

Legislative Hearing on the Statewide Forums on the
Impact of Revenue Limits on Wisconsin Public
Schools - January 24, 2001 - Room 411- South -
Capitol, Madison, Wisconsin - Commissioner
Testimony

Introduction:

Name: Virginia Wyss

Position: Janesville School Board President

Hometown: Janesville

Description of the region ^{S.C.} - This region includes the southwest portion of the state and is comprised of 81 school districts with a total enrollment of 151,191 students. In general this region has a fewer low income and minority students than the state average but a higher enrollment of special needs students (16%).

The average equalized value in the district is \$258,186, that is \$34,000 below the state average.

40% of districts have declining enrollment.

Page 2 - Wyss, Board President Virginia - Janesville Forum
Commissioner - Testimony to Legislative Hearing on Revenue
Limits on Wisconsin Public Schools - Room 411, South - Capitol -
January 24, 2001

Per pupil spending ranges from \$7,482 in Mount Horeb to
\$10,061 in Monona Grove.

Why I agreed to serve as a commissioner - I agreed to serve as a commissioner because I had been involved with the study and work of our Janesville JOINT LEGISLATIVE COMMITTEE as co-chair. With my colleagues on the Committee, I learned a great deal about the consequences of the state revenue CAP and felt the Committee had made significant recommendations to deal with the impending crisis in QUALITY public education. I made time to participate in the summit in Madison involving groups dealing with the consequences of the state revenue CAP from all over Wisconsin and joined in setting up the forums to gather information.

My own children had significant benefits from the quality of public education in Janesville and Wisconsin. That's why I became a Board member. Now I have grandchildren who will be attending the public schools in Janesville. To be honest with you: I am very much concerned about the future of QUALITY public education in Wisconsin because of my grandchildren and all the children who will go to school with them! That's why I became a Commissioner

for our Janesville Forum. The student witness from Janesville at our Janesville Forum, Jennifer Dye, expressed my worry well, "We are not only capping the revenue schools can spend, but more importantly, we are capping the education of Wisconsin's youth."

What occurred at the forum?

- 1) Forum held when, where: The South central forum was the first held on October 5 of 2000 in Janesville.
- 2) Number of people attending: 100
- 3) Number and type of people speaking: 23 persons from 13 school districts testified.

Major points made by the witnesses at the Janesville forum were:

Educational impact of spending caps - Witnesses at the Janesville Forum told about the following consequences of the spending CAP -



Page 4 - Wyss, Board President Virginia - Janesville Forum
Commissioner - Testimony to Legislative Hearing on Revenue
Limits on Wisconsin Public Schools - Room 411, South - Capitol -
January 24, 2001

- Over one in three speakers described problems related to old and poorly maintained - building resulting from delays in repairs and construction.
- 30% of the people speaking talked about the difficulty schools have in hiring and keeping qualified staff because of the low salary levels.
- More than one in five cited inadequate school supplies as a significant problem which is mitigated only when teachers personally purchase supplies for their students and by cuts by local school districts in programs, delay in textbook adoption resulting in outdated textbooks and cuts in staffing levels.

How the testimony affected my perception of the school funding issue - My awareness of the ways in which the state revenue CAP is infringing on the QUALITY of public education increased dramatically. As President of our Janesville Board of Education and Co-chair of our Joint Legislative Committee, I had become keenly aware of the consequences in our own schools in Janesville. The Janesville Forum made me aware of the serious

Page 5 - Wyss, Board President Virginia - Janesville Forum
Commissioner - Testimony to Legislative Hearing on Revenue
Limits on Wisconsin Public Schools - Room 411, South - Capitol -
January 24, 2001

consequences in other local districts. In fact, I became aware of the MORE serious consequences in some of the other districts. I must tell you - this grandmother is MORE worried NOW than before the forums... I am worried about the quality of education my grandchildren and all their peers will have in the public schools in Wisconsin, including Janesville.

My worry has increased as I have become more informed about the processes which control our state government, specifically the budget process. What has happened to the "Progressive" qualities of Wisconsin? Where is "representative democracy"?

Is it true that a small select group involving only eight (8) of you legislators in a "smoke-filled" (speaking metaphorically since smoking is NOT allowed in the capitol) room finalize our state budget? We are all well aware of the fact that Wisconsin has the most powerful gubernatorial line-item veto in the whole country, so that our Governor can become a "legislature of one." Where is the democracy?

Let me cite just two specific examples of the crises created by such non-democratic processes:

Page 6 - Wyss, Board President Virginia - Janesville Forum
Commissioner - Testimony to Legislative Hearing on Revenue
Limits on Wisconsin Public Schools - Room 411, South - Capitol -
January 24, 2001

1. School start date - WHY is the state legislature infringing on the local control of school boards? We, Board Commissioners, are elected by our own local people and we KNOW the local needs and we are COMPETENT to make those important decisions. LOCAL CONTROL has been a key quality in public education in Wisconsin and QUALITY public education will be maintained ONLY if LOCAL CONTROL is restored.
2. State mandated teacher compensation - The budget process added items which could be negotiated for teacher compensation over and above the state defined QEO, for example, lane movement and tuition for educational credits. These additional expenses were NOT compensated for by any adjustment in the state revenue CAP. Can you tell me how local school boards are supposed to maintain QUALITY public education for local students while you, state legislators, mandate increased expenses without allowing for increased income?! I've been told that this is not the "new math," but rather "Madison math."

