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Testimony on Assembly Bill 441 and Assembly Bill 442

Representative Mary Felzkowski
35th Assembly District
October 3rd, 2019

Good morning Chairmen Thiesfeldt and Olsen and Education Committee Members,

Thank you for hearing testimony on Assembly Bill 441, relating to a shared services aid program for school districts and Assembly Bill 442, relating to a whole grade sharing categorical aid for school boards today.

These bills are based off recommendations made by the Blue Ribbon Commission on School Funding and as such are the product of a bipartisan collaboration that consulted educators, superintendents and school business managers across the state.

As we all hear from our school administrators and superintendents, school districts are constantly looking for innovative ways to streamline and reduce their administrative costs. Schools are focused on making sure that the money they receive can go directly into the classrooms, where it can be of maximum benefit to the students. AB 441 can help them do that by providing an incentive for school districts to share administrative personnel services, such as positions in IT and HR. The bill creates a categorical aid for school districts that enter into an agreement with other school districts or local units of government to share administrative personnel services.

Each school district receives the following amount per shared administrative position:

- For a shared school district administrator: \$40,000
- For a shared HR director, IT director, or business manager: \$22,500
- For any other administrative position (other than principal or asst. principal): \$17,500

The aid will be awarded to eligible school districts in the order that their applications are received. A school district may receive this aid for up to 5 years.

Our second bill, AB 442, relates to whole grade sharing. Currently, the aid provided to school districts that enter into whole grade sharing agreements runs through the funding formula without a consistent certainty, and many school districts around the state, especially smaller, rural districts, would see substantial benefits from whole grade sharing if they were able to implement an agreement with neighboring districts. This bill creates a categorical aid for school districts that enter into whole grade sharing agreements and adopt a resolution to consider school district consolidation. Under the bill, DPI would provide an incentive of \$150 per student enrolled in a grade participating in a whole grade sharing agreement. This aid will be given for up to five school years.

Both the shared services aid program and the whole grade sharing categorical aid will provide tremendous relief to rural schools across Wisconsin. As school districts are facing a myriad of issues including declining enrollment issues, greater transportation costs and higher special education demands, the assistance these bills would provide cannot be overstated.

I'd like to thank my co-author Senator Darling for her partnership on this and I look forward to taking your questions.

Alberta Darling

Wisconsin State Senator

Co-Chair, Joint Committee on Finance

Senate Committee on Education

Senate Bill 412 and 413

Thursday, October 3, 2019

Thank you Chairman Olsen, Chairman Thiesfeldt, and committee members for holding a public hearing today on Senate Bill 412, Senate Bill 413 and their assembly companions. As you well know, the Blue Ribbon Commission was charged with making recommendations to better meet the needs of students across the state. I am proud to say, that as a member of the 16-member Commission, I believe we put together a list of recommendations that will do just that. The two bills before you today look to create efficiencies by incentivizing more districts to consider whole grade sharing and sharing administrative personnel.

Currently, two or more school districts may enter into a whole grade sharing agreement. Whole grade sharing is a way school districts can provide additional academic opportunities to students at a lower cost. Senate Bill 412 creates a categorical aid for school districts that enter into whole grade sharing agreements who also adopt a resolution to consider consolidation. Under the bill, DPI would provide an incentive of \$150 per student enrolled in a grade participating in a whole grade sharing agreement for up to five school years. This aid will incentivize more districts to consider consolidating, leading to long term savings overall.

Wisconsin currently has over 400 school districts. Many of these districts have their own offices that are responsible for human resources, IT, and other administrative services. Senate Bill 413 creates a categorical aid for school districts that enter into an agreement with other school districts or local units of government to share administrative personnel services. The aid will be awarded to eligible school districts in the order that their applications are received and may receive this aid for up to five years.

By eliminating potentially financial hurdles for schools districts and incentivizing more schools to consider efficiencies more money could be used inside the classroom

I want to thank the Blue Ribbon members for their work on the commission, Representative Felzkowski for her leadership on this bill, and committee members for taking the time today to hear Senate Bill 412 and 413. I hope I can count on your support for this reform.



