
Wisconsin Legislative Council

STUDY COMMITTEE MEMO



Memo No. 2

TO: MEMBERS OF THE STUDY COMMITTEE ON SHARED SCHOOL DISTRICT SERVICES

FROM: Raine Black and Emily Hicks, Staff Attorneys

RE: Committee Options for Potential Legislation

DATE: October 18, 2022

This memo summarizes options for possible legislation that have been proposed to the Study Committee on Shared School District Services. Reflecting the focus of discussions at the first two study committee meetings, the options largely relate to providing incentives for school districts to share services and addressing certain difficulties in the consolidation process.

This memo provides a basis for committee discussion on October 26, 2022, to develop drafting instructions for bill drafts the committee may review at its next meeting scheduled for November 30, 2022.

OPTIONS RELATED TO SHARED SERVICES

State law allows a school district to contract with a cooperative educational service agency (CESA), school district, or other government entity to share services, but does not currently provide any incentives for school districts to do so. At the study committee's July 20, 2022 meeting, committee members heard from various school district administrators and CESA staff about the challenges and benefits of sharing services. At the July 20 and August 22, 2022 meetings, committee members suggested certain incentives that may encourage school districts to share services more frequently.

Administrative Positions

Presenters and committee members suggested reviewing two recent legislative proposals that created incentives for school districts to share certain administrative positions:

Categorical Aid for Shared Services – 2019 Senate Bill 413.¹ [2019 Senate Bill 413](#) created a categorical aid for each school district that enters into an agreement to share administrative personnel services with other school districts or a local unit of government, if certain requirements are met.² To be eligible for the aid, the school district would be required to pass a resolution approving participation in the shared services aid program and submit a shared services agreement to the Department of Public Instruction (DPI) that demonstrates that the agreement would result in a net reduction in filled

¹ The companion bill to 2019 Senate Bill 413 was [Assembly Bill 441](#).

² 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.

administrative positions between the participating school districts. 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 bill, 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.
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 bill provided \$2 million in fiscal years 2019-20 and 2020-21 for the program.

If an individual holds more than one position for which aid may be paid, DPI would pay a school board for only one position held by the individual. If the individual holds positions for which different amounts may be paid, DPI would pay a school board for the position for which the highest amount may be paid under the program.

Categorical Aid for Shared Services – 2017-19 Biennial Budget Bill. The [2017-19 biennial budget bill](#), as passed by the Legislature, but vetoed by the Governor, included a provision that is very similar to 2019 Senate Bill 413, with certain key differences.

First, the budget provision created a one-year, \$2 million appropriation to fund the program, rather than providing \$2 million in each year of the biennium under the bill.

Second, the budget provision specified that DPI must review and approve applications in the order in which they are received and must approve applications until all moneys appropriated for the program have been encumbered. Under the bill, DPI must prorate the aid amounts if the appropriated amount was insufficient to pay all eligible districts.

Third, under the budget provision, if a participating school district hires an additional individual to staff a position covered under its plan without eliminating the current incumbent, DPI would be required to withdraw all of the school districts who are parties to the plan from the program, and withdrawn school districts could not receive any additional aid under the program. The bill does not include this provision.

Finally, the conditions on and amounts of funding in the fourth and fifth years of an approved shared services plan or agreement are different under the budget provision and the bill. The bill would have provided funding at half of the amounts for each position in the fourth and fifth years of a school's participation. Under the budget provision, a school district would receive the full amounts in the fourth and fifth years, but only if it entered into a whole grade sharing agreement; without a whole grade sharing agreement, participating school districts would receive half of the amounts in the fourth year and no funding in the fifth year.

The committee could consider drafting either of these proposals. In creating a proposal, the committee could consider the following questions:

- What should the amount of categorical aid be?
- What positions would qualify for aid?

- Should school districts that are sharing positions at the time the legislation is enacted receive any aid?
- Should districts be specifically directed to use the categorical aid to pay staff who share positions?