Page 7 - Wyss, Board President Virginia - Janesville Forum
Commissioner - Testimony to Legislative Hearing on Revenue
Limits on Wisconsin Public Schools - Room 411, South - Capitol -
January 24, 2001

I was very glad that Dr. Thomas Evert, our District Administrator in Janesville, told the Janesville Forum and on a later date, the Governor's Blue Ribbon Commission on Local and State Partnerships for the 21st Century - usually referred to as the Kettle Commission, that our state budget process is "significantly flawed" - "flawed in the sense that a few - eight member of the Senate and Assembly - and the Governor have a virtual stranglehold on our expenditure and revenue system." Dr. Evert cited Abraham Lincoln's definition of democracy as "government of the people, by the people and for the people" and asked whether we in Wisconsin are losing our "progressive" forum of discussion and decision-making.

I offer for your consideration Dr. Evert's ideas for a healthier democratic process in our state government:

1. We need a new spirit of cooperation among all state level decision-makers.
2. We need on-going civil dialog, which recognizes the true patriotism of persons holding differing values and priorities and espousing various policies and programs.

Page 8 - Wyss, Board President Virginia - Janesville Forum
Commissioner - Testimony to Legislative Hearing on Revenue
Limits on Wisconsin Public Schools - Room 411, South - Capitol -
January 24, 2001

3. It is through debate and discussion that the electorate is informed to cast its votes and influence political decision-making.
4. I hope that the next session of our legislature will set aside partisanship to serve the public good and more than nine individuals will determine our state budget.
5. I hope the next session of our legislature will STOP "passing the buck" and move to PAY for mandates the legislature hands down AND to empower locally elected officials, especially school board commissioners.
6. I hope the next session of our legislature will be based on healthy civil debate/discussion which informs the electorate.

We are keenly interested in and will be carefully watching this session of our state legislature. We want to be involved in the process... we hope this session of the legislature will remember Abraham Lincoln's definition of "democracy" and be sure to include "the people"!

Page 9 - Wyss, Board President Virginia - Janesville Forum
Commissioner - Testimony to Legislative Hearing on Revenue
Limits on Wisconsin Public Schools - Room 411, South - Capitol -
January 24, 2001

This grandmother is ready, willing and able! I am here on behalf
of my grandchildren and their peers! Thank you for your attention
and follow-up.

- END -

**Revenue CAPS
By
Dr. Dewitt Jones
Superintendent
Fond du Lac School District
January 24, 2001**



The Issue

The Fond du Lac School District, as well as many others, has been "cleansing" their budget since the revenue CAP legislation took affect in 1993. As a slightly declining enrollment district, the revenues and expenditures for the district have been and continue to be on a collision course. Revenues coming in at 2% and expenditures going out at 3.8% clearly outline a problem.

Unfunded mandates like Youth Options are great for students, but continue to place strains on budgets with state imposed ceilings (\$110,000). Public approvals for requests to increase the revenue caps are failing at a 74% rate due mainly to the age of the voting population with students in schools.

Most recently, the Governor approved lane advancements for teachers that are not to be considered part of the QEO formula. While that is great for faculty members, it again pulls dollars from other parts of the budget without increasing the total budget. Now a typical 3.8% increase in the Fond du Lac District translates into 4.2% to 4.4% as a total package. (\$150,000)

High costing Children With Disabilities create an internal tug of war between regular education and special education needs. Adequate funds for CDW students are lacking and a district cost that is uncontrollable. (We are funded at \$2 million and are spending \$7 million in Special Education anually)

Unanticipated energy increases have caused an additional strain on already tight budgets. Fond du Lac will spend over \$300,000 in additional unbudgeted heating and cooling costs for this fiscal year.

These examples outline some of our increased uncontrollable expenditures that Fond du Lac has experienced. We have also cut our budget to meet the revenue caps by over \$2 million in the last four years causing many lay-offs and program reductions.

Let's not go back to the way it was in 1993. But let's get realistic when we look at how public schools will continue to deliver what everyone in the country agrees is one of the best public educational programs in the country. We are now starting to eat our seed corn! The following is an idea that may have some merit.



Accreditation Levels for Improved Student Performances

Our goals must be to work towards outstanding academic performance for **all** children. We must establish goals in our schools to make sure we are working towards this goal. The state has established testing at 4th, 8th and 10th grades as well as high school graduation testing to see where Wisconsin's children are performing in the content areas. Each school district brings with it unique problems. Milwaukee, Oshkosh, Waukesha, and Fond du Lac all have major differences in issues to solve and different mountains to climb. Each district does have one common goal – increased student performances placing students in proficient and advanced categories.



Everyone's Goal = Improved Student Performances

Schools that are performing at or above the state averages should be allowed to spend at or above the state pupil averages. Schools scoring below the state averages that have state approved improvement plans and are making progress towards their state approved goals should also be allowed to spend at or above the state average per pupil. Schools not scoring at or above state averages that do not have state approved improvement plans in place or are not working toward the state approved improvement plan, should be subject to the REVENUE CAP as written.

We must tie some type of local incentive to planning for and achieving improved student performances and state funding. This will be the only way we can ensure that **every** student will have equal opportunity and schools will be able to demonstrate outstanding performance. Like colleges and universities, NCATE's accreditation is based on plans for improvement and results. Why can't we have levels of accreditation for our Wisconsin public schools. Each accreditation level drives the funding. Trust me, this will change the way we do business quickly.

