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- ¹⁰ Wisconsin Legislative Audit Bureau Audit Summary: Milwaukee Parental Choice Program. February 2000.
 - ¹¹ Correspondence from John T. Benson, Superintendent, Department of Public Instruction to Janice Mueller, State Auditor, Legislative Audit Bureau, January 25, 2000, *An Evaluation: Milwaukee Parental Choice Program*, Appendix VII, February 2000.
 - ¹² John Witte, et.al., *Fourth Year Report: The Milwaukee Parental Choice Program* (Madison, WI: Wisconsin Department of Public Instruction, 1994), p. 2.
 - ¹³ Jay Greene, Paul Peterson, and Jiangtao Du, *The Effectiveness of School Choice in Milwaukee: Secondary Analysis of Data from the Program's Evaluation*, (University of Houston, Harvard University: John F. Kennedy School of Government) p. 3.
 - ¹⁴ Henry M. Levin , "Educational Vouchers: Effectiveness, Choice and Costs," *Journal of Policy Analysis and Management*, Vol. 17, No. 3, 373-392 (1998), p. 377; Peter Cookson, correspondence.
 - ¹⁵ Cecilia Elena Rouse, "Schools and Student Achievement: More Evidence from the Milwaukee Parental Choice Program," *Economic Policy Review*, March 1998, vol 4, No 1; pp 61-76.
 - ¹⁶ *ibid.* Recent analysis shows that academic gains made by poor, African American students who were in the Tennessee STAR experiment small classes were about double those of similar students in a three-city study of school vouchers (see Alan B. Krueger and Diane M. Whitmore, "Would Smaller Classes Help Close the Black-White Achievement Gap?" Princeton University, January 2001.)
 - ¹⁷ 2001-03 Wisconsin State Budget Summary of Governor's Budget Recommendations, Legislative Fiscal Bureau, March, 2001, p.p. 551-552.
 - ¹⁸ State of Wisconsin Department of Public Instruction Memo, March 1, 2001: "SAGE Budget Update and Notice of Aid Transmittal."
 - ¹⁹ Biennial SAGE funding estimates as per the Wisconsin Department of Public Instruction, April 2001; 2001-03 Wisconsin State Budget Summary of Governor's Budget Recommendations, Legislative Fiscal Bureau, March, 2001, p. 537.
 - ²⁰ Increases in funding are calculated with respect to expanding the program to include the approximately 400 new schools that joined SAGE in 2000-01 in K-3 class size reduction. This increase is added to the base funding for the program of \$58.7 million. Source: The Wisconsin Department of Public Instruction (DPI).
 - ²¹ 2001-03 Wisconsin State Budget Summary of Governor's Budget Recommendations, Legislative Fiscal Bureau, March, 2001, p. 537.
 - ²² State of Wisconsin Department of Public Instruction Memo, March 1, 2001: "SAGE Budget Update and Notice of Aid Transmittal."
 - ²³ 2001-03 Wisconsin State Budget Summary of Governor's Budget Recommendations, Legislative Fiscal Bureau, March, 2001, p. 544.
 - ²⁴ 2001-03 Wisconsin State Budget Summary of Governor's Budget Recommendations, Legislative Fiscal Bureau, March, 2001, p. 545.
 - ²⁵ Although voucher advocates argue that the voucher program aids MPS by taking students out of the public school system and that costs would increase without vouchers, this ignores the fact that many of the students in the voucher program were never in Milwaukee's public schools to begin with. For example, in this year alone, approximately 18.7% of the voucher students either did not previously attend school or

went to private school in the previous year. Only 20% of the voucher students came from MPS, while 60% were already enrolled in the voucher program. Of this 60% already enrolled in the voucher program, a large percentage attended private schools without taxpayer aid in previous years. In the 1998-99 school year, more than 36% of the voucher students had attended private school in the previous year. Many of these students remain in the program, which accounts for the increase in percentage of students enrolled in the voucher program who had been in the program the year before from 20% in 1998-99 to 60% in 2000-01. Source: DPI Fact Sheets "Milwaukee Parental Choice Program," 1998-99 and 2000-01.

²⁶ *The Forty Percent Surcharge: How Taxpayers Overpay for Milwaukee's Private School Voucher Program.* Egen, Holmes and Minberg, People For the American Way Foundation, August 2000.

²⁷ This calculation is based on an average of 40% surcharge that Wisconsin state taxpayers paid to the voucher program in excess of private school tuition in the 1998-99 school year. This gap between tuition and state voucher payments is due to the fact that the law pays private schools their per pupil expenditure up to a maximum level each year (\$5,326 in 2000-01), which is often much higher than the tuition they charge to their students. Under this "dual payer" system, private citizens pay one tuition rate and the state's taxpayers pay another—one that is on average 40% higher. Forty percent of the voucher program's total biennial cost of \$127 million comes to just over \$50 million. Even if the gap between private school tuition and expenditures were to be reduced by half in the current school year, the elimination of this funding provision would still yield approximately \$25 million.

²⁸ A graphic representation of the Governor's proposed funding for SAGE and the Milwaukee voucher program is as follows:

	SAGE	Milwaukee Vouchers
Base Funding (current program cost)	\$58.7 million	\$49.7 million
Cost above Base to Continue Program	\$53.7 million	\$27.5 million
Governor's appropriation	\$22.1 million	\$27.5 million
Cutback in Funding	\$31.5 million	NONE

For a detailed analysis of the capital funding formula and depreciation issue, see Nelson, Egen and Holmes, "Revenues, Expenditures and Taxpayer Subsidies In Milwaukee's Voucher Schools," p.p. 14-22. Paper Presented at the 2001 Annual Meeting of the American Education Finance Association, Cincinnati, Ohio, March 2001.

²⁹ 2001-03 Wisconsin State Budget Summary of Governor's Budget Recommendations, Legislative Fiscal Bureau, March, 2001, p.p. 549-50.

³⁰ 2001-03 Wisconsin State Budget Summary of Governor's Budget Recommendations, Legislative Fiscal Bureau, March, 2001, p. 549.

³¹ 2001-03 Wisconsin State Budget Summary of Governor's Budget Recommendations, Legislative Fiscal Bureau, March, 2001, p.p. 551-552.

³² 2001-03 Wisconsin State Budget Summary of Governor's Budget Recommendations, Legislative Fiscal Bureau, March, 2001, p. 552.

³³ 2001-03 Wisconsin State Budget Summary of Governor's Budget Recommendations, Legislative Fiscal Bureau, March, 2001, p. 550.

³⁴ Monthly Letter to Friends of The Center for Education Reform, Nos. 49 and 50, Center for Education Reform, December 1998-January 1999.

THE 40 PERCENT SURCHARGE:

**How Taxpayers Overpay for Milwaukee's
Private School Voucher Program**



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THE 40 PERCENT SURCHARGE: How Taxpayers Overpay for Milwaukee's Private School Voucher Program

Introduction and Summary

The Milwaukee Parental Choice Program (MPCP) is the nation's longest-running and largest publicly funded private and religious school voucher program. Earlier this year, the Wisconsin Legislative Audit Bureau released a detailed state audit of the program, based on data for the 1998-99 school year. Passed by the legislature in 1990, MPCP in 1998-99 enrolled 6,050 students and cost \$28.4 million.*

Analysis of the audit figures has yielded startling information: approximately 40 percent of the money paid by Wisconsin taxpayers to private voucher schools last year was in excess of the amount charged to private citizens purchasing the same services.

This disparity is not caused by wrongdoing on the part of either the voucher schools or the Wisconsin Department of Public Instruction, which distributes the funds; rather it is the result of a flaw in the payment formula that is part of the voucher law itself. Under this formula, private and religious voucher schools are paid not the tuition that is charged to self-paying or privately funded students, but the often significantly higher per-pupil expenditure, up to a maximum determined by the state each year. Last year, this dual-fee system, which is unique among all voucher programs, produced what amounted to a 40 percent surcharge to taxpayers to fund vouchers. In a program that cost a total of \$28.4 million,¹ **Wisconsin taxpayers overpaid for private and religious school vouchers by more than \$11 million.**

This conclusion is particularly disturbing in light of other findings, or lack of findings, in the audit. The audit specifically noted that voucher schools' academic performance and services to students with special needs could not even be evaluated, since participating private schools are not required to administer standardized tests, nor must they identify and report special-needs students.² In fact, the state of Wisconsin eliminated a provision requiring academic evaluation of the voucher program's performance in 1995,³ after initial state evaluations yielded mixed results. The Wisconsin Department of Public Instruction and others have raised concerns about some voucher schools that are unaccredited, housed in unsafe buildings, employ poorly qualified staff, and appear to violate students' rights. Particularly under these circumstances, the overpayment of millions of dollars to the voucher schools warrants the immediate attention of Wisconsin officials.

* All enrollment data and expenditure figures in this report are taken from the Wisconsin Department of Public Instruction's (DPI) Financial Information Reports for the voucher schools. Private school tuition information comes from *An Evaluation: Milwaukee Parental Choice Program, Report 00-2*, February 2000, and the Wisconsin Legislative Audit Bureau's February 2000 audit. See *Sources of Data*, at the end of this report, for a complete explanation of the data sources.

A Uniquely Bad Deal for Taxpayers

The overpayment to Milwaukee's private and religious voucher schools results from the financing formula included in the state voucher law. Under the legislation, the state pays each voucher school an amount for each voucher student that is either the school's per-pupil expenditure or a state-computed figure approximating state aid per pupil, whichever is less. In 1998-99, the voucher maximum was \$4,894; in 1999-2000, it was \$5,106.⁴ The formula does not even consider the actual tuition charged by the private school, however. Although the average voucher overpayment is 40 percent above tuition, the actual overpayment in individual voucher schools can go much higher, depending upon the disparity between tuition and computed per-pupil costs, as long as the latter number does not exceed the stipulated maximum. For example, in the absence of the voucher program, a private school may charge \$2,000 in tuition but rely on church subsidies, fundraising, and grants to pay for an additional \$2,500 for a total per-pupil cost of \$4,500. Under the voucher program, however, this extra \$2,500 per student is paid for by Wisconsin taxpayers.

