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Joint Committee on Finance

Paper #550

State Support for K-12 Education (DPI -- General School Aids and Revenue Limits and Categorical Aids)

[LFB 2019-21 Budget Summary: Page 313, #1; Page 316, #2;
Page 320, #12; Page 321 #13; Page 328 #16]

CURRENT LAW

Article X, Section 3, of Wisconsin's Constitution specifies that 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 s. 121.01 of Wisconsin Statutes, it is declared that it is "the policy of this state that education is a state function" and "that some relief should be afforded from the local general property tax as a source of public school revenue where such tax is excessive, and that other sources of revenue should contribute a larger percentage of the total funds needed." That section also states that "in order to provide reasonable equality of educational opportunity for all the children of this state, the state must guarantee that a basic educational opportunity be available to each pupil," with the state contributing to a district's educational program only if it meets state standards.

Revenue Limits. Under revenue limits, the amount of revenue a school district can raise from general school aids, property taxes, and exempt property aid is restricted. A district's base revenue in a given year is equal to the restricted revenues received in the prior school year. Base revenue is divided by the average of the district's enrollments in the prior three years to determine its base revenue per pupil. If there is a per pupil adjustment authorized under the law, it is added to the district's base revenue per pupil to arrive at current year revenue per pupil. Current year revenue per pupil is then multiplied by the average of the district's enrollments in the current and prior two years to determine the district's initial revenue limit. Under current law, in 2018-19 and each year thereafter, no per pupil adjustment is made to each district's base revenue per pupil.

Revenue Limit Adjustments. There are several adjustments that are made to the initial

revenue limit, such as the low revenue adjustment, the base revenue hold harmless adjustment, and the declining enrollment adjustment. These adjustments generally increase a district's limit, providing the district with more revenue authority within the calculated limit. A district can also exceed its revenue limit by receiving voter approval at a referendum.

Low Revenue Adjustment. Under the low revenue adjustment, if the sum of the base revenue per pupil and the revenue limit per pupil adjustment for a district is below a statutorily-specified amount, a district may increase its revenue to that amount. The low revenue adjustment amount in 2018-19 is \$9,400 per pupil, and that amount will increase by \$100 per year under current law until it reaches \$9,800 per pupil in 2022-23. Otherwise-eligible districts are generally restricted from any low revenue adjustment increases for three years after a failed operating referendum. These provisions were enacted in 2017 Act 141.

Declining Enrollment Adjustment. Under the declining enrollment adjustment, if a district's current year three-year rolling average pupil enrollment is less than its prior year three-year rolling average, the district receives a nonrecurring adjustment to its revenue limit in a dollar amount equal to 100% of what the decline in the average enrollments would have generated in revenue limit authority. Under the prior year base revenue hold harmless adjustment, if a district's initial revenue limit in the current year, after consideration of the per pupil adjustment and low revenue adjustment, but prior to any other adjustments, is less than the district's base revenue from the prior year, the district's initial revenue limit is set equal to its prior year base revenue amount.

General School Aids. The general school aids appropriation funds equalization, integration, and special adjustment aid. (High poverty aid, which is also a form of general aid, is funded from a separate appropriation.) Almost all of the funding in the appropriation is distributed through the equalization aid formula. A major objective of the formula is tax base equalization. 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 rather on the level of expenditures. 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. There is an inverse relationship between equalization aid and property valuations. Districts with lower per pupil property values receive a larger share of their costs through the formula than districts with higher per pupil property values.

Per Pupil Aid. A sum sufficient per pupil aid appropriation was established in the 2013-15 biennial budget act. Each school district receives a statutorily-specified, flat per pupil aid payment, outside of revenue limits, from this appropriation. Under the 2017-19 biennial budget act, each district receives a \$654 per pupil payment in 2018-19 and a \$630 per pupil payment in 2019-20 and each year thereafter. A district's current three-year rolling average pupil count under revenue limits is used to calculate the aid payment.

State Support. One measure of state support of K-12 education is based on the concept of partial school revenues. The traditional definition of partial school revenues is the sum of state general and categorical aids and the gross school property tax levy, with certain exceptions. The traditional definition of state support is the sum of state general and categorical aids, the school

levy and first dollar tax credits, and the general program operations appropriation for the Program for the Deaf and Center for the Blind.