This plan would not have to add another "extra" process in our schools. It should be totally centered around improved student performances, which is our mission.

We know that everything we are currently attempting to improve (teacher licensure, no social promotion, high school graduation testing, zero dropout, and many others) all have at their core the goal of improved student performances. These accreditation levels could again tie all of these initiatives together.

Schools that have students scoring at lower levels can have an acceptable accreditation level if they are working towards approved goals and the students are improving on establish standards. Schools that cannot demonstrate acceptable levels of planning and performance will remain in the regular CAP program with no incentives.

The public will stand up locally and demand excellence when accreditation reports are published. Schools will not be compared to anyone else but themselves and the State established standards. CESA's can help the DPI with planning, improvement monitoring, etc. Why spend more money on vouchers when the answer is clearly in front of us? The local public will not object to a local school that is taxing, with state permission, at a slightly higher level when their students are performing at higher levels.

This is a win – win program = No additional state funding required.
All locally funded.

**Wisconsin Accreditation Levels
for
Improved Student Performances**

Accreditation Level One

The District's students are meeting or exceeding state performance standards driven by a locally adopted and state approved plan for student performance improvement.

(Local Boards in these districts have earned the right for state permission to spend above the CAP by a state-established percentage for Level One.
Requires local board approval during the regular local budget adoption process)

Accreditation Level Two

The District has a locally adopted and state approved plan for student performance improvement and is implementing the plan.

(Local Boards in these districts have earned the right for state permission to spend above the CAP by a state-established percentage for Level Two.
Requires local board approval during the regular local budget adoption process)

Accreditation Level Three

The District is in the process of developing a locally adopted and state approved plan for student performance.

(Local Boards in these Districts are subject to the current formula with no permission to spend above the established CAP)

Wisconsin PTA

4797 Hayes Road, Suite 2. Madison, WI 53704-3256 (608) 244-1455

Testimony to the Senate Education Committee

Presented by – Winnie Doxsie, Wisconsin PTA President

January 24, 2001

My name is Winnie Doxsie. I am a parent from Appleton. I am also the volunteer President of the Wisconsin PTA.

From September to November this year, I was a commissioner for six public forums on school funding. They were held in Janesville, Rhinelander, Appleton, Superior, Stevens Point and West Allis.

I traveled over 900 miles and spent over 16 hours listening to people from all over Wisconsin who are deeply worried about their schools.

I am here to tell you about the forums and to speak on behalf of those who can't be here today – people from Superior to Beloit, from Green Bay to La Crosse.

The forums were organized by a statewide network of groups:

- The Wisconsin PTA and local PTAs in Appleton, Janesville, Stevens Point, Superior, and West Allis/West Milwaukee
- The Janesville Joint Legislative Committee
- Price County Citizens Who CARE
- The Big 8 Summit on Spending Caps
- The School District of Superior
- The Wisconsin Federation of Teachers
- The Institute of Wisconsin's Future

The goal of the forums was to collect information about how revenue limits have affected our schools. Over 1,000 people attended the forums and 263 of them from 78 school districts provided testimony.

About one third of the people who testified were parents. Other speakers included school superintendents, teachers, students, school board members, community leaders and school principals.

Speakers came from a variety of districts --- suburbs, cities, farming areas and small towns.

Some came from very wealthy places like Gibraltar while others came from struggling communities like Superior and Racine.

Rich or poor, city or suburb -- they are all facing funding shortages. They are being forced to make cutbacks that limit children's education and their future.

- More than one in four people talked about school classes getting larger and larger.
- 25% described program cuts that were in academics as well as services and extracurricular activities.
- More than one in five told us about having outdated and insufficient textbooks.
- About one in six talked about the lack of computers and old, poorly maintained school buildings

To tell you the truth, sitting there it felt like many had all of the above.

The situation in our schools is becoming more and more serious.

Prices for health insurance, gasoline, heating fuel, electricity and books are going up much faster than are revenue limits.

Districts with declining enrollment are hit twice as hard. They lose money as students from different schools and different grades leave but expenses don't go down. More than half of Wisconsin school districts have declining enrollment and that number is increasing every year.

Schools districts have nowhere to go:

- classes are already too large,
- programs have been cut,
- books and computers are already outdated,
- building repairs have been on hold for years.

Some School districts are now actually using their reserve funds for operating expenses and soon those funds will be gone.

People who testified at the forums are calling on you, our elected officials, to address the financial needs of our schools.

As I stated earlier I am the president of Wisconsin PTA with over 47,000 members.

I would like to read you a quote from Mary Patterson-Smith, a parent in Appleton.

“ The PTA has planted school grounds, painted walls, provided books and gym equipment, and paid for field trips for families who couldn't afford it. We have met our obligation, I now urge the state to meet theirs”.

On behalf of Mary and the thousands of mothers, fathers and extended families who have donated auction items, sold pizzas, baked cookies or have purchased all this stuff. I am offering you this plate of brownies. This is the last plate of brownies our PTA members are going to make to pay for basic education expenses.

We are here to say that it is time to pass laws -- not collection plates --- to provide quality schools that can educate ALL of our children to be skilled workers, informed citizens and capable adults who not only survive but thrive in the 21st century.

I'm Marty Holmquist. I live at 418 W. Amelia Street in Cassville, Wisconsin.

I'm the Superintendent of Schools and the Elementary Principal there.