This state overpayment above tuition is unique to the Milwaukee program. In Ohio and Florida—the other states with publicly funded voucher programs—the state pays no more than tuition; in Ohio, it automatically pays less. Even Milwaukee's private scholarship program—PAVE (Partners Advancing Values in Education)—pays less than tuition, even though in many cases their vouchers have gone to the very same students now in the state voucher program, at the same voucher schools.⁵

In Cleveland, Ohio, home of the second-oldest voucher program, the law *guarantees* that the state pays *less* than the private school's tuition. Students from families with household incomes of up to 200 percent of the poverty level are eligible for a voucher for 90 percent of tuition; for students at or above 200 percent of the poverty level, the state pays 75 percent. In neither case do state taxpayers pay more than an individual citizen would pay to send his or her child to a private school. Furthermore, the maximum voucher is capped at \$2,250.⁶

In Florida, the only statewide voucher program, the voucher's cost is set at the public school district's average pupil expenditure "or the amount of the private school's tuition and fees, *whichever is less.*"⁷ In other words, the voucher may pay *up to* the cost of the school's tuition and fees, provided it does not exceed the district average. If the district average exceeds tuition, the school *cannot* collect that extra money from the state. In neither Ohio nor Florida are taxpayers expected to make up the difference between what a private school chooses to charge for tuition and the amount it claims to spend to educate each student.

The privately funded voucher group in Milwaukee known as PAVE has provided scholarships to students at private schools since 1992 and utilizes the state's MPCP's guidelines to determine what students are eligible for their vouchers. However, unlike the state-funded MPCP vouchers, PAVE does not pay private schools' higher per-pupil expenditures. Instead PAVE vouchers only pay for up to half of school tuition. PAVE's average elementary school half-tuition voucher is \$825, and is capped at a maximum

payment of \$1,000; for high schools the PAVE average is \$1,475, capped at \$1,500.⁸ Parents are expected to pay the remaining balance of the tuition.

In short, Milwaukee private and religious schools are ordinarily willing to accept no more than tuition to educate students, and rely on churches and other sources to make up any difference between school tuition and expenses. This is true *even* when tuition is paid in part *not* by a parent but by a private organization. However, when admission at the very same schools, sometimes for the same students, is purchased by the *public* through Wisconsin's taxpayer-funded vouchers, these private schools are paid at a much higher rate.

Calculating Wisconsin Taxpayers' Overpayment for Vouchers

Analysis of the average cost in excess of private school tuition paid by Wisconsin taxpayers is illuminating. Both the numbers of schools receiving this state subsidy and the average dollar amount of that subsidy are high. Eighty-nine percent of the religious schools participating in the voucher program—54 out of a total of 61—received a voucher payment that exceeds their school tuition.

The average overpayment *per student* to these religious schools—state taxpayer expenditures over and above what the school would collect in the form of tuition—is \$2,437.⁹ This figure represents the difference between the average tuition charged by these religious schools in 1998-99 of \$1,887 and the average voucher payment received by these schools of \$4,324. In other words, state taxpayers paid not only the \$1,887 average tuition per student, but also contributed an *additional* \$2,437 per student in order to reach the schools' allotted voucher payment.¹⁰

The overpayment figures on non-religious schools are less complete, because only 9 of the 21 non-religious voucher schools provided state auditors with tuition information. This may be because 9 of the 12 non-reporting schools enroll almost 100 percent voucher students, rendering the level of tuition effectively moot.¹¹ Of the 9 non-religious schools that *did* provide tuition information, 8 (89 percent) received voucher amounts greater than tuition.¹² The average per student subsidy for these schools—state taxpayer money above what the school would collect from tuition—is \$2,822.

Table 1.

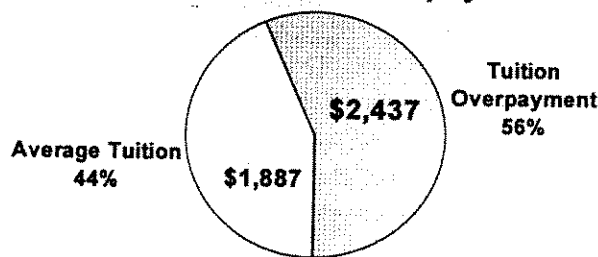
Average Per-Student State Overpayment above School Tuition

Per-Student Average:	Religious Schools ¹³	Non-Religious Schools	Total ¹⁴
Voucher Payment	\$4,324	\$4,594	\$4,376
Tuition	\$1,887	\$1,772	\$1,865
Difference Between Voucher and Tuition (Taxpayer Overpayment)	\$2,437	\$2,822	\$2,511

The arithmetic of the tuition overpayment is shown in Table 1. Data in this table are for the 62 out of 82 voucher schools that receive an overpayment. The first row in the table shows the per-student average voucher payments for the religious schools, non-religious schools, and all of these schools, respectively. The second row shows the average tuition for each of these categories, and the final row shows the difference between these two, which is the amount of the tuition overpayment.

These data for the 54 religious schools are also presented in the pie chart in Figure 1. It can be seen in the chart that the taxpayer-funded tuition overpayment of \$2,437 is larger than the average tuition in these schools—\$1,887—and represents 56 percent of the average voucher payment (\$4,324).

**Taxpayer Funding over and above Tuition for
Voucher Students in 54 Religious Schools
Receiving Tuition Overpayments**



**Average Voucher Payment Per Student:
\$4,324**

Figure 1.

In the aggregate, these overpayments add up to millions of dollars. The tuition overpayment paid by state taxpayers in 1998-99 amounted to about \$11.5 million dollars,¹⁵ as can be seen in Table 2. This represents about 40 percent of the total cost of the program, estimated at \$28.4 million in 1998-99.¹⁶ Of this approximately \$11.5 million subsidy, about 78 percent (between \$8.8 million and \$9.3 million) went to subsidize religious school budgets.¹⁷

Table 2.

**Total State Overpayment Above School Tuition
In 62 Schools Receiving Overpayments¹⁸**

Totals, for 62 schools:	Religious Schools ¹⁹	Non-Religious Schools	Totals ²⁰
Voucher student enrollment ²¹	3,705	884	4,588
Voucher payment	\$16,019,500	\$4,059,100	\$20,078,600
Voucher payment <i>if limited to level of tuition</i>	\$6,989,400	\$1,565,500	\$8,554,900
Tuition overpayment	\$9,030,100	\$2,493,600	\$11,523,700

The portion of the total costs of the voucher program spent on excess payments over and above the cost of tuition is illustrated by the shaded piece of the pie on the left in Figure 2. This piece—about 40 percent of the whole pie—represents the \$11.5 million of the costs of the program which were spent on tuition overpayments. The smaller pie on the right illustrates the share of this \$11.5 million overpayment that went to religious schools and non-religious schools in the Milwaukee voucher program.

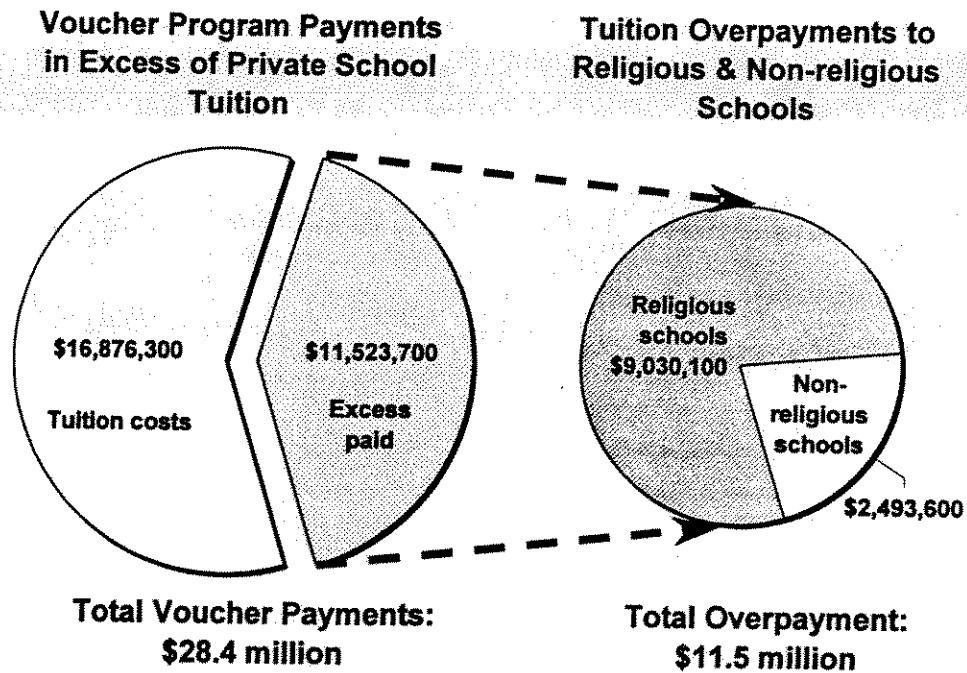


Figure 2.

Subsidizing Religious Schools With Taxpayer Dollars

In addition to the loss of taxpayer revenue caused by the state voucher overpayment, the fact that most of this overpayment goes to religious schools raises special concerns. The additional state voucher revenue can be used by private schools to replace money from traditional funding sources. For religious schools affiliated with and funded by a church or other religious institution, the extra money allows the church the option of reducing its subsidy to the school. Private and religious schools have complete budgetary discretion—they can reduce their tuition for non-voucher students, build a chapel, buy bibles or other religious books, or generally use the revenue as they see fit. These are all legitimate private expenditures. But when taxpayers fund the building of a chapel or pay for the proselytizing activities of a religious institution, the result is compelled taxpayer support of religion, contrary to fundamental American principles of religious liberty.