GOVERNOR

Revenue Limit Per Pupil Adjustment. Set the per pupil adjustment under revenue limits at \$200 in 2019-20 and \$204 in 2020-21 and restore the prior law inflationary adjustment beginning in 2021-22. (Prior to 2009-10, the per pupil adjustment was adjusted for inflation, using the percentage change, if positive, in the consumer price index for all urban consumers between the preceding March and second-preceding March.)

Low Revenue Adjustment. Set the low revenue adjustment under revenue limits at \$9,700 per pupil in 2019-20 and \$10,000 per pupil in 2020-21 and each year thereafter, and delete the statutory provisions generally restricting otherwise-eligible districts from any low revenue adjustment increases for three years after a failed operating referendum.

General School Aids Base Funding Increase. Provide \$205,000,000 in 2019-20 and \$406,322,000 in 2020-21 for general school aids. Base level funding is \$4,656,848,000.

Per Pupil Aid. Maintain the per pupil aid payment at \$654 per pupil in 2019-20 and 2020-21 and in each year thereafter, and delete \$3,398,400 in 2019-20 and \$5,298,400 in 2020-21 as a reestimate of total per pupil aid funding. Base level funding is \$549,098,400.

Overall State Support Funding. Table 1 shows the level of state support for K-12 education in 2018-19 and the funding levels proposed by the Governor under the bill for each year of the 2019-21 biennium, using the traditional definitions of state support and partial school revenues.

TABLE 1

**State Support for K-12 Education -- AB 56/SB 59
(\$ in Millions)**

<u>State Funding</u>	<u>2018-19 Base Year</u>	<u>Governor</u>		<u>Change to Base Year Doubled</u>	
		<u>2019-20</u>	<u>2020-21</u>	<u>Amount</u>	<u>Percent</u>
General School Aids	\$4,673.7	\$4,878.7	\$6,177.5	\$1,708.8	18.3%
Categorical Aids	1,226.1	1,358.3	1,854.8	760.9	31.0
School Levy Tax Credit	940.0	940.0	0.0	-940.0	-50.0
First Dollar Credit	150.0	150.0	0.0	-150.0	-50.0
State Residential Schools	10.9	11.9	11.9	2.0	9.2
Total	\$7,000.7	\$7,338.9	\$8,044.2	\$1,381.7	9.9%
Estimated Partial School Revenues	\$10,712.3	\$11,045.0	\$11,774.0		
Estimated State Share	65.4%	66.4%	68.3%		

DISCUSSION POINTS

General Considerations

1. In the most recent Supreme Court case regarding the constitutionality of the school finance system in 2000 (Vincent v. Voight), the Court held that the state school finance system did not violate either the uniformity clause or the equal protection clause of the state Constitution. In the Vincent decision, the Court also reaffirmed that "the Legislature is entitled to deference in its legislative policy involving fiscal-educational decisions."

2. The Court also held that "so long as the Legislature is providing sufficient resources so that school districts offer students the equal opportunity for a sound basic education as required by the Constitution, the state school finance system will pass constitutional muster." 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.

3. Subject to this constitutional and statutory framework, the Legislature has the role of balancing the various policy goals for K-12 funding within the context of the overall state budget. The competing priorities for general fund revenues, as well as the overall size and condition of the state's general fund, must also be considered in determining the level of state support provided to K-12 education.

4. Within the legal framework, the Legislature must also balance competing goals in the allocation of funding for K-12 public schools with respect to equality and equity. Equality can be judged in terms of whether districts or pupils have the same overall amount of funding or receive the same funding increase. Equity generally attempts to take into account the differing situations and needs of pupils (such as the three classes of students mentioned in the Vincent decision) or districts (which can be measured by such things as property wealth, income wealth, historical spending levels, demographic characteristics, and geographic characteristics).

Methods of Providing State Support

5. Traditionally, additional financial resources have been provided to school districts under revenue limits, either through the per pupil adjustment or through other adjustments to the revenue limit calculation. School boards have the ability to levy for any additional revenue limit authority, with the state providing support either through general school aids or the school levy tax credit to fund school district operations and reduce the local levy. This method allows for some combination of state and local contribution to K-12 funding. Attachment 1 shows the history of the per pupil adjustment since the imposition of revenue limits in 1993-94.

6. The basic concept of equalizing the fiscal capacities of school districts has been promoted through the equalization formula since 1949. The formula uses equalized property valuations per pupil to measure fiscal capacity. To equalize the tax bases of school districts, districts with lower per pupil property values receive a larger share of their costs through the formula than districts with higher per pupil property values. In the 2018-19 aid year, the district with the highest property value per pupil had almost 50 times the property value per pupil as that of the lowest district.

