

Assembly Committee on Education
December 17, 2015

Department of Public Instruction Testimony
Assembly Bill 481

I want to thank Chairman Thiesfeldt and members of the committee for the opportunity to testify before you today on Assembly Bill 481 (AB 481). My name is Bob Soldner. I am the Director of School Financial Services for the Department of Public Instruction (DPI) and with me today is Erin Fath, Director of Policy and Budget.

Background

Student demographics and enrollment have changed significantly in last 15 years. While statewide student enrollment has remained steady, today, students are significantly more diverse, lower income, and more concentrated in suburban and urban districts.

Geographic Enrollment: Wisconsin has a large number of small, often rural school districts. In fact, **55 percent of districts enroll fewer than 1,000 students.**

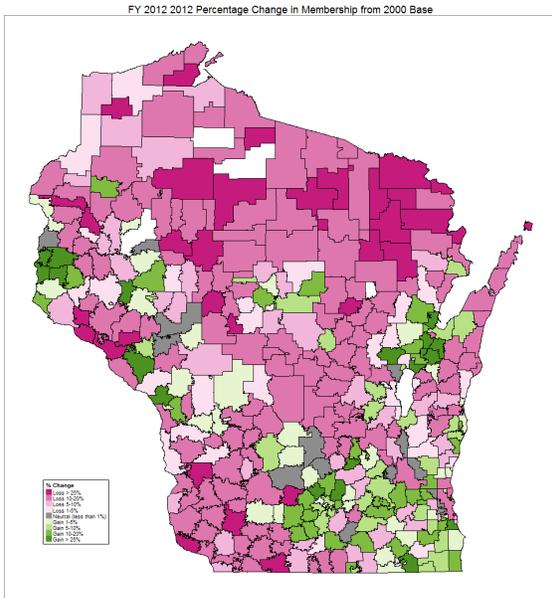
In 2001, **1/3 of districts** were in **declining enrollment**, but by 2010, nearly **2/3 districts** were in **declining enrollment**.

While many districts are declining in enrollment, statewide enrollment has been stable—concentrating enrollment in a smaller number of mostly suburban and urban districts. Today, **75 percent of students** are located in just **30 percent of districts**.

Cumulative Enrollment	Percentile	# of Districts	% of Districts	District Enrollment	% of Districts
209,535	25%	8	2%	Under 1,000	55%
419,387	50%	41	11%	Under 3,000	83%
626,834	75%	114	30%	Under 10,000	98%
871,551	100%	424	100%		

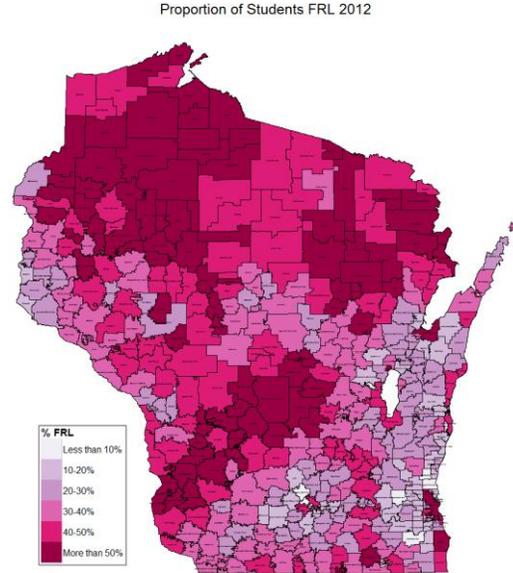
Over the same period, statewide student **eligibility for Free and Reduce Lunch (FRL) more than doubled, from 21 percent to 43 percent** (see maps on the following page).

Declining enrollment has concentrated students
in fewer districts...



Key Takeaway: Number of districts in declining enrollment doubles (grows from $\frac{1}{3}$ to $\frac{2}{3}$)

and those small, rural districts are facing
growing poverty



Key Takeaway: Percent of FRL students doubles from 21% in 2001 to 43% in 2012

Enrollment by Sector: Wisconsin's educational landscape offers students and families an intricate ecosystem of schools and systems. These myriad options are particularly prevalent in urban and suburban areas and include neighborhood schools, open enrollment between districts, several types of charter schools, as well as parental choice programs for students to attend private schools.