Grant Writing

Committee members discussed the difficulty school districts have experienced in trying to hire grant writers, how CESAs can assist in grant writing, and the ineligibility of costs of grant writing for reimbursement under most grant programs. Committee members could discuss the following suggestions made at the August 22, 2022 meeting and in follow-up correspondence:

Create DPI Grant-Writing Positions. Create 4.0 full-time equivalent (FTE) grant writing positions in DPI, using existing funds. The grant writers would be available to assist school districts in applying for state and federal grant funding. DPI would be directed to divide the state into quadrants, each with approximately equal populations and each grant writer would be assigned to the districts located in one of these quadrants. If the committee chooses to draft this proposal, the committee could consider the following questions:

- How many FTE positions should be created?
- Should the positions use existing funds or should an appropriation be created? If an appropriation is created, what should the amount be?
- Should the quadrants be specified in statute or determined by DPI?

Subsidize CESA Grant Writers. Require DPI to provide a prorated or need-based subsidy to CESAs to cover the cost of employing a grant writer. Each grant writer would be available to any district member in that CESA on either a first-come, first-served basis or by meeting established needs criteria. Multiple CESAs could be authorized to use the subsidies to establish shared regional grant writing services. If the committee chooses to draft this proposal, the committee could consider the following questions:

- What should the appropriation be?
- How should the subsidy for each CESA be determined?
- Should CESAs be required or authorized to use certain criteria when providing this service to districts?

Incentivize Districts to Hire Grant Writers. Provide an incentive to municipalities and school districts to share the cost of dedicated grant writing services. For example, Howard-Suamico and Waupaca have recently hired full-time grant writers in a shared investment/shared service model: the school district, municipality, and local education foundation each agreed to cover a third of the cost of a full-time grant writer for a set time period. If the committee chooses to draft this proposal, the committee could consider the following questions:

- What should the appropriation be?
- How should the incentive amounts be calculated?
- How should the amounts be distributed?
- Should the agreement meet certain criteria, and if so, what should those be?

Facilitating Shared Part-Time Positions

Committee members discussed the difficulty school districts have experienced in trying to hire staff to fill part-time positions. A suggestion was made to create a statewide job posting dashboard that would enable school districts to advertise and share their part-time positions. If the committee chooses to draft this proposal, the committee could consider the following questions:

- Should the job site be hosted by a state agency, such as DPI or the Department of Workforce Development?
- Should any funding be provided to create and maintain the site?

Virtual Classes

Presenters and committee members offered examples of school districts that have successfully provided shared virtual class options with other districts. A suggestion was made to provide a financial incentive to school districts to offer virtual classes or programs with other interested districts in order to provide students with more educational opportunities. If the committee chooses to draft this proposal, the committee could consider the following questions:

- What should the amount of categorical aid be?
- How should the aid be calculated?
- How should the aid be distributed to school districts?
- Should virtual classes or programs meet certain criteria, and if so, what should those be?
- Should districts be specifically directed to use the categorical aid to pay staff who teach the shared virtual class or program?

Transportation

A committee member suggested creating a categorical aid for school districts that voluntarily provide transportation for students when sharing services with another district, for the purpose of transporting students for shared courses. If the committee chooses to draft this proposal, the committee could consider the following questions:

- What should the amount of categorical aid be?
- How should the aid per district be calculated; for example, a flat amount, or per student transported?
- How should the aid be distributed to school districts?

School District Purchasing

Committee members commented that centralized purchasing of certain items could be a way for school districts to save money and reduce their administrative burden. Under Wisconsin law, municipalities, including school districts, may enter into cooperative purchasing agreements with each other for “materials, supplies, equipment, permanent personal property, miscellaneous capital or contractual services.” [s. 16.73 (1), Stats.] School districts may also utilize cooperative purchasing agreements to purchase food from the Department of Administration (DOA) under a state negotiated contract.

Create a Statewide Textbook Purchasing Model. At the August 22, 2022 meeting, a suggestion was made to create a statewide model for textbook purchasing. Under current law, textbooks are

chosen, and may be purchased, by school boards. [s. 118.03, Stats.] If the committee chooses to draft his proposal, the committee could consider the following questions:

- What entity should choose the textbooks; for example, CESAs, DPI, or a board?
- Should state textbook purchasing be funded, and if so, what should the appropriation be?
- Should districts be required to participate?
- Should districts have input in the textbook selection process?