The mission statements of many of the voucher schools reveal that their purpose is predominantly religious. For example, St. Peter-Immanuel's mission statement reads, "St. Peter-Immanuel Lutheran School is an integral part of the total ministry of our church. The purpose of the school is to make disciples of Jesus."²² The Parklawn Christian School writes, "It is the mission of Parklawn Christian School to serve the Lord Jesus Christ by passing on the Biblical truths and saving knowledge of Jesus Christ to the next generation."²³ Yeshiva Elementary aims to "shape young lives in the observance of Torah Mitzvos and Midos as modeled by personalities that were and are Torah champions."²⁴ At Holy Redeemer Christian Academy, "all learning will be rooted in the understanding of faith in God and the power of His word, educating children in the core curriculum as well as the spiritual development of children."²⁵ Clara Muhammad School uses "the Qur'an and the lifestyle of Muhammad, the Prophet as our foundation."²⁶ To the extent that the voucher program provides more money than the tuition needed to purchase admission at these schools, the voucher payments are providing direct government subsidies to such pervasively sectarian institutions and their missions. Indeed, some voucher school administrators have stated that they became involved with the voucher program to fulfill the mission of the church to reach out to those who do not have a church.²⁷

Although the Wisconsin voucher statute promises students the right to "opt out" of prayer services and similar religious activities, there are two problems with this provision. First, in many religious schools, religion is integral to virtually all school activities. For example, one mission statement explains that "Nazareth Lutheran School's curriculum is full-time Christian education. All subjects, indeed all relationships [sic] and the ways we live our 1100 hours together [sic] each year, are based on God's love for us.... Walk into one of our classrooms and you are just as likely to hear a discussion of God's love in the science class as in the religion class—or on the playground, during lunch, as part of the discipline process, or whatever happens to be going on."²⁸

In addition, recent investigation of the voucher program reveals that the "opt out" provision is more theoretical than real. The Metropolitan Milwaukee Fair Housing

Council, an independent agency that investigates compliance with civil rights laws, conducted an investigation of voucher admission practices in 1999 on behalf of PFAWF and the Milwaukee Branch of the NAACP. It found that a number of religious voucher schools actively discourage or do not permit such opt-outs. For example, one school told an MMFHC investigator that "If you don't want your children to take part in the religion, our school's not for you. It's a Christian education. That's what we're about." Another school representative, in answer to an MMFHC representative who stated that her child is not Catholic, was told this was fine but that the child would have to participate in all religious activities and services.²⁹

According to the Public Policy Forum, a non-partisan policy organization in Milwaukee, there is evidence that at least a few voucher schools, including religious schools, are using the state voucher overpayment to reduce tuition for students not in the voucher program.³⁰ This raises further disturbing questions. To the extent that the state voucher overpayment is reducing tuition for non-voucher students, public money is subsidizing students not even nominally eligible for assistance under the voucher law or protected by its provisions. This means that religious schools, for example, can use tax dollars to reach more students who, as tuition-paying students not protected by the voucher law, *cannot* choose to opt out of religious activities. They can also subsidize the tuition of wealthy students who clearly could not be eligible for the voucher program. In short, the tuition overpayment provides millions of dollars to voucher schools that they can use in ways and for purposes that are directly contrary to the state voucher law.

Further Financial Questions Raised by the Legislative Audit

The picture of the state voucher program presented by the legislative audit raises several other questions about voucher payments to voucher schools. One question concerns the way in which schools depreciate their costs, a factor that affects the calculation of their per-pupil expenditure (and therefore the size of the voucher payment they receive). The effect of decisions made by some schools on this issue for the 1998-99 school year was to drive up their per-pupil expenditures considerably for that year.

In the 1998-99 school year, religious schools were included in the voucher program for the first time, after a favorable decision by the state supreme court. Upon entering the program, all schools were allowed to decide how much of their capital costs they would depreciate in their first year. With regard to buildings and sites, schools had the option to choose either a one-time only depreciation of 100 percent or a standard 16-year depreciation of 6.25 percent. For lesser expenses, such as books, equipment and educational media, the choice was between 100 percent and a five-year 20 percent depreciation.³¹

Schools that elected a 100 percent depreciation received a large one-time sum of money. This amount is factored into their calculation of total expenses, upon which per-pupil expenditures are based. In other words, the depreciation drove up per-pupil expenditures, in some cases dramatically. For example, a school that normally spends \$3,000 per student could have a one-year \$5,000 per student average. This in turn increases the voucher amount from \$3,000 to \$4,894 for that year. While there is nothing

illegal about this decision, the effect of this opportunity is that schools can, upon entering the voucher program, inflate their per-pupil expenditure (and therefore voucher amount) as a means of collecting a windfall to use as start-up funds.

The calculation of state aid raises further questions. Unlike state funds that go to public schools in the Milwaukee Public School district, Milwaukee voucher aid is calculated based on the *end of the current year* school audit (separate from the Legislative Audit Bureau audit) required by law.³² The unavoidable result is that schools receive payments that are often incorrect, due to changing enrollment, inaccurate school enrollment counts, etc. In fact, last year only 20 of the 82 participating voucher schools received the correct amount based on their enrollment. The rest were either owed money by the state or owed money to the state. At the end of the 1998-99 school year, DPI was owed a net of almost \$1 million, which it received from the schools without incident.³³ However, in the interim period, many schools put the surplus in interest-bearing accounts for the entire school year. They are required to return the principal but can keep the interest.

While nothing in this kind of transaction is illegal, it can be argued that private schools should not be allowed to reap a profit from taxpayer money that could otherwise be earning interest that does *not* go into private coffers, and that this loophole in the voucher legislation should be closed. Further, these surplus payments (37 schools owed DPI as opposed to 25 that were owed) could be used by private schools to cover any cash flow problems, so that a school on shaky ground can use the surplus as long as it replaces it at the end of the year.

Conclusions and Recommendations

As documented in this report, approximately 40 percent of the money paid by Wisconsin taxpayers to private voucher schools in Milwaukee last year – more than \$11 million out of a \$28.4 million program – constituted an overpayment over and above what private citizens or foundations would pay for the same services. This year, the voucher program cost will grow to an estimated \$38.8 million,³⁴ and taxpayer subsidies and overpayments to religious and other voucher schools will grow right along with it.

Particularly at a time when public education dollars are more urgently needed than ever, there can be no excuse for this multi-million dollar overpayment, even for those who support the Milwaukee voucher program. This overpayment results not from any action by the voucher schools or state administrators, but instead from the payment formula built into the state voucher legislation. The state legislature should immediately review this data and the present payment formula and revise that formula so that, if the voucher program is to continue, voucher schools are paid no more than tuition for voucher students. There is simply no reason why Wisconsin taxpayers should pay more than private citizens for private school vouchers under this controversial program.

Sources of Data

This report is based on data from two sources: *An Evaluation: Milwaukee Parental Choice Program, Report 00-2*, February 2000, the state audit conducted by the Wisconsin Legislative Audit Bureau (WLAB) in accordance with the legislation authorizing the Milwaukee voucher program, and the Financial Information Reports for 1998-1999 made available in spreadsheet files by the Wisconsin Department of Public Instruction (DPI).

All enrollment and expenditure data are taken from DPI, while information on private school tuition comes from the WLAB audit's individual school profiles (Appendix I). DPI's enrollment numbers are used by the state to calculate the state payment to each voucher school and are therefore the more accurate of the two. The Legislative Audit does provide total student and voucher student enrollment, but its figures are based on a single, January pupil count and are therefore less accurate than DPI's numbers, which are derived from independent, end-of-year audits that each participating private school must have in order for DPI to calculate state payment.

The two reports list slightly different numbers of schools participating in the voucher program: Whereas WLAB's Appendix I profiles 86 schools, DPI reports 82. This is due to the fact that DPI has combined two multi-campus schools (Seeds of Health, with 3 campuses and St. Vincent Palotti with two) into one school each for accounting purposes. DPI also has no separate entry for the Immaculate Conception school because it merged midyear with another voucher school. This report follows DPI's format to make use of its more accurate enrollment data for the above multi-campus schools, and, in the case of Immaculate Conception, to avoid double counting those students whose school merged with another voucher school midyear.

The taxpayer overpayment calculations for a small number of schools are based on incomplete tuition payment data. According to the WLAB audit profiles, 16 religious schools offer two tuition rates, generally offering lower rates to students who are members of the parish. Neither DPI nor the WLAB audit data, however, break school enrollment down into parishioner/non-parishioner figures. (The one exception to the parish/non-parish basis for differing tuition rates is the Nazareth school, which has a sliding scale tuition not based on parish membership. Because it is a variable tuition religious school, however, it is treated in the same manner as the other dual tuition religious schools.)

In the absence of this parish/non-parish member enrollment information there is no way to calculate precisely how much state taxpayer money in excess of tuition goes to each school, because that figure depends on the tuition rate and the actual numbers of parishioner and non-parishioner voucher students. This report, therefore, uses the average of the two tuition rates—in other words, it assumes that half of the voucher

students are parish members and half are not. To the extent that the majority of students at a parish school are parishioners, using this parishioner/non-parishioner average understates the size of the state taxpayer subsidy. Conversely, if a greater number of voucher students are not parish members, this average overstates the state taxpayer subsidy. Although this average tuition rate is generally utilized in the tables and discussion in this report, we have also calculated the possible range of variation depending on the actual number of parishioner and non-parishioner voucher students at the dual tuition schools. If all of the voucher students at these schools are parishioners, the total amount of the voucher overpayment is \$11,754,000. If none are parishioners, the total is \$11,277,000—a range of approximately \$480,000. This is the source of the high/low ranges in this report.

