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State Aid to School Districts

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State Aid to School Districts

Under the provisions of Wisconsin's Constitution (Article X, Section 3), the Legislature is responsible for the establishment of public school districts which are to be "as nearly uniform as practicable" and "free and without charge for tuition to all children." Under the statutes, the state provides financial assistance to school districts to achieve two basic policy goals: (1) reduce the reliance upon the local property tax as a source of revenue for educational programs; and (2) guarantee that a basic educational opportunity is available to all pupils regardless of the local fiscal capacity of the district in which they reside.

The cost of elementary and secondary (K-12) education is supported by the state through three different methods. First, general aids are provided primarily through a formula that distributes aid on the basis of the relative fiscal capacity of each school district as measured by the district's per pupil value of taxable property. This formula is known as either the "general school aid formula" or the "equalization aid formula." In addition, the Legislature has also established other smaller general school aid programs. General aids are subject to revenue limits.

The second means of state support are categorical aids that in most cases partially fund specific program costs such as special education, achievement gap reduction, pupil transportation, and bilingual education. Categorical aid is either paid on a formula basis, on a per pupil basis, or awarded as grants. Categorical aids are outside of revenue limits. Table 1 lists the various general and categorical school aid programs and the amounts appropriated for fiscal year 2022-23. More detailed descriptions of these aid programs are provided later in this paper.

The third method of state support is through property tax credits. The school levy tax credit and the first dollar credit are paid to municipalities to offset the property tax. The appropriation through which these credits are funded was statutorily included in the definition of state support when the state provided two-thirds funding of K-12 partial school revenues. While these credits will be referenced in this paper within the context of total state support, the primary focus of this paper will be to describe direct state aid payments to school districts.

As shown in Table 1, nearly \$6.7 billion was appropriated for general and categorical school aids in 2022-23. Of that amount, 99% is funded through state general purpose revenue (GPR); the other one percent is supported with segregated revenue (SEG) and program revenue (PR). School aid represents 33.5% of the state's total general fund budget for fiscal year 2022-23. It is the largest commitment by the state to any single governmental program.

This paper will first provide an overview of state aid to school districts. In subsequent sections, information will be provided on the equalization aid formula, other general school aids, and the various categorical aid programs. In addition, there are two appendices. The first appendix provides general descriptive statistics regarding school districts in Wisconsin. The second appendix provides sample calculations of the equalization aid formula. Finally, information on current year general school aid amounts and estimates of state support by school district are presented on the Legislative Fiscal Bureau webpage at: <http://legis.wisconsin.gov/lfb>.

Table 1: 2022-23 General and Categorical School Aid by Funding Source

Agency	Type and Purpose of Aid	Amount
	<i>General Aid--GPR Funded</i>	
DPI	General School Aids*	\$5,201,590,000
	High Poverty Aid	<u>16,830,000</u>
	<i>Total General Aid</i>	<u>\$5,218,420,000</u>
	<i>Categorical Aid--GPR Funded</i>	
DPI	Per Pupil Aid	\$601,400,000
	Special Education	517,890,000
	High-Cost Special Education Aid	11,439,200
	Special Education Transition Incentive Grants	3,600,000
	Transition Readiness Investment Grant	1,500,000
	Achievement Gap Reduction	109,184,500
	SAGE--Debt Service	133,700
	Sparsity Aid	27,983,800
	Pupil Transportation	24,000,000
	High-Cost Transportation Aid	19,856,200
	Aid for School Mental Health Programs	12,000,000
	Mental Health Collaboration Grants	10,000,000
	Peer-to-Peer Suicide Prevention Grants	250,000
	Bilingual-Bicultural Aid	8,589,800
	Tuition Payments	8,242,900
	Head Start Supplement	6,264,100
	Educator Effectiveness Grants	5,746,000
	School Lunch	4,218,100
	County Children with Disabilities Education Boards	4,067,300
	School Breakfast	2,510,500
	Peer Review and Mentoring	1,606,700
	Rural School Teacher Talent Pilot Program	1,500,000
	MPS Summer School Grant Program	1,400,000
	Four-Year-Old Kindergarten Grants	1,350,000
	School Day Milk	1,000,000
	Robotics League Participation Grants	500,000
	Gifted and Talented	474,400
	Aid for Transportation--Open Enrollment/Early College	454,200
	Supplemental Aid	100,000
DOA	Debt Service on Technology Infrastructure Bonding	<u>325,500</u>
	<i>Total Categorical Aid--GPR Funded</i>	<u>\$1,387,586,900</u>
	<i>Categorical Aid--PR Funded</i>	
DPI	AODA	\$1,284,700
	Tribal Language Revitalization Grants	<u>222,800</u>
	<i>Total Categorical Aid--PR Funded</i>	<u>\$1,507,500</u>
	<i>Categorical Aid--SEG Funded</i>	
DPI	School Library Aids	\$45,000,000
DOA	Educational Telecommunications Access Support	<u>15,984,200</u>
	<i>Total Categorical Aid--SEG Funded</i>	<u>\$60,984,200</u>
	<i>Total Categorical Aid--All Funds</i>	\$1,450,078,600
	<i>Total School Aid--All Funds</i>	\$6,668,498,600

*Includes eligibility for equalization aid (\$5,155.4 million), integration aid (\$37.2 million), and special adjustment aid (\$9.0 million). The eligibility amounts for the Milwaukee Public Schools were reduced by \$15.4 million attributable to the Milwaukee private school choice program that will lapse (revert) to the general fund.

Overview of School Finance

The state has 368 K-12 districts, 43 elementary (K-8) districts, and 10 union high school (UHS) districts, for a total of 421 school districts in 2022-23. All are fiscally independent, meaning they do not depend on other local units of government such as counties or municipalities for their local tax revenue. In addition, 12 cooperative educational service agencies (CESAs), which are fiscally dependent on school districts, provide programs and services to local districts. In 2022-23, four counties operate county children with disabilities education boards (CCDEBs), of which one (Marathon) is fiscally dependent and three (Brown, Calumet, and Walworth) are fiscally independent.

School districts are classified as common (364), union high (10), unified (46) and first class city (Milwaukee). Common and union high districts are required to hold an annual meeting at which a majority of electors present approve the district's property tax levy. However, the school board has the authority to adjust the tax levy if it is determined that the annual meeting has not voted a tax sufficient to operate and maintain the schools or for debt retirement. School boards in unified and first class city school districts do not hold annual meetings.

School districts derive their revenue from four major sources: state aid, property tax, federal aid, and other local nonproperty tax revenues such as fees and interest earnings. Table 2 shows revenue by source for 2020-21, which is the most recent year for which audited data is available. The state aid amount shown in Table 2 includes only funding received by school districts and does not include aid funding provided to other entities (such as CESAs, CCDEBs, and Head Start agencies) or lapsed to the general fund. In 2020-21, districts received the majority of their revenue (nearly 88%)

Table 2: 2020-21 School District Revenue

	Amount		Percent
	Total (in Millions)	Per Pupil	
State Aid	\$6,209.4	\$7,537	47.1%
Gross Property Tax	5,379.8	6,530	40.8
Federal Aid	1,170.5	1,421	8.9
Other Local Revenue	<u>436.0</u>	<u>529</u>	<u>3.3</u>
Total	\$13,195.7	\$16,017	100.0%

through state aid and the property tax. In 2020-21, the state provided \$1,090.0 million in school levy and first dollar property tax credits to reduce the gross amount of school property taxes shown in Table 2 (\$5,379.8 million) paid by taxpayers to a net amount of \$4,289.8 million.

Under current law, there is a limit on the annual amount of revenue that each school district can raise through the combination of general school aids, property taxes, and exempt property aid programs. General school aids include equalization, integration, and special adjustment aids, as well as high poverty aid. Exempt property aid is state funding provided to local units of government, including school districts, to hold local governments and property taxpayers harmless from the impacts of exempting specified equipment from the property tax. [For further information about school district revenue limits, see the Legislative Fiscal Bureau's informational paper entitled "School District Revenue Limits and Referenda."]

Table 3 presents information on state school aids, the gross school property tax levy, school district costs, public school enrollments, costs per pupil, and the rate of inflation as measured by the Consumer Price Index since 2003-04. The gross school property tax levy is the total school district levy without being offset by the school levy and first dollar tax credits. The total school cost measure is generally the cost of school districts' general, special project, and debt service funds (including transportation and facility acquisition costs) plus food service and community service

Table 3: State School Aid, Gross School Levy, Total School Costs, Enrollments and Inflation (2003-04 through 2022-23)

Fiscal Year	<u>State School Aid</u>		<u>Gross School Levy</u>		<u>Total School Costs</u>		<u>Pupil Membership(b)</u>		<u>Costs Per Member</u>		Consumer Price Index(c)
	Amount(a)	Percent Change	Amount(a)	Percent Change	Amount(a)	Percent Change	Pupils	Percent Change	Amount	Percent Change	
2003-04	\$4,806.3	0.7%	\$3,367.6	5.5%	\$8,911.2	1.8%	871,214	-0.1%	\$10,228	1.9%	2.3%
2004-05	4,857.9	1.1	3,610.7	7.2	9,216.2	3.4	869,002	-0.3	10,605	3.7	2.7
2005-06	5,159.1	6.2	3,592.3	-0.5	9,539.4	3.5	868,089	-0.1	10,989	3.6	3.4
2006-07	5,294.4	2.6	3,787.8	5.4	9,902.9	3.8	867,699	-0.0	11,413	3.9	3.2
2007-08	5,340.1	0.9	4,066.6	7.4	10,265.1	3.7	863,013	-0.5	11,894	4.2	2.8
2008-09	5,462.4	2.3	4,279.0	5.2	10,623.3	3.5	860,477	-0.3	12,346	3.8	3.8
2009-10	5,315.4	-2.7	4,537.6	6.0	10,833.7	2.0	858,205	-0.3	12,624	2.3	-0.4
2010-11	5,325.0	0.2	4,692.9	3.4	11,161.9	3.0	857,273	-0.1	13,020	3.1	1.6
2011-12	4,893.5	-8.1	4,646.7	-1.0	10,584.9	-5.2	855,327	-0.2	12,375	-5.0	3.2
2012-13	4,964.4	1.4	4,656.1	0.2	10,567.7	-0.2	856,147	0.1	12,343	-0.3	2.1
2013-14	5,079.2	2.3	4,694.4	0.8	10,749.7	1.7	856,792	0.1	12,546	1.6	1.5
2014-15	5,241.7	3.2	4,754.3	1.3	10,971.7	2.1	854,359	-0.3	12,842	2.4	1.6
2015-16	5,244.2	0.0	4,854.7	2.1	11,057.5	0.8	854,363	0.0	12,942	0.8	0.1
2016-17	5,444.6	3.8	4,858.1	0.1	11,274.4	2.0	855,307	0.1	13,182	1.9	1.3
2017-18	5,730.0	5.2	4,945.2	1.8	11,557.2	2.5	855,804	0.1	13,505	2.5	2.1
2018-19	5,899.8	3.0	4,987.9	0.9	11,900.0	3.0	855,380	0.0	13,913	3.0	2.4
2019-20	6,072.7	2.9	5,209.4	4.4	12,184.6	2.4	854,521	-0.1	14,259	2.5	1.8
2020-21	6,295.3	3.7	5,379.8	3.3	12,628.1	3.6	823,852	-3.6	15,329	7.5	1.2
2021-22	6,428.9	2.1	5,398.4	0.3	N.A.		832,086	1.0	N.A.		4.7
2022-23	6,668.5	3.7	5,477.1	1.5	N.A.		N.A.		N.A.		N.A.

(a) In millions of dollars.

(b) Membership used for the calculation of general school aids in the next year.

(c) Percent change in the average CPI for calendar years 2003 through 2021.

N.A.: Not available.

costs. Federal funding from the American Recovery and Reinvestment Act of 2009 that was used to replace state funding for general school aids in 2008-09 and 2009-10 is included as state aid in the table. Per pupil aid for 2015-16 enrollments paid on a one-time delayed basis in the following fiscal year is credited to 2015-16.

A significant amount of federal funding was provided to school districts under federal legislation passed in response to the COVID-19 pandemic. This federal funding is not reflected in Table 3. Further information on this funding can be found in the Legislative Fiscal Bureau's information paper entitled, "Federal Coronavirus Aid for K-12 Schools."

Funding For K-12 Education

Different methods can be used to calculate the state's participation in financing K-12 education, and there has been disagreement over what amounts should be included in both the numerator for state support and the denominator for school costs or revenues. However, two main definitions of school costs or revenues have traditionally been used. The first, called partial school revenues, includes only state aid and the property tax levy, which accounts for approximately 88% of total revenue. This approach measures those costs that would be supported by the property tax in the absence of state aid. This is helpful when considering one of the primary objectives of state support for schools, which is to relieve the burden of the property tax. The second cost base includes all K-12 expenditures regardless of fund source. National comparisons of state support for K-12 education often employ this total cost methodology, which can be easier to understand than partial revenues.

Under the provisions of 1995 Act 27, state support for K-12 education increased from \$3.032 billion in 1995-96 to \$4.035 billion in 1996-97. The purpose of this increase in state funding was to fulfill the commitment established in 1993 Act 437 under which the state would fund two-thirds of K-

12 partial school revenues, thereby significantly reducing the reliance on local property taxes to fund K-12 education. The state's share of partial school revenues ranged from 48.4% in 1993-94 to 52.7% in 1995-96. The two-thirds funding commitment was calculated on a statewide basis. The level of state aid received by an individual district may have been higher or lower than two-thirds, depending on the district's per pupil cost and equalized value.

Statutes defined both the numerator and denominator of the two-thirds funding calculation. The numerator was the sum of state general and categorical school aid appropriations and the school levy tax credit. The denominator, or partial school revenues, was the sum of state school aids and, with certain exceptions, property taxes levied for school districts. Under 2001 Act 16, the appropriation in the Department of Public Instruction (DPI) for the Educational Services Program for the Deaf and Hard of Hearing and the Center for the Blind and Visually Impaired was added to both the numerator and the denominator of the two-thirds funding calculation.

The school levy tax credit appropriation was statutorily included in the definition of state support when the state moved to two-thirds funding. The first dollar credit, created in 2007 Act 20, is funded through the same appropriation. The school levy tax credit is extended to all taxable property. The credit is distributed based on each municipality's share of statewide levies for school purposes during the preceding three years multiplied by the annual amount appropriated for the credit, and allocated proportionately to reduce individual owners' property tax bills. The first dollar credit is extended to each taxable parcel of real estate on which improvements are located. The credit is calculated for each eligible parcel of property by multiplying the property's gross school tax rate by a credit base value determined by the Department of Revenue (DOR) or the property's fair market value, whichever is less. [Further information on these credits can be found in the

Table 4: State Support for K-12 Education (\$ in Millions)

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
State Aid	\$5,079.2	\$5,241.7	\$5,244.2	\$5,444.6	\$5,730.0	\$5,899.8	\$6,072.7	\$6,295.3	\$6,428.9	\$6,668.5
School Levy Credit	747.4	747.4	853.0	853.0	940.0	940.0	940.0	940.0	940.0	940.0
First Dollar Credit	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0
Program for the Deaf/ Center for the Blind	<u>10.8</u>	<u>10.8</u>	<u>11.2</u>	<u>11.2</u>	<u>10.9</u>	<u>10.9</u>	<u>11.9</u>	<u>11.9</u>	<u>12.9</u>	<u>12.9</u>
Total	\$5,987.4	\$6,149.9	\$6,258.4	\$6,458.8	\$6,830.9	\$7,000.7	\$7,174.6	\$7,397.2	\$7,531.8	\$7,771.4
Partial Revenues	\$9,658.6	\$9,872.5	\$9,975.5	\$10,158.4	\$10,525.0	\$10,712.3	\$10,993.6	\$11,348.0	\$11,377.6	\$11,461.0
State Share	61.99%	62.29%	62.74%	63.58%	64.90%	65.35%	65.26%	65.19%	66.20%	67.81%
Total Costs	\$10,749.7	\$10,971.7	\$11,057.5	\$11,274.4	\$11,557.2	\$11,900.0	\$12,184.6	\$12,628.1	N.A.	N.A.
State Share	55.70%	56.05%	56.60%	57.29%	59.11%	58.83%	58.88%	58.58%	N.A.	N.A.

N.A.: Not available.

Legislative Fiscal Bureau's informational paper entitled, "State Property Tax Credits."]