School Administrators Alliance

Representing the Interests of Wisconsin School Children

TO: Senate Committee on Education
FROM: John Forester, Executive Director
DATE: October 3, 2019
RE: AB 441/SB 413 – Aid for Shared Services
AB 442/SB 412 – Aid for Whole-Grade Sharing
AB 456/SB 409 – Feasibility Studies for Consolidation, Whole Grade Sharing

The School Administrators Alliance (SAA) supports AB 441/SB 413, relating to aid for shared services; AB 442/SB 412, relating to aid for whole-grade sharing; and AB 456/SB 409, relating to feasibility studies for consolidation and whole grade sharing.

Perhaps the biggest surprise during the deliberations of the Blue Ribbon Commission on School Funding was the attention that school consolidation received. Several Commission members expressed interest in providing incentives for school districts to consolidate, with the goal of either reducing costs or increasing educational opportunities for children in smaller rural districts. Commission members also recognized that some districts may not be ready or may find it difficult to consider consolidation. However, they may be interested in working with neighboring districts on steps short of consolidation like whole grade sharing or the sharing of services.

Mr. Chairman, because these three Commission recommendations emanated from the Commission's discussions on school consolidation, I would like to share just a little Wisconsin school consolidation history for context. In 1938, Wisconsin had 7,777 school districts. Political controversy raged for four decades around the issue in Wisconsin. Legislation in 1947 and 1949 provided the template for school consolidation for several decades. The state approach could be described as some "stick" and mostly "carrot," with a heavy dose of control in the hands of local committees and boards.

Since 1994, Wisconsin's incentive-based school consolidation approach has resulted in, I believe, a net reduction of six districts, from 427 to 421. Given the relatively low number of consolidations in this period, the question arises, "Are the fiscal incentives enough to overcome the barriers to school consolidation?"

The barrier most commonly associated with consolidation is the loss of community identity, but there are several others including potential disparities in tax rates or debt between the two (or more) districts considering consolidation. Another is the impact on taxpayers if the consolidation requires a new building. Yet another is the uncertainty regarding the fiscal and operational viability of a combined district.

The SAA supports incentive-based consolidation policy. We believe if districts have attractive incentives and organization flexibility at their disposal, they will organize their schools to best meet the needs of their students, parents, taxpayers and community. We support each of these bills because they provide incentives for district collaboration in the form of whole grade sharing or shared services or help to overcome the barriers to school collaboration or combination. In short, they provide additional tools for districts to use to make the most appropriate decisions for their communities.

AB 441/SB 413 creates a categorical aid for a school district that enters into an agreement to share administrative personnel services with other school districts or with a local unit of government. Several SAA members have expressed interest in this categorical aid incentive program.

Under current law, whole grade sharing allows two or more school districts to enter into a whole grade sharing agreement to consolidate pupils in a particular grade level by offering that grade in only one of the participating districts. No aid is currently provided for districts that enter into such an agreement. **AB 442/SB 412** creates a categorical aid for districts that enter into a whole grade sharing agreement and adopt a resolution to consider school district consolidation.

Under 2007 Act 20, a program was created to provide grants to school districts for consolidation feasibility studies. One-time funding of \$250,000 general purpose revenue (GPR) in 2008-09 was provided. Grants under the program were awarded to 11 consortia of districts, two of which later consolidated. I was in my current position at the time and I always thought the program was a good idea, and I thought that it should have been continued.

AB 456/SB 409 creates a new, continuing appropriation for grants to consortia of school districts, to be used for feasibility studies of school district consolidation or entering into a whole grade sharing agreement. We believe that these studies may help some districts gain a clearer picture of the fiscal and operational viability of a potential consolidation or whole grade sharing collaboration.

Once again, the SAA supports all three of these bills. We thank the authors for bringing them forward. Thank you for your consideration of our views. If you should have any questions regarding our thoughts on these bills, please call me at 608-242-1370.

**Senate Committee on Education and Assembly Committee on Education
October 3, 2019**

**Wisconsin Department of Public Instruction
Information on 2019 Senate Bill 413 and Assembly Bill 441**

Senate Bill 413 (SB 413) and Assembly Bill 441 (AB 441) create a categorical aid for school districts that enter into an agreement to share administrative personnel services with other school districts or a local unit of government. Under the bill, the annual appropriation for this aid program would be \$2,000,000 GPR, starting in FY20.