Looking across Wisconsin's enrollment landscape by sector:

- Wisconsin's 2,100 traditional public schools enroll nearly 830,000 students (92 percent), nearly 50,000 of these students open enroll between districts;
- Almost 30,000 students enroll in one of the 242 district charter schools (three percent);
- About 8,500 (one percent) students enroll in independent charter schools;
- Around 7,000 students (one percent) enroll in one of 30 virtual charter schools; and
- Approximately 30,000 students receive a voucher to attend school under a parental choice program (three percent).

Analysis of Assembly Bill 481

The bill's intent appears to be twofold:

1. To limit a school board's ability to revisit resolutions to pursue borrowing, and/or garner additional revenue raising authority (either for operations or construction), which have been rejected by voters at a referendum.
2. To ensure that referenda are on the ballot only in higher turnout general elections.

The bill as drafted by the author accomplishes its intent by:

1. Requiring school boards to wait 730 days (2 years) before considering another resolution to go to referendum, regardless of whether it is related to the rejected referendum, unless the request is to address a natural disaster, including a fire.
2. Applying the 730-day requirement to any revenue increases that make use of :
 - a. Trust Fund loans from the Board of Commissioners of Public Lands (Wis. Stat. s. 24.66(3)).
 - b. Loans and bond issues that result in a school's indebtedness exceeding the lesser of \$1 million or 1.5 percent of the average state equalized value per member times the district's membership (Wis. Stat. s. 67.05, s. 119.49).
 - c. Short-term borrowing or promissory notes, whether or not a referendum is required (Wis. Stat. s. 67.12). For example, rejecting a referendum to build a new school would prohibit short-term borrowing for cash-flow.
 - d. MPS taxes under the School Construction Fund (Wis. Stat. s. 119.48)
3. Requiring a "natural disaster" referendum question to be on a ballot between 70 days and 6 months of school board passage of a resolution. By exempting only natural disasters and fire from the 2-year suspension, prevent a school district from requesting borrowing authority to address safety, security, or building code violation issues during the suspension period.
4. Requiring that spending/borrowing referenda questions be put to voters only on the spring (April) and fall (November) general election dates. However, the two year referendum moratorium and limiting referenda to general election dates could results in districts having to wait as long as three years between referenda.

For example, if a school district referendum failed in April 2015, then the next opportunity may not be until April 2018.

A board vote on a new referendum would have to occur (1) at least *70 days prior to next April election in 2017*; **and** (2) *at least 730 days after the previous resolution passed.*

If the April 2017 election were not viable due to the statutory restrictions, then the district would have to wait until April 2018, as there is no fall general election in 2017.

Analysis of Assembly Amendment 1 to Assembly Bill 481

Assembly Amendment 1 would reduce the AB 481's original **two-year** (730-day) proposed moratorium on additional referenda, bonding and borrowing following a failed referendum to **one year (365 days)**.

The restriction to holding referendum in the spring and fall general elections remain in the bill.

The amendment also removes restrictions on short-term borrowing proposed. All other restrictions on borrowing (e.g., promissory notes, state trust fund loans, etc.) would remain in the bill.

Please note, the "one-year" moratorium could be a year-and-a-half, if a failed referendum vote occurs in November of an even-numbered year (since there is no fall general election in an odd-numbered years).

Referendum Results

- Since 1994, there have been almost 2,800 referenda (52 percent approved).
- Since July 2011, there has been 380 referenda (63 percent approved).
- Approximately 80 percent of referenda are in rural school districts.

Limiting when districts can ask voters to approve new resources would diminish or delay the number of successful referenda, reducing voter-approved resources for students in public schools.

Since July 2011, 31 districts have successfully passed a total of 36 referenda within two years of having a referendum turned down by voters. These successful referenda—which would not have been allowed under this bill—represent \$196 million in voter-approved resources for public schools.

Repeated referenda attempts and use of special elections are both extremely rare; however, they are important governance tools.

A narrowly defeated referenda often will pass on a subsequent attempt after incorporating feedback from voters. This engagement with the electorate is at the heart of local government and the cornerstone of the referenda process.

Additionally, while special elections generally have lower turnout than regular elections, they are used for a variety of legitimate purposes. If special elections are a valid tools for important decisions such as filling a legislative vacancy, then the rare occasions when they are needed for referenda should be treated similarly.