

# The Effects of Revenue Caps on Wisconsin's Public Schools: 124 District Profiles

A cooperative study by the Wisconsin Association of School District Administrators and the Wisconsin Education Association Council. This study is based on the experiences of superintendents and teachers during the 1999-2000 school year.

Data analysis and written analysis by Russ Allen and Jeff Leverich  
Wisconsin Education Association Council

Special thanks to Arlie Jaster and Cindy Jensen (WEAC) who worked extensively on this project and also to Miles Turner, Executive Director of WASDA, and to the district superintendents who participated in this study.

February 2001

# THE IMPACT OF REVENUE CONTROLS ON WISCONSIN PUBLIC SCHOOLS

This report first describes how the study was conducted. A brief legislative history of revenue controls and an organizational schema for the report are then presented. The next section contains an overview and analysis of significant findings and is followed by statewide survey data from superintendents and teachers. Finally, data are presented from the 124 school districts that volunteered to participate in the "district profile" study.

## **Introduction**

In order to measure the impact of revenue controls on Wisconsin school districts, the Wisconsin Association of School District Administrators (WASDA) and the Wisconsin Education Association Council (WEAC) have conducted an annual survey of school district superintendents since 1994. The purpose has been to collect data on the effects of revenue controls on the programs and services of Wisconsin's public schools. This year, 276 superintendents participated in the study. Superintendents were asked if they were willing to release individual district results to the public for purposes of this current study.

Of the 276 superintendents who returned their surveys, 124 (45 percent) agreed to public use of their data. The purpose of this expanded study was to create a profile for each of these 124 districts. Fiscal, demographic, and enrollment data, as well as highlighted survey responses, were compiled to create each district profile. Most profiles also contain news articles and other information about the effects of revenue controls.

In addition, a separate questionnaire was sent to teacher association presidents in all districts, of which 201 teachers returned their surveys. Their responses are included in the district profiles.

All surveys and data collection took place from the summer through December of 2000. Nearly two-thirds of superintendents and 47 percent of local association presidents returned surveys, suggesting that responses are representative of the entire state. Complete survey results for individual districts can be obtained by contacting the WEAC offices.

## **Brief legislative history of revenue controls**

In order to control school costs and to help reduce property taxes, Wisconsin Act 16 was passed in 1993. The legislation capped the amount of revenue that school districts can raise annually on a per pupil basis. The specific dollar amount of the cap increased with changes in legislation from \$200 per pupil in 1995-96 to \$216 in 2000-01.

The revenue control law was originally intended to last for a five-year period at which time it would be evaluated. The law, however, was changed during the 1995-97 state

budget process when the caps became permanent and annual spending increases were tied to a fixed dollar amount instead of inflation. With this budget the state also committed itself to fund two-thirds the cost of public education as a way to provide property tax relief. To date, there has been no evaluation of the impact of the revenue control law on public education by the State of Wisconsin.

### **Organization of the report**

The next section of the report presents observations, analysis, and conclusions about the impact of revenue controls on public school programs and services. This section is followed by bulleted highlights of statewide results from both the superintendents' and teachers' surveys, which in turn are followed by the actual questionnaires containing statewide responses. The final section, the 124 district profiles, constitutes the bulk of the report.

### **Observations and conclusions**

The use of multiple data sets, including individual district profiles and open-ended comments, provides a unique and comprehensive look at the effects of revenue controls on school programs and services. Moreover, when district confidentiality is no longer an issue, a wealth of district data can be analyzed and reported.

In their comments and responses, the 201 teachers and 276 superintendents who returned surveys express similar concerns about the impact of revenue controls on public education. Concerns generally fall within six categories: Educational quality, Opportunity to learn, Educational infrastructure, Hiring and retaining staff/professional development, Meeting the needs of all students, and Declining enrollment.

Findings suggest that the revenue control formula—based only on district enrollment and a legislated per pupil increase—is at odds with the state's efforts to promote educational quality. The Wisconsin Legislature focused on school funding primarily for purposes of tax relief. Although the caps have reduced school spending as a share of property taxes, survey data depict serious concerns about a current and ongoing decline in educational quality. Revenue controls do not appear to be well aligned with efforts to enhance the state's quality of education.