Encourage Districts to Purchase Food Through DOA Cooperative Purchasing Program. At the August 22, 2022 meeting, a suggestion was made to create a program for Wisconsin school districts to purchase food together that is similar to the program districts use in Minnesota. Under the Minnesota state purchasing law, “municipalities may contract for the purchase of supplies, materials, or equipment by utilizing contracts that are available through the state’s cooperative purchasing venture.” [Minn. Stat. § 471.345, subd. 15.] On [Minnesota’s Cooperative Purchase Venture contracts list](#) are contracts for food beverage and storage products, as well as fresh, frozen, dry, and canned food. Wisconsin law, as explained above, is similar to Minnesota law.

The committee could consider creating a financial incentive for school districts to purchase food through the DOA cooperative purchasing program. If the committee chooses to draft this proposal, the committee could consider the following questions:

- What should the appropriation be?
- How should the amounts be calculated?
- How should the amounts be distributed to districts?

OPTIONS RELATED TO SCHOOL DISTRICT CONSOLIDATION

The August 22, 2022 study committee meeting was focused on school district consolidation in Wisconsin and other states’ school district models. At this meeting, committee members and presenters discussed the challenges of school district consolidation and potential options to improve and facilitate the consolidation process.

Increase Per-Pupil Consolidation Aid

Under s. 117.08 (6), Stats., school districts that consolidate on or after July 1, 2019 receive consolidation aid in the following amounts for the seven years following consolidation:

Year of consolidation	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
\$150 for each pupil enrolled	\$150 for each pupil enrolled	\$150 for each pupil enrolled	\$150 for each pupil enrolled	\$150 for each pupil enrolled	50% of what the district received in year 5	25% of what the district received in year 5

Presenters and committee members discussed the potential inadequacy of this per-pupil aid amount.

A committee member suggested increasing the aid amount to \$500-\$700, or another amount, keeping the aid steady for five years, then decreasing it gradually for the last two years. If the committee chooses to draft this proposal, the committee could consider the following questions:

- What should the aid amount be?
- How long should the district receive this aid?
- Should the aid decrease over a specific period of time?
- Should aid be compounded based on the number of districts that consolidate; for example, if three districts consolidate, should the aid amount increase to \$300 per pupil?

Number of School Board Members in Consolidated Districts

Under s. 120.02 (3) (e), Stats., whenever **any** school board with more than three members votes to reduce the number of school board members, it must do so incrementally so that one less school board member is elected annually until the approved number of school board members is met. Under s. 117.17 (1) (a), Stats., when school districts consolidate, the final orders must designate the number of school board members the new district will have.

At the August, 22, 2022 meeting, a committee member explained that when her school district was in the process of consolidating, negotiations led to the new school board initially being composed of seven members under the final reorganization order, with the understanding that the new board would vote to reduce its size to five members. The incremental approach required under s. 120.02 (3) (e), Stats., meant that during one year, there were six school board members, which often led to tied votes.

The committee could consider creating an exception to s. 120.02 (3) (e), Stats., specifically for newly consolidated districts to reduce school board membership by more than one member annually until it reaches the number of board members required in the final consolidation order. If the committee chooses to draft this proposal, it could consider the following questions:

- Should there be a certain period of time a school district is considered to be “newly consolidated”; for example, three years?
- Should there be a limit on how many school board members may be reduced annually?

School District Report Cards for Consolidated Districts

Under current law, DPI is required to annually publish school and school district accountability report cards. On each school and district’s report card, DPI must assign one of five performance categories: “fails to meet expectations,” “meets few expectations,” “meets expectations,” “exceeds expectations,” and “significantly exceeds expectations.” A performance category is determined by a calculation that accounts for past and present measures of performance. As such, in the first years following consolidation, new districts lack the data necessary to be assigned a performance category. [s. 115.385, Stats.]

