



## **School Administrators Alliance**

*Representing the Interests of Wisconsin School Children*

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**TO:** Assembly Committee on Education  
**FROM:** John Forester, Executive Director  
**DATE:** January 25, 2018  
**RE:** AB 835 – Sparsity Aid/Low Revenue Ceiling for School Districts

The School Administrators Alliance (SAA) supports Assembly Bill 835, relating to sparsity aid and the low revenue ceiling for school districts. However, we do have concerns about the provision of the bill that prevents a school district from utilizing the low revenue adjustment if, during the three prior school years, an operating referendum failed in the district.

First, I would like to thank the authors for bringing this legislation forward. I would especially like to thank Representative Nygren for his continued advocacy for low revenue districts in Wisconsin. Were it not for his efforts, this important issue may not have been a part of the 2017-19 State Budget discussion and this important legislation may not be before us today.

AB 835, if adopted, would:

- Provide additional sparsity aid funding of \$6,454,600 in 2018-19. Beginning in 2018-19, school districts that qualify for sparsity aid would receive \$400 per pupil, an increase of \$100 per pupil.
- Increase the low revenue ceiling from the current \$9,100 to \$9,400 per pupil in 2018-19 and increase an additional \$100 per pupil in each successive year until it reaches \$9,800 per pupil in 2022-23 and each year thereafter.
- Provide that a school district may not utilize the low revenue adjustment if, during the three prior school years, an operating referendum failed in the school district. After three years have passed, the district could then utilize the applicable low revenue ceiling amount for that year, if eligible.

### **Sparsity Aid**

Under current law, sparsity aid is provided to school districts with school district membership in the prior year of less than 745 students and population density of less than 10 students per square mile. Currently, aid is equal to \$300 per pupil. This school year, 144 districts qualified for sparsity aid with aid prorated at 98.8%, or approximately \$297 per student.

The sparsity aid program was designed to address the significant operational challenges faced by small, rural districts in Wisconsin. These challenges include relatively large geographic size and distance from neighboring schools, the impact of declining enrollment and the resulting larger per pupil costs to maintain operations. Data suggests that districts with the lowest student population

density are among the districts with the lowest average income. These districts also tend to have high poverty rates and high pupil transportation costs.

### **Low Revenue Ceiling**

School revenue limits were imposed by the state in 1993-94 and have been in place for 25 years. Frugal, low-spending districts were essentially “locked in” to low per pupil revenue limits at their inception. Some districts have passed referenda to increase their revenue limit authority, but many others have found it difficult to do so, resulting in a widening revenue limit gap among districts throughout the state.

The low revenue ceiling, established in 1995-96, allows districts to increase their per pupil revenues up to a state-determined level per pupil without districts having to go to referendum. It is the policy mechanism in Wisconsin for low spending districts to narrow the disparity with higher spending districts in the state. It is also important to note that utilization of the low revenue ceiling is not required. It is an option for districts to use after considering the needs of students, parents, taxpayers and the community.

I think it is fair to say that we all believe that the educational opportunities afforded to every child in Wisconsin should not be determined by their zip code. An improved low revenue ceiling policy in Wisconsin is an important part of ensuring equitable resources for all children no matter where they live. As evidence of the need for this bill, not a single school district qualified for a low revenue adjustment in this school year.

I have attached a table to my testimony that looks at the low revenue ceiling as a percentage of the state average revenue limit per pupil over the past 18 years. The current low revenue ceiling of \$9,100 per pupil has now fallen to 86.2% of the statewide average revenue limit per pupil. Quite frankly, that is too low for a state that considers its school funding system equitable for all children.

### **Failed Operating Referendum**

As I mentioned earlier, we do have concerns about the provision of the bill that prevents a school district from utilizing the low revenue adjustment if, during the three prior school years, an operating referendum failed in the district. In fact, we ask you to support removal of this provision from the bill.

The “retroactive” portion of this provision is estimated to affect the following nine districts in 2018-19: Bonduel, Cameron, Chilton, Darlington Community, Freedom, Gillett, Howard-Suamico, Osceola, and Southern Door County. There are 13 additional school districts with referenda that are already slated for this spring (2018).

The low revenue ceiling was designed, at least in part, to provide a state-determined level of per pupil resources for those districts that have found it difficult to pass operating referenda. Once again, we believe the educational opportunities afforded to every child in Wisconsin should not be determined by their zip code. One could also argue that the voters in these districts did not have all the information about the high-stakes nature of their operating referendum at the time they cast their ballots.

At the very least, the effective date of this provision should be modified to remove the retroactivity and to accommodate referenda that are already in the pipeline for this spring. We need only look back to the 2017-19 State Budget for a precedent in support of this action. The Budget specified that provisions changing the allowable scheduling for school district referenda would apply to school board resolutions to exceed revenue limits or issue bonds that are adopted after January 1, 2018; thereby accommodating those referenda that were already in the pipeline for the fall of 2017.

Thank you for your consideration of our views. If you should have any questions on our position on AB 835, please call me at 608-242-1370.

<b>Fiscal Year</b>	<b>Low Revenue Ceiling</b>	<b>State Average Maximum Revenue Limit Per Pupil</b>	<b>% Low Revenue Ceiling to State Average Max Revenue Limit Per Pupil</b>
2000-01	\$ 6,500	\$ 7,419	87.60%
2001-02	\$ 6,700	\$ 7,667	87.40%
2002-03	\$ 6,900	\$ 7,931	87.00%
2003-04	\$ 7,400	\$ 8,216	90.10%
2004-05	\$ 7,800	\$ 8,511	91.60%
2005-06	\$ 8,100	\$ 8,815	91.90%
2006-07	\$ 8,400	\$ 9,150	91.80%
2007-08	\$ 8,700	\$ 9,499	91.60%
2008-09	\$ 9,000	\$ 9,822	91.60%
2009-10	\$ 9,000	\$ 10,104	89.10%
2010-11	\$ 9,000	\$ 10,316	87.20%
2011-12	\$ 9,000	\$ 9,809	91.80%
2012-13	\$ 9,100	\$ 9,884	92.10%
2013-14	\$ 9,100	\$ 10,036	90.70%
2014-15	\$ 9,100	\$ 10,188	89.30%
2015-16	\$ 9,100	\$ 10,307	88.30%
2016-17	\$ 9,100	\$ 10,439	87.20%
2017-18	\$ 9,100	\$ 10,555	86.20%