Under SB 413 and AB 441, a school board participating in a shared services agreement may be eligible to receive specified aid amounts for shared personnel as follows: \$40,000 for district administrators; \$22,500 for human resources directors, informational technology directors, and business managers; and \$17,500 for other non-faculty, administrative positions, excluding principals and assistant principals.

The aid amounts would be paid in full for three years and then half that amount for the fourth and fifth years of a given agreement. No aid would be paid after the fifth year. Aid would be prorated if total eligibility exceeds the appropriated amount.

Under the bills, school boards may be eligible for aid under two types of agreements: 1) an agreement with one or more school boards; or 2) an agreement with the governing board of a local unit of government (city, village, town, or cooperative educational services agency).

To be eligible for aid under a shared services agreement with other school boards, all participating school boards must enter into a shared services agreement and the school boards must pass a resolution to participate in the shared services aid program. Additionally, the participating school boards must jointly submit to the Department of Public Instruction (DPI) the shared services agreement with the following information:

- 1) the position(s) the school districts intend to share;
- 2) the position(s) that will be eliminated in each school district;
- 3) the salary and fringe benefit costs of the shared and the eliminated positions; and
- 4) information demonstrating that the shared services agreement will result in a net reduction in filled administrative positions between the participating school districts.

In order to be eligible for aid under a shared services agreement with a local unit of government, the participating school board must enter into a shared services agreement and the school board must pass a resolution to participate in the shared services aid

program. Additionally, the school board must submit to the DPI any information required by the DPI by administrative rule, to demonstrate that the agreement will result in a net savings to the participating school district. The bills do not make local units of government that are party to the agreement eligible for the shared services aid and does not require the local unit of government to submit any information to the DPI regarding how the agreement will result in a net reduction in filled administrative positions for the local unit of government.

SB 413 and AB 441 do not limit the number of shared positions for which school boards may be aided. They do, however, make clear that aid could not be provided for more than one position held by the same individual.

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President, Ben Niehaus
President-Elect, Chuck Keller
Secretary, Diana Bohman,
Treasurer, Jerry Walters
Past President, Robert Smudde

October 3, 2019

Chairmen Thiesfeldt and Olson and members of the Joint Education Committee:

My name is Kim Kaukl, I am the Executive Director of the Wisconsin Rural Schools Alliance (WiRSA). Our organization represents and supports over 220 members with 155 rural school districts, several CESAs, technical colleges, universities, businesses and individual members.

Our organization has registered in support of Assembly Bill 441, relating to a shared services aid program for school districts. This is a concept that we have supported throughout the past two budget cycles and have conferred with Representative Felzkowski numerous times on this concept. Those of you on the Blue-Ribbon Commission on School Funding also heard testimony from a number of our rural districts requesting and proposing the shared services concept as a viable solution to a shortage of administrators, especially in the specialized areas of Business Manager, Pupil Services and Human Resources to name a few. We feel this is a bill that could be very helpful to our rural districts to provide needed services in a cost effective and efficient manner. If you look around the state, there are already districts doing using this concept and this bill will hopefully encourage more to do so.

In conclusion, we have seen this concept almost approved in the last two budget cycles and with the support and recommendation of the Blue-Ribbon Commission on School Funding Report the time is right to move this concept forward. With that said I ask that your committees support Assembly Bill 441.

Thank you for your time and taking my written testimony into consideration.

Kim Kaukl

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"Leadership in Public School Governance"

JOHN H. ASHLEY, EXECUTIVE DIRECTOR

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WISCONSIN
ASSOCIATION OF
SCHOOL BOARDS

TO: Members, Senate Committee on Education
FROM: Dan Rossmiller, WASB Government Relations Director
DATE: October 3, 2019
RE: SUPPORT for SENATE BILL 413, relating to a shared services aid program for school districts.

The Wisconsin Association of School Boards (WASB) supports Senate Bill 413, which stems from the recommendations of the Blue Ribbon Commission on School Funding.

Senate Bill 413 would create a categorical aid payable to a school district that enters into an agreement to share administrative personnel services with other school districts or a local unit of government. To be eligible for this new aid, the school district must pass a resolution approving participation in the shared services aid program. The amount of aid a school district receives under the shared services aid program would vary depending on the type of administrative positions that are shared under the agreement.

This new categorical aid program will likely be useful to some, and perhaps many, school districts.

We encourage you to support Senate Bill 413.