



Budget Briefs

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MILWAUKEE NEIGHBORHOOD SCHOOLS INITIATIVE

The biennial state budget act (1999 Wisconsin Act 9), passed by the legislature and signed by Governor Tommy Thompson on October 27, 1999, creates the Milwaukee Neighborhood Schools Initiative that offers incentives for Milwaukee Public Schools (MPS) to increase the use of its neighborhood schools and reduce intradistrict and interdistrict transfers by MPS students.

BACKGROUND

Over the past several decades, Wisconsin has used both intradistrict and interdistrict transfers to create cultural and racial balance. Responding to litigation, which resulted in a federal district court order that MPS must develop a desegregation plan, the 1975 Legislature established a limited form of voluntary public school choice, beginning with the 1976-77 school year.

Chapter 220, Laws of 1975, provided state financial incentives for school districts to desegregate schools by establishing: 1) an intradistrict program in which pupils could attend schools outside their neighborhood attendance area to improve balance within the district and 2) an interdistrict program principally designed to permit MPS and the Milwaukee suburban school districts to exchange students. (The funding formula provided that both sending and receiving school districts would be eligible for aid for each interdistrict transfer.)

In the 1993-94 budget bill, Governor Thompson proposed the elimination of the Chapter 220 program, but the legislature called instead for a financial and performance audit by the Legislative Fiscal Bureau. The bureau's evaluation, dated November 1994, reported the program had increased minority enrollments in suburban districts. It questioned, however, whether the transfers could significantly alter *de facto* segregation because of the changing demographics in the MPS district where the number of resident white students was expected to drop from 50.6% in 1978 to less than 20% in 1998.

CHANGES MADE BY ACT 9

Intradistrict Transfers. The act requires MPS to obtain written consent of a pupil's parent or guardian prior to an intradistrict transfer. Annual thresholds are established for the number of pupils for whom MPS would be required to receive written consent as a condition for receiving aid: 75% (2000-01), 80% (2001-02), 90% (2002-03), 95% (2003-04), and 100% (2004-05 and thereafter). If MPS does not meet the threshold, its intradistrict aid and transportation aid will be reduced.

Act 9 also requires the MPS School Board to submit a report to the legislature annually by May 1 that specifies the number, percentage, race, sex, grade, and attendance area of pupils who are transferred outside their attendance area without written consent.

Neighborhood Schools Plan. Act 9 requires MPS to develop a Neighborhood Schools Plan, hold local hearings on the plan, and submit it to the Joint Committee on Finance and the

Senate and Assembly Committees on Education by May 2000. The plan must include the following information:

- a strategy for achieving the parental consent percentages;
- specific plans for establishing neighborhood schools and replicating or relocating specialty schools in order to increase the number of pupils attending neighborhood schools;
- a facility plan, specifying the neighborhood schools that are needed, the location of specialty schools, and the estimated cost of the plan;
- other means by which the pupil capacity of neighborhood schools will be expanded, including remodeling and use of nontraditional facilities; and
- alternative settings, which are in compliance with the school building code, that will be used for educating pupils.

The Joint Committee on Finance must review and approve or modify the plan by September 2000. MPS intradistrict transfer aid for 2000-01 will not be released until the joint committee has acted on the plan.

Authorized Borrowing for Construction of Neighborhood Schools. Act 9 authorizes the City of Milwaukee Redevelopment Authority to issue up to \$170 million in bonds, backed by a pledge of the state's moral obligation, for financing or refinancing the development or redevelopment of sites and facilities to implement the Neighborhood Schools Plan. The Authority may issue the bonds only at the request of MPS, and only if the Authority determines that the purposes of the financing are consistent with the City of Milwaukee's master plan. The MPS School Board may lease building sites from the Authority or borrow money from the Authority to construct, purchase, lease, improve, or enlarge buildings for sites for public schools. MPS also may use its intradistrict transfer aid for lease or loan payments.

Intradistrict Aid Hold Harmless. A hold harmless provision is established for the amount of intradistrict aid received by MPS. Act 9 provides that, beginning in the 1999-2000 school year, the MPS intradistrict aid is the greater of the 1998-99 aid amount (\$32.9 million) or the actual amount generated under the intradistrict aid program. (Beginning in the 2000-01 school year, both amounts would be reduced to reflect MPS's failure to meet the consent thresholds.) This provision would apply until the Milwaukee Redevelopment Authority bonds are paid off or, if no bonds are issued, for five years

Interdistrict Transfer Program (Chapter 220) – Sender Aid. Act 9 specifies that, beginning in 2000-01 and thereafter, a pupil who transfers to another school district under the interdistrict transfer program will be counted as 0.75 of a pupil by the resident district, rather than 1.0, for school aids and revenue limits.

LEGISLATIVE COUNCIL STUDY

Act 9 requests the Joint Legislative Council to study both the Chapter 220 interdistrict transfer program and the intradistrict transfers undertaken by MPS and report its findings, conclusions, and recommendations to the legislature by July 1, 2000.