



"Leadership in Public School Governance"

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TO: Members, Assembly Committee on Education
FROM: Dan Rossmiller, WASB Government Relations Director
DATE: June 13, 2019
RE: SUPPORT for ASSEMBLY BILL 223, relating to supplemental state aid for consolidated school districts

Assembly Bill 223 stems from the work of the Blue Ribbon Commission on School Funding. The bill reflects one recommendation from a set of five separate recommendations offered by the Commission to provide incentives for school districts to consolidate. It is the first bill reflecting a recommendation of the Commission to come before a legislative committee.

The WASB supports incentives for districts to reduce per pupil expenditures through voluntary consolidation. This bill is intended to encourage or incentivize consolidation by providing additional property tax relief to taxpayers in newly consolidated districts where the consolidating school districts have disparate property tax rates. It would do this by providing supplemental state aid to reduce the tax (mill) rate within the newly consolidated district to the lowest tax (mill) rate among the consolidating districts in the year prior to consolidation. Under the bill, this additional supplemental aid would be phased out over a five-year period.

To the extent that the additional property tax relief provided under the bill can be estimated prior to the consolidation and is known to the respective school boards and to the property taxpayers and voters of the districts considering consolidation, it could provide an additional incentive or inducement to support consolidation. Because the bill creates a sum sufficient appropriation to fund the additional supplemental aid, once the aid amount is set it would not be altered, except by the five-year phase out.

Tax rate disparities are often raised by the public as an issue when consolidation is discussed, along with facilities and athletics. People in a particular district may shy away if they believe consolidation will result in raising their tax rates or reducing state general aid. This bill would help to minimize this concern, at least within the five-year period following consolidation.

It should be noted that because this aid would be received under the revenue limit, it would not provide the newly consolidated district with additional spending authority, rather this aid would have to be applied toward reducing the property tax levy. So, while it can help incentivize consolidation from a property tax perspective, it would not, by itself, necessarily directly reduce expenditures or increase educational opportunities or spendable resources in the consolidated district.