#### **1. Educational quality**

Ninety-five percent of teachers are "very" or "somewhat" concerned about long-term educational quality in their district, and 80 percent of teachers and 62 percent of superintendents say that revenue controls have had a negative effect on their district's quality of education.

Moreover, a large majority of teachers (88%) and superintendents (67%) believe that educational quality in their district will decline between now and 2005 without changes in the law.

The overwhelming majority of written comments from teachers and superintendents speak of efforts to “make-do” within the schools, or address the difficulty in maintaining quality in the current fiscal environment.

## **2. Opportunity to learn**

Teachers and superintendents report fewer opportunities for students to learn or to benefit from specialty programs. Examples include 53 percent of superintendents who report limiting gifted and talented programs, and numerous teachers who report reductions in field trips, extracurricular activities, and in the number and variety of classes. Comments reflect budget-infighting, programmatic triage, and no funds for new initiatives.

Written responses show that some schools are sacrificing programs in order to save others. Some teachers listed specific classes such as Spanish, calculus, and consumer education that were completely eliminated in their districts. Mentioned, too, are policies to eliminate classes with less than 15 students, and the necessity of combining classes, such as different levels of French, in order to maintain the program’s viability.

Serious questions arise, then, about how best to fund strategies for educational improvement. It appears possible that new programs initiated by the state to improve quality could have the unintended effect of limiting educational opportunity for children because of school districts’ inability to fund them.

Moreover, 50 percent of superintendents and more than one-half of teachers report that class sizes are increasing. Fifty percent of superintendents believe larger classes in their district have a “very” or “somewhat” negative effect on educational quality. Thus, even though there have been reductions in K-3 class size in many districts as a result of SAGE and federal programs, class size is increasing at the upper grade levels.

## **3. Educational infrastructure**

Superintendents report many cuts in maintenance, purchase of texts, purchase of curricular materials, technology, and an increasing use of fund 10 balances (reserve funds). Sixty percent or more say that these types of cuts are “very” or “somewhat” negative. Likewise, 58 percent of teachers agree there are “significant maintenance needs” not met in their building, such as keeping facilities clean and in good repair. The cost of heating, an issue reflected in recent news articles, and a lack of instructional space in some schools, were other concerns also mentioned.

Sixty-two percent of superintendents report cutting money for consumable supplies, and teachers report reduced funds for textbooks, curricular materials, consumables, videos, and library/media center materials. Survey results suggest many Wisconsin schools are experiencing a waning capacity to meet their day-to-day basic needs.



#### **4. Hiring and retaining staff/professional development**

Superintendents and teachers report that revenue caps are making it more difficult to hire and retain teachers and to provide professional development opportunities. Ninety-nine percent of teachers say their colleagues are concerned about the effects of revenue controls on salary and benefits, and 97 percent of teachers report lower teacher morale due to less money in the schools, lower pay, greater demands, and a “lack of appreciation” and “respect.”

Fifty-eight percent of superintendents also indicate they have to “delay or reduce the hiring of new staff” due to budget constraints, and, in their written comments about why they expect quality to decline, 28 percent of teachers wrote about the problem of retaining newly hired staff or replacing staff after retirement. Finally, 60 percent of superintendents report “fewer staff development opportunities,” a concern repeatedly expressed in written comments by teachers.

#### **5. Meeting the needs of all students**

Eighty percent of superintendents state they are serving a larger percentage of special needs students in their district than four-to-five years ago, and 81 percent say that more of their budget is spent on at-risk, English as a second language, and special needs students than before. However, 45 percent of superintendents also report that, due to budget constraints, they have cut the number of educational aides or support staff in their district.

As a result, the vast majority of teachers (94%) are “very” or “somewhat” concerned about their district’s capacity to serve both regular education and special needs students, and, in some comments, teachers report cases where special education students were placed in regular classrooms with teachers not trained to serve them.

Finally, 39 percent of teachers and 45 percent of superintendents report cuts in at-risk programs, actions about which many teachers expressed concern in their written comments.

The data suggest that districts have a decreasing capacity to serve both special needs and regular education students. Because the revenue control formula allows only a flat dollar increase annually for each student—no matter the cost of educating that child—less funds appear to be available for regular instruction as well as for those children most in need.

