



## WISCONSIN

### Description of the General Aid Formula

#### *Equalization Aid*

Equalization Aid comprises approximately 98% of total general school aid in Wisconsin and is the only type of general aid for most districts. The equalization formula uses a three-tier, guaranteed-tax-base configuration to share in the local costs of elementary and secondary (K-12) education. The total Equalization Aid eligibility for 2014-15 is \$4,492,790,500.

District-based factors used in the calculation of equalization aid include the equalized property value of a district, membership, and shared cost. Equalized property value is the full market value of taxable property in the district as determined by the Department of Revenue as of January 1 of each year. Shared cost is defined as costs funded by either local property tax or general state aid; costs funded by federal and state grants, donations, and other miscellaneous local revenue are not used in the formula. Membership is the number of full-time-equivalent resident pupils.

The primary tier provides aid for district shared costs up to \$1,000 per member (primary cost ceiling), which is calculated using a statutory primary guaranteed valuation of \$1,930,000 per member. The percentage of the \$1,000 per-member cost required to be paid for by the district's tax base is the same percentage the district's per-member value is of the state per-member primary guarantee. The remainder is primary-tier Equalization Aid.

The secondary tier provides aid for district per-member shared costs that exceed \$1,000 but are less than the secondary cost ceiling (\$9,225 in for aids computed in 2014-15). The secondary cost ceiling is set at 90% of the prior year statewide total shared cost per member. In 2014-15, the secondary guaranteed valuation was \$1,096,593. The percentage of the secondary per-member cost required to be paid for by the district's tax base is the same percentage the district's per-member value is of the state per-member secondary guarantee. The remainder is secondary-tier Equalization Aid.

The tertiary tier provides aid for shared costs per member that exceed \$9,225. The tertiary guaranteed valuation is the state average value per member and was \$531,883 in 14-15. The percentage of the tertiary per-member cost required to be paid for by the district's tax base is the same percentage the district's per-member value is of the state per-member tertiary guarantee. The remainder is tertiary-tier Equalization Aid.

A district's total Equalization Aid is the sum of aid generated at all three tiers. There are two important additional concepts in the formula allocation of Equalization Aid:

1.) If a district's value per member exceeds the state guarantee at the secondary or tertiary tiers, negative aid is generated. Negative aid at any tier can reduce, or in some cases, eliminate a district's positive aid from another tier. A hold-harmless provision in state statutes entitles a district to receive at least the positive aid generated at its primary tier, regardless if the sum of all three tiers is a negative number. Districts not generating positive aid at the primary tier do not get any Equalization Aid from the state.

2.) The Equalization Aid formula accommodates the differing grade configurations found in Wisconsin districts. For elementary school districts (grades K-8), the guaranteed valuation is adjusted to one-and-a-half (1.5) times the K-12 guaranteed valuation, and for high school districts (grades 9-12), the guaranteed valuation is adjusted to three (3) times the K-12 guaranteed valuation.

*Other General Aids*

There are 3 other general aid programs in Wisconsin:

- 1.) Special Adjustment Aid - provides general aid to school districts generating less than 85% of the state aid generated in the previous year. Otherwise known as "parachute" aid, it is meant to mitigate severe declines in aid from year to year.
- 2.) Inter and Intra-District Aid – provides general aid to school districts for pupil transfers resulting from a plan to reduce racial imbalance. (Intra applies to within-district transfers, and Inter applies to between-district transfers.)

Other General Aid Programs	Participation Rates	Eligibility (2010-11)
Integration Aid (inter and intra)	Beloit, Madison, Racine, Milwaukee, and Wausau receive intra-district aid for 26,940 transfers; Milwaukee and 22 suburban districts receive inter-district aid for 1,881 transfers	\$65.3 million for both programs
Special Adjustment Aid	Additional aid to a school district that receives less than 85 percent of state aid in current year than it received in the	\$14.2 million

	previous year. Per State St. 121.105, a district cannot have a state aid reduction of more than 15%.	
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## Governance

The state has 368 K-12 districts, 46 elementary (K-8) districts, and 10 union high school (9-12) districts, for a total of 424 school districts in 2010-11. All are fiscally independent; that is, they do not depend on other local units of government such as counties or municipalities for their local tax revenue. In addition, 12 cooperative educational service agencies (CESAs), which are fiscally dependent on school districts, provide programs and services to local districts. Three counties operated county children with disabilities education boards (CCDEBs), all fiscally independent. School districts are classified as common (367), union high (10), unified (46), and a first class city (Milwaukee). Common and union high districts are required to hold an annual meeting at which a majority of electors present approve the district's property tax levy. However, the school board has the authority to adjust the tax levy if it is determined that the annual meeting has not voted a tax sufficient to operate and maintain the schools or for debt retirement. School boards in unified and first class city school districts do not hold annual meetings.