In addition, the available data may be incomplete with respect to tuition levels for part-time kindergarten students. Many schools in the study that offer kindergarten have at least some students in that grade who are not full-time students. Yet only six of these schools reported to the WLAB that they charge differential tuition rates to their full and part-time kindergartners. (Of those six, one—Sharon Junior Academy—would appear to be anomalous, as it reports a *higher* rate (\$205 for “constituents,” \$237 for “non-constituents”) for its kindergartners, all of whom are part-time, than for its students in grades 1-8 (ranging from \$167 to \$194 for constituents, and between \$200 and \$225 for non-constituents, depending on grade level). Four of the others (St. Marcus, St. Margaret Mary, Sherman Park and Tamarack) have part-time kindergarten tuition set at 64 percent, 61 percent, 72 percent and 80 percent of full tuition, respectively. A fifth school, Lakeshore Montessori, has only kindergarten students, but reports a part-time tuition that is 65 percent of the full-time tuition rate. Although it may well be that other voucher schools also charge a lower tuition to part-time kindergarten students, this report consistently utilizes the tuition data actually reported by the schools to the WLAB. Thus, the calculations used to produce this report assume that schools that have kindergarten charge *full-time* tuition to *part-time* kindergartners unless they specifically report otherwise. To the extent that any of these schools do *not* in fact do this, the actual tuition overpayment is higher than has been estimated in this report.

APPENDIX

Voucher Surcharge and Overpayment Data for 62 MPCP Schools Receiving Tuition Overpayments

(1998-1999)

School	School type	Voucher surcharge ¹	Total voucher overpayment ²
1 Urban Day	Non-religious	399%	\$1,581,300
2 Harambee Community	Non-religious	226%	\$774,300
3 Saint Rose	Religious	389%	\$657,900
4 Saint Anthony	Religious	411%	\$562,100
5 Blessed Trinity	Religious	151%	\$465,300
6 Believers in Christ	Religious	226%	\$422,400
7 Saint Leo Catholic	Religious	96%	\$421,300
8 Messmer	Religious	75%	\$319,300
9 Saint Philip Neri	Religious	165%	\$318,200
10 Saint Adalbert	Religious	63%	\$305,000
11 Saint Josaphat Parish	Religious	312%	\$289,500
12 Mt. Calvary Lutheran	Religious	130%	\$281,800
13 Resurrection Catholic	Religious	95%	\$275,900
14 Saint Catherine	Religious	91%	\$273,100
15 Saint Martini Lutheran	Religious	142%	\$254,600
16 Saint Lawrence	Religious	429%	\$253,800
17 Emmaus Lutheran	Religious	178%	\$244,500
18 Saint Marcus Evangelical	Religious	313%	\$205,200
19 Saint Matthew	Religious	429%	\$204,400
20 Mother of Good Counsel	Religious	144%	\$202,900
21 Catholic East	Religious	144%	\$194,100
22 Saint Catherine of Alexandria	Religious	276%	\$186,600
23 Notre Dame	Religious	444%	\$183,700
24 Saint Joan Antida	Religious	63%	\$179,900
25 Gospel Lutheran	Religious	160%	\$177,800

¹ Figures in this column represent the per pupil voucher surcharge – the percentage by which the voucher amount paid by the state exceeds the normal tuition that would have been paid by a private citizen – for a typical, full-time student in each school. Average tuition rate has been assumed for those schools that have differentiated tuition rates for parishioners and non-parishioners. (See *Sources of Data* for a complete explanation.)

² Figures in this column represent the total DPI voucher payment to each participating school over and above what the school would have received for the same students in the form of normal tuition. Figures are rounded to the nearest hundred dollars; line items do not add up to total due to rounding error.

26	Salam	Religious	114%	\$167,500
27	Sharon Junior Academy	Religious	2339%	\$155,800
28	Corpus Christi	Religious	124%	\$155,200
29	Christ Memorial Lutheran	Religious	268%	\$130,700
30	Our Lady Queen of Peace	Religious	284%	\$129,000
31	Our Lady of Sorrows	Religious	114%	\$115,500
32	Saint John Kanty	Religious	254%	\$110,800
33	Saint Vincent Pallotti	Religious	155%	\$100,400
34	Saint Helen	Religious	212%	\$92,500
35	Saint Bernadette	Religious	136%	\$91,800
36	Saint Peter Immanuel	Religious	130%	\$86,500
37	Our Lady of Good Hope	Religious	235%	\$80,700
38	Saint Sebastian	Religious	56%	\$75,500
39	Community Vision Academy	Religious	180%	\$72,800
40	Woodlands	Non-religious	37%	\$72,300
41	Saint Roman	Religious	250%	\$70,200
42	Sherman Park	Religious	186%	\$63,300
43	Saint Margaret Mary	Religious	72%	\$60,900
44	Saint Augustine	Religious	345%	\$60,700
45	Saint Alexander	Religious	244%	\$55,300
46	Saint Veronica	Religious	277%	\$41,500
47	Yeshiva	Religious	17%	\$38,200
48	Nazareth Lutheran	Religious	236%	\$37,300
49	Blessed Sacrament	Religious	153%	\$35,500
50	Saint Paul	Religious	185%	\$26,900
51	Family Montessori	Non-religious	72%	\$23,800
52	Tamarack Community	Non-religious	9%	\$22,700
53	Pius XI	Religious	13%	\$15,200
54	Saint Barbara	Religious	14%	\$15,100
55	Holy Spirit	Religious	14%	\$14,900
56	Lutheran Special School	Religious	51%	\$14,800
57	Oklahoma Ave. Lutheran	Religious	39%	\$14,200
58	Parklawn Christian	Religious	31%	\$13,700
59	Louis Tucker Academy	Non-religious	10%	\$10,100
60	Milwaukee Montessori	Non-religious	17%	\$9,000
61	Keal Preparatory	Religious	36%	\$8,300
62	Lakeshore Montessori	Non-religious	3%	\$300
<i>Total tuition overpayment</i>				\$11,523,700

ENDNOTES

¹ MPSCP Facts and Figures for 1998-99, Wisconsin Department of Public Instruction, available at: <http://www.dpi.state.wi.us/dpi/dfm/sms/mpscfnf.html> as of June 2000.

² "An Evaluation: Milwaukee Parental Choice Program," Wisconsin Legislative Audit Bureau, February 2000, Letter of Transmittal, State of Wisconsin Legislative Audit Bureau, from Janice Mueller, State Auditor, to Senator Gary George and Rep. Carol Kelso, Co-chairpersons, Joint Legislative Audit Committee, p.p. 1, 33; Executive Summary.

³ Milwaukee Parental Choice Program, Fifth Year Report, John Witte, December 1995, Executive Summary, p. 1.

⁴ Milwaukee Parental School Choice Program (MPSCP), Wisconsin Department of Public Instruction, MPSCP Facts and Figures for 1999-2000, available at: <http://www.dpi.state.wi.us/dpi/dfm/sms/mpcfnf99.html>, accessed July 2000.

⁵ PAVE was established in 1992, in part to allow students to attend religious schools that were not then allowed to participate in the MPCP program. In 1998 the Wisconsin Supreme Court allowed the state's Milwaukee voucher program to expand to include religious schools, whereupon many of the students previously utilizing PAVE scholarships applied and received vouchers from MPCP. PAVE has been characterized by some as a pro-voucher organization that helped heighten demand and pressure for publicly funded vouchers for religious schools. This assertion is supported by the fact that PAVE's primary funding source is the unabashedly pro-voucher Bradley Foundation, whose president and CEO helped found PAVE and has as head of the foundation underwritten several million dollars in grants to the fledgling organization.

⁶ "Cleveland Scholarship and Tutoring Program: Special Audit Report, July 1, 1995 through June 30, 1998," Auditor of State, State of Ohio, p. 6; Ohio Department of Education News Release, "Statement by the Ohio Department of Education on Today's School Voucher Ruling," December 21, 1999.

⁷ *Fla. Stat. § 229.0537 (6) (a) 1 (1999)*. The Florida law distinguishes between different groups of students regarding the district's average expenditure; for example, students with disabilities who are entitled to additional funds in the public school district receive their per-pupil share of these funds through the voucher allocation formula. The Florida law states: "The maximum opportunity scholarship granted for an eligible student shall be a calculated amount equivalent to the base student allocation multiplied by the appropriate cost factor for the educational program that would have been provided for the student in the district school to which he or she was assigned, multiplied by the district cost differential. In addition, the calculated amount shall include the per-student share of instructional materials funding, technology funding, and other categorical funds as provided for this purpose in the General Appropriations Act. The amount of the opportunity scholarship shall be the calculated amount *or the amount of the private school's tuition and fees, whichever is less*... the public or private school that provides services to students with disabilities shall receive the weighted funding for such services at the appropriate funding level consistent with the provisions of s. 236.025 [emphasis added].

⁸ Information available from PAVE website, <http://www.pave.org/index.html> (main page) and <http://www.pave.org/documents/schools.html> for information on average payment, accessed May 2000.

⁹ According to the Wisconsin Legislative Audit Bureau's school profiles (Appendix I), 16 religious schools have dual tuition rates, with 15 of the 16 offering lower rates to parish members. Since parishioner/non-parishioner enrollment information is not available, the average of these two tuition rates was used. Utilizing this average may understate the size of the taxpayer overpayment if the majority of voucher students in parish schools are parish members. See *Sources of Data* at the end of this report for a complete explanation of the use of this average.

¹⁰ This figure is also based on the average of high and low tuition in the case of the 16 dual tuition religious schools.

¹¹ There is a slight discrepancy with regard to one high voucher enrollment school that did not report tuition: the Texas Bufkin school reported in the audit that all its students were voucher students (though it did not provide a figure for total enrollment). According to DPI, however, total enrollment (Full Time Equivalent) was 49 while voucher enrollment was 37.9 (a voucher enrollment rate of 78 percent). This may be due to inaccurate reporting and/or because the audit and DPI counts are done differently. Nonetheless, we have grouped Texas Bufkin with the high voucher enrollment schools, as the 78 percent voucher enrollment still constitutes the vast majority of its revenue. Two of the 12 schools that did not provide tuition information reported that all non-voucher students “participated in the MPS Partnership Program,” in which the Milwaukee Public School District contracts with a private school for a student. Therefore, tuition is a moot point for these schools as well.

