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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:

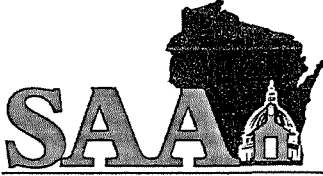
- For a shared school district administrator: \$40,000
- For a shared HR director, IT director, or business manager: \$22,500
- For any other administrative position (other than principal or asst. principal): \$17,500

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.



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.

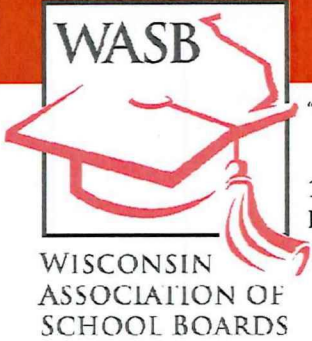
AB 441/SB 413 creates a categorical aid for a school district that enters into an agreement to share administrative personnel services with other school districts or with a local unit of government. Several SAA members have expressed interest in this categorical aid incentive program.

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.



"Leadership in Public School Governance"

JOHN H. ASHLEY, EXECUTIVE DIRECTOR

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TO: Members, Senate Committee on Education
FROM: Dan Rossmiller, WASB Government Relations Director
DATE: October 3, 2019
RE: SUPPORT for SENATE BILL 412, relating to a whole grade sharing categorical aid for school boards.

The Wisconsin Association of School Boards (WASB) supports Senate Bill 412, which stems from the recommendations of the Blue Ribbon Commission on School Funding.

Senate Bill 412 would create a categorical aid for school boards that enter into a whole grade sharing agreement and adopt a resolution to consider school district consolidation. An eligible school board could receive a payment of \$150 per pupil enrolled in a grade included in the whole grade sharing agreement for up to five school years.

Current law allows two or more school districts to enter into a whole grade sharing agreement under which they can share students as a way to potentially reduce costs and maintain existing programming. Under a whole grade sharing agreement, districts could, for example, agree to consolidate pupils in a particular grade level by offering that grade in only one of the participating districts. Two districts with ten students each in both first and second grades could consolidate these students into two classrooms with twenty students each. Transportation costs aside, the districts could reduce personnel costs and lessen teacher supply issues by adopting such an approach.

For reasons that are not entirely clear, the whole grade sharing approach has not been widely utilized in Wisconsin. This is unlike the experience in our neighboring state of Iowa, where whole grade sharing has been widely adopted as a cost reduction strategy. One reason may be that unlike when districts consolidate, no additional aid is currently provided to incentivize Wisconsin districts to enter into such a whole grade sharing agreement.

This new categorical aid program will provide an incentive for many Wisconsin school districts to explore entering into whole grade sharing agreements.

We encourage you to support Senate Bill 412.

Kim Kaukl
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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 will be registering in support of Assembly Bill 442, relating to a whole grade sharing categorical aid for school boards and Assembly Bill 456, relating to grants for feasibility studies of school district consolidation or whole grade sharing. Both of these bills support a concept that WiRSA has supported since the inception of whole grade sharing back in 2015 and throughout the past two budget cycles. The original language back in 2015 had language similar to what these two bills propose, but the incentive language was removed. To move forward with a study of consolidation or whole grade sharing there are costs that are incurred that many rural districts are unable to budget so they have been hesitant to move forward with the studies. Similarly, AB 442 will provide needed aid for schools that move forward with a plan to receive some additional funding to offset transportation, infrastructure and staffing cost. We believe these two bills will open some doors for some of our districts to take a closer look at whole grade sharing. We already know of rural districts that are doing different versions of partial whole grade sharing to provide quality programming to their students.

In conclusion, we are supportive of this concept and adding back the needed incentives to make this process work. With that said I ask that your committees support Assembly Bill 442 and 456.

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

Kim Kaukl

Kim Kaukl
Executive Director
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Senate Committee on Education and Assembly Committee on Education
October 3, 2019

**Wisconsin Department of Public Instruction
Information on 2019 Senate Bill 412 and Assembly Bill 442**

Senate Bill 412 (SB 412) and Assembly Bill 442 (AB 442) create an annual categorical aid for school boards that enter into a whole grade sharing (WGS) agreement and adopt a resolution to consider school district consolidation. Under these bills, the appropriation for this aid is \$750,000 GPR, starting in the 2019-20 school year.

A WGS agreement authorizes school boards of two or more school districts to enter into an agreement to provide for the education of students, in one or more grades from pre-kindergarten through grade 12, by one or the other of the districts. An agreement shall be for no less than a full school year.

Under SB 412 and AB 442, eligible school boards would receive \$150 per pupil enrolled in a grade included in the WGS agreement. School boards may not receive this aid for more than five school years. If the appropriation is less than the total amount of aid eligibility for all eligible districts, the payments to all eligible districts would be prorated.

This new aid would be received outside of the eligible school district's revenue limit and, as such, would provide additional spending capacity for a district.

No school boards have entered into a WGS agreement to date. The Department of Public Instruction is not currently aware of any school boards pursuing a WGS agreement with any other school board.

As no school board has entered into a WGS agreement, there is no information available to assess whether school boards that do enter into such agreements would incur additional operational costs or whether those costs would be greater or less than the aid amount proposed under this bill.