A committee member noted that the newly consolidated Holy Hill Area School District was not assigned a performance category on its report card, which led to confusion and a belief among some constituents that the district was failing. The committee could consider requiring DPI to specify on a newly consolidated school district’s report card that because the district lacks the multiple years of data required to determine a district’s performance category, the district will not receive one. If the committee chooses to draft this proposal, it could consider the following questions:

- Should DPI be directed to use specific language for newly consolidated districts, and if so, what should it be?
- Should there be a certain period of time a district is considered to be “newly consolidated”; for example, three years?

Funding for Feasibility Studies

Presenters and committee members discussed the importance of feasibility studies when making determinations related to consolidation. Presenters indicated that these studies are expensive, and there is no state funding available for them under current law. Committee members noted that providing state funding for feasibility studies might assist school districts in determining whether to proceed with consolidation.

The committee could further discuss whether to provide state aid to school districts for feasibility studies, and could consider drafting language similar to the program proposed in [2019 Assembly Bill 456](#). That bill would have created a grant program to provide up to \$10,000 for districts to use toward feasibility studies related to district consolidation and whole grade sharing. If the committee chooses to draft this proposal, it may wish to consider the following questions:

- What should the appropriation be?
- How should the grants be awarded?
- Should the grant application be required to meet certain criteria? For example, should school districts be required to adopt consideration resolutions as a condition of receiving the grant?
- What should the grant amount be?

Allow Newly Consolidated Districts to Share Operational Referenda

Under s. 121.91 (2m) (t) 2., Stats., an operational referenda to exceed a district’s revenue limit expires on the effective date of consolidation with another district. Committee members noted that this automatic expiration may deter otherwise prepared school districts from consolidating. The committee could consider the following suggestions:

Allow the Consolidated District to Exceed the Revenue Limit. Repeal the statutory provision and allow a school district’s operational referendum to continue after the district is consolidated.

Require a Referendum Question on Allowing the Consolidated District to Exceed the Revenue Limit in the Amount Previously Authorized by Referendum in One of the Prior Districts. Require a consolidation referendum that provides for an operational referendum as part of the consolidation process.

Allow a Simultaneous Capital Referendum and Consolidation Referendum. Permit a consolidation referendum that provides for a capital referendum (if necessary to renovate or close schools) as part of the consolidation process.

Petition to Require School Boards to Continue Consolidation Process

Under s. 117.08, Stats., districts that adopt **consideration** resolutions (the first step in consolidation) have three options for the second step: (1) adopt a **consolidation** resolution **ordering** consolidation; (2) adopt a consolidation resolution **denying** consolidation; or (3) **do nothing**, which effectively denies the consolidation. If the board adopts a consolidation resolution ordering consolidation, district

residents may file a petition, signed by at least 10 percent of electors who reside in any affected district, requesting a referendum on the consolidation. If a majority of the votes cast in each affected school district is in favor of consolidation, the school districts must be consolidated on the following July 1.

A suggestion was made to permit district residents to petition their school boards to continue the consolidation process after the school board has denied consolidation (either through inaction or adopting a consolidation resolution denying consolidation). Specifically, if one of the affected school boards denies a consolidation resolution by August 1, 10 percent of the district's resident electors could file a petition with the clerk of the school district by September 1 to reverse the denial and require the school board to adopt a consolidation resolution ordering consolidation and requiring a referendum.

If the committee chooses to draft this proposal, it could consider the following questions:

- Should any additional criteria be included in this process?
- Should there be a limit on how often this process may be used?

OTHER SUGGESTIONS

Create Regional Student Information Systems

Under current law, Wisconsin has a multiple-vendor student information system for the standardized collection of student data. [s. 115.383 (1) (a), Stats.] This system allows schools and districts to use their vendor of choice.³

Presenters and committee members suggested that the use of different student information system vendors by different school districts is a barrier to shared services and consolidation. Members suggested regionalizing student information systems so that all the schools in specific regions would use the same system, making it easier for those schools to share services with each other and for staff to work in multiple districts.

If the committee chooses to draft this proposal, the committee could consider the following questions:

- How should the regions be determined?
- Should the regions consider specific criteria when selecting vendors, and if so, what should those be?

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³ Implementation of statewide student information system was enacted in [2011 Act 32](#), SECTION 2437; this was repealed the following year by [2013 Act 256](#), which created the multiple-vendor system.