#### **6. Declining enrollment**

Nearly one-half of districts project declining enrollment over the next four-to-five years. This is important because superintendents in declining enrollment districts project lower levels of educational quality in the future, and also are more likely to be critical of the caps than other superintendents. Furthermore, when asked to explain fears about a future decline in quality, nearly 25 percent of teachers express concerns about enrollment.

Concern may stem from the fact that revenue controls are based on a one-to-one relationship between enrollment and school costs. As the number of students decreases in a district, funding for the district decreases proportionally. The relationship between pupils and spending, however, is more complex.

The cost of administration, heating, cleaning, and instruction, for example, does not decline in a classroom if 25 students are taught instead of 30. These fixed costs are unrelated to the number of students in class. Survey data suggest that the disparity between allowable revenue and fixed costs is affecting both the fiscal health and educational quality of declining enrollment districts.

### **Summation**

The data and comments cited above show that revenue controls are problematic both from a policy standpoint and as a funding mechanism for education. The caps appear to be at odds with overall state objectives of promoting educational quality, and they contain intrinsic flaws as a mechanism for school funding.

Survey results show that the majority of districts statewide are suffering fiscal hardships that are directly affecting the overall quality of Wisconsin's system of public education including its educational infrastructure, breadth of academic opportunity, class size, and quality of staff. The specific nature of these effects is more fully documented in the section containing the 124 district profiles, which begins on page 19.

## **SUPERINTENDENTS' PERSPECTIVES**

### **Significant Findings from the 1999-2000 Study of the Effects of the Revenue Caps on Programs and Services Offered by Wisconsin's Public Schools**

Superintendents from 276 of Wisconsin's 426 school districts participated in this year's study. The most significant findings follow.

#### **Educational quality**

- 62% of superintendents say the revenue caps have had a negative effect on the quality of their district's programs and services. In contrast, 36% say the caps have made "no difference," while 1% say the effects have been positive.
- Two-thirds of superintendents expect the overall quality of education in their district to decline between now and 2005. Only 6% of superintendents expect improvement; 16% expect quality to be about the same; and 11% say they do not know.

#### **Educational infrastructure**

- During the 1999-2000 school year, significant percentages of superintendents report that in order to comply with the revenue caps their district has reduced spending for its infrastructure, including the following: spending less for improvements of buildings and grounds (69.7%); spending less for maintenance of buildings and grounds (68.5%); delaying/reducing purchase of computers and other technology (67.3%); delaying building maintenance or improvement projects (65.9%); limiting purchase of consumable supplies, such as paper (61.7%); and delaying/reducing purchase of textbooks/curricular materials (61.5%). In addition, 53.1% say they have used their fund balance in order to support the budget.

In all of these areas, a vast majority of superintendents say the effects of these cuts have been "very negative" or "negative."

#### **Opportunity to learn**

- During the 1999-2000 school year, significant percentages of superintendents report that to comply with the revenue caps their district has reduced programs or services that directly affect children. Included are the following: reducing extracurricular programs (39.1%), limiting programs for gifted and talented students (52.5%), offering fewer courses (45.1%), limiting summer school programs (39.9%), offering fewer field trips for students (48.3%), reducing counseling or other services (37.8%); and increasing student fees (55.7%).
- More than one-half (54%) of districts increased student fees in 1999-2000 because of the revenue caps, and 85% say that the increases were due "directly" or "partly" to the revenue caps.

### **Hiring and retaining staff/professional growth**

- About one-third of superintendents say that the revenue caps are making it difficult for them to hire and retain quality staff, including administrators, educational support staff, teachers, and guidance counselors/social workers/psychologists.
- During the 1999-2000 school year, the significant numbers of superintendents say that their districts took the following actions: teacher layoffs (41.8%), layoffs of teacher aides or other support staff (44.6%), administrator/supervisor layoffs (37.1%), delayed/reduced hiring of new staff (57.6%), increased teacher workload (49.2%), and increased administrator workload (62.8%).
- Many superintendents say they are not able to meet the professional development needs of their staff. Sixty percent of superintendents say that as a result of the revenue caps they cut staff development opportunities during the 1999-2000 school year. Between 38% and 69% of superintendents report that staff development funds are inadequate to meet the needs of educators in five important areas of professional development.

### **Meeting the needs of all students**

- Districts are spending a greater percent of their budgets on educating students with special needs. Eighty percent of superintendents say, that compared with four or five years ago, a greater proportion of students are in need of special education. Fifty-seven percent of superintendents indicate the same for at-risk students, while the figure for ESL (English as a Second Language) students is 43.5%.