Under two-thirds funding, a statutory process existed to annually determine the amount necessary in the general school aids appropriation to meet the two-thirds funding level. Each year by May 15, the Departments of Public Instruction and Administration and the Legislative Fiscal Bureau were required to jointly certify to the Joint Committee on Finance an estimate of the amount necessary in the general school aids appropriation that, in combination with the amounts provided in the other specified state aid, levy credit, and general program operations appropriations, would achieve the two-thirds funding level in the following school year. In its final form, the law specified that in even-numbered fiscal years the amount appropriated would be set by law (in the budget bill or separate legislation). For odd-numbered fiscal years, the Joint Committee on Finance was required to determine the amount to be appropriated in the following school year by June 30.

The 2003-05 budget (2003 Act 33) eliminated the state's two-thirds funding commitment and the associated statutory provisions. General school aids funding is now provided in a sum-certain appropriation, with the funding level determined through the budget process similar to most other

state appropriations. While the state does not provide a statutorily-required level of statewide funding, the level of support received by an individual district still varies based on that district's per pupil cost and equalized value and the amount of funding received from categorical aids and the levy credit. Using the definitions of state support and partial school revenues that existed prior to the repeal of two-thirds funding, which included a number of exclusions to partial school revenues that increase the state support percentage, the state's share of K-12 revenues has ranged from 61.99% to 67.81% over the last 10 years. (The largest exclusion relates to referendum-approved debt and has the effect of adding three points to the support percentage in 2022-23.)

Table 4 shows the level of state support for K-12 education for the last 10 fiscal years. The table includes the school levy and first dollar credits and the appropriation for the Program for the Deaf and Center for the Blind as part of state support. The state's share is shown as a percentage of partial school revenues and total costs. State aid reflects the amounts shown in the final appropriation schedule that is printed in the statutes. State aid amounts include funding provided to CESAs and CCDEBs, and the amounts lapsed to the general fund for private school choice programs and the independent charter school program.

Equalization Aid Formula

Background

The basic concept of equalizing the fiscal capacities of school districts has been promoted through the state's general school aid formula since 1949. The fiscal capacity measure used by the formula is per pupil property valuations, as equalized by DOR.

From 1949 through 1972, school districts that had extremely high per pupil property values were not subject to the equalization formula. Instead, they received flat aid payments based on the number of pupils enrolled. In the 1973-75 biennial budget, the Legislature made substantial revisions to the formula, including the elimination of flat aid, the application of the equalization formula to all school districts, the establishment of a two-tiered formula (which became a three-tiered formula in the 1995-97 biennial budget), and the requirement that districts with valuations above the state guarantee pay negative aid to the state for distribution to other districts. The purpose of these changes was to apply the concept of equalization to all school districts. That concept could not be fully implemented without the negative aid provision. However, under a 1976 State Supreme Court decision (Busé v. Smith), the negative aid provision was ruled unconstitutional, thus exempting high-valuation districts from full equalization.

The Supreme Court's decision on negative aids contravened the goal of equal tax rates for equal per pupil spending. In addition, the use of prior year data (pupil enrollment, aidable costs, and property values) creates a one-year lag before the equalization formula adjusts for changes in school district factors. Further, non-equalizing state aid programs represent funds that could have otherwise been available to enhance the equalization of tax base among school districts. These factors have affected the state's ability to achieve perfect

tax base neutrality in school finance.

The most recent decision by the State Supreme Court on the constitutionality of the school aid formula was issued in July, 2000, in the case of Vincent v. Voight. In that decision, the Court concluded that the state school finance system did not violate either the uniformity clause or the equal protection clause of the Wisconsin Constitution. The Court also held that the school aid system more effectively equalized the tax base among districts than the system upheld as constitutional in the previous school finance decision of the Court in 1989 (Kukor v. Grover).

In the Vincent decision, the Court also held that Wisconsin students have the right to an equal opportunity for a sound basic education that "will equip them for their roles as citizens and enable them to succeed economically and personally." The decision also noted that this standard must take into account districts with disproportionate numbers of disabled students, economically-disadvantaged students, and students with limited-English proficiency.

Equalization Formula

The formula operates under the principle of equal tax rate for equal per pupil expenditures. In pure form, this means that a school district's property tax rate does not depend on the property tax base of the district, but on the level of expenditures. The rate at which school costs are aided through the formula is determined by comparing a school district's per pupil tax base to the state's guaranteed tax base. Equalization aid is provided to make up the difference between the district's actual tax base and the state guaranteed tax base. Thus, there is an inverse relationship between equalization aid and property valuations. Those districts with low per pupil property valuations receive a larger share of their costs through the equalization formula than districts with high per pupil property valuations.

Formula Factors. There are five factors used in the computation of equalization aid: (a) pupil membership; (b) shared cost; (c) equalized property valuation; (d) the state's guaranteed valuations; and (e) the total amount of funding available for distribution. Membership, shared cost, and equalized valuation are based on school district data from the prior school year. For example, 2022-23 equalization aid is calculated using membership and shared costs from the 2021-22 school year and 2021 equalized values.

Membership is the number of pupils which, by statute, can be counted for equalization aid purposes. For most districts, membership is the sum of: (1) the average of the number of pupils enrolled on the third Friday in September and the second Friday in January of the previous school year; and (2) the full-time equivalent summer enrollment (in the summer prior to the counted year) in academic summer classes or laboratory periods that are for necessary academic purposes, as defined in administrative rule by DPI. By law, the definition of summer enrollment includes interim session classes for districts providing year-round school, as well as online classes offered in the summer or interim sessions for pupils in grades 7-12 who complete or receive credit for a class that fulfills a high school graduation requirement.

Under DPI rule, the definition of summer and interim enrollment includes pupils in grades 9-12 enrolled in online academic non-credit classes, provided they are taught by a teacher licensed by DPI or by the state from which the online course is offered, or by a faculty member of an institution of higher education who is authorized by law to teach in a high school.

Under 2009 Act 28, the definition of membership used in calculating equalization aid for the Milwaukee Public Schools (MPS) was changed. Act 28 established an additional count date for MPS on the first Friday in May of each year, and specified that aid membership for MPS would include the highest enrollment of the three count

dates (the third Friday of September, the second Friday of January, and the first Friday of May), rather than the average of the September and January counts.

Membership counts for all districts are taken on the September, January, and May count dates, as applicable. Except for audit corrections, the counts remain unchanged for aid purposes regardless of the number of children who might transfer into or out of the district during the remainder of the school year. Furthermore, a district's membership reflects the number of pupils officially enrolled as eligible to attend class, whether or not such pupils are actually in attendance on that day. The term "pupil" is used to mean "member" throughout this paper.

Special provisions apply in determining membership for pupils enrolled in kindergarten and preschool programs:

- A five-year-old kindergartner enrolled in a half-day program is counted as 0.5 member. A pupil enrolled in a five-year-old kindergarten program for a full day, five days a week, is counted as 1.0 member. A full-time equivalency method is used for kindergartners attending a full day but fewer than five days a week.
- A four-year-old kindergarten pupil is counted as 0.5 member if the pupil attends for at least 437 hours, unless the program provides at least 87.5 additional hours of outreach activities, in which case the pupil is counted as 0.6 member.
- A pupil, age three or older, enrolled in a preschool special education program is counted as 0.5 member.

Pupils who are residents of a school district and who attend district schools are generally counted in that district's pupil membership for general aid purposes. Pupils who are placed in programs in another district, for whom the district of residence is paying tuition, are also counted as members by the

district of residence. In addition, pupils who attend a nonresident school district under the state's open enrollment program are counted by the district of residence. A school district would also count resident pupils who are either enrolled in a program operated by a CESA, jointly enrolled in the district and a CCDEB-operated program, or enrolled in a charter school authorized by the district. School districts are able to count in membership students attending the Challenge Academy program operated by the Department of Military Affairs. Pupils transferred across district lines under the integration (Chapter 220) aid program are counted as 0.75 member by the district of residence.

Pupils attending a school through the Milwaukee private school choice program and pupils who first participated in the Racine and statewide private school choice programs prior to 2015-16 (who are called "continuing pupils" in statute) are not included in their resident district's pupil membership count for general aid purposes. Pupils who first participated in the Racine or statewide programs in the 2015-16 school year or later (called "incoming pupils" in statute) are included in the pupil membership of their resident district for general aid purposes. Pupils attending a private school under the special needs scholarship program are also included in their resident district's aid membership.

Pupils attending an independent charter school authorized by an entity that had that ability prior to the 2015-17 budget act are not included in the pupil membership of their resident district. Of those eligible entities, the City of Milwaukee, UW-Milwaukee and UW-Parkside are currently contracting to operate charter schools. Pupils attending an independent charter school authorized by any of the entities that were allowed to authorize schools under the 2015-17 or 2017-19 budget acts are included in the resident district's general aid membership. Of those eligible entities, the Office of Educational Opportunity in the UW System and the Lac Courte Oreilles Ojibwe College are currently contracting to operate charter schools.

Shared cost refers to school district expenditures that are aidable through the equalization formula. 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. The primary deductions are state categorical aid, federal aid, and local nonproperty tax receipts (such as ticket sales, student fees, and interest earnings). These items are deducted because they represent costs that have already been offset by revenue sources other than the property tax or equalization aid.

School districts are authorized to create a capital expansion fund to finance current and future capital expenditures related to buildings and sites. Statutes specify that, if a district makes an expenditure from its capital expansion fund, its shared cost is increased by an amount determined by dividing the expenditure amount by the number of years in which the district levied a tax for the capital project.

Districts are also authorized to create a long-term capital improvement trust fund to finance the costs of the projects included in a long-term capital improvement plan. The plan must be approved by the school board and cover at least a 10-year period. Districts may not make expenditures from the fund in the first five years after its creation. Statutes specify that a district's shared cost includes any amount deposited into the fund, and does not include any amount expended from the fund.

Under 2015 Act 55, a school district may issue to up \$2,000,000 in debt for the costs associated with an environmental remediation project on district-owned property under a remediation plan approved by the Department of Natural Resources and the Environmental Protection Agency. This debt issuance is not subject to referendum requirements, and any debt service costs are excluded from shared costs under the equalization aid formula.

Equalized valuation is the full market value of taxable property in the school district as determined by DOR as of January 1 of each year. In October, districts receive a certification of those values, which is used to apportion the property tax levy for that school year. Any adjustments to those values are included in a final certification of values that is made in May of the following calendar year. These values are used in calculating equalization aid in the following school year. If a school district's value is affected by reassessments in the value of manufacturing property or telephone company property, equalization aid adjustments can be made within four years after the date of the redetermination.

Guaranteed valuations are the amount of property tax base support that the state guarantees behind each pupil. There are three guaranteed valuations used in the equalization formula that are applied to three different expenditure levels, or tiers. 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.

The primary (first) tier is for shared costs up to the primary cost ceiling of \$1,000 per member. State aid on these primary shared costs is calculated using the primary guaranteed valuation of \$1,930,000 per member. Both the primary cost ceiling and the primary guarantee are set in statute. Primary aid is based on the comparison of a school district's equalized valuation per member to the \$1,930,000. Primary aid equals the amount of costs that would be funded by the missing portion of the guaranteed tax base.

Every district whose equalized valuation per member is below \$1,930,000 receives at least the primary aid amount. By law, a district's primary aid cannot be reduced by negative aid generated at the secondary or tertiary aid levels. This feature of the formula is referred to as the primary aid hold harmless.

The secondary (second) tier is for shared costs that exceed \$1,000 per member but are less than the secondary cost ceiling. These costs are referred to as secondary shared costs. For the 2022-23 aid distribution, the secondary cost ceiling is equal to \$10,832 per member. By law, the secondary cost ceiling is set equal to 90% of the prior year statewide shared cost per member. The state's sharing of secondary costs is calculated using the secondary guaranteed valuation. By law, the secondary guarantee is set at the amount that generates equalization aid entitlements that are equal to the total amount of funding available for distribution. The setting of the secondary guarantee depends on the other four formula factors. If any of these four factors is changed, the secondary guarantee would be adjusted to distribute the available funds. In 2022-23, the secondary guaranteed valuation is \$1,722,650 per member.

The tertiary (third) tier is for shared costs above the secondary cost ceiling. State aid on tertiary shared costs is calculated using the tertiary guaranteed valuation. By law, the tertiary guarantee is set equal to the statewide average equalized value per member. The tertiary guarantee is tied to the average property tax base per pupil to reflect statewide changes in property value and enrollment. It is also set at an amount lower than the secondary guarantee so that the state's share will be lower on costs above the secondary cost ceiling. By law, if a district's tertiary aid is a negative number, this amount is deducted from its secondary aid amount. However, as noted above, if the sum of a district's secondary and tertiary aid is a negative number, this amount is not deducted from its primary aid amount. The tertiary guaranteed valuation is \$754,823 per member in aid year 2022-23.

The tertiary guarantee feature of the equalization formula is intended to serve two purposes. First, it can serve as a disincentive for higher spending levels by causing districts to be taxed at higher rates for costs above the ceiling. Second, it can attempt to narrow the per pupil spending disparities among school districts by redistributing

state aid to districts that spend at lower levels.

Separate primary, secondary, and tertiary guaranteed valuations are established for each of the three types of school districts. This is done to ensure uniform treatment of elementary (K-8) and union high schools (UHS) districts in the aid formula. The guaranteed valuations for K-8 districts are set at one-and-a-half times the K-12 guaranteed valuations. The UHS guaranteed valuations are set at three times the K-12 guaranteed valuations.

By law, for districts that consolidated before July 1, 2019, the cost ceilings and guaranteed valuations in the formula are increased by 15% in each of the first five years after the consolidation. This is intended to provide additional aid to consolidated districts. These consolidated districts receive a revenue limit adjustment in the sixth year after consolidation equal to 75% of the consolidation aid received by the district in the fifth year after consolidation. Districts that consolidate on or after July 1, 2019, will receive a flat categorical per pupil payment of \$150 for five years rather than have the cost ceilings and guaranteed valuations under the formula increased. The \$150 is reduced in the sixth and seventh years following consolidation. [For further information about aid

payments to consolidated districts, see the Legislative Fiscal Bureau's informational paper entitled, "School District Reorganization."]

For the 2022-23 aid year, 94% (394) of the state's school districts have equalized values per pupil lower than the primary guarantee, 92% (388) have values per pupil lower than the secondary guarantee, and 57% (242) have values per pupil lower than the tertiary guarantee.

Total funding available for distribution is established in an appropriation from the general fund, which is the source of funds for aid distributed under the equalization formula. If the state increases the amount of aid provided through the formula, the percentage of shared cost aided through the formula also increases assuming that all other factors are constant. If more funding is appropriated, the secondary guaranteed valuation increases to the level necessary to distribute the additional amount.

Because school district memberships, costs, and property values change from one year to the next, there is no direct relationship between the annual change in equalization aid funding and the annual change in the secondary guarantee. For example, if funding for equalization aid increases by

Table 5: Total Equalization Aid Eligibility and the State's Guaranteed Valuations Per Member (\$ in Millions)

	Gross Equalization Aid Eligibility*		Secondary Guarantee (K-12)		Tertiary Guarantee (K-12)	
	Amount	% Change	Amount	% Change	Amount	% Change
2013-14	\$4,295.2	2.4%	\$1,090,654	-1.3%	\$536,519	-3.4%
2014-15	4,396.5	2.4	1,096,593	0.5	531,883	-0.9
2015-16	4,396.2	0.0	1,101,448	0.4	546,173	2.7
2016-17	4,505.4	2.5	1,146,821	4.1	558,546	2.3
2017-18	4,515.2	0.2	1,172,875	2.3	573,439	2.7
2018-19	4,594.6	1.8	1,241,233	5.8	594,939	3.7
2019-20	4,687.7	2.0	1,329,139	7.1	621,416	4.5
2020-21	4,852.7	3.5	1,451,514	9.2	656,434	5.6
2021-22	4,945.2	1.9	1,563,771	7.7	715,267	9.0
2022-23	5,155.4	4.3	1,722,650	10.2	754,823	5.5

*Excludes integration and special adjustment aid as well as aid reductions.

3% over the prior year's amount, the secondary guarantee will not necessarily increase at the same rate. The secondary guarantee has no bearing on decisions regarding the amount of equalization aid, but comes into play only after the total aid amount has been established. There is also no direct relationship between the secondary and tertiary guarantees, except that if the tertiary guarantee is lower, it can provide a disincentive to higher spending. Table 5 compares the annual change in equalization aid eligibility with the annual change in the formula's guaranteed valuations per member over the last 10 years, using data from the October 15 aid run for each year.