¹² In fact, it may be that fully 100 percent of these 9 schools received vouchers that exceeded their tuition; the Marva Collins Preparatory school did not provide a dollar amount for tuition but instead reported that “Tuition was based on a sliding fee scale.” It may well be that this school, along with the others, charges a tuition that amounts to less than its expenses.

¹³ The figures in this table utilize the parishioner/non-parishioner tuition average to calculate total subsidy. The Religious School column encompasses the 16 dual tuition and 38 single tuition schools that receive a tuition overpayment. The range of average tuition and tuition overpayments—i.e. at both parishioner and non-parishioner tuition rates—for these 16 dual-tuition religious schools are as follows:

Per-Student Average	Parishioner Tuition	Non-Parishioner Tuition
Voucher Payment	\$4,131	\$4,131
Tuition	\$1,326	\$2,015
Difference Between Voucher and Tuition (Taxpayer Overpayment)	\$2,805	\$2,116

¹⁴ Data in this table are for the 62 schools that received a taxpayer subsidy in excess of school tuition, out of the 82 schools that participated in the voucher program for the 1998-99 school year (see *Sources of Data* for an explanation of the number of participating schools). Of those 62 schools, 54 are religious, 8 non-religious.

¹⁵ As explained more fully in *Sources of Data*, the precise amount of the total taxpayer subsidy is between \$11,277,000 and \$11,754,000, as a result of the fact that 16 schools have dual tuition rates. See *Sources of Data* for a fuller explanation.

¹⁶ MPSCP Facts and Figures for 1998-99, Wisconsin Department of Public Instruction, available at: <http://www.dpi.state.wi.us/dpi/dfm/sms/mpscfnf.html>, accessed June 2000.

¹⁷ The lower estimate assumes that 100 percent of the voucher students in the schools reporting two levels of tuition – a lower one for parishioners and a higher one for non-parishioners – are non-parishioners (in which case their tuition would be higher and the resulting overpayment would be lower); the higher estimate assumes that 100 percent of the voucher students in those schools are parishioners (resulting in lower tuition and higher overpayment). See *Sources of Data*.

¹⁸ Dollar values rounded to nearest hundred.

¹⁹ The figures in this table utilize the parish/non-parish tuition average to calculate total subsidy for the 16 schools that reported dual tuition rates in the audit. See *Sources of Data* for fuller explanation. The high-low ranges (rounded to the nearest hundred dollars) for these 16 dual-tuition religious schools are as follows:

	Parishioner Tuition	Non-Parishioner Tuition
Voucher Student Enrollment	692	692
Voucher Payment	\$2,858,500	\$2,858,500
Voucher payment <i>if limited to level of tuition</i>	\$917,100	\$1,393,800
Tuition Overpayment	\$1,941,400	\$1,464,700

²⁰ This table reflects all schools that received a taxpayer subsidy in excess of school tuition, in all, 62 of the 82 schools analyzed in this report. Of those 62 schools, 54 are religious, 8 non-religious. Within the religious school category, 16 offer dual tuition rates and 38 do not.

²¹ See *Sources of Data* for complete explanation of enrollment information.

²² St. Peter-Immanuel web page on the EPIC website, available at: <http://epic.cuir.uwm.edu/EPIC/English/data/immanu.html>, accessed July 2000. EPIC (Empowering Parents for Informed Choices in Education) is a joint project of a number of organizations set up to provide information on public and private schools in Milwaukee. Its main page notes that EPIC is a warehouse for information on voucher schools, but that “[i]ndividual schools are responsible for the accuracy and reliability of the information” in the database.

²³ Parklawn Christian School page as of July 2000, available at: <http://epic.cuir.uwm.edu/EPIC/English/data/parkla.html>, accessed July 2000.

²⁴ Yeshiva Elementary School page, available at: <http://epic.cuir.uwm.edu/EPIC/English/data/yeshiv.html>, accessed July 2000.

²⁵ Holy Redeemer Christian Academy web page, available at <http://epic.cuir.uwm.edu/EPIC/English/data/yeshiv.html>, accessed July 2000.

²⁶ Clara Muhammad School page, available at: <http://epic.cuir.uwm.edu/EPIC/English/data/claram.html>, accessed July 2000.

²⁷ “Exploring Parents’ Educational Choices,” The Public Policy Forum, April 2000, p. 10.

²⁸ Nazareth Lutheran School web page, available at: <http://epic.cuir.uwm.edu/EPIC/English/data/nazareth.html>, accessed July 2000.

²⁹ PFAWF/NAACP Administrative Complaint to the Wisconsin Department of Public Instruction, August 19, 1999 p.p. 9-10.

³⁰ “Exploring Parents’ Educational Choices,” The Public Policy Forum, April 2000, p. 6.

³¹ Financial Information Reports, Wisconsin Department of Public Instruction.

³² All schools receive payments throughout the year based on the maximum voucher amount—in the 1998-99 school year, upon a voucher worth \$4,894. Each school then contracts an independent auditor to determine the school’s per-pupil expenditure (PPE). These audits are submitted to DPI, which then checks the data against its own records. Any school that spent less than \$4,894 owes the difference between its PPE and \$4,894 back to the state. Money owed to voucher schools was generally the result of inaccurate pupil counts that were corrected in the audit process—for example, if a student attended a voucher school that year, but was somehow missed in the school’s count, the school will be owed that student’s PPE at the end of the year. The only exception to this was one school that specifically requested less than \$4,894, though it was owed money at the end of the year because it had underestimated its total expenses. (Source: Wisconsin DPI).

³³ This fact was the actual explanation for the return of some state funds by voucher schools at the end of the 1998-99 school year, as reported in the *Milwaukee Journal Sentinel* ("Half of Choice Schools Spend Less than State Allots," May 21, 2000). The article mistakenly suggested that this extra money was because the private schools were run more efficiently, rather than explaining that the extra money was a function of fluctuating enrollment, and an end of the year calculation as to what the schools were entitled to from the state. Although the article indicated that 39 schools owed funds to DPI, DPI has confirmed that 37 actually owed such funds.

³⁴ Milwaukee Parental School Choice Program (MPSCP), Wisconsin Department of Public Instruction, MPSCP Facts and Figures for 1999-2000, available at: <http://www.dpi.state.wi.us/dpi/dfm/sms/mpcfnf99.html>, accessed July 2000.

THE 40 PERCENT SURCHARGE: How Taxpayers Overpay for Milwaukee's Private School Voucher Program

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Testimony for the Joint Finance Committee

April 20, 2001

Jack Norman, Research Director, Institute for Wisconsin's Future

Chairpersons Burke and Gard, and members of the committee: Thank you for the opportunity to speak to you on the subject of financing K-12 education, and Governor McCallum's budget proposals on that subject.

My name is Jack Norman. I am director of research at the Institute for Wisconsin's Future, a Milwaukee-based non-profit funded by philanthropic foundations. Our focus is on education, research and advocacy on issues of state policy.

There are numerous deficiencies in Gov. McCallum's proposed budget. He had an opportunity to become known as an "Education Governor." He fumbled his chance. This gives the Legislature the run of the field. Somebody has to take leadership in dealing with fiscal problems in K-12. Since we won't have an Education Governor, Wisconsin needs to have an "Education Legislature."

Here are some specific points about the governor's proposals:

First, on revenue limits. The governor proposed tightening revenue caps, by eliminating the inflation index. But flexibility, not tightening, is what's needed. There are many ways to introduce flexibility. We urge a 1% exemption, which would be aided by the state, at each school district's option. An unaided exemption would be useless to hundreds of property-poor districts. Revenue-cap flexibility is absolutely critical.

Second, on special education. Even with the additional funds the governor has proposed, rising costs mean that the state contribution would drop from over 35% now to about 33% percent at the end of the biennium. More funding is critical.

Regarding the high-cost, low-incidence special-education cases, the governor has proposed 50% funding for costs above \$50,000. The concept isn't bad, but the numbers are. We urge 90% funding for costs above \$25,000, or roughly three times the state spending average.

Regarding census-based funding for special education, we must remember that in Wisconsin, as elsewhere, there is a statistically significant correlation between the incidence of special-ed populations and poverty. Poverty districts have a higher proportion of special-ed students. Therefore, moving to a census system will hurt districts with high poverty districts. The governor did propose a 15% low-income weighting in his formula. If the Legislature chooses to go down the census path, the 15% number for low-income weighting should be considerably higher.

Third, on SAGE. There's a \$30 million gap between the cost-to-continue existing statutory commitments, and the governor's proposal. Notice that the increase that's been proposed in the Milwaukee voucher program is a little over \$28 million, basically the same amount of money. In effect, the governor is proposing to slash SAGE -- a public, statewide school reform benefiting scores of thousands of students -- to use the money for the fewer than 10,000 students in Milwaukee's private voucher schools. This is an outrageous misdirection of state priorities.

Fourth, on the voucher program. There is considerable controversy and uncertainty about how the costs of this program are distributed among taxpayers statewide. One clear lesson is that the convoluted mathematical machinery of the two-thirds financing system prohibits legislators from being able to make clean, clear

decisions about public policy. It means the state can't give more aid to financially strapped districts without simultaneously forcing higher property taxes in those same districts. It means that any new program has unpredictable, often counterproductive, fiscal consequences among all districts. People who value transparency and accountability should be appalled at the lack of both in the two-thirds funding system.

The moral is that any new funds for education – and new funds are sorely needed – must be provided outside the two-thirds funding scheme. Otherwise, the unforeseen ripple effects obscure legislative intent.

Fifth, on summer schools. The governor's proposal to slash summer-school enrollment calculations – while boosting those of charter schools -- punishes public schools engaging in year-round productivity.