The district at the 90th percentile had over three times the property value per pupil of the district at the 10th percentile. In the absence of a significant commitment to tax base equalization, it would be difficult, if not virtually impossible, for districts with the lowest property values per pupil to provide a reasonably equal educational opportunity for students as districts with the highest values could.

7. The school levy tax credit could be characterized as neutral with regard to equalization, given that the levy reduction under the credit generally is proportionate for all districts and produces a similar reduction in tax rates. Relative to general aid, school levy tax credit funding could be viewed as favoring taxpayers in districts with relatively higher spending levels and higher per pupil property values. Because these districts receive relatively less equalization aid, more of the cost of operating these districts is funded from property tax levies. Because the school levy tax credit is allocated based on each district's school levy in proportion to statewide levies, these districts receive relatively more school levy tax credit funding than districts that have more of their costs supported from general aid.

8. The first dollar credit was created in the 2007-09 biennial budget act. The first dollar credit is extended to each taxable parcel of real estate on which improvements are located. As a result, the first dollar credit is more focused on residential property than the school levy tax credit. 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 or the property's fair market value, whichever is less. The first dollar credit has represented a relatively small proportion of total state support since its creation.

9. Per pupil aid is a relatively new approach in providing state support to school districts. Per pupil aid could be viewed as a form of minimum aid, under which each district receives an equal, fully state-supported payment per pupil, regardless of the level of property wealth in the district. This could be viewed as a way to ensure that all pupils in the state receive some amount of state aid for their education and that all taxpayers in the state receive some level of benefit from the state to support the operations of their school districts. Attachment 1 shows the per pupil aid payment in each year since 2012-13 and the change in the payment to the prior year.

10. Other categorical aid programs allow for the provisions of additional resources for particular classes of pupils or districts. Three categorical aid programs are targeted to the classes of pupils recognized in the Vincent decision and are distributed on either a cost-reimbursement basis (special education and bilingual-bicultural aid) or on a per eligible pupil basis (the achievement gap reduction program). Separate categorical aid programs provide additional financial resources to particular classes of districts, such as the "small but necessary" districts (sparsity aid and high-cost transportation aid) or districts serving a relative large number of pupils who live in properties for which there is no parental property tax base support (tuition payments).

11. Under the bill, it is estimated that the appropriations for state school aids and property tax credits identified in Table 1 above would make up 39.8% of state general fund appropriations in 2019-20 and 40.1% in 2020-21.

12. Attachment 2 provides information on the relative allocation of funding between the major categories of state support for selected years since 1992-93. As shown in Attachment 2, when the state had a statutory policy in the late 1990s and early 2000s of funding two-thirds of partial school

revenues, the proportion of state support provided through general aid increased, as a result of the mechanism that was established to achieve that goal. In the decade after the repeal of the two-thirds funding commitment, increases in the school levy tax credit, the creation of the first dollar credit, and reductions to general aid funding moved the proportions closer to those prior to two-thirds funding. The creation of per pupil aid has led to an increase in the categorical aid proportion in recent years.

13. On April 9, this office distributed a memorandum to the Legislature on the estimated level of property taxes under the bill. In that memorandum, it was estimated that the statewide gross school levy would increase from \$4,987.9 million in 2018-19 to \$5,003.0 million in 2019-20 and decrease to \$3,958.0 million in 2020-21. These estimates represent year-over-year changes of \$15.1 million (0.3%) in 2019-20 and -\$1,045.0 million (-20.9%) in 2020-21. The large reduction under the bill reflects the proposed reallocation of the school levy and first dollar tax credits to general school aids, which would reduce the gross school levy but be neutral with respect to the net levy. Under prior Committee action, the bill provision to reallocate funding from the school levy and first dollar tax credits to the general school aids appropriation was deleted. The net school levy after consideration of the school levy and first dollar tax credits would increase from \$3,897.9 million in 2018-19 to \$3,913.0 million in 2019-20 and to \$3,958.0 million in 2020-21. These estimates represent year-over-year changes of \$15.1 million (0.4%) in 2019-20 and \$45.0 million (1.2%) in 2020-21.

Alternatives

14. The relatively large portion of the state general fund allocated to state support of K-12 education under the bill, along with the increases in general and categorical aids, could be viewed as appropriate in light of the state's constitutional and statutory responsibilities with regard to K-12 education.