I bring you the perspective from a very small school district in Southwest Wisconsin, where we have been historically frugal. Prior to the caps we were one of the lowest spending districts in the state. Low teacher salaries, little technology, no elementary principal, little special education. Our K-12 enrollment topped out at 417 in 1996, began a free-fall, is 345 this year and will drop below 300 in two more years. W-2 recipients moved out with their children for jobs we don't have. We've lost 3 dairy herds since school started. Families themselves are becoming smaller. Young people are delaying having children. Our young people are moving out to jobs elsewhere. Is this trend particular to just Cassville? Last year 30 of 31 school districts in CESA # 3 had declining enrollments. The combined enrollment decline of these districts last year equals the average size of one of our districts.

We've had to make big budget cuts to survive. I'm the master of this process. We've made cuts that are hurting students and staff, in the present and in the future as once something is gone it's impossible to put back.

Cuts where? Teachers salaries.

We have a low teacher wage scale. Our most experienced teacher, with 34 years, at the top of the salary schedule, earns \$40,050. This scale needs improvement. But that's impossible. Four years ago we had a voluntary settlement at 3.8% for two years. The teachers recognized the budget problem, were cooperative, and took the hit. The last settlement the Board had to impose QEO. And that is my recommendation for the next two years. With health insurance rates up a predicted 16%, the base of our salary schedule next year will increase only \$386. And that will be the total raise for 1/2 of our teachers on top of the experience scale. Some of the teachers will receive a lane increase, now outside of the QEO formulae. That is fair and just, it is your law - but it will raise QEO from 3.8% to 4.4% - money that has to be found by other cuts in the budget. And our salaries remain low over time - a built in time-bomb for the coming teacher shortage.

In addition to stomping on teachers, have else we managed to survive? Over the past four years I have cut the capital equipment budget (computers, desks, chairs, and the like) from \$124,000 to \$35,000 - with \$22,000 of this year's monies being your categorical TEACH grant. So the real cut was from \$124,000 to \$13,000 - 89%. Have I violated your TEACH requirements, moving from supplementing to supplanting? You bet.

Our supply budget for classrooms has been cut 50% over three years, cut so far that when I was visiting in the kindergarten several months ago I noticed that children were waiting for one another to be able to use a pair of scissors. I asked the Patti why she hadn't ordered more scissors this year, one for every child, and she said she knew the budget was tight and she needed pencils and art supplies even more than scissors. We did buy some more scissors - we're going over on some of our budgets.

How about the infrastructure budget? It has been cut 45% over the past four years. We have stopped improving our buildings and we are doing only necessary maintenance. Next year we will budget only for emergency repairs. I find myself in the irresponsible position of having to recommend, for the first time in my career, deferring routine maintenance and letting the public's buildings deteriorate.

Can I cut staff, you may ask? My pupil-teacher enrollment has dropped significantly. That is good for pupil learning. Becky had 25-29 first graders in her class a few years ago. Last year she was down to 10 and this year is at 16. Since we only have one section, one teacher, at each elementary grade level. I still need all of Becky, all day, and all of her salary, even though my enrollment and my revenue cap have dropped. 1/3 less students doesn't translate to 1/3 less salary for Becky. In my neighboring district of Iowa-Grant, five sections per grade are going to four. The effect? As enrollment goes down, learning goes up. An unfortunately vice-versa. At the high school I still need Judy to teach a calculus class if only for 5 students now when earlier it was 12. At the high school level therefor cutting staff can only mean cutting course offerings. And we're not a comprehensive high school to begin with. We can't cut staff further.

Can we cut utilities? Buses? Electricity?

Let's try to apply the old saw across the board cuts, of say 10%, here? Shall we not pick up the kids at the ends of the bus routes? Turn down the temperature 7 degrees until little fingers cramp up trying to write? Not put toilet paper in the tenth stall? Turn off the lights 45 minutes before the end of the school day? Oh picture it, little Joey in the toilet, in the cold, and as he discovers there is no toilet paper - the lights go out.

Cut administrators. You bet. Our Cassville administration consists of the High School/Middle School principal and me. In some small districts, for example Benton, there is only a Superintendent/K-12 Principal - one. We are also

the Curriculum Coordinator, the Testing Director, the Federal Projects Officer, the Personnel Director, Food Service Manager, the Negotiator, the Budget Director...this list goes on. And we are expected to align our curriculum with state standards, meet the state testing requirements, and all of the other regulations that all districts have, large or small, without people to do it.

How about cutting support staff? We've cut my 1/2 time secretary this year. We've cut our teacher aide staff by 1/2. We already have a low number of custodian/maintenance people for our square footage. And our top paid maintenance/custodial person makes only \$11.70/hour after 19 years. Where do we cut here when our own employees children are eligible for free and reduced lunches?

Should we cut all extracurriculars? Total cost \$140,000 in Cassville. Is this a good idea? High school sports are the lifeblood and much of the social fabric of a small community. Sports keep some of our marginal students in the high school and keeps other behaving better than they would without extracurriculars. Cut the fine arts extracurriculars or classes? Not on my watch. However, if we cut sports maybe we could cash-crop the athletic fields for some additional income.

What have we done with categorical monies meant to help us out?

Our federal lower-class-size money? We used all \$12,100 of it to partially fund a needed LD teacher - the one we had had 31 students. And where did we get the rest of the money for the LD teacher- we made further regular ed budget cuts. We have been forced to pit the needs of some of our children against others in order to stay under revenue caps. What about other new monies?