Sixth, on English-as-a-second-language programs. Even with the slight increase in funding the governor proposed, increased costs mean that the state's share of funding would drop, from about 18% to about 17%. This is an area where a small amount of money can make a tremendous impact. The 2000 census established the degree to which this is a highly diverse country. Wisconsin is no exception. The state's Latino population in Wisconsin more than doubled in the 1990s, a rate of increase twice the national rate of increase. This is not, as some might think, a Milwaukee issue. School districts with the highest proportion of ESL students, according to the Department of Public Instruction, are Wausau, Sheboygan, Delavan/Darien, Green Bay, Wautoma, Lake Geneva, and LaCrosse. A small amount of funding now will produce higher graduation rates, lower dropout rates, better student performance in five or ten years from those children of immigrants who need special help learning English.

My final point hearkens back to the Vincent school-equity case, decided last year by the Wisconsin Supreme Court. The current school-finance system did pass constitutional muster. However, the Court made very clear that what it really wants to pay attention to is not equity – the basis of the suit -- but adequacy. This has been happening in state supreme courts across the U.S. The judicial focus has been less on equity and more on whether every student has adequate educational resources. Our Supreme Court was very clear in identifying three areas it would focus on in ruling on an adequacy case: students with disabilities, students with limited English, and students from low-income families. We have not had an adequacy lawsuit in Wisconsin. There will be one, unless the Legislature takes the leadership in ensuring that all three kinds of special-needs student are fully served.

We can not let debates on such issues as voucher schools deflect us from the urgency of meeting fundamental needs of our students, as laid out by the Wisconsin Supreme Court in the Vincent case.

We have not had an adequacy lawsuit in Wisconsin, but we are very likely to. Only a political solution will ensure that the system for financing K-12 education will meet this new constitutional challenge. The worst scenario is where the political solution occurs only at the end of long, expensive, divisive litigation. To avoid this worst-case scenario, Wisconsin needs leadership. From his budget proposals, it's clear this leadership will not come from Gov. McCallum. We look to the Legislature to give us the leadership we need.

April 20th Hearing/Testing

Good Morning / Afternoon Members of the Finance Joint Committee:

My name is Ivy Covertard I'm Director of the Division of Bilingual Multicultural Education for the Milwaukee Public Schools.

I'm here today to address two important issues with regards to Bilingual Education in this budget on behalf of our bilingual staff, parents, and students.

1. The first issue is to urge you NOT to eliminate the mandate of requiring bilingual teachers to teach in the Bilingual Programs currently under Chapter 115.97, subchapters 3 and 4. We're requesting that the elimination of this mandate be removed; that we continue to require bilingually certified teachers be the teachers teaching in the Bilingual Programs.

As we all know, especially after the recent census, the State of Wisconsin, as the rest of the nation, is currently experiencing a rapidly growing population of Spanish speakers and limited English proficient students.
(LEP)

Milwaukee Public Schools has the largest LEP population and the largest Bilingual Program in the state of Wisconsin. However, what we are most proud of is the high quality Bilingual education services we are able to provide due to having qualified and certified bilingual teachers teach in these programs.

For example, just this past year, the DPI state data revealed that former LEP students performed at a higher level than regular students in the MRS district in reading, math, and social studies in the WKCE in grades 8 and 10. Such results could not be accomplished without our students having qualified and certified bilingual teachers teaching in the Bilingual Programs.

LEP children must be taught by teachers who are qualified to address their specific needs. These teachers should be teachers who can provide understandable and meaningful education to help LEP children achieve to high standards. That's why the training and recruitment of qualified and certified bilingual teachers must continue to remain as a high priority. Our LEP students deserve to be given the opportunity to achieve high academic standards.

It is everyone's responsibility to be working towards increasing education for the rapidly growing population

(3)

LEP children must be taught by teachers who are qualified to address their specific needs. These teachers should be teachers who can provide understandable and meaningful education to help LEP children achieve to high standards.

That's why the training and recruitment of qualified and certified bilingual teachers must continue to remain as a high priority. Our LEP students deserve to be given the opportunity to achieve high academic standards. It is everyone's responsibility to be working toward improving education for the rapidly growing population of LEP students and we ask for your help also.

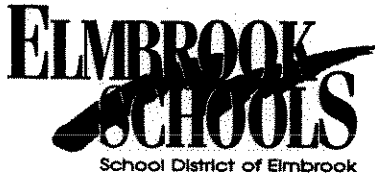
That's why we're asking you NOT to eliminate the current mandate of requiring that students in bilingual educational programs be taught by certified bilingual teachers.

2. The second issue has to do with funding. For many years the bilingual funding has remained the same while experiencing major growth of LEP students. We are also requesting that a substantial increase in

(4)
bilingual education at the state level.

While Bilingual Programs continue to emphasize achievement to high standards, additional funds must be available to ensure LEP students receive the services needed. Please give this your utmost attention. Our children deserve it.

Thank you.



TESTIMONY OF ROBERT BORCH, ASSISTANT SUPERINTENDENT

Before The

JOINT FINANCE COMMITTEE ON APRIL 20, 2001

I am Bob Borch. I am the Assistant Superintendent for Finance and Operations for the School District of Elmbrook. Thank you for allowing me to present information to you regarding the problems that the continued imposition of revenue caps is having on our District as well as others.

As you are aware, revenue caps control the amount of property taxes and general state aid which each school district in the state may generate each year. The formula for determining the amount for each district includes an allocation per student multiplied by the enrollment in a district.

While simplistic in its intent, the actual formula is creating problems for most school districts in the state. The use of a state-imposed per-pupil increase has, in itself, created problems. On top of this, you have the problem of declining enrollments in many districts that causes the funds available to decrease each year while districts are faced with many continuing fixed costs. The combination of these two things is causing districts to reduce their spending in ways that are harmful to the well-being of our students.

When revenue caps were established in 1994, the formula included a cost-of-living increase on a per-student basis. The past few years, however, have seen a change in the formula, wherein the state has set a fixed dollar amount as the allowable increase. While supposedly reflecting the cost of living of the average-spending school district, the fact is that it did not represent the true increases in the costs for the services provided to students. The current per-pupil allocation allows for a 2.5-percent increase in revenues for Elmbrook. The budget proposed by Governor McCallum goes one step further and freezes the per-pupil increase at the same dollar amount as this past year, thus making matters worse.

Approximately four-fifths of operating expenses of school districts go for salaries and benefits. The majority of these costs are for teacher salaries and benefits. Use of the state-mandated Qualified Economic Offer method of bargaining salaries and benefits means that, if the staff stays the same, this part of the budget will go up more than 4 percent per year for most districts.

In addition to the costs for staff, there are many other fixed costs, such as utilities, transportation, and property, liability, and worker's compensation insurance, that are rising at a rate greater than the cost of living. Even textbooks are going up in cost at a greater rate than the cost of living.

Elmbrook has been able to weather the storm of revenue caps in recent years as a result of enrollment increases along with certain actions regarding spending practices. However, enrollment is now leveling off, as has occurred in many districts in the state already. In preparing next year's

budget, we found ourselves "over-budget" by \$1 million if we were to continue "business as usual." While we were able to find ways to reduce the budget so that we did not have to cut programs for students, the fact is that the cuts we made, such as increasing class size, putting off roof repairs and going to a longer textbook-adoption schedule, are not the types of actions that can be sustained for any period of time. In addition, our resident enrollment is projected to decline further over time, which will exacerbate the problems of this next budget. The result will be the need for future reductions in the program offerings of the District, something that has occurred in many other districts already.

We, along with all other school districts in the state, need relief from the effects of revenue caps.

You will, I am certain, point to the ability of all school districts to hold referenda to increase their spending limits. While this is a mechanism that is available to districts, the success of passing these types of referenda has been mediocre at best. When faced with a populace that does not, for the most part, have children, and a practice of "coping," whereby we take actions that do not affect students as long as we can, it becomes very difficult for many school districts to pass referenda.

While I could ask why school districts have been singled out regarding the need for referendums to adequately offer services, or why other local units of government are allowed to borrow funds for capital improvements without voter approval, I would rather ask that you consider changes to revenue caps that would place some local control back into the running of school districts throughout the state.

Proposals regarding the need to allow exceptions to the revenue caps have been presented in the past. Most of these have targeted specific needs, such as technology growth, security, and long-term maintenance. These types of exceptions should be considered, but so, I believe, should the "1-percent solution" proposal which is currently being considered by some. This would restore some self-control back into the hands of those who know best what is needed in their districts: the duly elected school board members.

While the implementation of the "1-percent solution" could be seen as a threat to the two-thirds funding commitment that the state has established, it could be made harmless to this pursuit by requiring the funding increases that come from the "1-percent solution" to be outside the state-calculated formula for determining the two-thirds funding level.

I would ask that you give districts relief from revenue caps by: (1) restoring the appropriate per-pupil increase as currently called for by state statute; (2) considering exceptions to the revenue caps for certain targeted needs of all school districts; and (3) strongly considering the "1-percent solution."

I thank you for your time and would be willing to answer any questions. (For readers of this testimony, I can be reached at 262-781-3030 Ext. 140.)

**Testimony Before the
Joint Finance Committee
April 20, 2001**

**Bob Lehmann
MTEA Vice-President/
WEAC Board of Directors**

There is a popular commercial for a local hospital that asks the question, "Who comes first?" It goes on to say that, for this hospital, the child comes first. Those are wonderful sentiments and, I'm sure that there still are places where the child indeed does come first. Unfortunately, far too often the mantra of children first is just a hollow statement, backed up by nothing more than idle words. Nowhere is this more true than in the state of Wisconsin today. It is easy for some to cite the funding for education within the state budget as proof that we are committed to our children, but the facts simply do not support this position. Since 1993 per pupil spending in Milwaukee has risen 29% from \$6,905 to \$8,752. During that same period the cost of a ticket to a local sporting event has increased by approximately 45%, a meal at a popular hamburger stand over 65%, and the cost of a first run movie ticket by almost 120%, and the per pupil cost in MPS has risen by a mere 3.8% per year. I ask you, "Who comes first?"