15. The Committee could also choose from a number of options to modify the school finance provisions of the bill, based on the overall level of partial school revenues, state aid, and statewide levy that is judged to be appropriate. The Committee could choose to modify the level of general aid and/or per pupil aid funding provided under the bill, provide financial resources to school districts through the per pupil adjustment and/or the low revenue adjustment under revenue limits, or use a blended approach among the various options.

16. The Blue Ribbon Commission on School Funding was a bipartisan Commission consisting of sixteen members, including legislators, school administrators, and other stakeholders. The Commission developed its recommendations following public hearings and informational hearings held throughout the state. In its final report, which was published in January, 2019, the Commission recommended that the Legislature provide future increases in resources for school districts through increases in the per pupil adjustment under revenue limits rather than per pupil aid, and that any per pupil adjustment provided under revenue limits be annually indexed by inflation. The Commission also recommended that the Legislature provide future increases in state support through the general school aid formula rather than through the school levy tax credit.

17. A per pupil adjustment under revenue limits would provide a general increase in the financial resources of school districts. Table 2 lists the changes in statewide revenue limit authority in each year that would result under four options to provide a per pupil adjustment for the 2019-21

biennium. For example, as shown in the third line of Table 2, if a \$100 per pupil adjustment were allowed in both 2019-20 and 2020-21, statewide revenue limit authority would increase by \$36 million in 2019-20 and \$103 million in 2020-21 compared to the base. This additional revenue limit authority under any of the alternatives could be funded from some combination of state general aid and/or the school levy tax credit and the local property tax levy.

TABLE 2
Revenue Limit Authority Under Options to Modify
Per Pupil Adjustment (Change to Base)

	Change in Revenue Limit Authority		
	(\$ in Millions)		
	2019-20	2020-21	Biennial
\$200/\$204 per pupil (Alt. B1)	\$101	\$256	\$357
\$150/\$150 per pupil (Alt. B2)	66	176	242
\$100/\$100 per pupil (Alt. B3)	36	103	139
\$50/\$50 per pupil (Alt. B4)	16	47	63

18. For declining enrollment districts, there would be an interaction between the base revenue hold harmless adjustment and any per pupil adjustment. If there is no per pupil adjustment (as under current law) and a district is not eligible for the low revenue adjustment, a district with declining enrollment would receive some additional revenue limit authority from the base revenue hold harmless adjustment, because its initial revenue limit would be lower than its base revenue as a result of the loss of pupils. Providing a per pupil adjustment would increase the initial revenue limit for eligible districts, which would result in a partially or fully offsetting reduction in the district's base revenue hold harmless adjustment. A per pupil adjustment, however, is a recurring adjustment which adds to an eligible district's base revenue, while the base revenue hold harmless adjustment is nonrecurring.

19. The Committee could also consider alternatives to increase the low revenue adjustment in conjunction with a per pupil adjustment. This adjustment is intended to decrease the disparity between low-revenue and high-revenue districts by providing additional revenue limit authority to low-revenue districts. If a per pupil adjustment is provided, it increases the base revenue for all districts, meaning that fewer districts would be eligible for the current law adjustment amounts that were enacted in 2017 Act 141.

20. Table 3 shows the changes in statewide revenue limit authority in each year of the biennium that would result under four alternatives that include an increase to the low revenue adjustment, including the bill provision to set it at \$9,700 per pupil in 2019-20 and \$10,000 per pupil in 2020-21. The low revenue adjustment amounts are set relative to the indicated per pupil adjustment to provide approximately \$40 to \$50 million in additional revenue limit authority, in total, to low-revenue districts over the biennium. For example, as shown in the second line of Table 3, if a \$150 per pupil adjustment and a \$9,650 per pupil low revenue adjustment were allowed in 2019-20 and a \$150 per pupil adjustment and a \$9,850 per pupil low revenue adjustment were allowed in 2020-21, statewide revenue limit authority would increase by \$82 million in 2019-20 and \$201 million in 2020-

21 compared to the base. As with the examples in Table 2, this additional revenue limit authority could be funded from some combination of state general aid/or the levy credit and the local levy. (For declining enrollment districts, there would be a similar interaction between any low revenue adjustment and the base revenue hold harmless adjustment as noted for the per pupil adjustments above.)

