



School Administrators Alliance

Representing the Interests of Wisconsin School Children

TO: Senate Committee on Government Operations, Legal Review and Consumer Protection
FROM: John Forester, Executive Director
DATE: January 18, 2022
RE: Opposition to Senate Bill 448

Chairman Stroebel and members of the Senate Committee on Government Operations, Legal Review and Consumer Protection, thank you very much for the opportunity to submit testimony on this important legislation. My name is John Forester. I'm the Executive Director of the Wisconsin School Administrators Alliance (SAA). In that capacity, I represent the combined memberships of five professional associations of public school administrators: the Association of Wisconsin School Administrators (AWSA), the Wisconsin Association of School Business Officials (WASBO), the Wisconsin Association of School District Administrators (WASDA), the Wisconsin Association of School Personnel Administrators (WASPA), and the Wisconsin Council for Administrators of Special Services (WCASS). The SAA also represents the 10,000 members of the Wisconsin Retired Educators Association (WREA).

The SAA, and WREA, opposes Senate Bill 448, relating to including with a referendum question for issuing bonds a statement of the estimated interest accruing on the bonds.

Under current law, a school district referendum question seeking voter approval for issuing bonds must include a statement of the purpose for which bonds are to be issued and the maximum amount of the bonds to be issued. Under SB 448, the statement included with the referendum question must also include the estimated amount of the interest accruing on the bonds, along with the interest rate.

In anticipation of this hearing, I sought input on SB 448 from a cross-section of SAA members with an emphasis on school superintendents and school business officials. I also discussed the bill with Attorney Allison Buchanan, partner at Quarles & Brady and a highly respected bond counsel. Earlier this session, she prepared a memo summarizing her concerns on AB 475, the Assembly companion to SB 448, from a bond counsel perspective. That memo is attached to my testimony. I have also highlighted some of her comments below.

- **Potentially Difficult and Confusing to Provide Requested Information**

If AB 475/SB 448 were to pass, it would be potentially difficult and confusing to provide an estimated amount of interest accruing and the "interest rate" in the ballot question. The ballot question would become quite long and confusing when all the required additional information is included. It becomes even more complicated to provide accurate

information when a school district is doing a series of financings. In fact, Attorney Buchanan believes additional guidance would be necessary for municipalities to account for all the potential variables. It is also not clear what is intended by the phrase “interest rate” in the bill. For example, a long-term bond financing typically has multiple maturities with different coupons or “interest rates” for each maturity. There are also many types of interest rate calculations in a bond-financing context.

- **Financing Plans May Change**

Financing plans are not often finalized at the point when a district is adopting an initial resolution and finalizing the ballot language at least 70 days before the referendum is held.

- **Market Conditions and Interest Rates are Subject to Change**

Market conditions and interest rates are subject to change over time and are often difficult to predict, especially in current times. When multiple financings occur over multiple years, it becomes increasingly difficult to provide an estimated amount of the interest accruing and the “interest rate” required by AB 475/SB 448 given the length of time between the drafting of the ballot question and completion of the final financing.

- **Possible Legal Challenges**

AB 475/SB 448 could expose municipalities to possible legal challenges by taxpayers. There are many variables that affect the estimated amount of the interest accruing and the “interest rate” on bond financings. Even though a municipality does not have control over changes in the market and the effect on interest rates, it seems AB 475/SB 448 could result in a taxpayer potentially challenging the results of a referendum if the estimated amount of the interest accruing and the “interest rate” shown in the ballot question prove to be inaccurate due to such market and interest rate changes.

In conclusion, I would like to focus your attention on Attorney Buchanan’s comments in her memo under “General Considerations” as it relates to meaningful communication of the information required under AB 475/SB 448 for voters and taxpayers. In her estimation, the information required under the bill simply cannot be meaningfully conveyed in the context of a ballot question and is better suited for the informational materials that are provided and explained before a referendum is held.

For these reasons, the SAA, and WREA, is opposed to SB 448.

Thank you for your consideration of our views. If you should have any questions regarding our position on SB 448, please call me at 608-242-1370.