This past year, thousands of parents, students and educators around the entire state have lobbied and marched and rallied and even sponsored anti-bake sales in an attempt to get relief from the harsh effects of revenue limits. Rather than providing any such relief, the Governor's current budget bill has tightened the revenue limit screws down harder on all districts, including MPS. And, even though education costs are rising, and the effect of this winter's skyrocketing heating bills have not yet been calculated, the current budget bill makes revenue limits even more onerous in two significant ways. First, the budget bill will freeze the rate of growth in the per pupil revenue limit at \$220.29. Second, the current budget bill also reduces the value of summer school students, for purposes of revenue limits, from a 0.4 Full-Time Equivalent student to only a 0.25 FTE student. Various studies suggest that over the next five years, these two reductions alone will cost our school district close to \$20 million dollars.

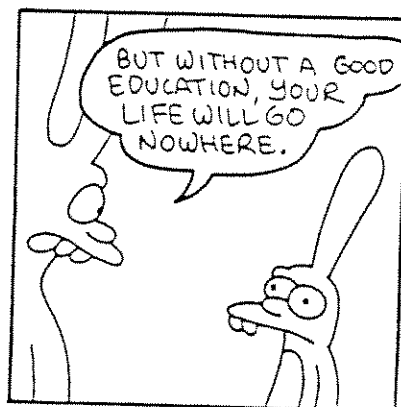
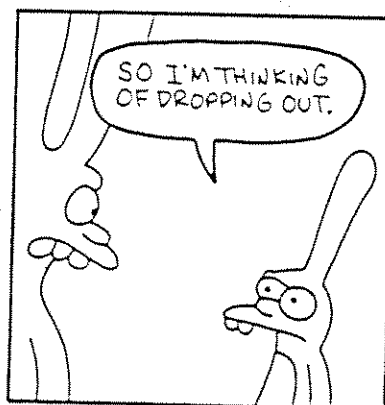
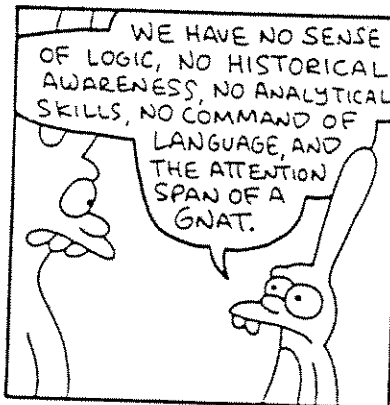
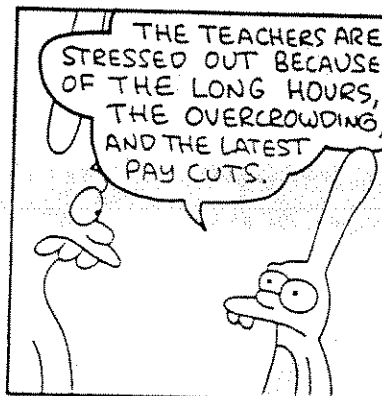
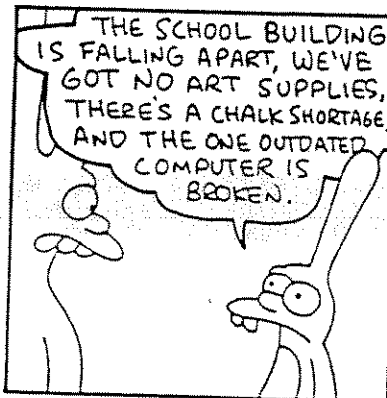
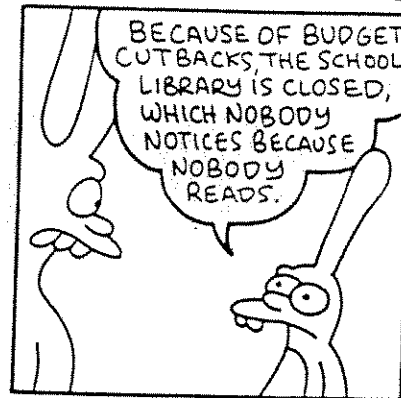
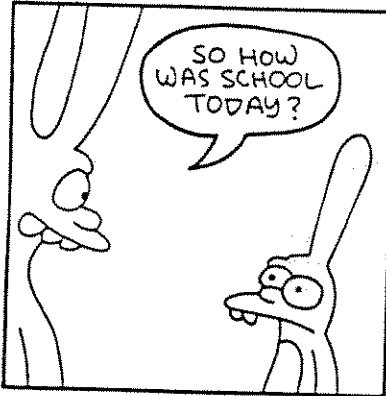
I'm certain that over the past several weeks you've borne witness to countless stories relating how revenue limits have caused school districts across this state to suffer irreparable harm. I have heard similar accounts from my colleagues throughout Wisconsin. I am well aware of the widespread damage caused by spending caps, and I know that there are thousands of similar, untold stories across this state. Given the funding structure of public education in Wisconsin, urban districts are being hit harder than most districts, and Milwaukee is among those hardest hit.

There are over 150 schools in MPS and, with 4% across-the-board budget cuts, each one has a story to tell about how revenue limits have forced them to make decisions which clearly don't put the child first. Let me share just a few. Engleburg Elementary School on the city's northwest side has been forced to cut back to half-time the school librarian. Two educational assistant positions have been left unfilled, and art specialist time is being cut. The professional development budget for the school has been slashed at a time when teachers are being asked to come to the classroom better trained than ever before. Samuel Clemens Elementary School on the north side of Milwaukee is adjusting its budget for next year by reducing music and physical education specialists to one day per week and art specialists to two days per week. Webster Middle School, also on the far north side of Milwaukee, is preparing for a reduction of between two and four full-time staff positions for next year. In anticipation of a \$132,000 shortfall next year, Riverside University High School on the city's east side is eliminating a building service helper position, reducing the hours of a diagnostic support teacher, reducing student co-op positions, as well as reducing the overall budget for utilities, educational supplies and student transportation. Who comes first?

Wouldn't it be wonderful if we could say, "In Wisconsin, the child comes first." Wouldn't it be truly wonderful to say it and to mean it. We look forward to the members of this committee doing just that in the coming weeks. I thank you for this opportunity to speak to you today on behalf of the almost 10,000 MTEA members who believe that our students do indeed come first.

LIFE IN HELL WISCONSIN

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April 20, 2001

I am Rolan Womack Jr., pastor of the Progressive Baptist Church and a member of the African-American Ministers Leadership Council. I am testifying today on behalf of my parishioners and neighbors, and all the citizens of our community and state. I am here this morning because I am extremely concerned about these proposed rule changes and budget provisions and the suggested negative impact they will have on our public schools. Scott McCallum's first budget proposes to raise the income cap on voucher eligibility, and the evidence strongly implies that it will be on the backs of those schools participating in the SAGE program. This is wrong and the strong bipartisan support given to the SAGE program in 1999 validates and affirms the wrong-headedness of this proposal.

All of us would like for our children to enjoy the benefits of learning in a small class with a teacher who is able to individualize instruction for all students. We know that children learn and teachers teach better in the environment of a smaller class. As a matter of fact, we often hear that this is the advantage that the private schools have over public schools. SAGE has been useful in leveling the playing field and its proven track record over the last five years indicates it is working. This is not the time to take money away from the SAGE program, which is a well-documented success, and give it to some unproven private program.

I believe this body of lawmakers understands the importance of expanding the promise of American democracy, the promise of equal educational opportunity, to all the citizens of Wisconsin. The SAGE program lifts the level of learning in the African-American community and also in other communities where poverty is pandemic and eats away at the fabric of family life. Thank you for your concern in this matter of the utmost importance.



Pastor Rolan L. Womack, Jr., D. Min.
"For with God nothing shall be impossible."

Luke 1:37

*Joint Finance Committee Hearing
Washington High School
Milwaukee, Wi.
April 20, 2001*

*Katherine Liddell
1809 Covered Bridge Road
Cedarburg, Wi,
53012*

As Title I Coordinator for Grafton Public Schools, I wish to state that the lack of funding that the non-fiscal k-12 policy items in the governor's budget would create and cause many problems for the pupils of the Wisconsin's school both private and public.

In small district such as Grafton, The caps and high cost of running the schools have already caused the taxpayers to pass referendums in order to try to meet the needs to the pupils. The added burdens of additional cost for special education, which this budget mandates, would mean less or no service for pupils and their families.

These budget items will not:

Keep working classrooms functioning

Maintain the quality of the teaching staff

Provide for the educational programs that benefit the community

Testimony before the Joint Finance Committee
April 20, 2001

Amy Blazkovec, LD teacher
Milwaukee Public Schools

Thank you chairpersons Burke and Gard and members of the Joint Finance Committee for this opportunity to speak today about issues contained in Governor McCallum's proposed 2001-2003 budget bill. My name is Amy Blazkovec. I am a classroom teacher in Milwaukee Public School system at Bay View High School where I teach learning-disabled students.

The ability of public schools in Wisconsin to give every child the opportunity of a great school is being challenged because of the state's failure to keep its commitment to fund special education students. State law requires the state to fund 63% of special education costs, it is now only providing about 35%.

Federal and state law requires special education services, yet districts are forced to take money out of regular education programs to fund special education. Schools are being forced to choose between special education and regular education programs. These painful choices cause harm to all students.

Rising costs in special education are beyond the control of school districts. We have more children today who qualify as special education students who deserve services, and the state is not working as a partner to help provide these services -- and other children are being shortchanged as a result.

When I began my teaching career with the district in 1991, the special education student population was 10,879 or 10.9% of the MPS's total enrollment. The special education population has grown significantly since then and today is 16,173 or 16% of the total enrollment. The ravages of poverty and all its ill effects contribute to this increase, as do the improvements in medical technology, which has saved some of the more fragile children who in the past would not have survived.