- SAGE - our enrollment has dropped so we're not eligible.
- TEACH - we're already cheating to get \$22,0000.
- ERATE - cost more in personnel time the first year to get it that we go. Adds all of \$4,500 year.

My board has directed me to prepare a balanced budget in the past. Next year that is no longer possible. Next year we will maintain program and be forced to deficit spend. Spend our equity? That goes against every sound fiscal practice I've been taught and practiced for thirty years. This only delays a referendum to bring the balance back up, and makes a referendum for operating bigger in the future. It forces us to borrow money to meet payroll - and the taxpayers lose with the necessity for new interest payments. It is not right we are forced to eat our seed corn.

So it's a referendum for operating the following year - and maybe facing district dissolution and merger if it fails.

Revenue caps, the QEO, and 2/3 funding was a three-legged stool - a stool we're familiar with in southwestern Wisconsin. But someone has been tinkering with the legs.

The QEO leg will rise from 3.8 to 4.4 %. The other two legs need to go up correspondingly.

The revenue cap leg has an inflation factor built in - but it does not bring up the balance. Adjustments could include:

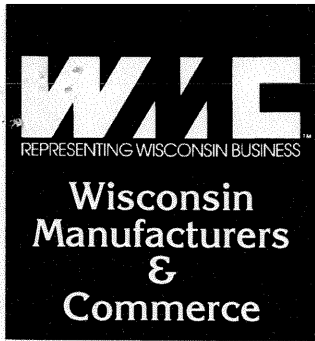
- Adjust the formulae to include escalating utility and health care premium costs
I earlier suggested a cap of 3.5% on utility costs - but California.....
- Adjust the transportation aid formulae to reflect the escalator costs in our bus contracts for fuel
- Adjust for cost for lane changes
- Adjustment in the count where enrollment continues to decline - the three-year average only helps for three years

The 2/3 state funding leg needs upping

- Make it a full actual 2/3, perhaps utilizing a portion of the property tax credit
- Include new categorical funding for
 - all e-en costs for high-cost students above a certain ceiling
 - een costs at the original sum sufficient, the 70%, or the 50% - all once promised
 - pick up costs of internet and distance learning - perhaps a Wisconsin e-rate
 - provide extra incentives for merger after a school district drops below a certain enrollment level

We are faced with a crisis and we need your help. The stool needs to be leveled. I believe kindergarten children not being able to have their own pair of scissors to learn to cut was what was intended when we got revenue caps.

Your learned consideration of our problems will be appreciated.



Memo

TO: Senate Education Committee

**FROM: James A. Buchen
Vice President, Government Relations**

DATE: January 24, 2001

RE: School Revenue Caps

Wisconsin Manufacturers & Commerce (WMC) supports school revenue caps because they have been effective in holding down property taxes and because school district performance data compiled by the Department of Public Instruction shows there is no correlation between higher levels of spending and student performance.

School revenue limits have helped control property tax increases. In the five years prior to the enactment of the revenue limits, school property tax levies increased an average of 8.5% annually. (See attached chart.) Revenue limits, combined with the commitment on the part of the state to pick up two-thirds of public school costs, have resulted in an average annual school property tax levy decrease of 1.7% since their enactment.

Modifying or eliminating revenue limits will lead to either a dramatic increase in property tax levies or would force the state to commit virtually all revenue growth to public education, leaving no money available for other state operations.

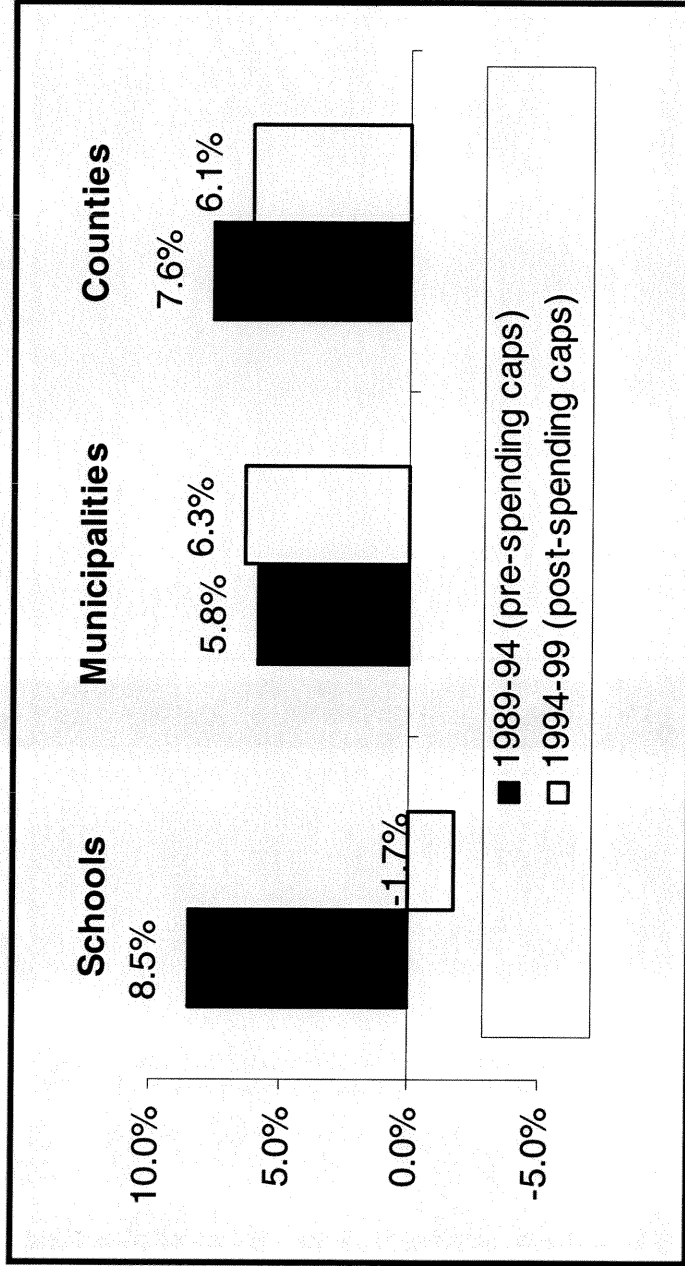
There is no evidence that increasing spending on public schools, absent other changes, will do anything to improve school performance. School performance can now be measured using the standardized tests given in third, fourth, eighth, and 10th grade. Department of Public Instruction data shows that last year only 83 of 360 K-12 school district met or beat statewide averages in terms of the percent of students achieving at the proficient or advanced level on 13 of the 13 tests. Of those 83 school districts, 58%-a strong majority-spent below the statewide average of \$8,557 per pupil.

