



Wisconsin Public Schools

Revenue Limits

History

- 1949
 - State adopted a system to address property-wealth differences among districts, which provided equalization aid to poor districts and flat grants to districts with greater property wealth.



History continued

- 1973
 - Legislature attempted to pool state tax dollars through a complex system that included “negative aids” which forced property-rich districts to share some of their property tax revenues with property-poor districts.



History continued

- 1976
 - WI Supreme Court declared negative-aid provision unconstitutional and over the next 15 years, the combined impact of severe recession (1980's), increasing education costs, and cuts in business property taxes increased the property tax burden on homeowners.



History continued

- 1993
 - Public outcry for relief led the Legislature to adopt **two** policies to hold down increases in school spending.
 - These policies were originally passed as a temporary fix, but in 1995, legislation modified the original bill and these policies became a permanent part of school financing.



Policy Number 1

- Revenue Limits
 - Purpose to cap the growth of school district revenue collection unless residents voted in a referendum to override the cap.



Policy Number 2

- Qualified Economic Offer (QEO)
 - Purpose to limit the growth of teacher wages and benefits whereby district administrators were allowed to avoid both contract arbitration and teacher strikes if they offered teachers at least a 3.8% increase in the wage/benefit package.



History continued

- As a final step toward providing property-tax relief, the Legislature and governor also agreed to increase the state's share of funding for public schools agreeing to provide 2/3 of school costs starting with the 1996-1997 school year. (Previously funding approximately 50%)



Revenue Limit

- At its inception (1993), revenue limits were based on district's spending levels when the law was enacted.
- Annual increases to the limit are established by legislation and are based on the Consumer Price Index (CPI).
- Other than a few allowable adjustments, the only way the revenue limit can be increased is through referendum.



Revenue Limit

- The Revenue Limit controls:
 - General Aid (also known as equalization aid)
 - Computer Aid
 - General Fund, Non-Referendum Debt and Capital Projects Fund Levies



Revenue Limit

- The Revenue Limit does not control:
 - Referendum Debt and Community Service Fund Levies
 - School Fees
 - Categorical Aid (Library, Transportation, etc.)
 - State and Federal Grants
 - Donations
 - Gate Receipts



Revenue Limit

- Early estimates are developed as late as January in a budget year to get a preliminary picture of the next budget year.
- The Revenue Limit process is **FINALIZED** late-October after all certified information is received and the board certifies the levy.



Revenue Limit Worksheet

- The Revenue Limit is calculated with the use of the DPI developed worksheet.
 - There have been minor changes/adjustments to the revenue limit calculation through the years, but it is structurally the same.



Revenue Limit Worksheet

- There is a four (4) step process in developing the Revenue Limit.
- Estimates are used until final information is received which includes:
 - September pupil count (3rd Friday)
 - Equalized Valuation (October 1st)
 - Certified General Aid (October 15th)



Revenue Limit Worksheet

- Step 1
 - Determine the Revenue Base which is the sum of the PREVIOUS year's general aides received and the actual prior year's levies for general fund, non-referendum debt and capital projects. This amount is then divided by the average membership from the previous three years.



Revenue Limit Worksheet

- Step 2
 - Add the per-pupil allowable increase (determined by the legislature) to the revenue base per member.



Revenue Limit Worksheet

- Step 3
 - Determine a NEW three-year average membership with the current year and previous two years information.
 - In 1995-96, legislation established a minimum revenue limit per member. Any district with a calculated limit below this minimum is permitted to raise to the minimum.
 - Chilton continues to be one of the low-spending districts and takes advantage of this adjustment.



Revenue Limit Worksheet

- Step 4
 - The maximum allowable revenue per member is then multiplied by the new three-year membership average.



Revenue Limit Worksheet

- Once the Revenue Limit is computed, the levy is established by deducting the certified general aid. The remaining amount is the limit for general operations, non-referendum debt and capital expense levies ONLY.
- Referendum debt and community service fund expenditures are outside the revenue limit.



Questions?

- If you have any questions regarding this presentation, please feel free to contact the Business Office at 920-849-8109.