These figures help explain why 81% of superintendents say that a greater proportion of their budget is now spent on ESL, special needs, and at-risk students.

### **Declining enrollment**

- Nearly one-half of districts project a decline in enrollment over the next four to five years. In contrast, one-in-five districts project an increase, while 29% say that student enrollment will remain about the same. Superintendents from districts expected to decline in enrollment are more likely to project a lower level of future educational quality.

## **TEACHER ASSOCIATION PRESIDENTS' PERSPECTIVES**

### **Significant Findings from the 1999-2000 Study of the Effects of the Revenue Caps on Programs and Services Offered by Wisconsin's Public Schools**

More than 200 teacher association presidents returned questionnaires asking for their perspectives about the effects of the revenue caps on their district. The most significant findings follow.

#### **Educational quality**

- 80% say that the effect of the revenue controls on the "overall quality of education" provided by their district has been "somewhat" or "very" negative. Only 2% say the effect has been positive.
- On a 10-point scale, 88% of teachers expect the overall quality of education in their district to decline between now and 2005. Only 6 persons expect improvement.

#### **Educational infrastructure**

- 58% of teachers say that there are "many" or "some" significant building or maintenance needs in their district that are not being met.
- 65% of teachers say that their district is not spending enough on textbooks, curricular materials, and consumables (such as paper).

#### **Opportunity to learn**

- Significant percentages of teacher association presidents say that their district is not adequately funding the following: student field trips (51%); variety/number of courses offered at the middle/junior high or high school level (42%); gifted and talented programs (41%); the arts, including music, band, theater, etc. (38%); and extracurricular offerings (27%).
- More than one-half of teachers say that class sizes in their district have increased because of the revenue caps.

#### **Hiring and retaining staff/professional growth**

- 97% say that the effect of the revenue caps on the morale of teachers in their district has been "negative." Not a single person said the effects have been "positive" or "very positive."
- 53% say that their district offers fewer staff development opportunities for teachers and support staff.
- 42% say their district has delayed hiring of new staff.

- 67% say their district has increased teacher workloads by assigning more responsibilities.
- 99% say that teachers in their district are concerned about the effects that the revenue caps have had on salary and benefits.
- In their written comments explaining why they thought educational quality would decline in the future, 28% said that quality would decline because of the loss of good teachers and the problem of hiring and keeping quality new teachers. A few persons also wrote about the difficulty of hiring qualified substitutes.

#### **Meeting the needs of all students**

- 94% of teachers say that because of the revenue caps they are “very” or “somewhat” concerned about their district’s capacity to serve both regular education and special needs students.
- 39% of teachers say that their district is not adequately funding at-risk programs.

#### **Declining enrollment**

- No questions asked.



*Education is our investment in the future.*

**MEMORANDUM**

**TO:** DR. THOMAS EVERT  
**FROM:** JEANINE ALLEN, DIRECTOR OF STUDENT SERVICES  
**SUBJECT:** LOW INCIDENCE HIGH COST STUDENTS  
**DATE:** MAY 3, 2001

This memorandum costs out low incidence yet high cost students with disabilities. These approximated costs were calculated before state reimbursement. The services reviewed include students served in early childhood and significant high cost needs in the areas of cognitive disabilities, autism and traumatic brain injury. Costs include teacher, transportation, special education aides, technology, occupational and physical therapy, specially designed physical education, music therapy, speech and language, nursing, vision and/or hearing services. Costs varied due to individual student needs. Sixty-six students were identified and costs are broken out in ranges as follows:

\$20,000 - \$29,999 (24)

61

3. 24,366	22. 28,242	40. 24,859	48. 28,664	62. 28,841
4. 20,432	27. 23,502	43. 29,560	49. 25,374	63. 21,039
7. 28,370	33. 21,875	45. 21,039	53. 24,047	64. 21,039
10. 20,800	38. 22,859	46. 21,047	54. 27,574	65. 21,039
11. 26,890	39. 29,754	47. 23,149	55. 25,574	

\$30,000 - \$39,999 (25)