Equalization aid is distributed to school districts according to the following statutory payment schedule: 15% on the third Monday in September; 25% on the first Monday in December; 25% on the fourth Monday in March; and 35% on the third Monday in June. A district may also request to receive payments equal to 10% of its total aid entitlement each month from September to June, at the cost of compensating interest payments to the state.

Prior to 2021-22, the state paid \$75 million of equalization aid on a delayed basis, with districts receiving these monies on the fourth Monday in July of the following school year. This delayed payment was bought back in 2021-22 under the 2021-23 biennial budget act.

DPI is statutorily required to prepare general aid distributions by July 1 and October 15 of each year, using the most accurate data available. The July 1 distribution is a preliminary estimate that uses budgeted shared cost information rather than audited data. The October 15 distribution uses audited cost data, and districts use the amount from this distribution to set their levies under revenue limits. Because the October 15 distribution uses the audited cost data, it can differ, sometimes significantly, from the July 1 estimate.

DPI also recalculates aid at the end of each year

using final data to determine if any adjustments need to be made to the October 15 calculation. By law, these adjustments are made by increasing or decreasing the payment made to the district in September of the following school year.

Concept of Tax Base Equalization. A major objective of the equalization aid formula is tax base equalization. The purpose of this policy is to minimize the differences among school districts in their abilities to raise revenue for educational programs. The provision of state aid through the formula allows a district to support a given level of per pupil expenditures with a similar local property tax rate as other districts with the same level of per pupil expenditures, regardless of property tax wealth.

The equalization formula does not guarantee that all districts will have the same tax rate. Rather, it is intended to ensure that differences in tax rate primarily reflect differences in district spending levels. Equalization of district tax bases, not rates, is the formula's goal. A district that spends more per pupil than another district will continue to have a higher tax rate, unless the district is not subject to the formula because its local tax base exceeds the state's guaranteed tax base.

Table 6 illustrates the equalization principle by showing a simplified example of the calculation of equalization aid for two hypothetical districts. As shown in the table, Districts X and Y both have 1,000 pupils and \$12,000,000 of shared cost, or \$12,000 per pupil. The only difference between the two districts is that District X has \$400 million in property value (\$400,000 per pupil), while District Y has \$800 million in property value (\$800,000 per pupil).

The first scenario considered in the table is one in which the state provides no equalization aid, meaning the districts' costs would be fully supported by the levy. In this scenario, District X would need to levy 30 mills (\$30 per \$1,000 of property value) to raise \$12,000,000 in revenue on

Table 6: Equalization of Two School Districts

	District X	District Y
District Factors		
1. Pupil Membership	1,000	1,000
2. Shared Cost	\$12,000,000	\$12,000,000
3. Shared Cost per Member (Row 2 ÷ Row 1)	\$12,000	\$12,000
4. Property Value	\$400,000,000	\$800,000,000
5. Property Value Per Member (Row 4 ÷ Row 1)	\$400,000	\$800,000
Scenario with No Equalization Aid		
6. Taxes per \$1,000 in Value Needed to Support Total Costs (Row 2 ÷ Row 4)	\$30.00	\$15.00
Scenario with State Guarantee of \$1 Million in Tax Base		
7. State Guarantee Per Member	\$1,000,000	\$1,000,000
8. Per Member Tax Base Supported by the State (Row 7 - Row 5)	\$600,000	\$200,000
9. Aid Rate (Row 8 ÷ Row 7)	60%	20%
10. State Aid (Row 2 x Row 9)	\$7,200,000	\$2,400,000
11. Unaided Costs Supported on the Levy (Row 2 - Row 10)	\$4,800,000	\$9,600,000
12. Taxes per \$1,000 in Value Needed to Support Unaided Costs (Row 11 ÷ Row 4)	\$12.00	\$12.00

\$400 million of property value. District Y, with \$800 million in property value, would need to levy only 15 mills (\$15 per \$1,000 of property value) to raise the same amount of revenue.

Table 6 also shows a second scenario in which the state provides equalization aid, with one state guaranteed valuation of \$1,000,000 per pupil. Because District X has \$400,000 in property value per pupil, the state would support the \$600,000 difference, or 60% of the guaranteed valuation. District Y, with \$800,000 of property value per pupil, would have only \$200,000 in property tax base supported by the state, which is 20% of the guaranteed valuation.

With \$12,000,000 in shared cost and a 60% aid rate, District X would receive \$7,200,000 in state aid, while District Y's 20% aid rate would result in \$2,400,000 in aid for the same level of costs. District X would have \$4,800,000 in costs unaided by the state, while District Y would have \$9,600,000 in unaided costs. To raise the amount of revenue needed to support their unaided costs, both districts would need to levy 12 mills (\$12 per \$1,000 of property value). Thus, with the state providing aid to equalize the tax base of the districts, both

districts would levy the same mill rate to support the same level of cost, despite the difference in property value between the two.

The preceding provides a simplified example of how equalization aid is calculated. However, the current equalization aid formula is more complicated because shared costs can be aided at three different levels. A particular district's equalization aid entitlement depends upon whether its shared costs are above or below the secondary cost ceiling and how the district's equalized valuation compares to the primary and secondary guaranteed valuations, as well as the tertiary guaranteed valuation, if the district's shared costs exceed the secondary cost ceiling. A more detailed description of the calculation of equalization aid is provided in Appendix II of this paper.

Other General School Aids

Equalization aid, integration (Chapter 220) aid, and special adjustment aid are all paid from the same general school aids appropriation.

Integration aid and special adjustment aid are each fully funded as a first draw from that appropriation, with the remaining funding provided as equalization aid. In 2022-23, net equalization aid eligibility accounted for 99% of the general school aids appropriation. For most districts, equalization aid is typically the only type of general aid received. A separate appropriation provides additional general aid to school districts with high levels of poverty.

A brief description of integration aid, special adjustment aid, and high poverty aid follows.

1. Integration (Chapter 220) Aid

Description: Under the integration aid program (commonly called Chapter 220 after the 1975 session law), the state provides funds as an incentive for districts to voluntarily improve racial balance within and between school districts. The program is being phased out under the provisions of 2015 Act 55 (the 2015-17 biennial budget act), with participation limited to pupils who were in the program in the 2015-16 school year.

To be eligible, a district must transfer pupils between attendance areas or districts with certain concentrations (a 30% threshold) of minority or nonminority pupil populations. A minority group pupil is defined as a pupil who is Black or African American, Hispanic, American Indian, an Alaskan native, or a person of Asian or Pacific Island origin. Pupils attending schools serving an entire school district are statutorily eligible for aid. This could include magnet schools or specialty schools that can have citywide attendance areas. School districts with merged attendance area (school pairing) plans are also eligible for aid.

Integration aid is calculated through two different formulas depending upon whether a pupil is transferred within a district (**intradistrict**) or from one district to another (**interdistrict**). Under both formulas, districts receive state aid based on the number of pupils transferred in the prior school

year.

Integration aid is treated as a deductible receipt for the purpose of calculating a district's shared costs that are aided through the equalization aid formula. This means that integration aid offsets shared costs, reducing the level of costs aided through the formula. A district providing transportation for Chapter 220 pupils may not claim state categorical transportation aid for those pupils.

Intradistrict Transfer Aid. State aid is based on the school district's equalization aid per pupil multiplied by 25% of the number of eligible transfer pupils. This weighting factor is used to address the school district's transportation costs associated with the program.

As part of the neighborhood schools initiative in 1999 Act 9, a hold harmless was established on the amount of intradistrict aid that would be received by MPS, which is generally equal to the greater of: (a) the 1998-99 aid amount (\$32.9 million); or (b) the actual aid entitlement generated under the formula. This hold harmless provision applies until the bonds issued under the initiative are paid off in 2023-24.

The neighborhood schools initiative was designed to assist MPS in the renovation and construction of school facilities and in the delivery of educational services for children in that district. A total of \$98.5 million in bonds have been issued related to the initiative, which was intended to reduce the number of pupils who are transported outside of their neighborhood under the intradistrict transfer program. As a condition of receiving intradistrict aid, MPS is required to receive written consent from the parents or guardians of 95% of pupils transferred under the program each year.

Interdistrict Transfer Aid. The state provides financial support to both the district which accepts the transfers (the receiving district) and the district from which the transfers came (the sending district).

The receiving district is paid an amount equal to its average net cost per pupil for each transfer accepted. Net cost per pupil is calculated by dividing the sum of the district's shared costs and inter-district aid received in the prior year by the sum of the district's aid membership and the number of transfer pupils in the prior year.

The sending school district continues to include pupils transferred to another district in membership for general school aid purposes, which is commonly referred to as sender aid. These transfers are counted as 0.75 pupil. A separate integration aid payment is not calculated for sending districts. Instead, the district receives these funds as part of its equalization aid payment.

Transportation for an interdistrict transfer pupil is provided pursuant to an agreement between the sending district and the receiving district. Statutes specify that if either the sending district or the receiving district operates an intradistrict transfer program, that district shall be responsible for the cost of transportation. Effectively, this provision requires MPS to provide transportation for pupils in the interdistrict transfer program. MPS may meet this responsibility either by contracting directly for provision of transportation or by reimbursing another district for the cost of such a contract.

Act 55 Phase Out. Under 2015 Act 55, the Chapter 220 program started to be phased out, beginning in the 2016-17 school year. Under Act 55, pupils may not attend a school under the program unless they were participating in the program in the 2015-16 school year. In addition, a district can only enter into an agreement to transfer, and can only receive integration aid for, pupils who attended a school in the district (or in the underlying K-8 district for a UHS district) under the program in the 2015-16 school year.

Act 55 also created a seven-year hold harmless provision under which a district's integration aid entitlement in a given year during that period

could not be less than an amount equal to its 2014-15 aid entitlement multiplied by a specified percentage. The hold harmless applied from the 2015-16 to the 2021-22 aid years.

Extent of Participation (2022-23): Two districts (Madison and Milwaukee) are eligible for intradistrict aid with 3,936 pupil transfers. Nineteen districts (Milwaukee and 18 suburban Milwaukee districts) are eligible for interdistrict aid with 346 pupil transfers.

	<u>Intradistrict Transfer Aid</u>	<u>Interdistrict Transfer Aid</u>	<u>Total Integration Aid</u>
2019-20	\$33,134,100	\$9,879,000	\$43,013,100
2020-21	32,332,000	7,735,900	40,067,900
2021-22	32,139,000	6,158,700	38,297,700
2022-23	31,242,000	4,219,400	35,461,400

2. Special Adjustment Aid

Description: The state provides special adjustment aid to districts either as a form of hold harmless payment or as an incentive for school district consolidation and whole-grade sharing.

State Share: Under the main type of special adjustment aid, the state provides additional general aid to districts as a hold harmless to limit any year-to-year decline in a district's general aid payment. An eligible district receives a payment in the amount needed to make the district's total general aid eligibility equal to 85% of its prior year's general aid payment. A district's aid payment cannot exceed its shared costs, however.

Consolidated districts are eligible for a second type of special adjustment aid. In each of the first five years after consolidation, the new district is guaranteed to receive at least as much general aid as the separate districts received in the year prior to consolidation. If the consolidated district's general aid eligibility in any of those years is less than its guaranteed amount, special adjustment aid will be paid in the amount needed to make up the difference. A consolidated district receives a revenue

limit adjustment in the sixth year after consolidation equal to 75% of the consolidation aid received by the district in the fifth year after consolidation. [For further information about aid payments to consolidated districts, see the Legislative Fiscal Bureau's informational paper entitled, "School District Reorganization."]

Districts that enter into a whole grade sharing agreement are also eligible for special adjustment aid. In each of the first five years after an agreement first takes effect, each participating district is guaranteed to receive at least as much general aid as it received in the year prior to the agreement taking effect. If a participating district's general aid eligibility in any of those years is less than its guaranteed amount, special adjustment aid will be paid in the amount needed to make up the difference. In the sixth and seventh years after the agreement takes effect, a participating district will receive payments equal to 66% and 33%, respectively, of any special adjustment aid received in the fifth year.

Extent of Participation (2022-23): 48 school districts. (All eligible districts received aid under the main 85% hold harmless provision. No aid was paid for districts that consolidated or entered into whole-grade sharing agreements.)

	<u>Funding</u>
2019-20	\$5,583,700
2020-21	7,464,000
2021-22	28,046,500
2022-23	9,034,700

3. High Poverty Aid

Description: The 2007-09 biennial budget act created an appropriation to provide additional unrestricted aid to school districts with high poverty. By law, for all districts except MPS, high poverty aid is subject to revenue limits. For MPS, high poverty aid must be used to reduce the school property tax levied for the purpose of offsetting the aid reduction attributable to the Milwaukee

private school choice program. In either case, the effect of this aid is to reduce the property tax levy of the eligible district.

State Share: A district is eligible for aid if at least 50% (rounded to the nearest whole percentage point) of the district's enrollment on the third Friday of September in the immediately preceding even-numbered year satisfied the income eligibility criteria for a free or reduced-price lunch in the national school lunch program. Aid per pupil (\$54 in 2022-23) is calculated by dividing the amount of funding appropriated by the total membership in all eligible districts, using the membership data from the equalization aid calculation in the first year of the biennium. A district's total payment is determined by multiplying that amount by each district's membership.

Extent of Participation (2022-23): 130 school districts.

	<u>Funding</u>
2019-20	\$16,830,000
2020-21	16,830,000
2021-22	16,830,000
2022-23	16,830,000

General School Aid Reductions

A portion of the general fund's costs for the private school choice programs, the special needs scholarship program, and the independent charter school program are offset through lapses from the general school aids appropriation. Statutes determine whether a particular aid reduction affects the amount determined to be received by a district as state aid for any other purpose. A brief description of these programs and the related aid reductions follows.

1. Private School Choice Programs

Description: Under the choice programs, state funds are used to pay for the cost of eligible

children to attend private schools. Pupils in grades K-12 are eligible to participate with family incomes at the time of initial participation of less than 300% of the federal poverty level for families residing in the City of Milwaukee or the Racine Unified School District, or 220% of the federal poverty level for families residing elsewhere in Wisconsin, (with a \$7,000 offset for pupils whose parents or guardians are married). For a family of four, 300% of the federal poverty level is \$79,500 in 2022-23 (or \$86,500 if the pupil's parents are married), and 220% of the federal poverty level is \$58,300 (or \$65,300 if the pupil's parents are married).

There is no limit on the number of pupils who can participate in the Milwaukee or Racine programs. For the statewide program, the total number of pupils residing in a school district who can participate is limited to no more than 7% of that school district's prior year membership in 2022-23. The participation limit increases by one percentage point in each year until the limit reaches 10% in 2025-26, after which no limit will apply.

[Further information on this program can be found in the Legislative Fiscal Bureau's informational paper entitled, "Private School Choice and Special Needs Scholarship Programs."]

State Share: For each pupil attending a choice school in 2022-23, the state pays the school, on behalf of the pupil's parent or guardian, \$8,399 if the pupil is enrolled in grades K through 8 or \$9,045 if the pupil is in grades 9 through 12.

Payments for the choice programs are funded from separate, GPR sum sufficient appropriations established for those programs. The cost of payments from the appropriation for the Milwaukee program is partially offset by a net reduction (after consideration of aid paid to the City of Milwaukee to defray the choice levy it raises on behalf of MPS) in the general aid otherwise paid to MPS by an amount equal to 6.4% of the estimated total cost of the Milwaukee program in 2022-23. This

percentage will equal 3.2% in 2023-24 and 0.0% in 2024-25, when general aid payments to MPS are no longer reduced to fund the Milwaukee program. Under revenue limits, MPS may levy property taxes to make up for the amount of aid lost due to the net reduction. Pupils are not included in MPS's membership count for the calculation of general aids or revenue limits.

For the statewide and Racine private school choice programs, per pupil payments for legacy pupils (those who first participated in the programs prior to 2015-16) are fully funded through state GPR. Legacy pupils are not included in their public school district's membership count for the calculation of those districts' general aids or revenue limits. Payments for all other pupils are fully funded through a reduction in the state aid that would otherwise be paid to those pupils' school districts of residence. To make up for the aid reduction, school districts can count these choice pupils for general aids on a prior year basis, and receive a revenue limit adjustment in the current year equal to the aid reduction.