TABLE 3
Revenue Limit Authority Under Options to Modify
Per Pupil and Low Revenue Adjustments (Change to Base)

	Change in Revenue Limit Authority (\$ in Millions)		
	<u>2019-20</u>	<u>2020-21</u>	<u>Biennial</u>
\$200/\$204 per pupil, \$9,700/\$10,000 low revenue (Gov., Alt. C1)	\$117	\$293	\$410
\$150/\$150 per pupil, \$9,650/\$9,850 low revenue (Alt. C2)	82	201	283
\$100/\$100 per pupil, \$9,600/\$9,800 low revenue (Alt. C3)	51	138	189
\$50/\$50 per pupil, \$9,550/\$9,750 low revenue (Alt. C4)	23	78	101

21. The alternatives at the end of this paper related to the per pupil adjustment and the low revenue adjustment indicate the estimated amount of revenue limit authority that would be generated by the respective amounts. In the absence of additional state funding, school boards would have the authority to levy, in total, those amounts. The levy impact could be reduced, in whole or in part, by providing an increase in general school aid or school levy tax credit funding. The fiscal effect of any alternatives involving the levy credit would have to account for the fact that the credit is paid on a delayed basis in the state fiscal year following the property tax year to which the credit applies

22. If a per pupil adjustment is provided in the 2019-21 biennium, the Committee would also have to address whether and how to continue the adjustment in the 2021-23 biennium. Under the bill, the prior law inflationary adjustment would be restored beginning in 2021-22. This option (Alternative D1) was also recommended by the Blue Ribbon Commission on School Funding.

23. The Committee could also specify that the per pupil adjustment in 2020-21 would also apply in subsequent years (Alternative D2) or continue the provision from the previous three budgets that there be no per pupil adjustment provided beginning in 2021-22 (Alternative D3). Under any of these alternatives, the 2021 Legislature would be still able to change the law to modify the per pupil adjustment or other aspects of revenue limits. These alternatives would, however, specify what the per pupil adjustment would be absent a subsequent change in the law.

24. If an increase in the low revenue adjustment is provided in the 2019-21 biennium, the Committee could also address the Governor's recommendation (Alternative E1) to delete the provisions of 2017 Act 141 generally restricting otherwise-eligible districts from any low revenue adjustment increases for three years after a failed operating referendum. The number of districts that would be affected by this provision would depend on the per pupil and low revenue adjustment amounts adopted. Under the bill, it is estimated that six districts that would otherwise be ineligible for the low revenue adjustment in 2019-20 would become eligible under this provision.

25. Table 4 shows the funding changes relative to the bill and to the base for six alternatives for per pupil aid payments in the 2019-21 biennium. For example, as shown in the fifth line of Table 4, if the per pupil aid payment were set at \$854 per pupil in 2019-20 and \$1,058 per pupil in 2020-21 and each year thereafter (thus providing the same increase to per pupil aid as the proposed per pupil adjustments in the bill), estimated general fund expenditures would increase by \$163.5 million in 2019-20 and \$330.6 million in 2020-21 compared to the base. Relative to the bill, per pupil aid funding would increase by \$166.9 million in 2019-20 and \$335.9 million in 2020-21.

TABLE 4
Per Pupil Aid Funding Under Options to Modify Payment Amount

	<u>Change to Base (\$ in Millions)</u>			<u>Change to Bill (\$ in Millions)</u>		
	<u>2019-20</u>	<u>2020-21</u>	<u>Biennial</u>	<u>2019-20</u>	<u>2020-21</u>	<u>Biennial</u>
\$654/\$654 (Governor, Alt. F1)	-\$3.4	-\$5.3	-\$8.7	\$0.0	\$0.0	\$0.0
\$704/\$754 (Alt. F2)	38.3	77.9	116.2	41.7	83.2	124.9
\$754/\$854 (Alt. F3)	80.0	161.0	241.0	83.4	166.3	249.7
\$804/\$954 (Alt. F4)	121.8	244.2	365.9	125.2	249.5	374.6
\$854/\$1,058 (Alt. F5)	163.5	330.6	494.1	166.9	335.9	502.8
\$630/\$630 (Current Law, Alt. F6)	-23.4	-25.3	-48.7	-20.0	-20.0	-40.0

26. The per pupil adjustment under revenue limits and the level of per pupil aid funding provided also affect payments under the private school choice programs, the independent charter school program, and the special needs scholarship program, as well as the aid transfer amounts under the open enrollment program. Under current law, the respective per pupil payment under each of these programs in a given year 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. Under the bill, the change in the per pupil aid payment amount would replace the change in statewide categorical aid in the indexing mechanism. If the Committee modifies the bill with respect to the per pupil adjustment or per pupil aid, the respective payments and aid reductions for these programs would need to be adjusted as well.

