



## State Budget Legislation Passed 2015-17 as it impacts RUSD

### Fiscal and Budgetary Impacts

1. **General Aid:** No approved increase in General Aid in the first year of the biennium. An increase of \$108 million is scheduled for the second year which represents a 2.4% increase.  
**RUSD IMPACT:** Growing General Aids mean the district would receive more funds to maintain the property tax levy. No increase in school aids means fewer funds will be received at a time when expenditures will be growing due to the approved referendum. Impact for year two increase is unknown, depending on funding formula calculation in 2017.
2. **Desegregation Aid Phase Out:** For many years, RUSD received \$8.8 million per year for desegregation aid, which was used to reduce property taxes. Desegregation aid provides funds to districts where non-minority students attend schools in minority areas and minority students attend schools in non-minority areas. This year between 5,240 and 5,725 students transferred to schools as part of District desegregation policies. The approved budget phases out state desegregation aid over an 8 year period, reducing funding by 12.5% per year.  
**RUSD IMPACT:** The elimination of this funding will reduce desegregation aid by at least \$1.1 million each year for 8 years until it is completely ended. This results in property taxes increasing by that same amount each year (approximately 11 cents per year). Therefore, after 8 years, property taxes will have increased approximately 88 cents total.
3. **Per Pupil Revenue and Aid Adjustments:** For 2015-16, the state budget provides no increase in the two methods for providing allowances to school districts to cover operational cost increases. The increase in per-pupil aid in 2016-17 represents about a 1% increase in the second year.
  - a. **Revenue Limits:** No per pupil adjustment was passed for state revenue limits.
  - b. **Per Pupil Aid:** The \$150 per-pupil aid has been maintained for 2015-16 and changed to \$250 per pupil for 2016-17.**RUSD IMPACT:** The district will maintain per-pupil aid of approximately \$3 million in 2015-16 and receive an additional \$2 million in 2016-17.
4. **School Levy Credit:** The budget increases the School Levy Credit by \$105.6 million, or 14%. This credit reduces the impact of school property tax increases. The distribution of this aid benefits districts which higher property wealth over a district like RUSD that has lower property wealth.  
**RUSD IMPACT:** The increase in the School Levy Credit is expected to decrease the RUSD school property tax levy rate by 22 cents per \$1,000 of property value.

If those funds were added to general school aid, property taxes would have been decreased 29 cents per \$1,000 of property value.

5. **Special Education Open Enrollment:** The budget changes the ability of a district to deny an application by a special education student for an open enrollment transfer due to undue financial burden. In addition, the open enrollment funding level is capped at \$12,000.

**RUSD IMPACT:** It is unclear what the fiscal impact will be of this change. We need to wait for final open enrollment data to determine the fiscal impact.

6. **Voucher Expansion and Changes:** The approved budget eliminates the enrollment cap on the statewide voucher program. Limits are applied statewide, except for Racine and Milwaukee. For other districts, the number of students who can participate are limited to 1% of prior year enrollment. Racine and Milwaukee have no limit on the number of students who can enroll in vouchers. For other districts, participation limits increase by 1% each year until 2026-27 when all limits would no longer apply.

For all other districts, eligibility for vouchers is capped for families at 185% of poverty, while it will remain at 300% for families in Racine and Milwaukee. Annual verification for income eligibility will no longer be required unless a student in a family becomes a new voucher applicant.

The funding mechanism for vouchers also changed so that school districts fund the tuition for voucher students similar to the open enrollment process. Voucher pupils will be counted in a district's revenue limit and aid memberships. Districts are allowed to levy for incoming new students through a direct tax levy.

**RUSD IMPACT:** Racine students already part of the voucher program will continue to be funded by the state. The new funding mechanism for vouchers will cause RUSD to absorb the tuition costs of *new* students participating under the program. Historically the number of voucher students in Racine has increased by about 500 students per year, out of which 60% were former RUSD students. The district would need to absorb the voucher tuition costs of former students which would be about \$1.7 million. The new law would allow the district to increase the tax levy to pay for tuition costs of students that were not previously an RUSD students. We estimate this will increase property taxes by about \$2.5 million (25 cent tax levy increase). The costs and tax impact will increase or decrease depending on how many students utilize vouchers to attend private schools.

7. **Special Education Voucher Program:** Beginning in 2016-17, a special education voucher program would be in effect to allow a child with a disability to attend a participating private school. The child would need to have been previously rejected from attending a school in a non-resident district under the open enrollment program and have an IEP or service plan in place. If an IEP team unanimously determines they are no longer a child with a disability, they would no longer be eligible for a special needs voucher. However, they could

continue to attend the private school under the regular voucher program. There are no income eligibility requirements under this program.

The special needs voucher funding amount is set at \$12,000. The tuition amount would be charged to the school of residence. The district can continue to count the student for revenue limit and aid purposes.

**RUSD IMPACT:** It is unclear as to the fiscal impact on the district. Over the past few years only a few special education students have been prevented from open-enrolling to other districts due to the high costs to the district. The district would need to fully absorb the tuition cost of the voucher paid to the private school. It is assumed that the district would not need to provide services to the student attending the private school.