Extent of Participation (2022-23): DPI estimates that approximately 28,200 full-time equivalent (FTE) pupils will participate in the Milwaukee program, 3,800 pupils will participate in the Racine program, and 16,600 pupils will participate in the statewide program. As of October, 2022, 129 private schools were participating in the Milwaukee program, 31 were participating in the Racine program, and 314 were participating in the statewide program.

	Total Pupil Membership	Total Funding (in Millions)	Aid Reduction (in Millions)	Net GPR Funding (in Millions)
2019-20	40,700	\$334.8	\$132.4	\$202.4
2020-21	43,300	365.2	151.5	213.8
2021-22	47,200	389.5	166.8	222.6
2022-23*	48,600	415.6	183.8	231.7

* Estimated

2. Special Needs Scholarship Program

The special needs scholarship program was created under 2015 Act 55. Under the program, pupils with a disability are eligible to receive a state-funded scholarship to attend a participating private school. To be eligible, a pupil must have an individualized education program (IEP) or services plan in effect.

[Further information on this program can be found in the Legislative Fiscal Bureau's informational paper entitled, "Private School Choice and Special Needs Scholarship Programs."]

State Share: For each pupil attending a choice school in 2022-23, the state pays the school, on behalf of the pupil's parent or guardian, \$13,076.

Payments are funded from a GPR sum sufficient appropriation established for the program. In general, payments are fully funded through a reduction in the state aid that would otherwise be paid to pupils' school districts of residence. To make up for the aid reduction, school districts can count these choice pupils for general aids on a prior year basis, and receive a revenue limit adjustment in the current year equal to the aid reduction.

Beginning in 2019-20, an alternative payment amount could apply if a private school submits a financial statement showing the actual costs incurred to implement the pupil's most recent IEP or services plan or provide related services in the prior school year. If a financial statement is submitted, the payment amount would equal the amount shown on the financial statement in the prior year. Payments up to 150% of the per pupil payment amount for that year would be fully funded through a reduction in the general aid that would otherwise be paid to the pupil's school district of residence. If the costs exceed 150% of the per pupil payment, the school would be reimbursed for 90% of the remaining cost, but no

corresponding aid reduction would occur. (As a result, payments made for costs incurred above 150% of the per pupil payment would be funded with state GPR.) In 2021-22, actual cost statements were submitted on behalf of nine pupils attending eight private schools under the program. Those statements were used to make payments on behalf of those pupils totaling \$212,808.

Extent of Participation (2022-23): DPI estimates that approximately 2,200 full-time equivalent (FTE) pupils will participate in the program. As of October, 2022, 162 private schools were participating in the program.

	Total Pupil Membership	Total Funding (in Millions)	Aid Reduction (in Millions)	Net GPR Funding (in Millions)
2019-20	1,037	\$13.1	\$13.1	\$0.0
2020-21	1,430	18.3	18.3	0.0
2021-20	1,774	22.6	22.6	0.0
2022-23*	2,184	27.7	27.7	0.0

* Estimated

3. Independent Charter School Program

Description: Charter schools are public schools created by a contract between an authorizing entity and the school's governing board. Charter schools are generally not subject to statutory provisions governing K-12 education. Under the independent charter school program, entities other than school districts are authorized to contract to operate charter schools. In the 2022-23 school year, the City of Milwaukee, UW-Milwaukee, UW-Parkside, the Office of Educational Opportunity in the UW System, and the Lac Courte Oreilles Ojibwe College have contracted to operate charter schools.

State Share: DPI pays the operators of independent charter schools a statutorily-determined per pupil amount. In 2022-23, the per pupil payment is \$9,264. The per pupil payment in each year is equal to the sum of the prior year's payment plus the per pupil revenue limit adjustment for the

current year, if positive, plus the change in the amount of statewide categorical aid per pupil between the previous year and the current year, if positive. Independent charter school payments are funded from separate, GPR sum sufficient appropriations established for those purposes.

The effect of independent charter schools on revenue limits and general aid differs based on whether the authorizer of an independent charter school had that authority prior to 2015 Act 55.

Prior to the 2021-23 budget act, the cost of the payments for pre-Act 55 authorizers (the City of Milwaukee, UW-Milwaukee, UW-Parkside) was offset by a lapse from the general school aids appropriation to the general fund in an amount equal to the estimated payments for pupils attending those schools. DPI was required to proportionately reduce the general school aids for which each school district was eligible by an amount totaling the charter lapse. A school district's revenue limit calculation was not affected by the aid reduction for pre-Act 55 authorizers. Thus, a school district could increase its property tax levy to offset this aid reduction.

The general school aid reduction associated with these authorizers was deleted in the 2021-23 budget act, beginning in the 2021-22 school year. As a result, these pupils are now fully funded from the state general fund. These pupils are not counted by any district for revenue limit and general aid purposes.

A pupil attending a charter school authorized by one of the post-Act 55 authorizers (the Office of Educational Opportunity and the Lac Courte Oreilles Ojibwe College) is counted by their district of residence for revenue limit and general aid purposes. DPI is required to reduce a district's general aid payment (and categorical aid, if necessary) in an amount equal to the total of the per pupil payments made for pupils residing in the district. A district cannot levy to backfill that aid reduction.

Further information on the independent charter school program can be found in the Legislative Fiscal Bureau's informational paper entitled, "Charter Schools."

Extent of Participation (2022-23): In the unaudited membership counts from the third Friday of September of 2022, 8,753 FTE pupils were attending independent charter schools authorized by pre-Act 55 entities, while 2,049 FTE pupils were attending schools authorized by post-Act 55 entities.

	Funding (In Millions)	Pupil Membership	Per Pupil Amount
2019-20	\$78.0	8,693	\$8,911
2020-21	82.3	8,913	9,165
2021-22	94.8	10,243	9,201
2022-23	96.4*	10,802*	9,264

* Estimated

Categorical Aids

The state provides three types of categorical aids: (1) formula-driven programs in which funds are automatically provided to school districts based on the number of pupils meeting a specific criterion and/or for costs devoted to a specific function; (2) per pupil aid, where school districts receive a set dollar amount for each pupil; and (3) grant programs in which districts must submit a request to DPI in order to receive the funds.

The following basic elements apply to the state's categorical aid programs:

1. Unlike equalization aid, the funds are distributed without regard to the relative size of a school district's property tax base.
2. Categorical aids are not subject to revenue limits, and therefore provide additional resources to the school district.
3. School district costs that are not

reimbursed through a particular categorical aid program are included as shared costs under the equalization aid formula. Therefore, the state shares in these unreimbursed costs, but only to the extent to which a school district is supported under the equalization formula.

4. Generally, payments under the formula-driven categorical aids are based on costs incurred and/or pupils served by school districts in the prior school year.

5. Categorical aids are funded through state GPR, with the exception of:

- school library aid from income from the common school fund;
- telecommunication access grants and subsidies from the Department of Administration (DOA) universal service fund;
- demonstration grants for alcohol and other drug abuse programs from a penalty assessment surcharge on certain court imposed forfeitures; and
- tribal language revitalization grants funded from tribal gaming program revenue transferred from DOA.

6. Most of the programs are funded on a sum certain basis. As a result, if the appropriated amount in a particular year is insufficient to fully fund a categorical formula, aid payments are prorated.

The following section begins with a discussion of the two largest categorical aid programs, per pupil aid and special education aid. Together, these two programs make up 77.2% of all categorical aid funding in 2022-23. Following is a brief description of the remaining categorical aid programs, including the extent to which school districts participate in the program and funding levels for the last four fiscal years. With the exception of fiscal year 2022-23 data for some aid programs, the amounts

committed under each program are shown. The funding tables indicate whether the 2022-23 amount is estimated or appropriated. In addition, the tables indicate if a formula-based categorical aid has been prorated in a particular year by noting the percentage of full funding achieved; no percentage means that full funding was achieved in that year.

1. Per Pupil Aid

Description: A sum sufficient per pupil aid appropriation was established in 2013 Act 20. Each school district receives a statutorily-specified, flat per pupil aid payment, outside of revenue limits, from this appropriation. A district's current three-year rolling average pupil count under revenue limits, less the independent charter pupils included in those counts, is used to calculate the aid payment. By law, this aid is paid on the fourth Monday in March. (Aid for 2015-16 enrollments was paid on a one-time delayed basis on the second Monday of July, 2016.)

In 2012-13, per pupil adjustment aid was provided in a one-time categorical aid appropriation created in the 2011-13 biennial budget act, and was related to the \$50 per pupil adjustment provided under revenue limits in that year. A district was eligible for this aid if it levied the maximum amount allowed under revenue limits in 2012-13. An eligible district's aid payment was equal to \$50 per pupil multiplied by the district's current year three-year average enrollment under revenue limits and was prorated if a district underlevied. It is shown in Table 7, although under per pupil aid, there is no link between a district's aid eligibility and the revenue limits per pupil adjustment or the amount levied by a district.

Extent of Participation (2022-23): All 421 school districts.

2. Special Education

Description: Both state and federal law require that local school districts provide special

Table 7: Per Pupil Aid, 2012-13 to 2022-23 (\$ in Millions)

	<u>Per Pupil Payment</u>	<u>Funding</u>
2012-13	\$50	\$39,883,800
2013-14	75	63,462,200
2014-15	150	126,840,200
2015-16	150	126,589,800
2016-17	250	210,477,800
2017-18	450	377,925,800
2018-19	654	547,715,200
2019-20	742	618,905,900
2020-21	742	610,419,700
2021-22	742	602,294,000
2022-23	742	601,400,000*

*Budgeted.

education and related services for children with disabilities ages 3 through 21 who reside in the district. Under state law, a child with a disability is defined as a child who, by reason of any of the following, needs special education and related services: cognitive disabilities, hearing impairments, speech or language impairments, visual impairments, emotional disturbance, orthopedic impairments, autism, traumatic brain injury, other health impairments, or learning disabilities. In addition, a school district may include a child with significant developmental delay who needs special education services, if consistent with DPI rules.

Special education is provided by school districts, either on their own or through cooperative arrangements with other districts, cooperative educational service agencies (CESAs), and county children with disabilities education boards (CCDEBs). The state reimburses a portion of the costs for educating and transporting pupils enrolled in special education, including school age parent programs.

State Share: By statute, the cost of special education for children in hospitals and convalescent homes for orthopedically disabled children is fully funded as a first draw from the special education aids appropriation. The following costs are also

eligible for reimbursement from the appropriation but are subject to proration if total eligible costs exceed the remaining funding available:

- salary and fringe benefit costs for special education teachers, special education coordinators, school nurses, school social workers, school psychologists, school counselors, paraprofessionals and consulting teachers;
- the salary portion of any authorized contract for substitute teaching or paraprofessional staffing services, physical and occupational therapy services, orientation and mobility services, educational interpreter services, educational audiology, speech and language therapy, pupil transition services for eligible pupils who are 18 to 21 years old, or any service approved by the State Superintendent;
- the cost of transportation for pupils enrolled in special education programs;
- the cost of board, lodging, and transportation of nonresident children enrolled in a district's special education program;
- salary and travel expenses for special education outside the school district of employment;
- expenditures for the salaries of teachers and instructional aides, special transportation, and other expenses approved by the State Superintendent for a school age parents program; and
- any other expenditures approved by the State Superintendent as eligible for reimbursement.

Independent charter schools that operate a special education program and that are determined by the State Superintendent to be in compliance with federal special education law may be reimbursed for transportation costs and for expenses for salaries of teachers, special education coordinators, school nurses, school social workers, school

psychologists, school counselors, paraprofessionals, consulting teachers, and any other personnel as approved by the State Superintendent.

Table 8 shows funding in the appropriation in each of the last ten years, total aidable costs under the program, and the proration rate.

Extent of Participation (2021-22): All 421 school districts, all 12 CESAs, three CCDEBs, and 21 independent charter schools.

Table 8: Special Education Aid, 2013-14 to 2022-23 (\$ in Millions)

	<u>Prior Year Aidable Costs</u>	<u>Budgeted Amount</u>	<u>Proration</u>
2013-14	\$1,359.6	368.9	27.1%
2014-15	1,375.6	368.9	26.8
2015-16	1,391.2	368.9	26.5
2016-17	1,404.3	368.9	26.3
2017-18	1,435.4	368.9	25.7
2018-19	1,482.1	368.9	24.9
2019-20	1,534.3	384.5	25.0
2020-21	1,595.9	450.3	28.2
2021-22	1,579.6	468.1	29.6
2022-23	1,633.1*	517.9	31.7

*Estimated

3. High-Cost Special Education Aid

Description: This program provides aid for certain special education costs for school districts, CESAs, CCDEBs, and operators of independent charter schools. Applicants are eligible for additional aid if the applicant incurred, in the previous school year, more than \$30,000 of non-administrative costs for providing special education and related services to a child, and those costs were not eligible for reimbursement under the state special education and school age parents program, the federal Individuals with Disabilities Education Act, or the federal Medicaid program. For each child whose costs exceeded \$30,000, DPI is required to pay an eligible applicant in the current school year an amount equal to 90% of the costs above \$30,000. If appropriated funds are

insufficient to pay the full amounts, payments are prorated.

Extent of Participation (2021-22): 178 school districts, two CCDEBs, and one independent charter school.

	<u>Funding</u>	<u>Proration</u>
2019-20	9,353,800	35.7
2020-21	9,353,800	35.0
2021-22	11,106,000	39.6
2022-23	11,439,200	39.5*

*Estimated

4. Special Education Transition Grants

Description: Under 2015 Act 55, a program was created to provide grants to school districts or independent charter schools for each pupil with a disability who is employed or enrolled in post-secondary education within a year after graduating from high school.

Under the program, school districts or charter schools are eligible for up to \$1,000 for each pupil who meets the following criteria in the year two years prior to the year in which the district or school applies for the grant: (a) was enrolled in high school in the district or charter school and exited from high school; (b) had an individualized education program (IEP) in place; and (c) had been enrolled in a higher education program, another postsecondary education or training program, or competitively employed for at least 90 days. Aid is prorated if the appropriation is insufficient to meet the eligible district claims.

Extent of Participation (2021-22): 296 school districts and three independent charter schools.

	<u>Funding</u>
2019-20	\$3,327,000
2020-21	3,589,000
2021-22	3,600,000
2022-23	3,600,000*

*Budgeted

5. Special Education Transition Readiness Grants

Description: Grants of not less than \$25,000 nor more than \$100,000 are awarded to school districts and independent charter schools to fund special education workforce transition support services, including pupil transportation, professional development for school personnel, and employing adequate school personnel.

Extent of Participation (2021-22): 35 school districts.

	<u>Funding</u>
2019-20	\$866,900
2020-21	976,700
2021-22	893,100
2022-23	1,500,000*

*Budgeted.

6. County Children with Disabilities Education Boards (CCDEBs)

Description: Fiscally independent CCDEBs, which fund the local share of their educational programs through the county property tax levy, receive state aid. The state provides aid for pupils enrolled solely in CCDEB-operated programs and for costs incurred by CCDEBs for pupils jointly enrolled in school district and CCDEB programs. The one fiscally dependent CCDEB (Marathon County) receives revenues through contracts with participating school districts.

State Share: The payment to the CCDEB is determined by recalculating each participating school district's equalization aid by adding: (1) resident pupils solely enrolled in the CCDEB program to the district's membership; and (2) the net cost of services provided by the CCDEB to both jointly enrolled and solely enrolled resident pupils to the district's shared costs. The percentage of the district's shared costs funded by equalization aid that is produced by this recalculation is then multiplied by the net costs of the CCDEB program.

Extent of Participation (2021-22): Three CCDEBs (Brown, Calumet, and Walworth).

	<u>Funding</u>	<u>Proration</u>
2019-20	\$4,067,300	74.5
2020-21	4,067,300	64.1
2021-22	4,067,300	74.7
2022-23	4,067,300	N.A.

7. Achievement Gap Reduction (AGR) Program

Description: Under 2015 Act 53, the AGR program replaced the Student Achievement Guarantee in Education (SAGE) program.

Under the AGR program, participating schools must implement one or more of the following strategies in K-3 classrooms: (a) one-to-one tutoring provided by a licensed teacher; (b) instructional coaching for teachers provided for a licensed teacher; or (c) maintaining 18:1 or 30:2 classroom ratios and providing professional development on small group instruction. Schools must report to DPI at the beginning and end of each school year which strategies they intend to use or used during the school year.