ALTERNATIVES

A. General School Aid Base Funding Increase

1. Approve the Governor's recommendation to provide \$205,000,000 in 2019-20 and \$406,322,000 in 2020-21 for general school aids.

ALT A1	Change to	
	Base	Bill
GPR	\$611,322,000	\$0

2. Take no action.

ALT A2	Change to	
	Base	Bill
GPR	\$0	- \$611,322,000

B. Per Pupil Adjustments under Revenue Limits

1. Set the per pupil adjustment under revenue limits at \$200 in 2019-20 and an additional \$204 in 2020-21. *[This would generate an estimated \$101 million in 2019-20 and \$256 million in 2020-21 in statewide revenue limit authority, the levy impact of which can be offset in whole or in part by increased funding for general school aids or the school levy tax credit.]*

2. Set the per pupil adjustment under revenue limits at \$150 in 2019-20 and an additional \$150 in 2020-21. *[This would generate an estimated \$66 million in 2019-20 and \$176 million in 2020-21 in statewide revenue limit authority, the levy impact of which can be offset in whole or in part by increased funding for general school aids or the school levy tax credit.]*

3. Set the per pupil adjustment under revenue limits at \$100 in 2019-20 and an additional \$100 in 2020-21. *[This would generate an estimated \$36 million in 2019-20 and \$103 million in 2020-21 in statewide revenue limit authority, the levy impact of which can be offset in whole or in part by increased funding for general school aids or the school levy tax credit.]*

4. Set the per pupil adjustment under revenue limits at \$50 in 2019-20 and an additional \$50 in 2020-21. *[This would generate an estimated \$16 million in 2019-20 and \$47 million in 2020-21 in statewide revenue limit authority, the levy impact of which can be offset in whole or in part by increased funding for general school aids or the school levy tax credit.]*

5. Take no action.

C. Per Pupil and Low Revenue Adjustments under Revenue Limits

1. Approve the Governor's recommendation to set the per pupil adjustment under revenue limits at \$200 in 2019-20 and an additional \$204 in 2020-21, and set low revenue adjustment at \$9,700 per pupil in 2019-20 and \$10,000 per pupil in 2020-21 and each year thereafter. *[This would generate an estimated \$117 million in 2019-20 and \$293 million in 2020-21 in statewide revenue limit authority, the levy impact of which can be offset in whole or in part by increased funding for general school aids or the school levy tax credit.]*

2. Set the per pupil adjustment under revenue limits at \$150 in 2019-20 and an additional \$150 in 2020-21, and set low revenue adjustment at \$9,650 per pupil in 2019-20 and \$9,850 per pupil in 2020-21 and each year thereafter. *[This would generate an estimated \$82 million in 2019-20 and \$201 million in 2020-21 in statewide revenue limit authority, the levy impact of which can be offset in whole or in part by increased funding for general school aids or the school levy tax credit.]*

3. Set the per pupil adjustment under revenue limits at \$100 in 2019-20 and an additional \$100 in 2020-21, and set low revenue adjustment at \$9,600 per pupil in 2019-20 and \$9,800 per pupil in 2020-21 and each year thereafter. *[This would generate an estimated \$51 million in 2019-20 and \$138 million in 2020-21 in statewide revenue limit authority, the levy impact of which can be offset in whole or in part by increased funding for general school aids or the school levy tax credit.]*

4. Set the per pupil adjustment under revenue limits at \$50 in 2019-20 and an additional \$50 in 2020-21, and set low revenue adjustment at \$9,550 per pupil in 2019-20 and \$9,750 per pupil in 2020-21 and each year thereafter. *[This would generate an estimated \$23 million in 2019-20 and \$78 million in 2020-21 in statewide revenue limit authority, the levy impact of which can be offset in whole or in part by increased funding for general school aids or the school levy tax credit.]*

5. Take no action.

D. Per Pupil Adjustment in 2021-22 and Thereafter

1. In addition to any of the alternatives above to provide a per pupil adjustment, approve the Governor's recommendation to restore the prior law inflationary adjustment beginning in 2021-22, under which the amount would be adjusted annually by the percentage change, if positive, in the consumer price index for all urban consumers between the preceding March and second-preceding March.

