



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-2737/1
FFK:kjf

2019 ASSEMBLY BILL 224

May 21, 2019 - Introduced by Representatives KITCHENS, NOVAK and VANDERMEER, cosponsored by Senators MARKLEIN, KOOYENGA, NASS and OLSEN. Referred to Committee on Education.

1 **AN ACT** *to renumber and amend* 121.07 (6) (am); *to amend* 121.07 (6) (a)
2 (intro.) and 121.07 (6) (d); and *to create* 121.07 (6) (am) 1., 2. and 3. and 121.07
3 (6) (ap) of the statutes; **relating to:** determining shared costs and the
4 secondary cost ceiling for the purpose of general equalization aids for school
5 districts.

Analysis by the Legislative Reference Bureau

Under current law, the equalization formula provides three tiers of state support for school districts. The second tier of support is for costs per pupil between \$1,000 and the secondary cost ceiling. Under current law, the secondary cost ceiling per pupil is set at 90 percent of the previous school year statewide shared cost per pupil. Beginning in the 2020-21 school year, this bill increases the secondary cost ceiling to 100 percent of the previous school year statewide shared cost per pupil.

A school district's shared cost is one of the factors used to calculate a school district's equalization aid. Generally, under current law, a school district's shared cost is the sum of the school district's expenditures from its general fund and its debt service fund. Under this bill, beginning in the 2020-21 school year, expenditures from either a school district's general fund or debt service fund that are authorized by an operating or capital referendum held after the date on which this bill becomes law are excluded from the school district's shared cost if the school district is a negative tertiary school district. A school district is a negative tertiary school district if its equalized valuation exceeds the tertiary guaranteed valuation per member. In

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other words, under the bill, a negative tertiary school district will not lose equalization aid for operating and capital expenditures that exceed the tertiary guarantee and are funded by referenda approved after this bill becomes law.

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

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

1 **SECTION 1.** 121.07 (6) (a) (intro.) of the statutes is amended to read:

2 121.07 (6) (a) (intro.) “Shared Subject to pars. (am) and (ap), “shared cost” is
3 the sum of the net cost of the general fund and the net cost of the debt service fund,
4 except that “shared cost” excludes any costs, including attorney fees, incurred by a
5 school district as a result of its participation in a lawsuit commenced against the
6 state, beginning with such costs incurred in the fiscal year in which the lawsuit is
7 commenced, excludes any expenditures from a capital improvement fund created
8 under s. 120.135 or a capital improvement trust fund created under s. 120.137,
9 excludes any debt service costs associated with an environmental remediation
10 project under s. 67.05 (7) (er), and excludes the costs of transporting those transfer
11 pupils for whom the school district operating under ch. 119 does not receive
12 intradistrict transfer aid under s. 121.85 (6) as a result of s. 121.85 (6) (am). In this
13 paragraph:

14 **SECTION 2.** 121.07 (6) (am) of the statutes is renumbered 121.07 (6) (am) (intro.)
15 and amended to read:

16 121.07 (6) (am) (intro.) In par. (a), for the purpose of calculating state aid paid
17 to a school district beginning in the 2006-07 and 2007-08 2020-21 school years year,
18 “shared cost” excludes any the amount expended in the previous school year from the
19 ~~school district’s fund balance to pay the school district’s unfunded pension liability~~

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1 ~~under the Wisconsin Retirement System or to pay debt service for debt issued to~~
2 ~~refinance the balance of the unfunded pension liability~~ calculated as follows if the
3 result of excluding such expenditures the amount is an increase in state aid paid to
4 the school district under s. 121.08.;

5 **SECTION 3.** 121.07 (6) (am) 1., 2. and 3. of the statutes are created to read:

6 121.07 (6) (am) 1. Determine the amount levied by the school district or levied
7 for school purposes in the current school year that was authorized by a referendum
8 approved under s. 121.91 (3) after the effective date of this subdivision [LRB
9 inserts date].

10 2. Subtract the levy amount set by the school board from the maximum levy
11 amount allowed under s. 121.91 (2m).

12 3. If the difference under subd. 2. is a positive number, subtract that number
13 from the amount determined under subd. 1.

14 **SECTION 4.** 121.07 (6) (ap) of the statutes is created to read:

15 121.07 (6) (ap) In par. (a), “debt service” excludes debt service on debt
16 authorized by a referendum held after the effective date of this paragraph [LRB
17 inserts date], if the result of excluding the debt service is an increase in state aid paid
18 to the school district under s. 121.08.

19 **SECTION 5.** 121.07 (6) (d) of the statutes is amended to read:

20 121.07 (6) (d) The “secondary ceiling cost per member” ~~in the 2001-02 school~~
21 ~~year and in each school year thereafter~~ is an amount determined by dividing the state
22 total shared cost in the previous school year by the state total membership in the
23 previous school year and multiplying the result by 0.90.

24 **SECTION 6. Initial applicability.**