Participating schools must specify performance objectives, including reducing the achievement gap between low-income pupils in math and reading. Each school must also identify formative and summative assessments that will be used to determine if the school achieved its objectives. School boards are required to review implementation and progress towards achieving the performance objectives in each participating school at the end of each semester.

Under the programs, participating schools receive a payment for each low-income pupil attending the school in an AGR classroom. The aid must be used to satisfy the terms of the AGR contract or program requirements. Of the total appropriated amount (\$109,184,500) DPI is statutorily required to allocate \$125,000 annually for an evaluation of

the program.

State Share: DPI is required to determine the total number of low-income pupils enrolled in grades K-3 in all schools participating in the AGR program and then divide the appropriation by the number of pupils to determine the per pupil allocation. In 2021-22, the payment amount was equal to approximately \$2,584 for each low-income pupil.

Extent of Participation (2021-22): 404 schools in 202 districts.

	<u>Funding</u>
2019-20	\$109,059,500
2020-21	109,059,500
2021-22	109,059,500
2022-23	109,059,500*

*Budgeted.

8. SAGE Debt Service Aid

Under this program, if a school board, other than MPS, passed a referendum and gained DPI approval prior to June 30, 2001, it is eligible for state aid equal to 20% of debt service costs associated with SAGE building costs. The referendum had to identify the amount of bonding attributable to increased classroom space needs resulting from participation in the SAGE program.

Extent of Participation (2021-22): One school district (New Auburn).

	<u>Funding</u>
2019-20	\$133,700
2020-21	92,600
2021-22	3,200
2022-23	133,700*

*Budgeted.

9. School Library Aids

Description: Aids are provided to school districts for the purchase of library books, instructional materials from the Historical Society, and other instructional materials. This aid may be used

to purchase library-related computers and software to be housed in the school library, if the district consults with the library media coordinator. The funding source is income generated from the state's common school fund, which is primarily derived from interest payments on loans made from the fund to municipalities and school districts by the Board of Commissioners of Public Lands. Under the state Constitution, revenues from certain fines and forfeitures and sales of public lands are deposited in the common school fund.

State Share: Each school district receives a per capita payment based on its proportionate share of the total number of children in the state between the ages of 4 and 20 residing in each district (according to an annual school census). In 2021-22, the payment was equal to \$35.31 per child.

Extent of Participation (2022-23): All 421 school districts.

	<u>Funding</u>
2019-20	\$43,450,000
2020-21	39,000,000
2021-22	40,600,000
2022-23	45,000,000*

*Budgeted.

10. Sparsity Aid

Description: This program provides aid equal to \$400 times membership in the previous school year to school districts meeting the following criteria: (a) school district membership in the prior year no more than 745 pupils; and (b) population density of less than 10 pupils per square mile of the district's area, and aid is equal to \$100 times membership in the previous school year to school districts meeting the following criteria: (a) school district membership in the prior year between 745 and 1,000 pupils; and (b) population density of less than 10 pupils per square mile of the district's area. If funding is insufficient, payments are prorated. Any district that qualified for sparsity aid in one year but does not qualify the following year is eligible for stop-gap aid equal to 50% of its prior

year award in the year in which it became ineligible for sparsity aid.

Extent of Participation (2022-23): 183 school districts were eligible to receive aid under the program, plus two additional districts received aid under the stop-gap provision.

	<u>Funding</u>	<u>Proration</u>
2019-20	\$24,713,900	99.4
2020-21	24,813,900	99.0
2021-22	27,962,400	96.8
2022-23	27,983,800	98.0*

*Estimated.

11. Pupil Transportation

Description: School districts required by state law to furnish transportation services to public and private school pupils enrolled in regular education programs, including summer school, are eligible to receive categorical aid. Under 2015 Act 55, independent charter schools that choose to provide transportation are also eligible to receive aid.

Under current law, \$35,000 annually is allocated from this appropriation to reimburse school districts for 75% of the cost of transporting pupils to and from an island over ice, including costs for equipment maintenance and storage. If eligible costs exceed available funding, payments are prorated. In 2021-22, one district (Bayfield) qualified for \$35,000 in aid under this provision.

State Share: For the primary aid program, a flat, annual amount per transported pupil which varies according to the distance that each pupil is transported to school. In addition, if the transportation aids appropriation in any year exceeds the amount of claims, DPI is required to distribute the balance in proportion to each district's total aid entitlement generated by the per pupil amounts based on distance transported.

<u>Distance</u>	<u>Regular Year</u>	<u>Summer School</u>
0-2 miles (Hazardous Areas)	\$15	---
2-5 miles	35	\$10
5-8 miles	55	20
8-12 miles	110	20
12 miles and over	375	20

Extent of Participation (2021-22): 415 school districts and four independent charter schools received aid in 2021-22 for transporting a total of 278,403 public school pupils and 23,127 private school pupils in 2020-21.

	<u>Funding</u>	<u>Proration</u>
2019-20	\$24,000,000	None
2020-21	24,000,000	None
2021-22	24,000,000	None
2022-23	24,000,000*	N.A.

*Budgeted.

12. High-Cost Transportation Aid

Description: Under 2013 Act 20, additional funding is provided to districts with higher per pupil transportation costs compared to the statewide average. A district is eligible for aid if it meets two criteria: (a) per pupil transportation cost, based on audited information from the previous fiscal year, exceeding 145% of the statewide average per pupil cost; and (b) pupil population density of 50 pupils per square mile or less. Aid is distributed to eligible districts based on the difference between the district's per pupil transportation cost and the aid threshold of 145% of the statewide average. If appropriated funds are insufficient to pay the full amounts, payments are prorated.

Additionally, under 2017 Act 59, a stop-gap measure was created under which any district that qualified for high cost transportation aid in the immediately preceding school year but is ineligible for aid in the current school year because its transportation costs did not exceed the aid threshold may receive 50% of its prior year aid award. Payments under the stop-gap measure cannot exceed \$200,000 in any year, and may be prorated if

eligibility exceeds that amount.

Under 2021 Act 58, the eligibility criteria for a district's per pupil transportation cost was lowered to 140% of the statewide average per pupil cost.

Extent of Participation (2021-22): 192 school districts were eligible to receive aid under the program, plus an additional 11 districts received aid under the stop-gap provision.

	<u>Funding</u>	<u>Proration</u>
2019-20	\$13,500,000	79.3
2020-21	13,500,000	82.4
2021-22	19,856,200	66.8
2022-23	19,856,200*	N.A.

*Budgeted.

13. Telecommunications Access Program

Description: The Technology for Educational Achievement (TEACH) program, administered by the Department of Administration (DOA), provides eligible entities access to the Internet through rate discounts and subsidized installation of data lines. Eligible entities include public school districts, private schools, CESAs, technical college districts, charter school sponsors, juvenile correctional facilities, private and tribal colleges, public museums, and public libraries.

As currently administered, program participants may make monthly payments of \$100 for Internet service covering bandwidth of less than 1 gigabit per second, and \$250 for bandwidth of 1 gigabit or more per second (up to 10 gigabits). Payments are deposited to the universal service fund (USF). Payment for the cost to provide the service is made by DOA to the vendor in accordance with rates determined under the state contract. For a service request requiring fiber construction to a site, one-time installation costs are evaluated on a case-by-case basis and may be subsidized by the TEACH program based on need and available funding.

State Share: State funding for the TEACH program is provided through the segregated USF,

which is primarily funded by assessments on annual gross operating revenues from intrastate telecommunications providers. If funding from the USF is insufficient for this purpose, federal e-rate reimbursement monies may be utilized, to the extent revenue is available.

Extent of Participation (2021-22): The program subsidized Internet access for 273 public school sites in 2021-22. The table below provides state expenditures under the TEACH program on telecommunications access for public school districts and CESAs, amounts awarded to school districts for infrastructure grants, and amounts awarded to school district consortia for training grants.

	<u>Funding</u>
2019-20	\$9,862,100
2020-21	10,702,100
2021-22	6,696,100
2022-23*	15,984,200

*Total allocations for eligible entities under the TEACH program are \$15,984,200 in 2022-23.

14. Technology Infrastructure Financial Assistance

Description. Under the infrastructure financial assistance program, school districts and public libraries could apply for loans to fund the upgrading of electrical wiring in buildings in existence on October 14, 1997, and installation and upgrading of computer network wiring. Schools and libraries are required to pay the debt service on the loans, which represent 50% of the financial assistance, and the state pays the debt service for the grants, which are the other half of the financial assistance. The program was closed to new applications for assistance as of July, 2003. A total of 193 school districts received loans under the program. Bonds totaling \$71.9 million were issued under the program for school districts. Debt service costs for the financing of the infrastructure loans to school districts was budgeted at \$325,500 GPR in 2022-23.

15. Bilingual-Bicultural Education

Description: In certain cases, school districts are required by state law to provide special classes to pupils of limited-English proficiency (LEP). These classes are required at schools that enroll 10 or more LEP pupils in a language group in grades K-3, or 20 or more in grades 4-8 or 9-12. These school districts are eligible for categorical aid.

State Share: State aid payments are based on the ratio of the categorical aid appropriation to the total aidable costs of the eligible districts in the prior year. Aidable costs are defined as the districts' prior year costs for salaries, special books, equipment and other expenses approved by DPI that are attributable only to programs for LEP pupils. The state share has decreased in recent years due to growth in program expenditures.

Current law earmarks \$250,000 as a first draw from the bilingual-bicultural education aids appropriation, to be divided proportionately based on reported costs, among school districts whose enrollments in the previous school year were at least 15% LEP pupils. For aid paid in the 2021-22 school year, the Abbotsford, Beloit, Darlington, Delavan-Darien, Green Bay, Madison, Sheboygan, Walworth, and Waterloo school districts were eligible for the first-draw funding.

Extent of Participation (2021-22): 49 school districts.

	<u>Funding</u>	<u>Proration</u>
2019-20	\$8,589,800	8.1
2020-21	8,589,800	7.9
2021-22	8,589,800	7.7
2022-23	8,589,800	N.A.

16. State Tuition Payments

Description. The state reimburses the cost of educating children who live in properties for which there is no parental property tax base support. Specifically, school districts and county children with disabilities education boards are eligible

for tuition payments for the following:

a. Pupils in children's homes (nonprofit organizations licensed by the Department of Children and Families) who have usually been placed in the home by the state or by county social services departments.

b. Pupils whose parents are employed at, and reside on the grounds of, a state or federal military camp, federal veteran hospital or state charitable or penal institution.

c. Pupils who live in foster or group homes if the home is outside the district in which the pupil's parent or guardian resides and is exempt from the property tax.

d. Pupils who live in foster or group homes outside the district in which the pupil's parent or guardian resides, if the pupil is a child with a disability and at least 4% of the pupils enrolled in the school district reside in foster or group homes that are not exempt from the property tax.

State law also specifies that if a school district loses pupils under the open enrollment program and the amount of state aid received by the district is insufficient to cover the net transfer payments, then the balance is paid from the state tuition appropriation. No funding was used for this purpose in 2021-22.

State Share: The state payment is calculated on the basis of the school district's average daily cost per pupil and the number of school days the child is enrolled in school.

For pupils qualifying under the 4% provision, annual payments are at the special annual tuition rate only, which is the sum of instructional and specified services costs unique to that program divided by the average daily membership of all pupils enrolled in the program, including those for whom tuition is paid.

Extent of Participation (2021-22): 22 school districts.

	<u>Funding</u>
2019-20	\$7,173,900
2020-21	7,523,800
2021-22	6,432,400
2022-23	8,242,900*

*Budgeted.

17. Head Start Supplement

Description: State grants are provided as a supplement to the federal Head Start program that provides comprehensive educational, health, nutritional, social, and other services to economically disadvantaged preschool children and their families. Funds are distributed to federally designated Head Start agencies, to enable expansion of their programs to serve additional families. Grants may be used as a match for federal funds only if the state funds are used to secure additional federal support. Federal funding for Head Start and Early Head Start in Wisconsin was an estimated \$151.4 million in federal fiscal year 2020-21.

Extent of Participation (2021-22): Grantees include four school districts (Green Bay, Kenosha, Milwaukee, and West Bend), and three CESAs. Head Start agencies receive 75 to 80% of this funding, with the remainder going to school districts and CESAs.

	<u>Funding</u>
2019-20	\$6,170,600
2020-21	6,042,100
2021-22	6,162,100
2022-23	6,264,100*

*Budgeted.

18. Educator Effectiveness Grants to School Districts

Description: Under 2011 Act 166, DPI was required to develop an educator effectiveness evaluation system. The program requires school districts to evaluate teachers and principals on a

regular basis under a system developed by DPI or an equivalent process designed by the district and approved by DPI.

Under 2013 Act 20, an annual appropriation was created to provide grants to reimburse school districts participating in the DPI program for payments to DPI associated with system development, training, software, support, resources, and ongoing refinement, or for those districts using an approved alternative evaluation process, to fund development and implementation of the equivalent process. Districts receive a payment of \$80 for each teacher, principal, or other licensed educator in the district.

Extent of Participation (2021-22): 275 school districts.

	<u>Funding</u>
2019-20	\$5,492,200
2020-21	4,942,200
2021-22	3,858,700
2022-23	5,746,000*

*Budgeted.

19. Nutrition Programs

Description: The state makes payments to school districts and private schools for the following purposes: (a) to partially match the federal contribution under the national school lunch program that provides free or reduced price meals to low-income children; (b) to support the cost of reduced price meals served to the elderly; (c) to reimburse the cost of milk provided to low-income children in preschool through fifth grade in schools that do not participate in the federal special milk program; and (d) to provide a per meal reimbursement for school breakfast programs. Independent charter schools, as well as the state residential schools in Janesville and Delavan, are eligible entities for state school lunch matching payments.

State Share: School lunch: state funding is

allocated among school districts, charter schools, and private schools according to the number of lunches served during the prior school year.

Elderly nutrition: 15% of the cost of the meal or 50 cents per meal, whichever is less. These payments are made from the school lunch appropriation.

School day milk: 100% reimbursement if funds are available.

School breakfast: Funding is used to provide a per meal reimbursement of \$0.15 for each breakfast served under the federal school breakfast program. If there is insufficient funding to pay the full amount, payments are to be prorated.

Funding:

	<u>2019-20*</u>	<u>2020-21*</u>	<u>2021-22*</u>	<u>2022-23*</u>
School Lunch	\$4,218,100	\$4,218,100	\$4,218,100	\$4,218,100
Elderly Nutrition	N.A.	N.A.	N.A.	N.A.
School Day Milk	1,000,000	1,000,000	1,000,000	1,000,000
School Breakfast	<u>2,510,500</u>	<u>2,510,500</u>	<u>2,510,500</u>	<u>2,510,500</u>
Total	\$7,728,600	\$7,728,600	\$7,728,600	\$7,728,600

*Budgeted.

20. Mental Health Collaboration Grants

Description: This competitive grant program awards funds to school districts and independent charter schools for the purpose of collaborating with community mental health providers to provide mental health services to pupils. Activities eligible for grants under the program can include co-locating community mental health clinics in schools and providing screening and intervention services.

Extent of Participation (2021-22): 143 school districts, three independent charter schools, and seven consortia representing an additional 24 school districts.

Funding

2019-20	\$6,500,000*
2020-21	6,500,000*
2021-22	10,000,000*
2022-23	10,000,000*

*Budgeted.

21. Aid for School Mental Health Programs

Description: This program reimburses school districts and independent charter schools for increases in their general fund expenditures for school social workers.

Under the program, school districts and independent charter schools are eligible for aid if they increased the amount expended in the prior school year over the amount expended two years prior to employ, hire, or retain social workers. School districts and independent charter schools are eligible for reimbursement of up to 50% of the amount by which the school district or independent charter school increased its expenditures to employ, hire, or retain social workers in the prior year compared to two years prior. Payments may be prorated if funding is insufficient.

Any funds remaining in the appropriation may be used to reimburse eligible school districts and independent charter schools for total general fund expenditures for school social workers, less the amount of increased expenditures already reimbursed. Payments may be prorated if funding were insufficient.

Extent of Participation (2021-22): 87 public school districts, two independent charter schools, and eight private schools.

Funding

2019-20	\$6,000,000
2020-21	6,000,000
2021-22	12,000,000
2022-23	12,000,000*

*Budgeted.

