

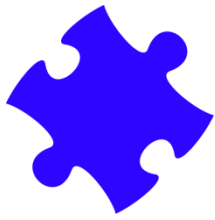
School Finance Puzzle Glossary of Finance Terms



WISCONSIN DEPARTMENT OF
Public Instruction



**WASB-WASDA-WASBO
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Revenue Limit Terms

Allowable Per Member Change -

Change in the revenue limit computation on a per member basis for all districts. The amount is determined by the Legislature; per 2023 Act 19, the per member amount is \$325.

Base Revenue - Starting point in revenue limit computation. Net of the following prior year amounts:

- State General Aid received (equalization, special adjustment, & integrations aids);
- *plus* High Poverty Aid received (\$0 per 2023 Act 19);
- *plus* Aid for Exempt Computers
- *plus* Aid for Exempt Personal Property
- *plus* the levies for General Operations (Fund 10), Non-Referendum Debt (Fund 38), and Capital Expansion (Fund 41);
- *minus* any revenue limit penalty;
- *minus* the value of the non-recurring exemptions actually levied in the prior year.

Base Membership - Number of resident, full-time equivalency pupils enrolled on the third Friday of September; *plus* 40% of summer school FTE; *plus* FTE residents enrolled in new independent charter schools. The “base” membership computation averages the three prior years of data.

Base Per Member - Base Revenue divided by Base Membership.

Computer Aid - Payment from the State to the school district that offsets a portion of the district’s levy. Computer aid amounts are determined and reported to DPI by the Department of Revenue.

Current Membership - Number of resident, full-time equivalency pupils enrolled on the third Friday of September; *plus* 40% of summer school FTE; *plus* FTE residents enrolled in new independent charter schools. The “current” membership computation averages the current year and prior two years of data (three years total).

Exempt Personal Property Aid -

Payment from the State to the school district that offsets a portion of the district’s levy. Personal property aid amounts are determined and reported to DPI by the Department of Revenue.

Exemptions - Additional increases to a district’s Revenue Limit above the results derived from the base, membership and per member change computations. State statutes govern the allowable exemptions. Districts must meet the eligibility criteria. There are two types of exemptions:

1.) **Recurring Exemptions** are base-building – that is, if the district taxes for any of this additional authority, the levy amount is automatically included in the succeeding year’s base. Any unused Recurring Exemption authority (resulting from under-levy by the district) may become eligible for carryover into the next year, depending on the amount of non-recurring exemptions claimed by the district in the year in which the district under-levies. (Examples include prior year carryover and recurring referenda.)

2.) **Non-Recurring Exemptions** are not base-building – that is, if a district taxes for any of these exemptions, the amount is not included in the succeeding year’s base. In addition, any unused Non-Recurring Exemption is not eligible for carryover in the next year – districts have one—and only one—opportunity to use non-recurring exemptions. (Examples include non-recurring referenda, declining enrollment and private school voucher deductions.)

Maximum Revenue Per Member (No Exemptions) - Base Per Member plus Net Allowable Per Member Change.

Maximum Revenue Limit, No Exemptions - Maximum Revenue Per Member multiplied by the Current Membership.

October 15 General Aid Certification - On or before October 15, the Department of Public Instruction certifies to each district the amount of State General Aid the district will receive in the current fiscal year. By law, the district must use this certified amount in their Revenue Limit computation to reduce the amount of property taxes levied. High Poverty Aid (\$0 per 2023 Act 19), State Aid for Exempt Computers and State Aid for Exempt Personal Property must also be used in the computation when determining the maximum amount of property taxes to be levied under the limit.

Revenue Limit - District-specific limit on the revenue a school district is entitled to receive from State General Aid (equalization, special adjustment, and integration aids), High Poverty Aid (\$0 per 2023 Act 19), State Aid for Exempt Computers, State Aid for Exempt Personal Property and certain (not all) local levies. A district's Revenue Limit is computed through a series of mathematical calculations:

1. Base Revenue is divided by the Base Membership to get the Base per Member.
2. The Allowable Per Member Change is added to the Base Per Member to arrive at the new Maximum Revenue Per Member (no exemptions).
3. The Maximum Revenue Per Member is multiplied by the Current Membership to get the Maximum Revenue Limit, No Exemptions.

