

2011-13 State Budget Summary

Modifications to Act 10 (collective bargaining law)

- Provides that the required retirement contributions under Act 10 would begin on the first day of any pay period after the effective date of the budget bill, as determined by the Secretary of the Department of Administration. Note: The provisions of a contract in place when the bill takes effect would take precedence.
- Provides that the employee-required contributions to the Wisconsin Retirement System under Act 10 would be made from the employee's pre-tax income for purposes of federal and state income taxes, but not for federal employment (FICA) taxes.
- Provides that the state employee health insurance premium contributions required under Act 10 would begin with health insurance premiums paid in any month that begins after the effective date of the budget bill, as determined by the Secretary of the Department of Administration. Note: The provisions of a contract in place when the bill takes effect would take precedence.
- Provides that if there is a decrease or no change in the consumer price index, the employer would be prohibited from bargaining for any change in total base wages.
- Requires WERC to assess and collect a certification fee for each election that is conducted.
- Contains provisions related to the timing of recertification elections. These provisions will be clarified in anticipated rules to be promulgated by the Wisconsin Employment Relations Commission.
- Provides that the state's compensation plan may include other provisions relating to pay, benefits, and working conditions that would supersede the provision of the civil service and other applicable statutes and rules promulgated by the Director of OSER and the Administrator of the Division of Merit Recruitment and Selection.
- Provides that, annually, no later than December 31, each local governmental unit must pay employer contributions into the retirement system in which its employees are participating employees an amount that is at least equal to all employee required contributions under that retirement system.

Wisconsin Employment Relations Commission

- **MOUs relating to current school district and technical college collective bargaining agreements.** Permits school district employees and the collective bargaining representative of school district employees to enter into a single MOU within 90 days of the effective date of the budget bill to modify compensation and fringe benefit requirements for represented employees under a collective bargaining agreement that is in effect and was initially entered into prior to February 1, 2011. Provides that this MOU shall not be considered a modification of the contract for the purposes of 2011 Wisconsin Act 10. Apply these provisions to technical college districts as well. ***Specifies that the allowed modification may only be to reduce costs of compensation or fringe benefits.

Department of Public Instruction

State aid to schools (general and categorical)

- Cuts state aid to school districts by nearly \$800 million.
- Eliminates funding for the following categorical aid programs:
 - Aid for children at risk grants

- Alternative education grants
- Grants for advanced placement courses
- Grants for alcohol and other drug abuse prevention and intervention programs
- Grants for nursing services
- Grants for science technology, engineering and math
- Grants for improving academic achievement (Milwaukee Public Schools)
- Grants for preschool to grade 5 class-size reduction program (Milwaukee, Kenosha, Racine, Beloit). Allows former preschool to grade 5 schools to instead join the SAGE program beginning in 2011-12, although no additional funding would be provided.
- Cuts categorical aid funding for the following by 10%:
 - 4K start-up grants
 - Bilingual-bicultural
 - Gifted and talented grants
 - Head Start supplement
 - School breakfast grants
 - School day milk
 - Sparsity aid

Revenue Limit Authority

- Reduces revenue authority of school districts by an estimated \$1.6 billion. Reduces base revenue per pupil under revenue limits for each school district by 5.5% in 2011-12 and makes no adjustment to base revenue per pupil in 2012-13.
- Sets the low revenue ceiling at \$9,000 per pupil in 2011-12 and in 2012-13, and \$9,100 in 2013-14 and annually thereafter. Creates a one-time general aid appropriation funded at \$6.2 million GPR in 2011-12. Specifies that this aid would be provided to each district that qualifies for the low revenue ceiling in an amount equal to 40% of the \$100 per pupil increase compared to Governor Walker's proposal.
- Provides a \$50 per pupil adjustment under revenue limits in 2012-13. Creates a one-time categorical aid appropriation funded at \$42.5 million GPR in 2012-13. Specifies that if a district levies to the maximum under revenue limits in 2012-13, the district's aid payment would equal \$50 per pupil multiplied by the district's current year three-year average enrollment under revenue limits.
- Repeals revenue limit adjustments for school nurses, school safety and transportation costs.
- Specifies that, in the 2011-12 school year, any school district that received a prior year base revenue hold harmless adjustment in 2010-11 would receive a nonrecurring revenue limit adjustment equal to the 2010-11 adjustment amount. Specifies that, in the 2012-13 school year, any district that received a prior year base revenue hold harmless adjustment in 2010-11 and that received no equalization aid in 2010-11 would receive a nonrecurring revenue limit adjustment equal to the 2010-11 adjustment amount. Restores the prior year base revenue hold harmless adjustment beginning in the 2013-14 school year.