22. Peer-to-Peer Suicide Prevention Program Grants

Description: This program was created under 2019 Act 83 to provide grants to support peer-to-peer suicide prevention programs. Public, private, and tribal schools operating high school grades are eligible to apply for competitive grants of up to \$1,000 each. Grant funds can be used to support an existing peer-to-peer suicide prevention program or to implement a new program, and grants can be renewed up to three times.

	<u>Funding*</u>
2019-20	\$0
2020-21	250,000
2021-22	250,000
2022-23	250,000

*Budgeted.

23. Peer Review and Mentoring

Description: Under this program a cooperative educational service agency (CESA) or a consortium consisting of two or more school districts or CESAs, or a combination thereof, may apply to DPI for a grant to provide technical assistance and training for teachers, who are licensed by or have been issued a professional teaching permit by the State Superintendent, to implement peer review and mentoring programs. Grantees are required to provide matching funds, which may be in the form of money or in-kind services or both, equivalent to at least 20% of the amount of the grant awarded. The Department cannot award more than \$25,000 to an applicant in a fiscal year.

Extent of Participation (2021-22): 66 grants awarded to 54 school districts, and 12 CESAs.

	<u>Funding</u>
2019-20	\$1,161,700
2020-21	1,217,300
2021-22	1,115,700
2022-23	1,606,700*

*Budgeted.

24. MPS Summer School Grant Program

Description: This program provides \$1,400,000 annually to Milwaukee Public Schools. Under the program, the MPS Board is required to develop a program to annually award grants to develop, redesign, or implement a summer school program to increase pupil attendance, improve academic achievement, or expose pupils to innovative learning activities. Grants can be awarded to public schools located in the City of Milwaukee, excluding independent charter schools.

25. Four-Year-Old Kindergarten Grants

Description: This program provides two-year grants to school districts that implement a new four-year-old kindergarten (K4) program. Each eligible district receives up to \$3,000 for each K4 pupil enrolled in the district in the first year of the grant and up to \$1,500 for each K4 pupil enrolled in the second year of the grant. If the appropriation amount is insufficient to fully fund the maximum payments, DPI is required to prorate the payment amounts. In awarding the grants, DPI is required to give preference to districts that use community approaches to early education. Under DPI rules, districts continuing in the grant program in their second year have priority for funding over districts new to the grant program in their first year.

Extent of Participation (2021-22): One school district (Elmbrook).

	<u>Funding</u>
2019-20	\$618,000
2020-21	271,500
2021-22	1,200,000
2022-23	1,350,000*

*Budgeted.

26. Alcohol and Other Drug Abuse (AODA) Grants

Description: The AODA program provides block grants administered by DPI to address the

problem of alcohol and other drug abuse among school-age children. Emphasis is placed on both AODA prevention and intervention including K-12 curriculum development, family involvement, drug abuse resistance education, and pupil designed AODA prevention or intervention projects. Program revenue from the penalty assessment surcharge funds these grants.

Extent of Participation (2021-22): 13 school districts and three CESAs.

	<u>Funding</u>
2019-20	\$1,241,700
2020-21	1,120,500
2021-22	411,100
2022-23	1,284,700*

*Budgeted.

27. Rural School Teacher Talent Pilot Program

Description: Under this program, grants are awarded to CESAs to coordinate with universities and colleges to provide practicums, student-teacher placement, and internships for undergraduate college students in rural school districts. Eligible expenses under the program include the CESA's cost to coordinate the program and to provide mileage reimbursement and stipends to participating undergraduates. Grant monies may be used to expand an existing program or create a new program, but not to maintain an existing program.

Extent of Participation (2021-22): One CESA (CESA 8).

	<u>Funding</u>
2019-20	\$890,800
2020-21	1,410,900
2021-22	1,432,400
2022-23	1,500,000*

*Budgeted.

28. Open Enrollment and Early College Credit Program Transportation

Description: Under the full-time open enrollment program, a pupil may attend a public school outside his or her school district of residence, provided the pupil's parent complies with certain application dates and procedures and the applicable acceptance criteria are met. The pupil's parent is responsible for transporting the pupil to and from the school, except that if a child with disabilities requires transportation under his or her individual education plan (IEP), the nonresident district must provide transportation for the child. Parents of pupils who are eligible for the federal free or reduced-price lunch program may apply to DPI for reimbursement of transportation costs. DPI determines the reimbursement amount, which may not exceed the parent's actual costs or three times the statewide average per pupil transportation costs, whichever is less. If the appropriation is insufficient, payments are prorated.

Under the part-time open enrollment program, a pupil enrolled in a public school in grades 9 to 12 is able to attend public school in a nonresident school district to take a course offered by the nonresident school district. A pupil may attend no more than two courses at any time in nonresident school districts. Parents are responsible for transporting pupils to and from courses. The parent of a pupil can apply to DPI for reimbursement of the costs of the pupil's transportation if the pupil and parent are unable to pay the cost of such transportation. DPI determines the amount of the reimbursement. DPI must give preference in making reimbursements to pupils who would be eligible for the federal free or reduced-price lunch program.

Under the early college credit program, any public or private high school pupil can enroll in an institution of higher education for the purpose of taking one or more nonsectarian courses, including during a summer semester or session. An institution of higher education is defined as: (a) an

institution within the University of Wisconsin System; (b) a tribally-controlled college; or (c) a private, nonprofit institution of higher education located in Wisconsin. Parents are responsible for transporting pupils to and from courses. The parent of a pupil can apply to DPI for reimbursement of the costs of the pupil's transportation if the pupil and parent are unable to pay the cost of such transportation. DPI determines the amount of the reimbursement. DPI must give preference in making reimbursements to pupils who would be eligible for the federal free or reduced-price lunch program.

Extent of Participation (2021-22): 2,322 full-time open enrollment pupils received aid for transportation. No part-time open enrollment pupils or early college credit pupils received aid.

	<u>Funding</u>	<u>Proration</u>
2019-20	\$454,200	24.9%
2020-21	454,200	26.6
2021-22	454,200	20.8
2022-23	454,200*	N.A.

*Budgeted.

29. Robotics League Participation Grants

Description: Under 2015 Act 280, a program was created to provide funding for participation in robotics competitions.

Grants of up to \$5,000 are available to eligible teams from public schools, private schools, independent charter schools, or home-based educational programs. Eligible teams must include pupils in grades 9-12 and at least one mentor, and may include one or more pupil in grades 6-8. Funds must be used to participate in a competition sponsored by a non-profit organization that requires teams to design and operate robots. Eligible expenses include fees, kits, supplies, travel expenses, and a stipend for the team's mentor. Teams must provide matching funds equal to the amount of the grant.

Extent of Participation (2021-22): 161 grants were awarded, including grants to 57 school districts and one independent charter school.

	<u>Funding</u>	<u>Proration</u>
2019-20	\$500,000	87.2
2020-21	500,000	N.A.
2021-22	500,000	N.A.
2022-23	500,000*	N.A.

* Budgeted.

30. Gifted and Talented Grants

Description: Aid is provided annually as a grant program to provide gifted and talented pupils with services and activities not ordinarily provided in a regular school program. Grants may be awarded to school districts, nonprofit organizations, CESAs, and institutions within the University of Wisconsin System, either individually or as collaborative projects.

Extent of participation (2021-22): Three school districts (Elmbrook, Fox Point, and Milwaukee) and six CESAs.

	<u>Funding</u>
2019-20	\$237,200
2020-21	237,200
2021-22	474,400*
2022-23	474,400*

*Budgeted.

31. Tribal Language Grants

Description: This program provides tribal language revitalization grants to school districts and CESAs. Funding is provided from tribal gaming program revenue transferred from DOA. A district or CESA in conjunction with a tribal authority may apply to DPI for a grant for the purpose of supporting innovative, effective instruction in one or more American Indian languages.

Extent of Participation (2021-22): 13 school districts.

	<u>Funding</u>
2019-20	\$159,100
2020-21	190,900
2021-22	186,600
2022-23	222,800*

*Budgeted.

32. Supplemental Aid

Description: This categorical aid is provided annually for school districts that satisfy certain criteria. A school district that satisfies all of the criteria can apply to DPI by October 15 of each school year for a grant to supplement the equalization aid it will receive. The criteria are: (a) the school district had an enrollment of fewer than 500 pupils in the previous school year; (b) the school district is at least 200 square miles in area; and (c) at least 80% of the real property in the school district is exempt from property taxation, taxed as forest croplands, owned or held in trust by a federally-recognized American Indian tribe, or owned by the federal government. One school district, Laona, qualifies for the program.

DPI pays the school district that satisfies these criteria \$350 for each pupil enrolled in the previous school year, by June 30 of the current school year. If funding is insufficient to fully fund a \$350 per pupil payment, the monies must be prorated.

Extent of Participation (2022-23): One school district (Laona School District).

	<u>Funding</u>
2019-20	\$76,100
2020-21	80,700
2021-22	82,600
2022-23	100,000*

*Budgeted.

33. Consolidation Aid

Description: This program provides funding for two or more school districts that consolidate

into one district on or after July 1, 2019.

Under the program, the consolidated district will receive aid equal to \$150 per pupil attending school in the district in the school year in which a school district consolidation takes place and each of the subsequent four school years. In the fifth year following the year in which the consolidation takes effect, the consolidated district will receive 50% of the amount received in the fourth year after the consolidation. In the sixth year following the year in which the consolidation takes effect, the district will qualify for 25% of the amount received in the fifth year after the consolidation. The aid payment is calculated using the district's three-year rolling average pupil count. No school district consolidations occurred in 2019-20 through 2022-23, so no districts have qualified for aid under the program since it went into effect.

Recent Trends in Categorical versus General Aid Funding

Table 9 shows the allocation of state school aid funding between equalization aid, other general aids, and categorical aids for the last 20 years.

During the years prior to 2011-12 shown in Table 9, equalization aid ranged from 85% to 87% of the total, other general aids were approximately 2% of the total, and categorical aids represented approximately 11% to 12% of the total. In 2011-12, the base funding reduction in general aid and a one-time increase in the special adjustment hold harmless percentage (to 90% rather than 85%) resulted in the highest proportion of funding (7.2%) in the last 20 years being distributed as other general aids, as well as a reduction in the proportion of funding distributed as equalization aid. More recently, the percentage of aid being distributed as equalization aid has declined from 84.5% in 2012-13 to 77.3% in 2022-23, and the percentage of categorical aids has increased from 13.2% in 2012-

Table 9: Allocation of State School Aids (\$ in Millions)

Fiscal Year	<u>Equalization Aid</u>		<u>Other General Aids*</u>		<u>Categorical Aids</u>		Total School Aid
	Amount	% of Total	Amount	% of Total	Amount	% of Total	
2003-04	\$4,171.8	86.8%	\$101.3	2.1%	\$533.2	11.1%	\$4,806.3
2004-05	4,219.6	86.9	97.9	2.0	540.4	11.1	4,857.9
2005-06	4,517.9	87.6	96.0	1.9	545.2	10.6	5,159.1
2006-07	4,620.4	87.3	102.3	1.9	571.7	10.8	5,294.4
2007-08	4,618.8	86.5	112.9	2.1	608.4	11.4	5,340.1
2008-09	4,699.3	86.0	112.2	2.1	650.9	11.9	5,462.4
2009-10	4,521.8	85.1	149.4	2.8	644.2	12.1	5,315.4
2010-11	4,548.0	85.4	123.2	2.3	653.8	12.3	5,325.0
2011-12	3,932.3	80.4	352.7	7.2	608.5	12.4	4,893.5
2012-13	4,193.2	84.5	117.3	2.4	653.9	13.2	4,964.4
2013-14	4,295.2	84.6	103.2	2.0	680.8	13.4	5,079.2
2014-15	4,396.5	83.9	96.3	1.8	748.9	14.3	5,241.7
2015-16	4,396.2	83.8	96.6	1.8	751.4	14.3	5,244.2
2016-17	4,505.4	82.7	95.6	1.8	843.6	15.5	5,444.6
2017-18	4,515.2	78.8	85.7	1.5	1,129.1	19.7	5,730.0
2018-19	4,594.7	77.9	79.0	1.3	1,226.1	20.8	5,899.8
2019-20	4,687.7	77.2	69.2	1.1	1,315.8	21.7	6,072.7
2020-21	4,852.7	77.1	67.7	1.1	1,374.9	21.8	6,295.3
2021-22	4,945.2	76.9	85.2	1.3	1,398.4	21.8	6,428.8
2022-23	5,155.4	77.3	63.0	0.9	1,450.1	21.7	6,668.5

*Includes integration (Chapter 220) aid, special adjustment aid, and high poverty aid.

NOTE: Equalization and other general aid figures represent aid eligibility prior to any choice and charter program reductions.

13 to 21.7% in 2022-23, because categorical aids have received relatively larger funding increases over that period.

APPENDICES

The final section of the paper includes the following two appendices:

- Appendix I provides general descriptive statistics on school district pupil membership, valuation, shared cost, and school levy rates.
- Appendix II provides sample calculations of the equalization aid formula.

APPENDIX I

School District Characteristics

This appendix provides general descriptive statistics regarding Wisconsin's school districts. A series of tables present data on the distribution across districts of pupil membership, equalized valuations per member, shared costs per member, and mill rates. The first three variables are based on 2021-22 school year data, which is used to compute 2022-23 general school aids. The mill rates are based on property tax levies for the 2022-23 school year.

Information is provided on the number of school districts under selected ranges of each variable. The tables also show, for each variable, the median, average, minimum, and maximum amounts as well as the amounts that mark the 10th and 90th percentile levels.

Table 10 shows that pupil membership ranges from 16 (Norris) to 69,572 (Milwaukee) with an

average of 1,976. The fact that over half of all districts have memberships of less than 1,000 is reflected in the lower median membership of 887. Eighty percent of all districts have memberships between 271 and 4,250.

Table 11 shows that adjusted equalized valuation per member ranges from \$282,065 (Abbotsford) to \$11,097,875 (North Lakeland) with an average of \$754,823. Again, the median value per member (\$692,283) is lower, reflecting the concentration of districts below the state average.

Eighty percent of all districts have equalized values per member between \$474,708 and

Table 10: School District Pupil Membership – 2021-22 School Year

Pupil Membership	Number of Districts	Percent of Total	Cumulative Percent
Under 250	30	7.1%	7.1%
250 - 499	81	19.2	26.4
500 - 999	120	28.5	54.9
1,000 - 1,499	56	13.3	68.2
1,500 - 1,999	31	7.4	75.5
2,000 - 2,999	36	8.6	84.1
3,000 - 4,999	34	8.1	92.2
5,000 - 9,999	24	5.7	97.9
10,000 and Over	9	2.1	100.0
Total	421	100.0%	
Median	887		
Average	1,976		
Smallest	16		
10 th Percentile	271		
90 th Percentile	4,250		
Largest	69,572		

Table 11: Equalized Valuation Per Member* -- 2021-22 School Year

Equalized Valuation Per Member	Number of Districts	Percent of Total	Cumulative Percent
Under \$399,999	8	1.9%	1.9%
\$400,000 - \$499,999	52	12.4	14.3
\$500,000 - \$599,999	82	19.5	33.8
\$600,000 - \$699,999	70	16.7	50.5
\$700,000 - \$799,999	51	12.1	62.6
\$800,000 - \$899,999	40	9.5	72.1
\$900,000 - \$999,999	22	5.2	77.4
\$1,000,000 - \$1,999,999	70	16.7	94.0
\$2,000,000 - \$2,999,999	11	2.6	96.7
\$3,000,000 - \$3,999,999	7	1.7	98.3
\$4,000,000 and Over	7	1.7	100.0
Total	420	100.0%	
Median	\$692,283		
Average	754,823		
Lowest	282,065		
10 th Percentile	474,708		
90 th Percentile	1,462,227		
Highest	11,097,875		

*Valuations for K-8 and UHS districts have been adjusted to be comparable to K-12 districts. Because of its unique characteristics, the Norris School District has been excluded, except for the average.

