



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

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TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: Information on Estimated Effects of K-12 Funding For School Districts Under Acts 11 and 19

This memorandum provides information about the estimated effects on school districts of the major K-12 funding provisions of 2023 Act 11 (the low revenue adjustment and choice and charter payments act) and 2023 Act 19 (the 2023-25 biennial budget act).

Current Law

Under Act 19, the per pupil adjustment under revenue limits was set at \$325 in 2023-24 and an additional \$325 in 2024-25. Under Act 11, the low revenue adjustment amount under revenue limits was increased from \$10,000 per pupil in 2022-23 to \$11,000 per pupil in 2023-24 and each year thereafter.

Under 2017 Act 141, otherwise-eligible districts are generally restricted from any low revenue adjustment increases for three years after a failed operating referendum. Specifically, if the voters in a district reject an operating referendum, the low revenue adjustment amount for the district remains at the amount for the school year during which the referendum was held for the three following school years. If the voters in such a district subsequently approve an operating referendum during the three-year period, the district's low revenue adjustment amount is set at the amount that applies beginning in the school year after the referendum was held.

Under these provisions, otherwise-eligible districts in which voters rejected an operating referendum in the last three school years would have remained at the low revenue adjustment amount of \$10,000 per pupil for three years following the failed referendum. The Department of Public Instruction (DPI) now indicates that under the statutory language in Act 11, as it interacts with the language of Act 141, districts with a failed 2022-23 referendum would have their low revenue amount set at \$11,000 per pupil for the purposes of the lockout.

Distributional information prepared by this office after the passage of Acts 11 and 19 indicated that 19 otherwise-eligible districts would be subject to the three-year lockout provision in the 2023-25 biennium. Of those 19 districts, 18 were affected as a result of a failed operating referendum in the 2022-23 school year. DPI now indicates that the low revenue adjustment amount for these districts will be set at \$11,000 per pupil beginning in 2023-24. The Sparta Area School District, in which the voters rejected an operating referendum in the 2021-22 school year, is the one district of the 19 that would continue to have a low revenue adjustment amount of \$10,000 per pupil in the 2023-25 biennium.

Senate Bill 395/Assembly Bill 403

Two bills currently under consideration by the Legislature, Senate Bill 395 and Assembly Bill 403, would repeal the three-year lockout provision for eligibility for the low revenue adjustment. SB 395 was introduced on August 25, 2023, and referred to the Senate Committee on Education. The Committee held a public hearing on the bill on September 26, 2023, and following the hearing, the bill was recommended for passage by the Committee by a 7-0 vote. AB 403 was introduced on September 6, 2023, and referred to the Assembly Committee on Education, which held a public hearing on the bill on September 28, 2023.

SB 395/AB 403 would repeal all of the statutory language governing the three-year lockout provision. If the bills are enacted prior to districts certifying their 2023-24 levies by November 10, all 19 school districts would be eligible for the \$11,000 per pupil amount in the current school year and the lockout would no longer apply if the low revenue adjustment amount were increased in the future. The 19 districts are shown below.

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|-----------------|------------------------|
| Arcadia | Northern Ozaukee |
| Auburndale | Parkview |
| Beloit | Silver Lake J1 |
| Berlin Area | Southwestern Wisconsin |
| Bristol #1 | Sparta Area |
| Horicon | Spring Valley |
| Lake Mills Area | Valders Area |
| Merrill Area | Walworth J1 |
| Milton | Westby Area |
| North Lake | |

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