In addition, of the 50 highest spending school districts, only 12 met or beat statewide averages on 13 of 13 tests. By contrast, of the 50 lowest spending school districts, 15 achieved the 13 of 13 mark on standardized tests. The data debunks the myth that simply spending more money on education produces better results.

We urge the Legislature to leave the current revenue caps in place, since they are an effective means of controlling state and local taxes without adversely affecting educational quality.

Current School Spending Caps Work...

Average Annual Property Tax Levy Increase/Decrease 1989-1999



Source: WI Taxpayers Alliance, Focus, Feb. 10, 1999

KEY FACTS ON SCHOOL REVENUE LIMITS AND PERFORMANCE

January 24, 2001

Wisconsin Manufacturers & Commerce

In 2000, 83 K-12 school districts were at or above the statewide average in terms of the percent of students achieving at the proficient or advanced level in 13 of 13 academic categories

- 49 spent below the statewide average of \$8,557 per pupil
- 34 spent above the statewide average per pupil

In 2000, 136 K-12 school districts achieved at least 12 of 13

- 80 spent below the statewide average
- 56 spent above the statewide average

Of the 50 highest spending school districts, 12 achieved the 13 of 13 mark on standardized tests.

Of the 50 lowest spending school districts, 15 achieved the 13 of 13 mark on standardized tests.

(Source: Department of Public Instruction. Tests include third grade reading and four standardized tests required in fourth, eighth and 10th grades.)



MILWAUKEE PUBLIC SCHOOLS

OFFICE OF THE
SUPERINTENDENT
5225 West Vliet Street
P.O. Box 2181
Milwaukee, Wisconsin
53201-2181
Phone: (414) 475-8001
Fax: (414) 475-8585

Testimony of Dr. Spence Korté
Superintendent, Milwaukee Public Schools

COMMITTEE ON EDUCATION
WISCONSIN STATE SENATE

March 28, 2001
Madison, WI

Thank you Chairman Grobschmidt and members of the
Committee on Education.

I am honored to address this committee that is charged with ensuring that all Wisconsin children receive a quality education. Preparing our children for success is imperative to our State's future. Therefore, it is critical that the State's budget invests the necessary resources to accomplish this goal.

In the Milwaukee Public Schools, we believe that the success of our children depends not only on high quality educational services, but also on the strength of our school communities. We recognize that our children have needs that extend beyond the traditional school day and the traditional school role. We envision our schools as catalysts for developing sustainable neighborhoods within which our children can thrive.

We are striving to achieve this vision in a number of ways. Most importantly, we are committed to educational excellence in all of

our schools, for all of our children. In addition, we are addressing our communities' needs by offering extended day services and early childhood education. We have taken unprecedented strides to develop partnerships with community stakeholders and to work with them to provide essential social services for our students and families. These efforts are most clearly demonstrated through our Neighborhood Schools Initiative.

Our continued commitment to this vision is critical if our children are to reach their full potential, both academically and socially. This commitment requires adequate and sustainable support from the State. While we are encouraged that some of the initiatives in the governor's proposed budget will assist in our efforts, we are also concerned that the budget does not address several of our highest priority needs.

The most serious concern we have is the governor's proposal to freeze the rate of growth in the revenue limit and to reduce the summer school FTE count for revenue limit purposes. The rate of growth in the revenue limit is already insufficient to address the growing costs of providing quality educational services for school district throughout the State. For MPS, these changes will require us to cut spending by \$600,000 in FY02 and over \$2 million in FY03.

Another serious concern is the failure of the governor's budget to provide full funding for all-day K4 programs. Over 12,800 children are enrolled in K4 programs statewide. In Milwaukee more parents are expressing a desire for full-day options. When our public schools fail to offer full-day programs, many parents opt for private schools that do provide this service.

Likewise, the governor does not propose additional funding or revenue limit relief for services that extend beyond the typical school day. Far too many parents in Milwaukee are compelled to choose schools outside of their neighborhood so that their child's transportation schedule coincides with their workday. Before- and After- school programs are the primary means for our district to reverse this practice and to ensure our children's safety and well-being in the hours when they are most at risk.

Like other districts throughout the state, we are faced with the rising costs of serving our children with exceptional needs. The proposed budget continues to fall short in its level of funding for special needs students. We strongly encourage the State, as well as the federal government, to fully fund their commitment to our

children who require special accommodations to meet their full potential.