1. 37,725	16. 31,548	24. 31,830	34. 39,152	50. 37,458
2. 30,000	17. 34,455	25. 32,012	35. 30,569	52. 32,664
5. 38,830	19. 32,412	26. 33,820	36. 39,725	56. 35,629
6. 37,969	21. 36,597	28. 38,593	41. 30,701	61. 35,695
9. 35,374	23. 38,830	31. 36,815	44. 33,883	66. 34,374

\$40,000 - \$49,999 (10)

8. 42,802	20. 40,009	30. 43,293	37. 40,330	58. 41,464
13. 40,330	29. 40,704	32. 41,877	57. 42,695	59. 42,695

\$50,000 + (2)

51. 50,864	60. 50,571
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## Sebastian, Julie

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**From:** The Classical Tutor [tutor@voyager.net]  
**Sent:** Tuesday, May 08, 2001 10:45 PM  
**To:** sen.grobschmidt@legis.state.wi.us  
**Subject:** Testimony/Education Committee

Dear Senator Grobschmidt,

On behalf of Wisconsin Education Consumers Association ([www.weca.ws](http://www.weca.ws)), I would very much like to be in Madison today (5/9/01) to testify in person at the education committee hearing. Due to my tremendous work load though, I am regrettably unable to do so. Despite this, I request that you please present my official written testimony (per this e-mail) to the committee at the meeting.

Many of the bills this hearing is addressing relate to altering the revenue caps, usually with the effect of increasing the amount of tax dollars flowing to school districts. More money does not equal higher quality! In addition, local districts have the power to challenge the revenue caps through referendums. Contrary to what you will hear from most of the testimony, Wisconsin schools are more than adequately funded and any legislation to further increase the flow of tax dollars into schools is unwarranted and will encourage more waste in a system which already refuses to change its ways.

For example, several important studies have been released which highlight the common sense ways Wisconsin schools could save money \*and\* increase student achievement:

Direct Instruction and the Teaching of Early Reading - Highlights annual savings projections with decreased reliance on LD placement:  
<http://www.wpri.org/Reports/Volume14/Vol14no2.pdf>

Recent reading research NICHD - Districts could save millions of dollars by reducing their remedial reading programs and implementing scientific methods in the classroom, therefore preventing reading difficulties and disabilities: [http://www.nrrf.org/synthesis\\_research.htm#treatment](http://www.nrrf.org/synthesis_research.htm#treatment)

Study Shows Class Size is Just a Start - The conclusion: A lot of educational fads that de-emphasize basic skills and promote such things as having children choose their own activities are associated with lower results. Unfortunately, this is the dominant philosophy in Wisconsin schools:  
<http://www.jsonline.com/news/metro/jan01/sage18011701a.asp>

The Costs and Benefits of Small Class Sizes - Found meager results for the justification of broad based policies to reduce class sizes, especially in suburban schools: <http://www.wpri.org/Reports/Volume13/Vol13no6.pdf>

The True Impact of QEO Law on Teacher Salary Increases: -This study found a serious flaw in the lock step formula for teacher raises. WECA also believes it is much too easy to attain graduate level credits and move through the steps: <http://my.voyager.net/~tutor/revenuecaps.htm>

Tax Credits for Education: Give all Wisconsin parents choices!  
[http://education.aynrand.org/tax\\_credit.html](http://education.aynrand.org/tax_credit.html) How Choice Boosts Parental Involvement and Benefits Children:  
<http://www.cato.org/pubs/pas/pa-383es.html>

Books on school choice: <http://www.cato.org/pubs/pas/pa-383es.html>

This small sample of various cost-saving ideas go seemingly unnoticed amongst the constant cries for more money. WECA does not have the resources to lobby or organize busloads of people to get what \*we\* want, protest the high rate of taxation in Wisconsin, or counter the ever present pressure from the PTA, teacher unions and special interest groups for more money. But, on behalf of education consumers of Wisconsin, I would be grateful if