4. A district's Revenue Limit may further be increased by approved Exemptions.
5. The October 15 General Aid Certification (along with High Poverty Aid, State Aid for Exempt Computers, and State Aid for Exempt Personal Property, if applicable) is subtracted from the Revenue Limit With All Exemptions to determine the maximum amount the district can receive through the combination of levies for Funds 10 (General), 38 (Non-Referendum), and 41 (Capital Expansion).

SAMPLE REVENUE LIMIT: 2024-2025

1.	Base Revenue	\$52,195,000
2.	Base Membership	4,745
3.	Base Per Member (Line 1÷Line2)	\$ 11,000
4.	A. Per Member Change for 2024-25	\$ 25
	B. Low Rev Increase (to min \$11,000)	\$ 11,325
5.	Max Revenue Per Member (Line 3 + Line 4)	\$ 11,325
6.	Current Membership	4,771
7.	Maximum Revenue Limit, No Exemptions (A + B)	\$54,031,575
	A. Line 5 x Line 6	\$54,031,575
	B. Hold Harmless Non-Recurring Exemption (Line 7 ÷ Line 1)	\$ 0
8.	Recurring Exemptions*	
	A. Prior Year Carryover	\$ 0
	B. Transfer of Service	\$ 0
	C. Transfer of Territory	\$ 0
	D. Federal Impact Aid Loss	\$ 0
	E. Recurring Referenda	\$ 0
10.	Non-Recurring Exemptions*	\$ 8,649,842
11.	Revenue Limit With All Exemptions (Line 7 + Lines 8A-E + Line 10A-I)	\$62,671,417
12.	Total Aid	\$39,442,523
	A. October 15 Aid Cert.	\$39,211,304
	B. High Poverty Aid	\$ 0
	C. Aid for Exempt Computers	\$ 80,088
	D. Aid for Exempt Pers Prop	\$ 151,131
13.	Allowable Limited Revenue** (Line 11 – Line 12)	\$23,228,894

* Districts must meet specific eligibility criteria for these exemptions.
 ** This is the maximum amount of resources the district can receive through the combination of levies for Funds 10 (General), 38 (Non-Referendum Debt Service), and 41 (Special Projects). By law, the DPI must remove from a district's final General Aid payment for that year the amount a district over levies.



General Aid Terms

Aid Membership - a district's student count from the previous year which is used for the purposes of determining State General Aid in the current year. It equals the average of prior-year September 3rd Friday count and prior-year January 2nd Friday count, plus the summer school count from the previous year. $[(\text{Sept} + \text{Jan})/2] + \text{Summer}$.

Appropriation (or General Aid Appropriation) - Amount of money allocated in the state budget designated for public school districts through the general school aid formula.

Categorical Aids - State aids for specific programs or services. These are not included in a district's revenue limit.

Cost - In general, expenditures for goods (supplies, materials, equipment, land, buildings) or services (salaries, benefits, utilities, professional fees).

Gross Cost - The total of all expenditures within any given fund.

Net Cost - The gross cost of a fund, minus those costs paid for by specific revenues (typically federal aid, state categorical aid, and local non - tax receipts) of that fund.

Shared Cost - The cost used as the basis for determining state general aid. This cost is funded by property taxes and state general aid. It equals the net cost of the general fund plus the net cost of the debt service fund.

See also **Cost Ceiling**

Primary Cost - That portion of a district's shared cost which is within the primary cost ceiling, and which the state shares using the primary guaranteed valuation per member.

Secondary Cost - Shared cost which is between the primary cost ceiling and the secondary cost ceiling, and which the state shares using the secondary guaranteed valuation per member.

Tertiary Cost - Shared cost which is above the secondary cost ceiling and in which the state shares using the tertiary guaranteed valuation per member.

Cost Ceiling (Primary & Secondary) - Levels of expenditure sharing within the Equalization Aid formula. The computation utilizes two cost ceilings which apply to all districts. The primary cost ceiling is set in statute at \$1,000 per pupil. The secondary cost ceiling is also set in statute at 90% of the state average shared cost per member.