8. **Charter Schools:** The approved budget makes several changes to charter school laws that will likely expand the number of independent charter schools. Some of those changes include:

- a. Increases the charter school tuition payment from \$8,075 to \$8,087 in 2015-16 and \$8,195 in 2016-17.
- b. Allows independent charter schools to provide pupil transportation and allows them to receive pupil transportation aid.
- c. Expands the number of entities that can authorize independent charter schools, including Gateway Technical College. Funding for the students attending these new independent charters would come from chargebacks to a student's district of residence similar to the open enrollment tuition system.
- d. Allows UW-Parkside to open additional independent charter schools and eliminates the 480 student enrollment cap on the 21<sup>st</sup> Century School.
- e. Standards are set for soliciting charter school applications, approving high-quality charter schools, monitor charter school performance, and reporting to DPI.
- f. Changes are made to the governing board structures of charter schools.

**RUSD IMPACT:** If more independent charters open in Racine under these provisions, this could further erode RUSD enrollment. In addition, the opening of a Gateway Technical College independent charter school in the area would require RUSD to absorb the costs of tuition payments to those entities. Also, the District will need to abide by the new charter school reporting and operating standards for the two instrumentality charter schools operating in the district.

9. **Categorical Aids:** Few approved increases in categorical aids are provided for special education or bilingual programs. Additional funds are provided for high cost pupil transportation and high cost special education.

**RUSD IMPACT:** No increase in categorical aids means state aid will fund a smaller percentage of district expenditures in these areas. In other words, the District's own budget will have to absorb any additional costs for special education and bilingual students.

10. **Notice of Educational Options:** The budget requires school districts to provide information to all parents residing in the district about all educational options available to students ages 3-17, including public, private, charter, virtual, open enrollment, youth options, and home-based private education programs.

**RUSD IMPACT:** The District is currently developing communication to assure compliance with this new mandate.

11. **Geographic Representation of School Boards in Unified Districts:** The budget requires Unified School Districts to have school board members elected using districts representing geographic areas. This requirement will be in effect for the school board elections in 2016.

**RUSD IMPACT:** The Board of Education is currently working on assuring compliance with this mandate.

12. **Local Government Property Insurance Fund:** The budget will close the Local Government Property Insurance fund to new policies and would not renew existing policies. The LGPIF is meant to provide affordable property insurance to local governments.

**RUSD IMPACT:** The District currently has property insurance through the LGPIF. Insurance consultants have assisted RUSD in changing our property insurance coverage to a carrier with premiums that are less than what would have been charged by the LGPIF. The Board of Education approved this change in June 2015.

13. **Prevailing Wage:** The budget repeals the prevailing wage law for local and municipal projects. This law sets a minimum wage level for construction workers.

**RUSD IMPACT:** It is unclear what the impact of this change will have on the district. It does give the District flexibility to save costs in contracted work wages, if the Board of Education gives direction to do so.

## **Academics and Instruction Legislation**

1. School Districts have the authority to select the academic standards used to guide instruction as well as assessments used to monitor student mastery of those standards.

a. Board must vote and approve a set of standards to be used in the district during the first school board meeting in July. (Legislation is effective July 14, 2015)

b. School District must annually notify parents of the academic standards in use prior to the start of the school year.

**RUSD IMPACT:** The Board will take up approval of academic standards currently in place (based on O-E 10.2) during the August Board of Education meeting and during July Board meetings in subsequent years.

2. Wisconsin high school students must pass a Civics assessment as part of graduation requirements.  
**RUSD IMPACT:** The Office of the CAO is developing the process and plan to meet this requirement in collaboration with the high school social studies department chairs.
3. Districts can recognize individual learning styles of students and grant high school credit based on competency or learning portfolios.  
**RUSD IMPACT:** The Office of the CAO will work collaboratively with high school department chairs and counselors to determine if and where this can be used to benefit our students and bring any recommendations to the Board. Part of Administrative Regulation 6142.
4. Districts can select the reading readiness assessment preferred for use with students.  
**RUSD IMPACT:** The Office of the CAO will investigate options and identify the assessment tool to be used across the district in order to maintain a consistent, common reading readiness assessment for our students. Early literacy teachers, building administrators and members of the Assessment and Accountability department will participate in the process to determine the assessment tool selected. The PALS assessment will continue to be used at least for the 2015-16 school year.
5. School and district ratings across the state will move to a 'STAR' rating system (versus a letter grade system).  
**RUSD IMPACT:** No action required from RUSD. Our rating will come from DPI in the form of stars.
6. School Districts must notify parents of several pieces of information prior to the start of the school year.
  - a. District must provide parents and guardians with notification of the District's accountability report card and the ranking level of district schools as well as charter and private voucher schools.  
**RUSD IMPACT:** We will wait for the state to provide the accountability report card and ranking information.
  - b. Districts must provide parents and guardians with notification of the list of educational school options available to children residing in the district. This includes public, private, virtual, open enrollment, youth options, course options and options for pupils enrolled in a home-based educational program.  
**RUSD IMPACT:** We are currently compiling the information and composing the communication we are obligated to send to all parents. We anticipate sending this information during August.

- c. Districts must provide parents and guardians of each child enrolled in the district who has a disability with information about the existence of the special needs voucher program.  
**RUSD IMPACT:** We are currently compiling the information and composing the communication we are obligated to send to all parents of students with disabilities. We anticipate sending this information during August.
  
- 7. Teacher licensure, specifically for rural school district challenges were changed to allow flexibility in hiring with other than traditional licensure for teachers.  
**RUSD IMPACT:** RUSD does not plan to adjust licensure requirements for any teacher positions at this time.

Additional information on legislative changes is available for review at <https://wasblequpdate.wordpress.com>