2. In addition to any of the alternatives above to provide a per pupil adjustment, specify that the same per pupil adjustment that would be provided in 2020-21 would also be provided in each year thereafter.

3. In addition to any of the alternatives above to provide a per pupil adjustment, specify that there would be no per pupil adjustment beginning in 2021-22 and each year thereafter.

4. Take no action.

E. Low Revenue Adjustment Eligibility

1. In addition to any of the alternatives above to provide a per pupil adjustment, approve the Governor's recommendation to delete the statutory provisions generally restricting otherwise-eligible districts from any low revenue adjustment increases for three years after a failed operating referendum.

2. Take no action.

F. Per Pupil Aid

1. Approve the Governor's recommendation to delete \$3,398,400 in 2019-20 and \$5,298,400 in 2020-21 and maintain the per pupil aid payment at \$654 per pupil in 2019-20 and 2020-

21 and in each year thereafter.

ALT F1	Change to	
	Base	Bill
GPR	- \$8,696,800	\$0

2. *\$50 Per Pupil Annual Increase.* Provide \$38,319,200 in 2019-20 and \$77,852,600 in 2020-21 in per pupil aid to increase the payment from \$654 per pupil in 2018-19 to \$704 per pupil in 2019-20 and \$754 per pupil in 2020-21 and each year thereafter.

ALT F2	Change to	
	Base	Bill
GPR	\$116,171,800	\$124,868,600

3. *\$100 Per Pupil Annual Increase.* Provide \$80,039,200 in 2019-20 and \$161,002,600 in 2020-21 in per pupil aid to increase the payment from \$654 per pupil in 2018-19 to \$754 per pupil in 2019-20 and \$854 per pupil in 2020-21 and each year thereafter.

ALT F3	Change to	
	Base	Bill
GPR	\$241,041,800	\$249,738,600

4. *\$150 Per Pupil Annual Increase.* Provide \$121,759,200 in 2019-20 and \$244,152,600 in 2020-21 in per pupil aid to increase the payment from \$654 per pupil in 2018-19 to \$804 per pupil in 2019-20 and \$954 per pupil in 2020-21 and each year thereafter.

ALT F4	Change to	
	Base	Bill
GPR	\$365,911,800	\$374,608,600

5. *\$200/\$204 Per Pupil Increase.* Provide \$163,479,200 in 2019-20 and \$330,628,600 in 2020-21 in per pupil aid to increase the payment from \$654 per pupil in 2018-19 to \$854 per pupil in 2019-20 and \$1,058 per pupil in 2020-21 and each year thereafter.

ALT F5	Change to	
	Base	Bill
GPR	\$494,107,800	\$502,804,600

6. *Take no action (\$24 Per Pupil Decrease in 2019-20).* Delete \$23,426,400 in 2019-20 and \$25,253,400 in 2020-21 in per pupil aid to reestimate aid under the current law payment decrease

from \$654 per pupil in 2018-19 to \$630 per pupil in 2019-20 and each year thereafter.

ALT F6	Change to
	Base Bill
GPR	- \$48,679,800 - \$39,983,000

Prepared by: Russ Kava
Attachments

ATTACHMENT 1

Per Pupil Adjustment and Per Pupil Aid

	<u>Per Pupil Adjustment</u>	<u>Per Pupil Aid</u>	
		<u>Payment</u>	<u>Change to Prior Year</u>
1993-94	\$190.00		
1994-95	194.37		
1995-96	200.00		
1996-97	206.00		
1997-98	206.00		
1998-99	208.88		
1999-00	212.43		
2000-01	220.29		
2001-02	226.68		
2002-03	230.08		
2003-04	236.98		
2004-05	241.01		
2005-06	248.48		
2006-07	256.93		
2007-08	264.12		
2008-09	274.68		
2009-10	200.00		
2010-11	200.00		
2011-12	-5.5%*		
2012-13	\$50.00	\$50	
2013-14	75.00	75	\$25
2014-15	75.00	150	75
2015-16	0.00	150	0
2016-17	0.00	250	100
2017-18	0.00	450	200
2018-19	0.00	654	204
2019-20 (Bill)	200.00	654	0
2020-21 (Bill)	204.00	654	0

*Average statewide reduction of \$554 per pupil.