Debt Service Funds - Funds used to track the revenues and expenditures for the retirement of principal and payment of interest on debt.

Equalized Value -

The estimated full market value of all real and personal property in each taxation district. The October values, estimated by the Wisconsin Department of Revenue (DOR), are used to divide a school district's tax levy among the municipalities in the district. Final values, certified the following May by the DOR, are used by DPI in the subsequent year's Equalization Aid computation.

Equalization Aid - State aid designed to offset disparities in property wealth and the resulting ability of local communities to support education through property taxes. The Equalization Aid computation always uses prior-year shared cost data. See also **General Aid**.

FTE - Full-time-equivalent. How pupil count is adjusted for enrollment that is less than full-time. For example, four-year-

old kindergarten (4K) pupils are counted as 0.5 FTE, but they may be counted as 0.6 FTE if school districts provide 87.5 hours of parental outreach.

Fund - An accounting designation that allows revenues and expenditures used for specific purposes to be segregated and tracked separately.

General Aid - State aid given to public school districts for use in funding district general operational expenditures. There are no restrictions on how this aid can be used. General Aid includes Equalization, Special Adjustment, and Integration (Inter- and Intra-District). One allocation supports all four aid programs.

General Fund - Fund that tracks the district's current general operations financial activities.

Guaranteed Value Per Member - The state guarantees minimum equalized property tax bases to support education costs for each pupil. If the district tax base is below the guaranteed amount, the state general aid formula supplements the local tax base up to the guaranteed level. The primary guarantee is used in combination with the primary cost to determine primary aid. The secondary guarantee is used in combination with the secondary cost to determine secondary aid. The tertiary guarantee is used with the tertiary cost to determine tertiary aid.

High Poverty Aid – A state aid program to help offset the property tax levy for those districts where at least fifty percent (50%) of the students are enrolled in the Free and Reduced Lunch Program. Per 2023 Act 19 (biennial budget), High Poverty Aid is set to \$0, but the statutory language has been retained.

Integration Aid - State general aid given to districts for pupil transfers between districts (Inter-District) or within a district (Intra-District) resulting from a plan to

reduce racial imbalance. See also **General Aid**.

Pupil Count - One of a variety of methods of determining the number of pupils in a class, school, or school district.

Attendance - Number of pupils present for instruction on a given school day.

Enrollment - Number of pupils officially enrolled as eligible to attend class, whether such pupils are actually in attendance on that day or not, plus pupils enrolled in home bound instruction.

Membership - Resident enrollment adjusted for full time equivalency (FTE).

Revenue Limit - A state-imposed cap on the revenue a district can receive from select local property tax levies (General Fund 10, Non-Referendum Debt Fund 38, and Capital Expansion Fund 41) and state general aids (Equalization, Special Adjustment, Inter-District, Intra-District).

Shared Cost - See Cost.

Special Adjustment Aid - State general aid given to districts that receive less than 85% of the previous-year's state general aid. Often referred to as "hold harmless" or "parachute" aid, this aid program helps lessen the decrease of the Equalization Aid in districts where the value per member is increasing at a very fast rate (relative to other districts in the state). See also **General Aid**.



Property Tax Terms

Apportionment - A proportional distribution of the levy of a taxing jurisdiction (school district) among all the taxing districts which contain territory in the district. School levy apportionment is based on Equalized Value.

Assessed Value - The dollar amount assigned to real and personal property by the municipal (city, town or village) assessor for the purpose of taxation. Assessed value is estimated as of January 1 and will apply to the taxes levied at the end of that year. It is important that property of equal value be assessed at equal amounts, but it is not necessary that the amounts reflect the true sale value of the property. State law requires that total assessments within a municipality be within 10 percent of equalized valuation no less frequently than every five years.

Assessment Ratio - The relationship between the assessed value and the fair market value of the property. Example: the assessment of a parcel was \$140,000. The fair market value = \$150,000. Assessment ratio = 93% ($140,000 / 150,000$).

