

A Welcome Investment in Public Schools

Past due state budget provides significant boost in school funding



After a more than two-and-a-half-month delay, the Senate and Assembly have finally passed the 2017-19 state budget bill. The governor has signed it into law while dramatically changing some of the K-12 education related items with his veto pen.

As with much of the debate over the 2017-19 state budget, there was drama leading up to final passage of the budget bill. Three Republican senators threatened to vote no unless they received assurances from the governor that he would use his partial veto to make certain last-minute changes, including at least two described below that will impact public schools.

■ Governor Champions Funding Boost Amid Legislative Skepticism

Governor Walker set the tone for the K-12 education-related portion of the budget bill when he proposed boosting state aid to schools by \$649 million, a significant increase compared to the \$187 million state aid increase provided in the previous (2015-17) state budget. The WASB rallied to support the governor's proposal.

Eventually, legislative leaders

embraced the K-12 funding framework originally proposed by the governor, and voted to increase state funding for K-12 education by \$639 million over the biennium.

Divisions over transportation funding and the urgency to advance legislation needed to secure the Foxconn agreement contributed to the delay. Divisions between the Senate and Assembly over certain K-12 education funding priorities also slowed the process. Ultimately, these divisions forced a choice between the governor's proposal to increase sparsity aid to rural districts and relief from revenue limits for low-revenue (low-spending) school districts. The latter item won out in the legislative give-and-take only to be vetoed by the governor.

The WASB and other K-12 education advocates tried to argue for both an increase in sparsity aid and low revenue relief. However, lawmakers (particularly on the Assembly side) opted to spend the money that might otherwise have funded sparsity aid increases for a variety of other purposes. These include, providing laptop or tablet computers for all ninth graders in the state, including private school pupils, and new categorical aids designed to encourage districts to consolidate or share services.

However, the governor ultimately vetoed the funding intended to encourage districts to share services and pupils, saying he "believes these funds can be repurposed to support more effective programs that support rural schools." Unfortunately, in the end, rural schools will not receive sparsity aid increases and low-revenue districts will not receive relief from revenue limits in the 2017-19 budget.

■ Key Budget Provisions for Schools

Here are brief highlights of the pre-K-12 education budget:

- **Increases per-pupil categorical aid by \$200 in 2017-18 and an additional \$204 in 2018-19.** Districts will receive \$654 per pupil in 2018-19. (These are the increases the governor proposed and are in line with the WASB's Legislative Agenda.)

Lawmakers dropped the proposed requirement that each school district certify to the Department of Public Instruction (DPI) on an ongoing basis that employees of the school district will pay at least 12 percent of all costs associated with employee health care coverage plans or that each district distribute this aid equally to each of its schools based on enrollment. (Under current

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Local school leaders and WASB representatives joined Gov. Walker at Waukesha South High School where he announced plans to increase school funding in the state budget. From left: Waukesha School Board Member Amanda Roddy, WASB Executive Director John Ashley, Waukesha School Board President Joseph Como, Jr., Gov. Walker, WASB President Capt. Terry McCloskey of Three Lakes and WASB Immediate Past President Stu Olson of Shell Lake.

law, the receipt of per-pupil aid is not conditioned on meeting any requirements and its use is unrestricted.) Finally, the funding for this aid increase is not conditioned on the state converting its health care coverage for state employees to a self-insurance model as had been proposed by the governor. However, lawmakers decided \$24 of this per-pupil increase would be one-time funding in 2018-19 and per-pupil aid payments set at \$630 per pupil in 2019-20 and annually thereafter.

- **Fully funds the sparsity aid program under current eligibility criteria and adds a “backstop” feature.** Under current law, districts qualify for \$300 per pupil if, in the prior school year, they had an enrollment of less than 745 pupils and a population density of less than 10 pupils per square mile. Under the backstop feature, any district that qualified for sparsity aid in one year but did not qualify the following year would receive 50 percent of its prior year award in the year in which it became ineligible for spar-

sity aid. *(The governor had proposed providing an additional \$100 per pupil to currently eligible districts and creating a new \$100 per pupil payment to “sparse” districts with an enrollments between 746 and 1,000 students.)*

- **Increases funding for the high-cost pupil transportation aid program by \$5.2 million per year, expands eligibility and adds a “backstop” feature.** Currently, districts qualify for this aid if their pupil transportation costs per member exceed 150 percent of the statewide average in the prior year; and they have a pupil population density of 50 pupils per square mile or less.

Under the budget bill, the program would apply to costs above 145 percent of the statewide average, rather than 150 percent as under current law. Under the new backstop feature, beginning in 2017-18, if a district qualified for high-cost transportation aid in the immediately preceding school year but is ineligible for aid in the current school year because its transporta-

tion costs did not exceed the aid threshold, the district would receive an amount equal to 50 percent of its prior year award in the year in which it became ineligible under the program. In 2015-16, 128 districts qualified for this aid. *(The governor had proposed increasing this aid. Seeking an increase in high-cost pupil transportation aid was an item in the WASB’s Legislative Agenda.)*

- **Increases the open enrollment aid transfer amount (\$6,738 per pupil for a non-special education pupil in 2016-17) by an additional \$100 per year each year from 2017-18 through 2020-21 above any increase provided under the current law indexing mechanism.** Under indexing, the aid transfer amount per pupil in the previous year is increased by 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. *The governor had proposed no change in the open enrollment transfer amount.*



WASB Executive Director John Ashley joined school leaders and students in calling for increased support for public education in the state budget.