Milwaukee Private School Voucher Program Changes

- Increases state funding for the Milwaukee private school voucher program through a sum sufficient state appropriation, which amounts to a blank check, while at the same time cutting nearly \$800 million in state funding for public schools. The increase in funding for the Milwaukee private school voucher program over the biennium would amount to more than \$20 million.
- Sets family income eligibility at 300% of the federal poverty level and for married couples, at 331% of the federal poverty level.
- Requires a voucher school to submit names, addresses, social security numbers and tax ID numbers obtained through the application process to the Department of Revenue to determine income eligibility. Specifies that the Department of Public Instruction establish a procedure for determining income eligibility for those students that do not provide a social security number or tax ID number.
- Allows a voucher school to charge student tuition and fees, in addition to the voucher payment, if the student is in grades 9-12 and has a family income greater than 220% of the federal poverty level.
- Removes the enrollment cap.
- Allows private schools outside of Milwaukee city limits to participate.
- Requires voucher students to take the WKCE but requires the Department of Public Instruction to report proficiency levels using the number of students that actually completed the test at each grade level rather than the total number of students enrolled at each grade level.
- Specifies that once a student is determined to be eligible to participate in the program, that student remains eligible to participate in future years.
- Incorporates administrative changes to the program contained in AB 94 as amended by Assembly Amendment 1, restoring the current 40% payment rate for summer school students in the program. (Link to AB 94 <https://docs.legis.wisconsin.gov/2011/related/proposals/ab94.pdf>)

Expansion of Vouchers to Racine

- Provides funding for the new Racine private school voucher program through a sum sufficient state appropriation, which amounts to a blank check, while at the same time cutting nearly \$800 million in state funding for public schools. Funding for the Racine private school voucher program would amount to nearly \$5 million over the biennium.
- Expands the private school voucher program to Racine with a cap of 250 students in the 2011-12 school year, 500 students in the 2012-13 school year and no enrollment limit beginning in the 2013-14 school year.
- Provides that the provisions that apply to the Milwaukee private school voucher program as amended by the budget bill generally apply to the Racine program as well (income eligibility, charging of student tuition and fees etc.)

**** The state budget approved by the Assembly and Senate contains a provision to allow for future expansions of the private school voucher programs to cities of the second class if certain criteria are met. At the current time, only Racine meets these criteria. Legislative leaders have indicated that it was not their intention to expand the program to communities other than Racine and trailer legislation will be introduced to make this clear. Stay tuned.

Elimination of Virtual Charter School Open Enrollment Cap. Repeals the limit on the number of students who may attend virtual charter schools through the open enrollment program.

Study of Open Enrollment Aid Transfer Amount. Requires the Legislative Audit Bureau to prepare a report on the aid transfer amount under the open enrollment program.

Race-Based Nicknames, Logos, Mascots, and Team Names – Deadline for Compliance. Specifies that a school district that is subject to a decision and order issued by the State Superintendent to terminate the use of a race-based nickname, logo, mascot, or team name on or before the effective date of the state budget bill would not be required to comply with the decision and order until January 15, 2013.

Community Partnerships. Requires the Department of Public Instruction to provide a plan to the Department of Administration for funding community-based nongovernmental organizations to establish partnerships with local school districts. Requires the Department of Administration to submit a plan for approval by the Joint Finance Committee by January 10, 2012, encompassing the request from the Department of Public Instruction. The goal for the plan should be improving educational outcomes and teaching greater self-sufficiency.

Internet Service to K-12 school districts. Allows WiscNet, the primary Internet Service provider to K-12 school districts, to continue until July 1, 2013 at which time the Joint Finance Committee would need to act to allow WiscNet to continue.

Employee Trust Funds

- Raises the Wisconsin Retirement System eligibility threshold for school teachers, librarians, administrators and educational support personnel hired on or after the effective date of the 2011-13 state budget bill to 880 hours per year, up from 440 hours per year under current law.
- Requires a study of the structure of the WRS and benefits provided under the WRS, which could be a roadmap to privatization of the retirement system.
- Requires a study of state employee health insurance options.

Wisconsin Technical Colleges

- Cuts general aid by 30% (\$35.8 million annually).
- Allows for some wiggle room on the proposed 2-year freeze on college operating levy. Provides that the levy may not increase above the greater of this year's levy in dollars, or, the amount of the levy generated by using the prior year's operating mill rate, allowing a district to capture any property value growth over the next two year.
- Allows a district to levy any amount up to the 1.5 mill rate if approved by district-wide referendum.

Department of Corrections

- **Closure of Ethan Allen and Southern Oaks Girls School.** Closes Ethan Allen and Southern Oaks Girls School and transfers juveniles to Lincoln Hills and the new Copper Lakes School.

Insurance

- **Aggregate Claims Data.** Targets the WEA Trust risk-sharing pool by prohibiting an insurer from changing the rating methodology between community rating and experience rating or otherwise penalizing a policyholder or employer when the insurer is asked to provide aggregate group health claims experience under Sec. 632.797 of Wisconsin Statutes. The pool-rated option currently available at the Trust allows smaller school districts to join together to form a single pool resulting in premium stability. Without the pool, a single high-

cost claim could result in large premium increase for small districts. To join the pool, a school district agrees not to ask for its individual claims. The provision approved by JFC prohibits that agreement.