Equalized Value - The estimated full market value of all real and personal property in each taxation district as of January 1, as certified by the Department of Revenue (DOR). For each type of property, the DOR multiplies the assessed valuation by an adjustment factor (see Assessment ratio) to cause each type of property to have comparable value regardless of local assessment practices. The objective is to have equalized valuation reflect the fair market value of each piece of property.

Equity - In reference to property taxes, a condition in which the tax load is distributed fairly, based on the uniformity provisions of the state constitution (i.e., each person's share of the tax is based on each property's value compared to the total value of taxable property).

Fair Market Value - A property's full value, market value.

Levy - The total amount of property taxes imposed by a taxing unit to support programs. School districts are authorized to levy the following:

General Fund Levy - Used to support the district's K-12 current operations.

General Fund Property Tax Chargeback - Districts send their tax bills to the municipalities, and the municipalities pay the district in full, usually over two disbursements, in February and August. Over time, if the municipality then cannot collect the same amount from the taxpayers, the municipality can then ask the school district to return the uncollected amount. The following year, the district can levy that amount as a chargeback for the amount they had to return to the municipalities.

Non-Referendum Debt Service Levy - Used to support the debt retirement payments for district debt obtained without a referendum.

Referendum-Approved Debt Service Levy - Used to support the debt retirement payments for district debt obtained with a referendum.

Capital Expansion Levy - Used to fund capital expansion projects related to buildings and sites. This levy cannot fund equipment.

Community Service Fund Operating Levy - Used to support operations of non-K-12 programs including: adult

education, community recreation programs, evening softball leagues, elderly food service programs, and day care services.

Lottery Credit and First Dollar Credit -

The Lottery/Gaming Credit and the First Dollar Credit are “below-the-line” property tax relief programs; that is, they are shown on the eligible individual property tax bill as reductions from the gross tax which would otherwise have been paid. To be eligible for the lottery and gaming credit, the property must be used as the owner's primary residence. To be eligible for the first dollar credit, the property must be real property and include an improvement (structure).

Market Value - The dollar amount for which a property would be sold by a willing seller to a willing buyer under normal market conditions.

Reassessment - A revision of the existing assessment roll because of substantial inequities.

School Levy Tax Credit - Created in 1985, the School Levy Tax Credit is an “above-the-line” property tax relief program; that is, the school levy is shown on the individual property tax bill as a net amount (after the levy credit has been applied). The school levy credit is shown on the property tax bill separately from the total tax calculations.

The amount of the school levy credit paid to a municipality is based on the municipality's share of a three-year average of the total statewide levy. Each municipality's total credit is divided by the total value of the municipality's taxable property to determine a rate which is applied to the individual tax bill. The

school levy credit applies to all taxable property.

Tax Incremental Financing District (TIF Districts) - A contiguous geographic area within a city or village that is targeted toward eliminating blighted areas, rehabilitating areas declining in value, and/or promoting industrial development.

TIF District Increment - The appreciation of equalized valuation of property within a TIF district above the base-level equalized valuation of the TIF district at the time it was created. Property taxes on the TIF increment which would normally go to school districts, counties, Technical College districts, and others, instead go to the municipality which created the TIF district to help that municipality pay for the cost of urban renewal within the TIF district.

Tax Rate - The ratio of the property tax levy to the base. The tax rate is determined by dividing the amount of the tax levy by either the total assessed value or the equalized value of the tax district. It is often expressed in terms of dollars per thousand. Also known as levy rate or mil rate.

TIF-In - The equalized property tax base with the value of the Tax Incremental Financing Districts (TIF) included.

TIF-Out - The equalized property tax base with the value of the Tax Incremental Financing Districts (TIF) excluded.

RESOURCES

Wisconsin Association of School Boards

122 West Washington Avenue
Suite 400
Madison, WI 53703-2761
(608) 257-2622
WASB.org

Wisconsin Association of School District Administrators

4797 Hayes Road
Suite 201
Madison, WI 53704-3288
(608) 242-1090
WASDA.org

Wisconsin Association of School Business Officials

4797 Hayes Road
Suite 202
Madison, WI 53704-3288
(608) 249-8588
WASBO.com

Wisconsin Department of Public Instruction School Financial Services

201 W Washington Ave
Madison, WI 53703
(608) 267-9114
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