However, we do support the Governor's proposal to allocate all new special education funds on a "census basis" that includes a factor for district poverty. This approach is consistent with the way federal special education funds are allocated to states.

We also support the governor's proposal to require DPI to allocate the maximum amount of federal funds allowable under current law directly to school districts. In addition to its allowable administrative set-aside, DPI retains approximately \$17 million of the State's major categorical funding for state-run programs. While it may make sense for some programs to be provided in a statewide or regional manner, districts should have

the option to participate in and fund such programs or to use those resources for district level operations.

I also want to take this opportunity to express our concern regarding the funding disparities that exist between districts in the State. While the current State funding formula attempts to equalize funding on a statewide basis, serious inequities continue to exist between districts when evaluated on a regional basis.

While MPS spends on par with the statewide average, we are outspent by all but two of the districts in Milwaukee County, with our richest neighbor spending over \$4000 more per child than we do. Therefore, I strongly encourage your consideration of efforts to address these regional disparities. The Spence Proposal that was introduced by our Board member Jeff Spence during the deliberations of the Kettl commission, is one such

concept. We would be happy to provide you with more details or copies of that proposal.

While there are many other issues surrounding the governor's proposal that are important to us, these represent our highest priorities. We look forward to working with you as you continue to refine the budget to best meet the needs of Wisconsin's children and families.

REVENUE LIMITS

Background

School districts have labored under state-imposed revenue caps since 1993. The caps essentially froze spending at 1992 levels. In 1995, the Legislature voted to fund 2/3 of the costs of K-12 education. It is critical to realize the state pays an *average* of 2/3 of the total cost. For Madison, due to higher than average property values, the state actually pays only *one-fourth* of the district's total budget (\$266 million), with the remainder of the costs borne by local property tax payers.

Districts are allowed annual per pupil increases, however, the increases have not kept pace with inflation. The Governor's budget freezes the allowable increase at \$220.29 per student. This allows about a 2.4 percent increase in the total MMSD budget – substantially less than the state-imposed Qualified Economic Offer (QEO), that lets school boards increase teacher salaries/benefits by 3.8% without the local union option of requesting a state arbitrator to resolve contract differences. Personnel costs account for about 85 percent of the district's total budget.

Issues

Many budgetary factors are outside the control of the district – rising utility/fuel costs, declining enrollment, legal expenses, mandated special education and English as a Second Language programs/services. To ensure schools have modern classrooms, preparing students for post secondary employment, technology is now an essential cost of doing business.

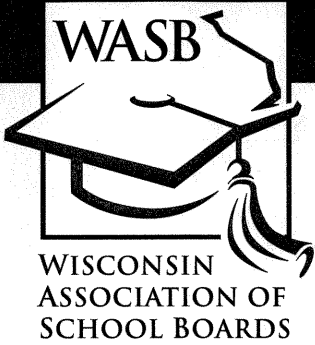
The district supports revenue limit exemptions for:

- essential infrastructure expenses (maintenance, utilities, transportation);
- security measures;
- classroom technology and technology-related staff development;
- schools to count 100% of their FTE summer school enrollments for the purposes of calculating revenue caps (Governor's budget cuts from 40% to 25%).

The district also believes that revenue limit increases must match the resources needed to comply with the QEO. Additionally, MMSD supports allowing districts to levy 1% of its total budget without going to referendum.

Conclusion

The state needs to return control of schools to local school boards. In too many instances, the state imposes mandates (school start date, staff compensation) that are better left to locally elected school board members.



122 W. WASHINGTON AVENUE, MADISON, WI 53703
PHONE: 608-257-2622 • FAX: 608-257-8386

KEN COLE, EXECUTIVE DIRECTOR

To: Chairman Rick Grobschmidt and
Members Senate Committee on Education

Fr: Pam Rewey, Annette Talis, Sheri Krause
WASB Legislative Services

Re: Senate Education Hearing March 28

Dt: March 28, 2001

The WASB's top priority this budget session is revenue limit flexibility for school districts. Please find information about the WASB Two Percent Solution attached.

You may contact us for more information about this proposal.

A Reasonable Compromise: Provide Revenue Cap Flexibility

As the Legislature begins debate on the state budget, the school funding issue is again on the front burner. The executive budget maintains the status quo—retaining two-thirds funding, although tightening the revenue caps slightly. Pressure is mounting from various parent and education groups to either lift the cap entirely or make adjustments to allow for more local control.

The WASB does not support ending the revenue limits. It's just not politically possible because of pressure from property taxpayers, which led to the revenue caps in the first place.

What we are advocating for is giving school boards more flexibility in spending while keeping the cap in place.

Legislators continually tell us that without spending controls, the state could not afford the two-thirds funding. And without this level of state support, property taxes would have to increase.

As is true with most things in life, however, revenue caps are not perfect. They especially pinch school districts that have declining student enrollments, which is nearly half those in the state.

When the kindergarten enrollment drops by a few students, resulting in the loss of state aid, the district can't just lay off a teacher or two or close a classroom or cut out a bus route. Trimming the budget to match the loss of revenue is not always possible.

What's more, parents and taxpayers in some communities want to add an activity such as a new elementary reading program to boost reading scores, which may be impossible under the revenue limit.

And although the cap rises at about the rate of inflation each year, many districts are facing higher than normal increases in the cost of fuel for heating and transportation. The rapidly rising cost of health insurance for employees is another problem area.