• **Provides \$6.25 million in 2018-19 for voluntary school mental health initiatives.**

The state budget will provide \$3 million in new categorical aid to reimburse schools for their expenditures for school social workers and another \$3.25 million will be provided annually for community and mental health collaboration grants awarded through a competitive grant program established under DPI rules. These grants are for the purpose of collaborating with community mental health providers to provide mental health services to pupils. *(The governor had proposed slightly smaller increases. Supporting coordi-*

nated efforts to secure state grant funding for school site-based mental health programs, supports and services in districts that wish to allow third-party providers to provide such services on-site was a part of the WASB Legislative Agenda.)

• **Allows schools to notify parents or guardians of their child's truancy by electronic communication.** *(WASB Resolution 3.83 (a), adopted at the 2016 Delegate Assembly, calls for making this change.)*

• **As passed by the Legislature, the budget would have raised the low-revenue ceiling (from the current \$9,100) to \$9,300 in**

2017-18 and by \$100 each year until 2022-23.

Districts with per-pupil revenue authority below the low-revenue ceiling amount in any given school year could have increased their local property tax levy up to that amount without going to referendum. *(However, the governor, who had purposed no increase on the low-revenue ceiling, vetoed this legislatively added proposal citing its property tax impact and the ability of districts to raise revenue locally by getting referenda approved. Seeking an increase in the low-revenue ceiling was included in the WASB's Legislative Agenda.)*

Eventually, legislative leaders embraced the K-12 funding framework originally proposed by the governor, and voted to increase state funding for K-12 education by \$639 million over the biennium.

- **As passed by the Legislature, the budget bill would have preserved the revenue limit adjustment for energy efficiency measures in the statutes**, which the governor had proposed to eliminate. And provided instead for a one-year moratorium in calendar 2018 on new energy efficiency projects. The moratorium would have prohibited districts from adopting a resolution to utilize the adjustment between January 1, 2018 and December 31, 2018. *(GOP senators who held out on supporting the budget changed their minds after securing promises from Gov. Walker to use his partial veto authority on parts of the budget. This included using the partial veto to eliminate the revenue limit adjustment for energy efficiency projects. The governor creatively vetoed the moratorium provision in a way that would likely prevent districts that haven't already adopted resolutions from being able to utilize this exemption for a very long time into the future, perhaps as long as 1,000 years.)*

- **As passed by the Legislature, the budget bill limits when school district referenda to exceed revenue limits or issue bonds can be held to only on regularly scheduled election days (spring primary or election or partisan primary or general election) or on the second Tuesday of November in odd-numbered years; however, the odd-year November option was vetoed.** Districts will be restricted to holding referenda on two dates per year. These restrictions apply to board resolutions adopted after January 1, 2018. Exceptions to the scheduling restrictions are provided in cases of natural disaster, including a fire, that causes the district to have to increase expenditures.

(Another one of the promises secured by the three holdout senators in exchange for their “yes” vote on the budget bill was a pledge to use the partial veto to eliminate the special election option in November of odd-numbered years and the governor did veto this option.

■ **And Some Provisions the WASB Opposes**

There were also a number of items in the budget that the WASB opposes and asked the governor to veto. (Ultimately he did not veto these provisions.) A brief summary of a few of those items follows.

The budget bill as passed by the Legislature:

- **Increases the family income eligibility limits for entry into the statewide voucher program** from 185 percent of the federal poverty level to 220 percent of the federal poverty level. This increase in the income cap will allow an additional 550 incoming pupils to participate in the program in 2018-19 alone, with corresponding aid reductions to the resident public school districts. Thousands more pupils will qualify to participate in the statewide voucher program in years thereafter. No evidence was presented that these pupils cannot access enrollment options outside their neighborhood school or resident school district. *The WASB opposes this change.*

- **Makes several changes to the special needs voucher program** that allows students with disabilities to receive a voucher to attend private and parochial schools that participate in the program. The biggest and most objectionable change would startlingly increase the amount of state dollars that can flow to these

private schools, funded by corresponding aid reductions to the public school districts where these pupils reside. This change essentially creates a “blank check” from the state to these schools with limited accountability in a program with no limits on family income eligibility. Other changes include eliminating the requirements that to enter this program a pupil with special needs must have been enrolled in a public school in the prior year (in order to receive an Individualized Education Plan) and must have applied for open enrollment to another public school district and have been turned down. *The WASB opposes these changes.*

- **Allows any UW Chancellor and any technical college district board to contract with a person to operate a charter school anywhere in the state.** These provisions create de facto statewide independent charter authorizers. Schools authorized under this provision would be funded by corresponding aid reductions to the public school districts in which pupils enrolled in these schools reside. *The WASB opposes these changes.*

- **Allows village boards within the Racine Unified School District (RUSD) to trigger the creation of a new school district with no opportunity for the RUSD Board to object or for RUSD residents to vote.** Per our resolutions, the WASB opposes school district takeover proposals that remove district oversight from the local school board and opposes creating school districts without the approval of the school board of the affected school district. ■

Editor's Note: You can keep up to date on the latest budget happenings and everything else that is going on in Madison that affects K-12 education by following the WASB Legislative Update Blog and by reading the weekly WASB Legislative Newsletter.