## District-Based Components

### Density/Sparsity of Small Schools

The state's 2007-09 biennial budget enacted this categorical aid program. The statutory provision for this aid program is found in s. 115.436, Wis. Stats. Districts that have 725 or less members, whose membership is less than 10 members per square mile of district's geographic area and have at least 20 percent of its membership qualify for free or reduced-price lunch under the National School Lunch program will receive \$300 per pupil. The 2010-11 appropriation for Sparsity Aid is \$13.5 million.

### High-Poverty Aid

The state's 2007-09 biennial budget enacted this categorical aid program. The statutory provision for this aid program is found in s. 121.136, Wis. Stats. A school district is eligible for High Poverty Aid if, in the October preceding each biennium, the number of pupils eligible for free or reduced-price lunch divided by the district's September membership is equal to at least 50 percent. The 2014-15 appropriation for High-Poverty Aid is \$15.8 million.

### Grade Level Differences

Does not apply.

### Declining Enrollment or Growth

Does not apply.

### Capital Outlay and/or Debt Service

Capital outlay financed directly from taxes is included in a district's shared cost calculation for equalization aid purposes. Long-term indebtedness is limited to 10% of equalized valuation in K-12 districts, 5% in other districts, and for Milwaukee, 5%, plus an additional 2%.

### Transportation

State pupil transportation aids are a categorical aid and determined under the provisions of s. 121.58, Wis. Stats. The appropriation for reimbursement of transporting public and nonpublic school pupils is found in s. 20.255(2)(cr), Wis. Stats. School districts that furnish transportation to and from public and nonpublic schools are entitled to receive state aid at the following rates:

Distance in Miles	Regular Year	Summer School
Less Than 2 Miles (hazardous area)	\$15/pupil	--
2-5 miles	\$35/pupil	\$4/pupil
Over 5 up to 8	\$55/pupil	\$6/pupil
Over 8 up to 12	\$110/pupil	\$6/pupil
Over 12	\$275/pupil	\$6/pupil

Distances are measured from the pupil's residence to the school attended; following the shortest commonly traveled route. Half payment is made for pupils enrolled and transported less than 91 days (regular year) or 16 days (summer school). Pupil transportation aid is based on student ridership in the previous year. The 2010-11 appropriation for Transportation Aid is \$26.3 million.

### High Cost Transportation Aid

The State's 2011-13 biennial budget enacted this categorical aid program. Additional funding is provided to districts with higher per pupil transportation costs compared to the statewide average. A district is eligible for aid if its per pupil transportation cost, based on audited information from the previous fiscal year, exceeds 150% of the statewide average. The 2014-15 appropriation for High Cost Transportation Aid is \$5 million.

## Student-Based Components

### *Categorical Aids*

The state provides two types of categorical aids: (1) formula-driven, in which funds are automatically provided to school districts based on specific criteria, and (2) grant programs, under which districts must submit a request for the funds. The 2014-15 program appropriations are listed below:

Categorical Aid Programs	Funding (2014-15)
Special Education	\$368.9 million
High Cost Special Education	\$3.5 million

CCDEBs	\$4.1 million
SAGE (based on low-income concentration)	\$109.2 million
SAGE debt service aid	\$133,700
Telecommunications Access Program	\$11.1 million
Sparsity Aid	\$13.5 million
School Library Aid (est, as this is based on program revenue)	\$34 million
Pupil Transportation	\$23.7 million
Bilingual Bicultural Education	\$8.6 million
Head Start Supplement	\$6.3 million
4K Implementation Grants	\$1.3 million
Alcohol and Other Drug Abuse	\$1.3 million
Educator Effectiveness Grants	\$5.8 million
State Nutrition Programs	\$7.4 million
Career & Technical Education Incentive Grants	\$3 million
Peer Review and Mentoring	\$1.6 million
Open Enrollment Transportation	\$434,200
Environmental Education	\$284,600
CESA Administration	\$260,600
Gifted and Talented	\$237,200
Supplemental Aid	\$100,000
Tribal Language Grants	\$222,800
Youth Options Transportation Aid	\$17,400

### **Special Education**

Special Education is funded by a combination of state, local, and federal monies. State categorical aids assist with the costs of providing special education and related services. This includes reimbursement for teachers and teacher aides, physical and occupational therapists, speech/language therapists, special education directors, school psychologists, social workers,

school nurses, school counselors, and special transportation. Staff must hold appropriate licensure in order to be eligible for reimbursement.