Table 12: Shared Cost Per Member* -- 2021-22 School Year

Shared Cost	Number of Districts	Percent of Total	Cumulative Percent		
Under \$10,000	13	3.1%	3.1%	Median	\$12,123
\$10,000 - \$10,499	23	5.5	8.6	Average	12,036
\$10,500 - \$10,999	41	9.8	18.3	Lowest	8,466
\$11,000 - \$11,499	57	13.6	31.9	10th Percentile	10,636
\$11,500 - \$11,999	64	15.2	47.1	90th Percentile	14,459
\$12,000 - \$12,499	60	14.3	61.4	Highest	25,286
\$12,500 - \$12,999	55	13.1	74.5		
\$13,000 - \$13,499	27	6.4	81.0		
\$13,500 - \$13,999	24	5.7	86.7		
\$14,000 - \$14,999	24	5.7	92.4		
Over \$15,000	<u>32</u>	<u>7.6</u>	100.0		
Total	420	100.0%			

* Because of its unique characteristics, the Norris School District has been excluded, except for the average.

Table 13: School Levy Rates* -- 2022-23 School Year

Levy Rate	Number of Districts	Percent of Total	Cumulative Percent		
Under 6.00	61	14.9%	14.9%	Median	7.69
6.00 - 6.99	88	21.5	36.3	Average	7.68
7.00 - 7.99	81	19.8	56.1	Lowest	2.33
8.00 - 8.99	85	20.7	76.8	10 th Percentile	5.64
9.00 - 9.99	48	11.7	88.5	90 th Percentile	10.19
10.00 - 10.99	25	6.1	94.6	Highest	15.04
11.00 and Over	<u>22</u>	<u>5.4</u>	100.0		
Total	410	100.0%			

*Levy rates for K-8 and UHS school districts have been combined and the 10 UHS districts are excluded from the table, as well as the Norris School District.

\$1,462,227. The secondary guaranteed valuation (for K-12 districts) under the equalization formula for the 2022-23 aid year is \$1,722,650 per member.

Table 12 shows that shared cost per member ranges from \$8,466 (Cornell) to \$25,286 (Washington Island) with an average of \$12,036. The median amount (\$12,123) is higher than the state average. Eighty percent of all districts have shared costs per member between \$10,636 and \$14,459. The secondary cost ceiling under the equalization formula for the 2022-23 aid year is \$10,832 per member, equal to 90% of the statewide average shared cost in the prior year.

Table 13 shows that the school levy rates in 2022-23 range from 2.33 mills (Drummond) to 15.04 mills (Fox Point K-8 and Nicolet UHS). The median levy rate (7.69 mills) is nearly equal to the state average of 7.68 mills. Eighty percent of all districts have levy rates between 5.64 and 10.19 mills. The mill rate is the amount of taxes levied for every \$1,000 in equalized property value. Therefore, a property taxpayer who owns a home with a market value of \$200,000 has, on average, a school tax bill of \$1,536 (\$7.68 times 200) in 2022-23. A taxpayer in Fox Point K-8 and Nicolet UHS has a school tax rate which is nearly six and one-half times greater than a taxpayer in Drummond in 2022-23.

APPENDIX II

Sample Calculations of the Equalization Aid Formula

The fundamental factors in determining a school district's eligibility for equalization aid are: (1) whether its equalized property value per pupil is greater than or less than the state's guaranteed value(s); and (2) if, and to what extent, its shared costs per pupil exceed the secondary cost ceiling.

School districts can be placed in one of five categories depending on their per pupil costs and values, as follows:

1. *Primary and Secondary Aid.* A school district in this category has shared costs per member below the secondary cost ceiling and an equalized value below the secondary guarantee. As a result, the district would receive positive aid on two tiers of the formula: primary aid and a lower level of secondary aid.

2. *Positive Tertiary Aid.* A district in this category has shared costs per member above the secondary cost ceiling and an equalized value per member below the tertiary guarantee. The district would receive positive aid on all three tiers of the formula: primary aid, a lower level of secondary aid and a still lower, but positive, level of tertiary aid.

3. *Negative Tertiary Aid.* A district in this category has shared costs per member above the secondary cost ceiling and an equalized value per member between the secondary guarantee and the tertiary guarantee. Under this district's aid calculation, positive primary and secondary aid is generated, but the positive secondary aid is partially offset by negative aid generated on the tertiary level.

4. *Primary Aid Only.* Primary aid only districts generally have costs at all three tiers and an equalized value per member between the primary and tertiary guarantees. These districts generate

positive aid at the primary level, but either generate positive secondary aid that is completely offset by negative tertiary aid, or generate negative secondary and tertiary aid. Under the primary aid hold harmless, these districts would be entitled to the amount of aid generated at the primary level.

5. *No Equalization Aid.* Some districts have an equalized value per member above the primary guarantee. A district in this category would generate negative aid on all levels of the formula and would not receive any equalization aid.

Any district can be eligible for special adjustment aid, under which a district is guaranteed at least 85% of its prior year's general school aid payment. Most of the districts in the primary aid only and no equalization aid categories receive special adjustment aid, and most of the districts receiving special adjustment aid are in those two categories.

This appendix provides sample calculations of the equalization formula that reflect the five categories described above. Table 14 shows the number of school districts in each of the categories of equalization aid for the 2022-23 aid year. A list of districts by category is at the end of this appendix.

Table 14: Five Categories of Districts in the Equalization Aid Formula for Aid Year 2022-23

Category	Number of Districts	Percent of Total
Primary and Secondary Aid	55	13.1%
Positive Tertiary Aid	207	49.2
Negative Tertiary Aid	113	26.8
Primary Aid Only	19	4.5
No Equalization Aid	<u>27</u>	<u>6.4</u>
Total	421	100.0%

The guaranteed valuations and cost ceilings

used in the sample calculations are the actual factors used in calculating equalization aid in 2022-23. These formula factors are:

	<u>Per Member</u>
Primary Guaranteed Valuation	\$1,930,000
Secondary Guaranteed Valuation	1,722,650
Tertiary Guaranteed Valuation	754,823
Primary Cost Ceiling	1,000
Secondary Cost Ceiling	10,832

Equalization aid is the sum of primary and secondary aid and, where applicable, tertiary aid, calculated using the primary, secondary, and tertiary guarantees. The equalization aid formula can be expressed as shown in Equation 1. This equation is referred to as the required levy rate method of calculating equalization aid. Statutorily, the calculation of equalization aid follows this method. The same calculation, however, can also be expressed mathematically in a slightly different manner, which is shown as Equation 2. This equation is known as the percentage method of calculating equalization aid.

Equation 1: Required Levy Rate Method

$$\text{State Aid} = [\text{State Guaranteed Value} - \text{District Equalized Value}] \times [\text{Shared Cost} \div \text{State Guaranteed Value}]$$

Equation 2: Percentage Method

$$\text{State Aid} = [1 - (\text{District Equalized Value} \div \text{State Guaranteed Value})] \times \text{Shared Cost}$$

To illustrate the calculation of equalization aid, the following examples will show each of the steps in the calculation for each district rather than condense the calculation into a mathematical format. The aid factors for each of the districts in the examples are shown. Each example also shows the calculation of shared costs, aid rates, and aid amounts at each tier, as well as the total aid payment.

District A: Primary and Secondary Aid

The first example, School District A, receives primary and secondary aid only.

District A has 1,000 pupils, \$10.0 million in shared costs, and \$400 million in property value. Thus, District A has \$10,000 in shared cost per member and \$400,000 in property value per member. The first step in calculating equalization aid is to determine the amount of shared costs aided at each tier. Because District A's \$10,000 in shared cost per member is less than the \$10,832 secondary cost ceiling, the district will be aided on the primary and secondary tiers of the formula. The first \$1,000 of shared cost per member is aided at the primary tier. With 1,000 members, District A has \$1,000,000 in primary shared costs. The remaining \$9,000 in shared cost per member, or \$9,000,000, is aided at the secondary tier.

The second step in calculating equalization aid is to determine how much of the guaranteed tax base the state supports at each tier, which is the aid rate on the shared costs at each tier. Since District A's value per member of \$400,000 is below the secondary guarantee of \$1,722,650, the district receives positive aid at both tiers of the formula. On the primary tier, the state guarantees \$1,930,000 in value per member, while District A has \$400,000 in value per member. The state supports the \$1,530,000 difference between the two, which is 79.27% of the guaranteed value. On the secondary tier, the state provides a smaller guarantee of \$1,722,650 per member. With District A's \$400,000 in value per member, the state supports \$1,322,650 in tax base per member, or 76.78% of the guaranteed value.

The third step in calculating equalization aid is to determine the amount of aid received at each tier, using the results of the first two steps. On the primary tier, District A has \$1,000,000 in shared cost and the state aids 79.27% of those costs. This results in \$792,700 in primary aid. On the secondary tier, District A has \$9,000,000 in shared cost

and the state aids 76.78% of those costs, resulting in \$6,910,200 in secondary aid.

The final step in calculating equalization aid is to add the results at each level, subject to any statutory hold harmless provisions. For District A, the primary and secondary aid amounts are added together, resulting in a total aid payment of \$7,702,900. With \$10,000,000 in total shared costs, this results in an overall equalization aid rate of 77.03%.

At the primary and secondary aid category, some key observations can be made:

1. As cost increases up to the secondary cost ceiling, aid increases. Aid on costs above the secondary cost ceiling would be determined by

comparing the district's value per member to the tertiary guarantee.

2. As membership increases, aid increases;
3. As the state guaranteed valuations increase, aid increases; and
4. As equalized valuation increases, aid decreases.

In the 2022-23 aid year, 55 school districts (or 13.1%) were primary and secondary aid districts under the equalization formula. If those districts would have had tertiary costs, 35 would have generated positive tertiary aid and 20 would have generated negative tertiary aid.

District A: Primary and Secondary Aid

Aid Factors:

1.	Pupil Membership	1,000
2.	Shared Costs	\$10,000,000
3.	Shared Costs per Member (Row 2 divided by Row 1)	\$10,000
4.	Property Value	\$400,000,000
5.	Property Value per Member (Row 4 divided by Row 1)	\$400,000

Aid Calculation:

	<u>Primary</u>	<u>Secondary</u>
<i>Shared Costs at Each Tier</i>		
6.	Shared Cost per Member at the Tier	\$1,000
7.	District A's Membership	1,000
8.	Shared Cost at the Tier (Row 6 multiplied by Row 7)	\$1,000,000
<i>Aid Rate at Each Tier</i>		
9.	State Guarantee per Member at the Tier	\$1,930,000
10.	District A's Property Value per Member	\$400,000
11.	Per Member Tax Base Supported by the State (Row 9 minus Row 10)	\$1,530,000
12.	District A's Aid Rate at the Tier (Row 11 divided by Row 9)	79.27%
<i>Aid Amount at Each Tier</i>		
13.	District A's Aid Payment at the Tier (Row 8 multiplied by Row 12)	\$792,700
<i>Total Aid Payment</i>		
14.	Primary Aid	\$792,700
15.	Secondary Aid	<u>6,910,200</u>
16.	Total Aid (Sum of Rows 14 and 15)	\$7,702,900
17.	Aid as Percent of Costs (Row 16 divided by Row 2)	77.03%

District B: Positive Tertiary Aid

For school districts with shared cost above the secondary cost ceiling, aid is computed using the primary, secondary, and tertiary tiers. The next example shows how aid would be computed for a district with costs at all three tiers. District B has the same pupil membership and property value as District A from the previous example, but District B has total shared costs of \$12,000 per pupil rather than \$10,000 per pupil.

District B's shared costs of \$12,000 per pupil exceed the secondary cost ceiling of \$10,832. As a result, equalization aid for the district is computed using the primary, secondary, and tertiary guaranteed valuations.

As with District A, the first \$1,000 of shared cost per member is aided at the primary tier. Shared costs above \$1,000 per member but below the \$10,832 secondary cost ceiling (\$9,832 per member for District B) are aided at the secondary tier. Any costs in excess of \$10,832 per member (\$1,168 per member for District B) are aided at the tertiary tier. The first step in calculating aid for District B results in \$1,000,000 of primary shared costs, \$9,832,000 in secondary shared costs, and \$1,168,000 of tertiary shared costs.

Because District B has the same value per member as District A, it is aided at the same rate at the primary (79.27%) and secondary (76.78%) tiers. Because District B has tertiary costs, its aid rate at the tertiary tier must also be determined. On the tertiary tier, the state provides a guarantee of \$754,823 per member. With District B's \$400,000 in value per member, the state supports \$354,823 in tax base per member, or 47.01% of the guaranteed value. The smaller state guarantee at the tertiary tier results in a lower aid rate for tertiary

shared costs than the aid rate for primary and secondary shared costs.

With shared costs at all three tiers and three positive aid rates, District B receives positive aid at the primary tier (\$792,700), secondary tier (\$7,549,010), and tertiary tier (\$549,077). The total aid payment of \$8,890,787 represents 74.09% of District B's total shared costs. With some of its costs aided at the less-generous tertiary level, District B's overall aid rate is lower than that of District A.

Similar to the primary and secondary aid districts, these observations can be made regarding positive tertiary aid districts:

1. As cost increases, aid increases;
2. As membership increases, aid increases;
3. As the guaranteed valuations increase, aid increases; and
4. As equalized valuation increases, aid decreases.

However, any increases in aid at the tertiary level are less in both total dollar value and on a percentage basis than at the secondary level, because the costs that are being funded are above the secondary cost ceiling, and therefore subject to the tertiary guaranteed valuation. As a result, although on average this district receives aid equal to 74.09% of its total shared costs, at the margin only 47.01% of any additional shared costs will be aided by the state.

In the 2022-23 aid year, 207 of the state's school districts (or 49.2%) are positive tertiary aid districts.

District B: Positive Tertiary Aid

Aid Factors:

1. Pupil Membership	1,000
2. Shared Costs	\$120,000,000
3. Shared Costs per Member (Row 2 divided by Row 1)	\$12,000
4. Property Value	\$400,000,000
5. Property Value per Member (Row 4 divided by Row 1)	\$400,000

Aid Calculation:

	<u>Primary</u>	<u>Secondary</u>	<u>Tertiary</u>
<i>Shared Costs at Each Tier</i>			
6. Shared Cost per Member at the Tier	\$1,000	\$9,832	\$1,168
7. District B's Membership	1,000	1,000	1,000
8. Shared Cost at the Tier (Row 6 multiplied by Row 7)	\$1,000,000	\$9,832,000	\$1,168,000
<i>Aid Rate at Each Tier</i>			
9. State Guarantee per Member at the Tier	\$1,930,000	\$1,722,650	\$754,823
10. District B's Property Value per Member	\$400,000	\$400,000	\$400,000
11. Per Member Tax Base Supported by the State (Row 9 minus Row 10)	\$1,530,000	\$1,322,650	\$354,823
12. District B's Aid Rate at the Tier (Row 11 divided by Row 9)	79.27%	76.78%	47.01%
<i>Aid Amount at Each Tier</i>			
13. District B's Aid Payment at the Tier (Row 8 multiplied by Row 12)	\$792,700	\$7,549,010	\$549,077
<i>Total Aid Payment</i>			
14. Primary Aid	\$792,700		
15. Secondary Aid		7,549,010	
16. Tertiary Aid		<u>549,077</u>	
17. Total Aid (Sum of Rows 14, 15, and 16)		\$8,890,787	
18. Aid as Percent of Costs (Row 17 divided by Row 2)		74.09%	

District C: Negative Tertiary Aid

While the Wisconsin Supreme Court ruled that the payment of "negative aid" by school districts to the state for distribution to other districts was unconstitutional, the current formula retains a negative aid aspect with regard to the tertiary tier. If a school district has per pupil costs greater than the secondary cost ceiling and if that district has a per pupil valuation that falls between the tertiary guarantee and the higher secondary guarantee, then that district generates a negative amount of aid on its tertiary costs. The district receives no state aid on its tertiary costs and, in addition, the negative aid that the formula generates for the district's tertiary costs is used to reduce the aid generated for the district's secondary costs.

In the next example, District C has positive secondary aid which exceeds negative tertiary aid. District C has the same pupil membership and shared costs as District B from the prior example, but has twice as much property value as District B. The \$800,000 in property value per member for District C is between the secondary guarantee of \$1,722,650 and the tertiary guarantee of \$754,823.

District C has the same level of shared costs at each tier as District B. Because District C has more property value per member than District B, its aid rate at each tier is lower. Because District C's property value per member of \$800,000 is lower than both the primary and secondary guarantees, the district still generates positive aid at both of those tiers. At the tertiary tier, District C's property value per member is greater than the state guarantee. As a result, the district's taxpayer

will be required to generate revenues equal to 105.99% of the tertiary costs, with the excess levy being used to offset the reduction in positive secondary aid.