Currently, school boards can exceed the cap only by going to a referendum—no matter how small the amount. As a result, budgeting is so tight in some districts, they have trouble finding the money to send student athletes to the state tournaments.

Our proposal, which we are seeking to introduce into the Legislature, would allow boards to exceed the cap by up to 2 percent of the annual, per-student cost averaged across the state. That cost this year is about \$8,000, which means school boards could vote to exceed the spending limit by a maximum of \$160 for each student in the district.

In meetings last fall, WASB members—school board members from around the state—identified modifying the revenue limit as their top priority. And our Delegate Assembly, which creates the association's policies, approved the "2 percent solution" we are proposing to the Legislature.

Our approach would not "blow up" or "poke holes" in the revenue cap as other proposals have been criticized for doing. If a school board decides, based on local needs, to spend above the cap, that amount would come from local property taxes and would not be added into the two-thirds paid for by the state. This would be a local decision only.

For some districts, the dollars might be spent for badly needed computers or other technology. Others might decide to replace a run-down school bus. For an increasing number of districts that are struggling to make ends meet, the money might mean fewer cuts in programs for students.

School board members represent a diverse constituency. They feel a deep commitment to children and want to provide them with the best schooling possible. They also represent parents and taxpayers and feel an obligation to keep spending under control.

We believe that our approach serves the interests of children, parents, and taxpayers. It is a reasonable compromise between lifting the caps entirely and doing nothing.

Proposals for Increased Aid to all Wisconsin School Districts

1. **Increase revenue limit flexibility --“1% Solution”:** A school district is given the option to approve, through a two-thirds vote of its School Board, additional revenue per member up to one percent of the state average revenue per member. If the district chooses, the additional revenue would be funded through two-thirds aid. The state aid to districts relative to the additional 1% will be no less than zero. For the 1999-00 school year, the state average base revenue per member is \$7,119, so that if implemented in the current fiscal year, the amount per member would be \$71.19

2. **Increase state aid levels for special needs students:**
 - A. **Special Education:** The state would reimburse districts at the following levels:
 - a. 90% of the costs of services for a disabled student that are incurred above an amount equal to three times the state average costs per student.
 - b. The aid for other special education costs should be set at 50% sum sufficient level.
 - c. The increased special education funding would be distributed outside the 2/3-aid formula to prevent actual reductions in aid to property poor districts.

 - B. **English as a second language:**

Increase state reimbursements for ESL programs from 17% to 60% of costs incurred for all students with limited English skills.

My name is Tom Beebe. ^{and} ~~Live in Fort Atkinson~~ and I am an outreach specialist in the school funding project at the Institute for Wisconsin's Future.

I had a very interesting day yesterday speaking with many of your constituents in the central part of the state. I didn't learn anything new, but I felt I needed to share it with you. The problems associated with revenue limits on our public schools haven't gone away since you met on January 24, and they have left voters, taxpayers, parents, students, and educators:

- Frustrated;
- Angry;
- And, finally, energized to work for change.


In Wausau, I talked with superintendent Charles Skurka. He told me about the multi-million dollar shortfalls and declining enrollment his district faces over the next five years. He also told me about the cuts in programming and services his district is facing -- decisions that will cheat students and parents who are looking for quality educational opportunities.

With sadness in his eyes, he said that because of declining enrollment and revenue limits it looks like he will spend the years before his retirement dismantling pieces of the excellent school system he has spent the last six years building.

Last night, I attended an emotionally charged public meeting in the Stevens Point school district -- a meeting complete with picketers, TV cameras, animosity, and tears.

Like Wausau, Stevens Point is facing impossible decisions because of revenue limits. Whatever choices the school board makes, some groups of children will be cheated, and the citizens of Stevens Point are angry.

A notice announcing last night's meeting



When I got home about 11:30, I opened the mail. There was one note from a teacher in the Oconomowoc School District. She talked about how her district is responding to revenue limits -- and the pain it is causing. She said that last Wednesday, her principal at the Ashippun elementary school told the staff that the school board had voted to close their neighborhood school.

Her comment was: "You could see the tears in our eyes, the agony of parents who had worked long and hard to find financial options to keep us open. The outcome, however, was necessary to help close a \$750,000 shortfall. We, as teachers, have worked so long with so little to provide a topnotch education for our children. As schools continue as society's whipping boy, our morale continues to fall."

Something else I learned yesterday, however: People in Wausau and Stevens Point and Oconomowoc and all over Wisconsin are beginning to realize that their educators and school boards have been as creative as they can be -- they've cut and merged and consolidated and laid off and increased all of the class sizes they can. They are powerless and out of options.

Now, they are going to look to you and other legislators for the answers to the crisis created for their children by revenue limits.

In the short run, we need to find a comprehensive solution that means no school district in Wisconsin -- and no more children -- lose any more educational opportunities because of revenue limits.

The plan offered by the network of individuals and organizations supported by the Institute for Wisconsin's Future represents one attempt to find that solution. You need to consider it and the others which will be brought forward.

In the long run, you need to take a long, hard look at an educational funding system that is not only unfair and inequitable but is now putting more and more children at risk of the consequences of an inferior education.

I believe that the school funding adequacy model offered by IWF is a good place to start.

It won't be easy. The solutions won't come without some pain and agony. On the other hand, your constituents throughout the state have run out of answers and are now looking to you to make sure their children have access to the educational opportunities they deserve.

Thank you.