)](#), Stats.] Additionally, CESAs qualify as local educational agencies eligible for federal grants under some federal education aid programs, such as the Individuals with Disabilities Education Act. [[20 U.S.C. 1401 \(19\)](#).]

any time may not exceed 50 percent of the CESA's receipts for the prior fiscal year. [s. [116.08 \(2\)](#), Stats.]

CESAs are **not** authorized to levy any taxes and, as noted above, may not assess fees against a member district for a cooperative program unless the district enters into a contract for that service. [s. [116.03 \(4\)](#), Stats.]

Whenever a CESA performs any service or function under chs. [115](#) to [121](#) by contract with a school board, the contract may authorize the CESA to receive the appropriate state aid for performing the service or function. When a CESA receives this state aid, it must pay over or credit the amount of state aid received to the school district for which the service or function was performed according to the contract. [s. [116.08 \(4\)](#), Stats.] Participation in CESA programs is entirely optional and a school district's refusal to subscribe to any CESA services does not and cannot result in the school district losing state aid. [s. [116.08 \(3\)](#), Stats.]

## PART III | RECENT LEGISLATIVE ACTION

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A 2017 Blue Ribbon Commission on School Funding recommended certain incentives to encourage school districts to share services. Legislation to implement these Commission recommendations was introduced in the 2017-19 and 2019-20 legislative sessions, and a provision relating to shared school services was included in the 2017-19 budget bill, but none of these proposals were enacted.

### 2017 BLUE RIBBON COMMISSION ON SCHOOL FUNDING

Speaker Vos and Senate Majority Leader Fitzgerald established the Blue Ribbon Commission on School Funding in 2017 to examine how tax dollars are distributed to schools and make recommendations on how better to meet the needs of students across the state. Of particular relevance to the study committee, among the recommendations were incentives related to whole grade sharing and shared services.

#### Incentives for Whole Grade Sharing

The Commission recommended that the Legislature consider the following incentives to school districts to enter whole grade sharing agreements, with the goal of reducing costs or increasing educational opportunities in rural districts:

- Provide a \$150 per student incentive for up to five years for school districts that enter into a whole grade sharing agreement **and** declare an intent to explore consolidation, and appropriate \$750,000 annually towards the program.
- Provide one-time funding of \$250,000 for a grant program to fund a feasibility study for consolidation **or** whole grade sharing. Two or more school districts could apply for grants of up to \$10,000 for a professional financial analysis of how consolidation or whole grade sharing would affect the district.

See [Blue Ribbon Commission on School Funding Recommendations](#), “School District Consolidation [Paper #24],” page 8.

#### Incentives for Shared Services

The Commission recommended creating a categorical aid incentive for school districts that choose to share administrative positions (e.g., human resources director, IT coordinator, or business manager). Two or more school districts could qualify for aid based on the following amounts for each position shared, with no limit to the number of positions that could be shared:

- District administrator: \$40,000.
- Human resources director, IT coordinator, or business manager: \$22,500.
- Any other nonfaculty administrative positions, excluding principals and assistant principals: \$17,500.

This aid would be paid in full to each school district for the first three school years, with a 50 percent payment in year four, and no payment in the fifth year. The Commission recommended providing \$2 million in general purpose revenue annually for the new incentive program.<sup>31</sup>

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<sup>31</sup> This recommendation is similar to a provision vetoed by the Governor in the 2017-19 biennial budget bill.

See [Blue Ribbon Commission on School Funding Recommendations](#), “Incentives for Shared Services [Paper #26],” page 11.

## RECENT LEGISLATION

Beginning in the 2017-19 session, the following legislation was introduced regarding shared school services and whole grade sharing agreements.

### 2017-19 Biennial Budget Bill

The [2017-19 biennial budget bill](#), as passed by the Legislature, provided a shared services incentive categorical aid program that would have provided funding to districts that shared the services of certain administrative positions. Aid would be paid in full for the first three school years of the plan, with a 50 percent payment in year four, and no payment in the fifth year. This provision was vetoed by the Governor.

### 2017 Blue Ribbon Commission Bills

As described below, the following bills were introduced in response to the 2017 Blue Ribbon Commission on School Funding recommendations regarding whole grade sharing and incentives for shared services.

#### Categorical Aid for Whole Grade Sharing Agreements and Shared Services

As introduced, [2019 Senate Bill 412/Assembly Bill 442](#), created a new categorical aid for school district that enter into whole grade sharing agreements. To be eligible for the additional aid, a school district would be required to enter into a whole grade sharing agreement and adopt a resolution declaring the intent to consider consolidation. Beginning in the 2019-20 school year, an eligible school district would receive \$150 per student enrolled in a grade level that is subject to the whole grade sharing agreement, for up to five years. After the Assembly bill was amended in committee, the Assembly passed the amended bill; however, the amended Senate bill failed to pass in the Senate.<sup>32</sup>

[2019 Senate Bill 413/Assembly Bill 441](#) created a categorical aid for a school district that enters into an agreement to share administrative personnel services with other school districts or a local unit of government.<sup>33</sup> To be eligible for the aid, the school district would be required to pass a resolution approving participation in the shared services aid program. The amount of aid a school district receives under the shared services aid program would be based on the administrative positions that are shared under the agreement. Under the bills, during the first three school years of an agreement, each school district would receive the following amount for each of the following administrative positions that is shared under the agreement:

1. For a school district administrator, \$40,000.
2. For a human resources director, IT director, or business manager, \$22,500.

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<sup>32</sup> Assembly Amendment 1 to 2019 Assembly Bill 442 and Senate Amendment 2 to 2019 Senate Bill 412 changed the appropriation for the current school year to \$0 and made school districts eligible beginning in the 2020-21 school year. The amendments also clarified the eligibility criteria for the aid so that a school district would be eligible for aid if it entered into, and participated in, a whole grade sharing agreement. Finally, the amendments provided a longer period of time for school districts to enter into whole grade sharing agreements for the 2020-21 school year.

<sup>33</sup> As introduced, the bill defined local unit of government to mean the governing body of a city, village, or town or the board of control of a CESA. Assembly Amendment 1 to 2019 Assembly Bill 441 and Senate Amendment 1 to 2019 Senate Bill 413 both added the governing body of a county to the definition.

3. For any other administrative position other than principals and assistant principals, \$17,500.

In the fourth and fifth school years of an agreement, school districts would receive half of the amounts described above. If in any school year the amount appropriated for this aid was insufficient to pay these amounts to all entitled school districts, DPI would prorate the aid amounts.

The bills did not limit the amount of personnel that may be shared. The Assembly passed the Assembly bill, but the bill failed to pass the Senate.

### **Grants for Whole Grade Sharing Feasibility Agreements**

[2019 Assembly Bill 456/Senate Bill 409](#), required DPI to award grants of up to \$10,000 each to a consortia of school districts to be used for a professional financial analysis of how school district consolidation or entering into a whole grade sharing agreement would affect the school districts. The bills failed to pass in either the Assembly or the Senate.