School districts, cooperative educational service agencies, county children with disabilities education boards, and 2r charter schools who operate programs for children with disabilities are reimbursed for special education costs in the year after costs are incurred. Funds are appropriated through the state budget process. Recipient agencies must complete the Special Education Fiscal Report program, PI-1505-SE.

There are 11 major areas of state aid to school districts, CCDEBs, and CESAs which provide programs for Special Education children:

- early childhood
- other health impaired or orthopedically impaired
- cognitively disabled
- hearing impairment
- visual disability
- speech and language disability
- emotional disturbance
- learning disability
- school age parents
- homebound instruction
- cross categorical

**Low Income / Comp Ed / At-Risk**

See SAGE in the categorical aid chart

**English Language Learner/Bilingual Education**

Bilingual/Bicultural Education Aid is funded as a categorical aid; brief information is contained in the Categorical Aid chart.

**Gifted and Talented Education**

Gifted and Talented Education is funded as a categorical aid; brief information is contained in the Categorical Aid chart.

**Career and Technical Education**

No response

**Preschool Education**

No response

**Other**

No response

**Revenue and Expenditure Information**

## **State Mandates Restricting Revenue or Expenditure Increases**

### *Revenue Limits*

Wisconsin Act 16 implemented Revenue Limits beginning with the 1993-94 school year. A district's Revenue Limit is the maximum amount of revenue it may raise through state General Aid, state Computer Aid, and select property tax levies.

A district's maximum is derived from enrollment changes (3-year rolling average), a per-pupil allowable increase or decrease (\$75.00 in 2014-15), and the prior year controlled revenue. A district may increase its maximum limit by an additional amount of specific exemptions upon application and approval by the Department of Public Instruction. A district then determines the maximum allowable levy for Funds 10, 38 and 41 by subtracting Computer Aid and the October 15 General Aid Certification provided by the department from the revenue limit. (*General school aids* include equalization, integration, and special adjustment aids. *Computer aid* is state funding provided to local units of government, including school districts, equal to the amount of property tax that would otherwise have been paid on exempt equipment.)

A district's total property tax levy is comprised of the controlled levies: General (10), Non-Referendum Debt (38) (authorized after August 12, 1993), Capital Expansion (41); and the non-controlled levies: Referendum Debt (39), Community Service (80), and Property Tax Chargebacks. (Property Tax Chargebacks allow districts to, in the current year, recover uncollectable taxes from a prior year.)

The *gross school property tax levy* is the total school district levy; however, property tax credits (school levy tax credit, first dollar credit, and lottery credit) provide below-the-line tax relief to taxpayers.

### **Property Assessment Ratios Used/Legal Standards For Property Assessment**

Full market value of taxable property in the school district as determined by the Department of Revenue (DOR) as of January 1 of each year.

### **Measure of Local Ability to Support Schools**

Per pupil value of taxable property.

### **School District Budget and Tax Rate Procedures/Sources of Local Revenue**

School districts derive their revenue through four major sources: state aid, property tax, federal aid, and other local non-property tax revenues such as fees and interest earnings.

### *Comparative Revenue and Expenditure Information*

### **Comparative Cost & Comparative Revenue**

In cooperation with the Wisconsin Association of School Business Officials Accounting Committee, the Department of Public Instruction (DPI) School Financial Services Team has developed several cost and revenue "benchmarks" that can be used for informational and general

analysis purposes. Cost and revenue measures, themselves, cannot indicate the extent or quality of a particular district's educational program. Users of this data are encouraged to pursue the reasons for cost differences between districts. Data can be found at:  
[http://sfs.dpi.wi.gov/sfs\\_cmprvst](http://sfs.dpi.wi.gov/sfs_cmprvst)

### **State Support for Nonpublic Schools**

Milwaukee Parental Choice Program 2014-15	26,000 students (est)	\$191 million
Milwaukee-Racine Charter School Program 2014-15	8,500 students (est)	\$68.6 million
Racine Parental Choice Program 2014-15	1700 students (est)	\$12.3 million
Statewide Parental Choice Program 2014-15	1000 students (est)	\$7.2 million

Note: Additional narrative description and historical statistics for general and categorical state aid in Wisconsin can be found in "State Aid to School Districts, Information Papers 2, 25, and 27," Wisconsin Legislative Fiscal Bureau.  
<http://legis.wisconsin.gov/lfb/>