Last year, MPS came dangerously close to eliminating a program that has been beneficial to many students in the district and to the communities in which they reside after graduation due to lack of funding. The transition program (School To Work) teaches students the *soft skills* needed for employment. Business and

community leaders indicate many students do not come equipped with the soft skills needed to be successful on the job. Such as how to speak to a customer, how to deal with an angry client, or how to telephone your employer when you are going to be late or you are ill.

To give you an example of the success of the program, I would like to share with you a story of one of my students. Child X, a student with a visual-spatial processing problem, a condition that causes words to appear to swim on the page. He couldn't be fully integrated in the regular education classrooms because he would become frustrated with the swimming words, which caused him to act out, which would result in a trip to visit the principal. To eliminate the increasing number of suspensions, his parents and I discussed the transition program. He worked part-time and came to school part-time. His employer provided a grade based on established criteria and he received credit towards graduation.

Coupled with the special education classroom support, Child X was able to graduate. He is now working full time and recently visited Bay View High School. He thanked the teachers in the Special Education department for all the help and training he received. He said that without the teachers and the transition program he would not have graduated. With support, this student has gone on to become an independent, taxpaying citizen of Milwaukee.

In order to have great schools we need students placed in classrooms that work and a great staff to support them. But without adequate funding, it is all a pipe dream.

The Governor's budget proposal does not address the dire need to increase funding for special education. Under his proposal, additional monies proposed for special education represents only a 3.2% increase in FY02 and 1.5% in FY03, short of even the 6.1% increase in costs predicted by DPI. This means that the state's proportion of special education costs would fall even further from the expected 35.7% this year to a predicted 33.2% in FY03.

Special education is an example of an unfunded mandate, with both regular and special education students being shortchanged as a result. I urge you to increase funding for these critical programs so that we can be assured that all of our students receive the education they deserve. It is time to support the educational needs of all children and for the state to fund special education costs at the promised levels.

MARY KAE NELSON CHRISAFIS

3123 East Hampshire Street

Milwaukee, Wisconsin 53211

April 20, 2001

I am an Early Childhood Special Education Itinerant teacher and have the honor of working for Milwaukee Public Schools. I have a caseload of 22 students with special needs or handicapping conditions that are enrolled full time in regular education MPS four year old and five year old kindergartens. I love my job and get to work with some wonderful teachers, children and families. I go to about seven different elementary schools twice per week to work with my students and to consult with their teachers and therapists. I also teach a class in the School of Education at Carroll College in Waukesha called, "Seminar in Contemporary Issues in Early Childhood Education." It is for Early Childhood Education minors just before they begin student teaching. I chair the Early Childhood committee for the MTEA (Milwaukee Teachers' Education Association), and am a member of the Milwaukee Kindergarten Association and the NAEYC or the National Association for the Education of Young Children.

I am speaking today on the critical importance of Early Childhood programs and urging full funding for all day four year old kindergarten. My argument today sounds like one of the questions for my oral and written comprehensive exams for my Masters degree in Early Childhood Education from Cardinal Stritch College! I had to find academic research that demonstrated that good Early Childhood education and intervention made a difference for young children. Trust me, it does.

Next year MPS is committed to full day K-4 programs for all 28 schools that are part of the neighborhood schools initiative. We are also expanding full day K-4 classrooms in other schools. Why are we pushing for full day K-4 programs? Because MPS is responding to the needs and demands of parents and because it is sound educational policy.

Helen Palmer, a reporter for National Public Radio, had a short segment yesterday on WUWM that I heard while preparing for this presentation. She did some research and found that children in poor quality day care are more likely to be aggressive. Researchers also told her that children that are in a high quality day care situation or in a good kindergarten program are more likely to have a higher level of language development, better social skills and increased readiness for academics. Parents in the upper income brackets are able to be more selective and are able to enroll their child in a program that will develop their social and readiness skills. Poor parents don't always have many options for their young children. If we have policies that poor mothers should work (welfare reform), then we need to ensure that young children have high quality care and education.

David Weikert and the research at the Perry Preschool Project in Ypsalanti, Michigan clearly demonstrated that a good child centered, active learning program produced long term positive results. The students were divided into

three groups. The students that were involved in a high quality early childhood program have been followed for over 24 years. The positive effects continued throughout the students' lives. They had a higher rate of high school graduation, higher level of education, higher incomes and a lower rate of teen pregnancies, drug and alcohol abuse and incarcerations.

Research has demonstrated that high quality early childhood programs work for young children and can make a difference, especially for poor children. Every year I see students that have no school experience struggle when they begin in K-5. I also see children that have been in poor quality day care settings have difficulty with social skills and catching on to the school routine. Sometimes the children have some isolated rote skills, but are unable to apply them to the higher academic demands of our MPS K-5 curriculum. Language and concept development and improved social skills are a big part of our all day K-4 program and help to prepare our children for K-5.

In the seventies I was a first grade teacher at Clarke Street School in MPS. What I taught in first grade is now what we are doing in kindergarten. As a result of the pressure for higher standards, we have pushed the curriculum down and demand more of children academically in K-5. A full day K-4 program will enable our young children to handle successfully the higher academic demands in K-5.

An all day program also reduces the number of different environments and adult caretakers or teachers that a young child will have. Now some working parents opt to leave their child all day in a day care instead of enrolling their child in a half day K-4 program and avoid the hassle of transportation at noon and dealing with two or three environments.

Governor McCallum's budget has no additional funding for K-4 programs. Next year in MPS we plan to have 4,500 children enrolled in four year old kindergartens. Of that total, 3,450 will be enrolled in a full day program. Currently full time K-4 students are counted at only half the full time equivalency (FTE). We get only \$2,800 instead of the \$5,600 that we get for K-5 and other students.

I urge you to act now to invest in the education of young children in Milwaukee and in other areas of the state. Investing at the beginning of a child's education may save us as taxpayers and as a society from investing in correctional institutions which cost thousands of dollars a month for young adults with problems that have gotten into trouble.

Please make full funding for all day four year old kindergarten a reality in this budget.

Thank you for your consideration.

Sincerely,

Mary Kae Chrisafis

Testimony Before the Joint Finance Committee
April 20, 2001

Paulette Copeland, President
Milwaukee Teachers' Education Association

My name is Paulette Copeland, and I'm currently President of the Milwaukee Teachers' Education Association. I have been teaching for 25 years and have experience at virtually all levels of elementary education.

I would like to address the impact of the current budget before the Joint Finance Committee on what is probably the single most significant educational legislative reform initiative in Wisconsin during the 1990's – the class size reduction component of the Student Achievement Guarantee in Education program, commonly known as SAGE.

Three evaluations of the SAGE program by researchers from the University of Wisconsin-Milwaukee have each concluded that smaller class size – in the SAGE program – leads to higher student achievement, and in particular, is dramatically successful in narrowing the achievement gap between black and white students.

The results were based on scores from the comprehensive Test of Basic Skills – in reading, language arts, and mathematics. Students who participated in smaller classes, ultimately outperformed their counterparts in **every category** and at **every grade level, on every proficiency test**, despite initially being behind their counterparts in larger classes.

The findings of the study also reinforced what we – as educators – have known for years – that smaller class size allows us to give each individual student more individualized attention, and reduces the amount of time we need to devote to classroom discipline. Children thrive in the warmth of individual attention from adults.

Despite these important gains, the budget before you will prevent nearly 400 of the schools currently participating in the SAGE program from expanding the program beyond first grade and into second and third grades.

In addition, despite rigorous and consistent evaluations by the DPI -

appointed team of UWM researchers – led by Professors Alex Molnar, Philip Smith, and John Zahorik – the current budget would shift the evaluation of the SAGE program to a new Board on Education Evaluation and Accountability. At a juncture when consistency and continuity are crucial in determining the merits of the experimental SAGE program, it would be a dire mistake to shift responsibility for the evaluation component of this program.

The results from the SAGE program simply confirm what other class size reduction experiments have also learned. The most comprehensive and rigorous class size reduction program looking into the effects of reduced class size on student achievement has been the Tennessee Student/Teacher Achievement Ratio – known as the STAR project. The STAR project was launched in 1985 and has tracked some 6,500 students in 79 schools since kindergarten. Initially, it found that children, who attended kindergarten through third grade in classes with 13-17 students, did significantly better on tests than children in classes with 22-25 students. Five years later, those same children retained the advantages and continued to outperform others in reading, math, and science – even though they, too, were now in larger classes. By eighth grade, these children were at least one full year ahead of their peers academically. This is huge!

Today, 16 years later, these same students continue to reap the benefits by graduating with higher GPA's and more likely to take the ACT and SAT college entrance exams.

Perhaps, most impressive, are the strides made by children of color. While students of all backgrounds benefit from smaller classes, those who gain the most academically are poor, inner city and rural children, and children of color.

The Governor's budget bill currently before you fails to build on the progress started under SAGE. If passed, it will prevent nearly 400 of the 500 new schools that started the SAGE program this year (2000-2001) from expanding the 15-1 class size to second and third grade. Schools with poverty rates below 50% will be able to continue in the SAGE program, but would get aid only for Kdgn and 1st grade students.

In MPS, that means four elementary schools – Elm Creative Arts, Manitoba, Milwaukee French Immersion, and Milwaukee Spanish Immersion – would not be allowed to extend their class size reduction efforts past the first grade. Many low income students in those four schools – as well as many schools

around the state – will be unable to continue to benefit from the SAGE program.

While “smoking mirror reforms” such as the Milwaukee Voucher Programs specifically, choice and charter schools generate the lions’ share of publicity, the less-publicized class size reduction under SAGE, have been the single educational reform that unquestionably has had a significant positive effect on student achievement for all students participating. The failure of this budget bill to build upon this important reform must be rectified.