District C receives \$585,500 in primary aid and \$5,266,019 in secondary aid. The positive aid generated at the secondary tier, however, is offset by a loss of \$69,963 in aid at the tertiary tier. In total, District C receives \$5,781,556 in aid, which is 48.18% of its total shared costs.

In the case of positive tertiary aid districts, such as District B, state aid drops off considerably at the tertiary level, which may serve as a disincentive against higher expenditures. This disincentive is even stronger for negative tertiary aid districts, such as District C, because the district actually loses aid if it increases its costs. Although on average, District C receives 48.18% of its shared costs in equalization aid, at the margin it actually loses nearly six cents for each dollar of additional costs because of its -5.99% tertiary aid rate.

The key observations of the negative tertiary aid category are:

1. As tertiary cost increases, negative tertiary aid increases;
2. As tertiary cost increases, secondary aid is reduced as a result of the negative tertiary aid.

In the 2022-23 aid year, 113 school districts (26.8% of all districts) are negative tertiary aid districts.

District C: Negative Tertiary Aid

Aid Factors:

1. Pupil Membership	1,000
2. Shared Costs	\$12,000,000
3. Shared Costs per Member (Row 2 divided by Row 1)	\$12,000
4. Property Value	\$800,000,000
5. Property Value per Member (Row 4 divided by Row 1)	\$800,000

Aid Calculation:

	<u>Primary</u>	<u>Secondary</u>	<u>Tertiary</u>
<i>Shared Costs at Each Tier</i>			
6. Shared Cost per Member at the Tier	\$1,000	\$9,832	\$1,168
7. District C's Membership	1,000	1,000	1,000
8. Shared Cost at the Tier (Row 6 multiplied by Row 7)	\$1,000,000	\$9,832,000	\$1,168,000
<i>Aid Rate at Each Tier</i>			
9. State Guarantee per Member at the Tier	\$1,930,000	\$1,722,650	\$754,823
10. District C's Property Value per Member	\$800,000	\$800,000	\$800,000
11. Per Member Tax Base Supported by the State (Row 9 minus Row 10)	\$1,130,000	\$922,650	-\$45,177
12. District C's Aid Rate at the Tier (Row 11 divided by Row 9)	58.55%	53.56%	-5.99%
<i>Aid Amount at Each Tier</i>			
13. District C's Aid Payment at the Tier (Row 8 multiplied by Row 12)	\$585,500	\$5,266,019	-\$69,963
<i>Total Aid Payment</i>			
14. Primary Aid	\$585,500		
15. Secondary Aid		5,266,019	
16. Tertiary Aid		<u>-69,963</u>	
17. Total Aid (Sum of Rows 14, 15, and 16)		\$5,781,556	
18. Aid as Percent of Costs (Row 17 divided by Row 2)		48.18%	

District D: Primary Aid Only

The next example is District D, which receives primary aid only. District D has the same pupil membership and shared costs as District C from the prior example, but it has twice as much property value as District C. Its value per member of \$1,600,000 is between the secondary guarantee of \$1,722,650 and the tertiary guarantee of \$754,823.

District D has the same amount of shared costs at each tier as District C. At the primary tier, the state supports a tax base of \$330,000 per member for District D, which is 17.10% of the primary guarantee. This results in primary aid of \$171,000 for District D. The district generates positive secondary aid, but that amount is completely offset by negative tertiary aid. Due to the primary aid hold harmless provision in the statutes, the district's positive primary aid is not reduced by the remaining negative tertiary aid. The state, then, would aid 1.43% of total shared costs in District D.

Key observations of the primary aid only category are:

1. Unless the district's equalized valuation per pupil or shared cost per pupil, or both, decreases enough that the district becomes eligible for positive secondary aid that is not fully offset by negative tertiary aid, only primary aid will be received by this type of district.

2. Unless the district becomes eligible for positive secondary aid that is not fully offset by negative tertiary aid, as cost increases, aid remains constant. However, if membership increases, the district would receive more aid at the primary level, even if its position in the formula does not change.

In the 2022-23 aid year, six school districts had an equalized valuation exceeding the secondary guarantee, and generated negative secondary aid. In addition, 13 school districts had negative tertiary aid which completely offset their positive secondary aid. In total, 19 school districts (4.5% of all districts) were primary aid only districts.

District D: Primary Aid Only

Aid Factors:

1.	Pupil Membership	1,000
2.	Shared Costs	\$12,000,000
3.	Shared Costs per Member (Row 2 divided by Row 1)	\$12,000
4.	Property Value	\$1,600,000,000
5.	Property Value per Member (Row 4 divided by Row 1)	\$1,600,000

Aid Calculation:

	<u>Primary</u>	<u>Secondary</u>	<u>Tertiary</u>
<i>Shared Costs at Each Tier</i>			
6.	Shared Cost per Member at the Tier	\$1,000	\$9,832
7.	District D's Membership	1,000	1,000
8.	Shared Cost at the Tier (Row 6 multiplied by Row 7)	\$1,000,000	\$9,832,000
<i>Aid Rate at Each Tier</i>			
9.	State Guarantee per Member at the Tier	\$1,930,000	\$1,722,650
10.	District D's Property Value per Member	\$1,600,000	\$1,600,000
11.	Per Member Tax Base Supported by the State (Row 9 minus Row 10)	\$330,000	\$122,650
12.	District D's Aid Rate at the Tier (Row 11 divided by Row 9)	17.10%	7.12%
<i>Aid Amount at Each Tier</i>			
13.	District D's Aid Payment at the Tier (Row 8 multiplied by Row 12)	\$171,000	\$700,038
<i>Total Aid Payment</i>			
14.	Primary Aid	\$171,000	
15.	Secondary Aid	700,038	
16.	Tertiary Aid	<u>-1,307,810</u>	
17.	Total Aid (Primary Aid Hold Harmless = Row 14)	\$171,000	
18.	Aid as Percent of Costs (Row 17 divided by Row 2)	1.43%	

District E: No Equalization Aid

The final example is District E, which does not receive equalization aid. District E has the same pupil membership and shared costs as District D, but it has twice as much property value as District D. District E's value per member of \$3,200,000 is greater than the primary guarantee of \$1,930,000. As a result, District E generates negative aid at all three levels of the equalization aid formula. This district will thus receive no equalization aid from the state.

For the calculation of special adjustment aid, a district's prior year payment is reduced by the amount of any aid penalty incurred because the district levied more than the amount allowed under its revenue limit. As a result, a district in this

category with a very small general aid payment could become ineligible for special adjustment aid on an ongoing basis if it incurs such a penalty in a particular year. Such districts would then receive no general school aid.

The main observation to be made for the no equalization aid category is that, unless the equalized valuation per pupil in the district falls below the primary guaranteed valuation, no equalization aid will be generated by this type of district regardless of its per pupil shared costs.

In the 2022-23 aid year, 27 school districts (6.4% of all districts) had an equalized value per member exceeding the primary guarantee. Of those districts, six are not eligible for special adjustment aid, and thus receive no general aid.

District E: No Equalization Aid

Aid Factors:

1. Pupil Membership	1,000
2. Shared Costs	\$12,000,000
3. Shared Costs per Member (Row 2 divided by Row 1)	\$12,000
4. Property Value	\$3,200,000,000
5. Property Value per Member (Row 4 divided by Row 1)	\$3,200,000

Aid Calculation:

	<u>Primary</u>	<u>Secondary</u>	<u>Tertiary</u>
<i>Shared Costs at Each Tier</i>			
6. Shared Cost per Member at the Tier	\$1,000	\$9,832	\$1,168
7. District E's Membership	1,000	1,000	1,000
8. Shared Cost at the Tier (Row 6 multiplied by Row 7)	\$1,000,000	\$9,832,000	\$1,168,000
<i>Aid Rate at Each Tier</i>			
9. State Guarantee per Member at the Tier	\$1,930,000	\$1,722,650	\$754,823
10. District E's Property Value per Member	\$3,200,000	\$3,200,000	\$3,200,000
11. Per Member Tax Base Supported by the State (Row 9 minus Row 10)	-\$1,270,000	-\$1,477,350	-\$2,445,177
12. District E's Aid Rate at the Tier (Row 11 divided by Row 9)	-65.80%	-85.76%	-323.94%
<i>Aid Amount at Each Tier</i>			
13. District E's Aid Payment at the Tier (Row 8 multiplied by Row 12)	-\$658,000	-\$8,431,923	-\$3,783,619
<i>Total Aid Payment</i>			
14. Primary Aid		-\$658,000	
15. Secondary Aid		-8,431,923	
16. Tertiary Aid		<u>-3,783,619</u>	
17. Total Aid (Negative Aid Not Permissible)		\$0	
18. Aid as Percent of Costs (Row 17 divided by Row 2)		0.00%	

Equalization Aid Categories for School Districts for 2022-23

Primary and Secondary Aid (55 Districts)

Adams-Friendship Area *	DePere	Lancaster Community	Richmond *
Algoma	Erin *	Loyal	Solon Springs *
Almond-Bancroft	Fall River	Marion	Stanley-Boyd Area
Altoona	Fond du Lac	Markesan *	Tomah Area
Antigo	Fox Point J2 *	Medford Area	Tomorrow River
Appleton Area	Freedom Area	Merton Community *	Tri-County Area
Bowler	Glenwood City	Montello *	Washburn
Brighton #1 *	Grantsburg	Neenah	Watertown
Brillion	Hartland-Lakeside J3 *	Neillsville	Wauwatosa *
Bristol #1 *	Holy Hill Area *	New London	West Allis
Brodhead	Independence	Northern Ozaukee *	Westfield *
Bruce	Kettle Moraine *	Osceola	Winneconne Community *
Cornell	Kimberly Area	Pulaski Community	Wisconsin Dells *
Crivitz *	Lac du Flambeau #1 *	Rib Lake	

Positive Tertiary Aid (207 Districts)

Abbotsford	Cameron	Fall Creek	Juda
Albany	Cashton	Fennimore Community	Kaukauna Area
Alma Center	Cassville	Flambeau	Kenosha
Arcadia	Cedar Grove-Belgium Area	Fort Atkinson	Kewaunee
Argyle	Chilton	Frederic	Kickapoo Area
Ashland	Chippewa Falls Area	Gale-Ettrick-Trempealeau	Kiel Area
Athens	Clayton	Genoa City J2	Ladysmith
Auburndale	Clear Lake	Gillett	LaFarge
Augusta	Clinton Community	Gilmanton	Laona
Baldwin-Woodville Area	Clintonville	Granton Area	Lena
Bangor	Colby	Green Bay Area	Little Chute Area
Baraboo	Coleman	Greendale	Lomira
Barneveld	Colfax	Greenfield	Luxemburg-Casco
Barron Area	Columbus	Greenwood	Manawa
Beaver Dam	Cuba City	Gresham	Manitowoc
Belleville	Cudahy	Hartford J1	Marathon City
Belmont Community	D C Everest Area	Highland	Marinette
Beloit	Darlington Community	Hilbert	Marshall
Beloit Turner	Deerfield Community	Hillsboro	Marshfield
Benton	Denmark	Holmen	Mauston
Berlin Area	Dodgeland	Horicon	Mayville
Black Hawk	Durand-Arkansaw	Hortonville	McFarland
Black River Falls	Eau Claire Area	Howards Grove	Mellen
Blair-Taylor	Edgar	Howard-Suamico	Melrose-Mindoro
Bloomer	Edgerton	Iola-Scandinavia	Menasha
Boscobel Area	Eleva-Strum	Iowa-Grant	Menominee Indian
Boyceville Community	Elk Mound Area	Ithaca	Menomonie Area
Brown Deer	Ellsworth Community	Janesville	Merrill Area
Cadott Community	Elmwood	Jefferson	Milton
Cambria-Friesland	Evansville Community	Johnson Creek	Milwaukee

Mineral Point	Osseo-Fairchild	Riverdale	Superior
Mishicot	Owen-Withee	Rosendale-Brandon	Thorp
Mondovi	Parkview	Royall	Tigerton
Monroe	Pecatonica Area	Saint Croix Central	Trevor-Wilmot
Monticello	Peshtigo	Salem J2	Two Rivers
Mosinee	Pittsville	Seymour Community	Union Grove J1
Mount Horeb Area	Platteville	Sharon J11	Valders Area
New Glarus	Plum City	Shawano	Viroqua Area
New Holstein	Port Edwards	Sheboygan Area	Walworth J1
New Richmond	Portage Community	Sheboygan Falls	Waterloo
Niagara	Potosi	Shiocton	Waupun
Norris **	Prairie du Chien Area	Shullsburg	Wausau
North Crawford	Prairie Farm	Silver Lake J1	Wauzeka-Steuben
North Fond du Lac	Prescott	Somerset	West DePere
Norwalk-Ontario-Wilton	Racine	South Milwaukee	West Salem
Oak Creek-Franklin	Randolph	Southwestern Wisconsin	Westby Area
Oakfield	Reedsburg	Sparta Area	Weston
Oconto	Reedsville	Spencer	Whitehall
Oconto Falls	Richland	Spring Valley	Wisconsin Rapids
Omro	Rio Community	Stevens Point Area	Wittenberg-Biramwood
Oostburg	Ripon Area	Stratford	Wrightstown Community
Oshkosh Area	River Ridge	Sun Prairie Area	

Negative Tertiary Aid (113 Districts)

Alma	Hamilton	Oregon	Sturgeon Bay **
Amery	Hartford UHS	Palmyra-Eagle Area	Tomahawk
Arrowhead UHS	Herman-Neosho-Rubicon	Pardeeville Area	Turtle Lake **
Ashwaubenon	Hudson	Pepin Area	Twin Lakes #4 **
Beecher-Dunbar-Pembine	Hurley	Pewaukee **	Union Grove UHS
Bonduel	Hustisford	Phillips	Unity **
Burlington Area	Kewaskum	Plymouth	Verona Area
Butternut	LaCrosse	Port Washington-Saukville	Washington-Caldwell
Cambridge	Lake Geneva J1	Poynette	Waterford J1
Campbellsport	Lake Geneva-Genoa UHS	Prentice	Waterford UHS
Cedarburg	Lake Mills Area	Princeton	Waukesha
Central/Westosha UHS	Lodi	Randall J1	Waunakee Community
Chequamegon	Luck	Random Lake	Waupaca
Chetek-Weyerhaeuser **	Madison Metropolitan	Raymond #14 **	Wautoma Area
Cochrane-Fountain City	Maple	Rhineland	West Bend
Crandon	Menomonee Falls	Rice Lake Area	Weyauwega-Fremont
Cumberland	Middleton-Cross Plains	River Falls	Wheatland J1
DeForest Area	Monona Grove	River Valley	White Lake
Delavan-Darien	Mukwonago	Rosholt	Whitefish Bay
DeSoto Area	Muskego-Norway	Saint Croix Falls	Whitewater
Dodgeville	Necedah Area	Saint Francis	Whitnall
Dover #1	Nekoosa	Sauk Prairie	Wild Rose
East Troy Community	New Auburn	Seneca	Wilmot UHS **
Elkhorn Area	New Berlin **	Shell Lake	Wisconsin Heights
Elmbrook	New Lisbon	Shorewood	Wonewoc-Union Center
Franklin Public	North Cape	Siren	Woodruff J1
Germantown	Norway J7	Slinger	
Gilman	Oconomowoc Area	Stockbridge	
Grafton	Onalaska	Stoughton Area	

Primary Aid Only (19 Districts)

Bayfield	Lake Holcombe **	Paris J1 **	Swallow **
Florence **	Maple Dale-Indian Hill **	South Shore **	Wausaukee **
Glendale-River Hills	Mequon-Thiensville **	Southern Door **	Winter **
Goodman-Armstrong **	Nicolet UHS **	Spooner Area **	Yorkville J2 **
Kohler **	North Lake **	Suring **	

No Equalization Aid (27 Districts)

Big Foot UHS **	Gibraltar Area **	Mercer	Stone Bank **
Birchwood **	Green Lake	Minocqua J1 **	Three Lakes **
Drummond **	Hayward Community **	North Lakeland	Wabeno Area **
Elcho **	Lake Country **	Northland Pines **	Washington Island
Elkhart Lake-Glenbeulah **	Lakeland UHS **	Northwood	Webster **
Fontana J8 **	Linn J4 **	Phelps **	Williams Bay **
Geneva J4	Linn J6 **	Sevastopol **	

*District would have received negative tertiary aid if it had tertiary costs, but did not have such costs in aid year 2022-23.

**District received special adjustment aid in aid year 2022-23.