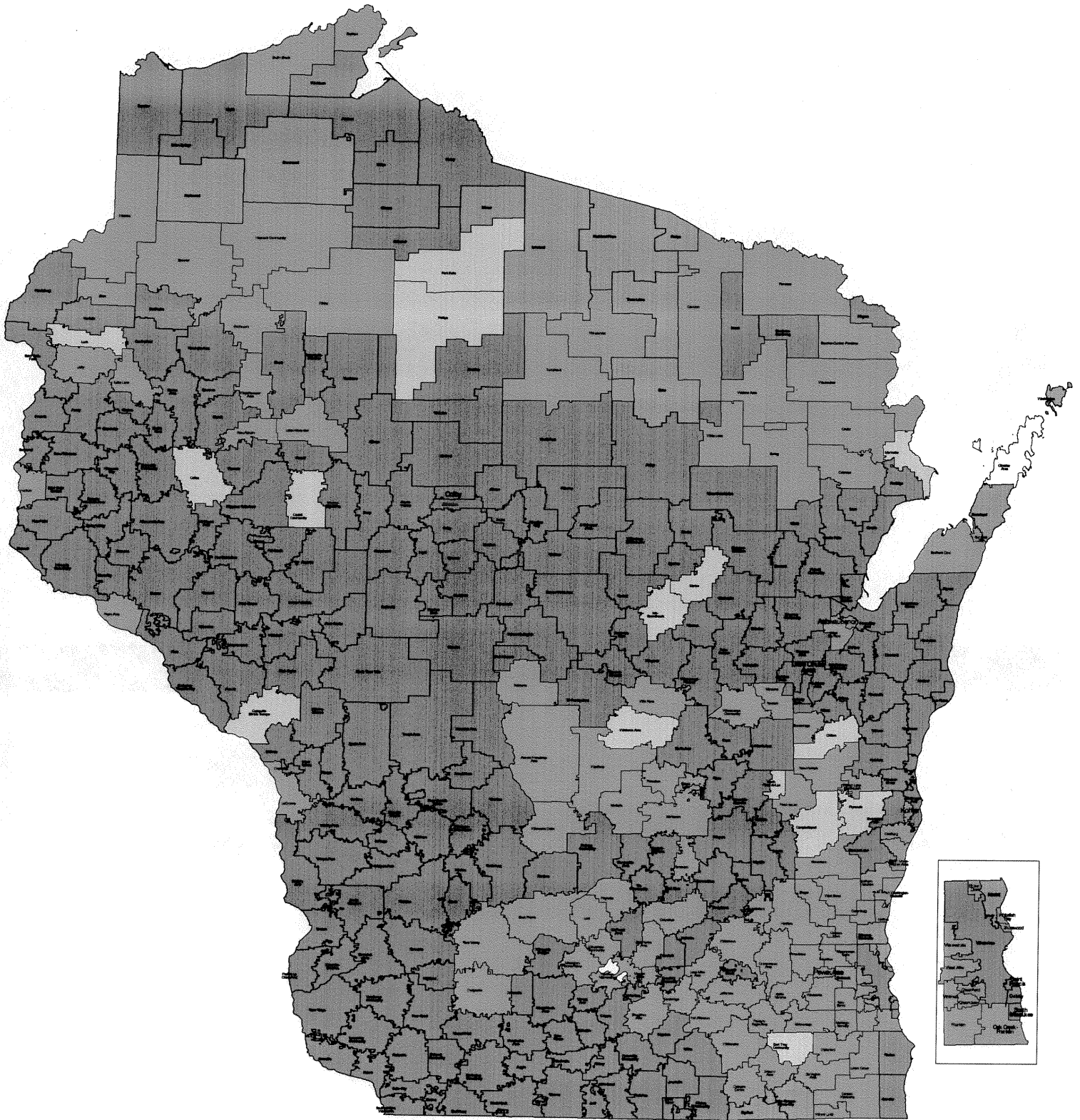


your committee would do whatever it can to keep school taxes down in order to force responsible spending and much needed changes in our local districts.






Thank you,

Lisa Leppin  
Wisconsin Education Consumers Association  
936 Clarendon Avenue  
Mukwonago, WI 53149  
262.363.4788  
[www.weca.ws](http://www.weca.ws)

# 2000-01 School Districts by Category of Equalization Aid



## School Districts

-  Special Adjustment Aid Only
-  Primary Aid Only
-  Negative Tertiary
-  Positive Primary, Secondary
-  Positive Primary, Secondary and Tertiary

## WASB Two Percent for Kids Proposal

### Background

The membership of the WASB has made revenue limit flexibility the association's top priority this session. The WASB supports allowing school boards to increase their local tax levies on a per pupil basis above the state limits by not more than two percent of the statewide average allowable revenue per pupil.

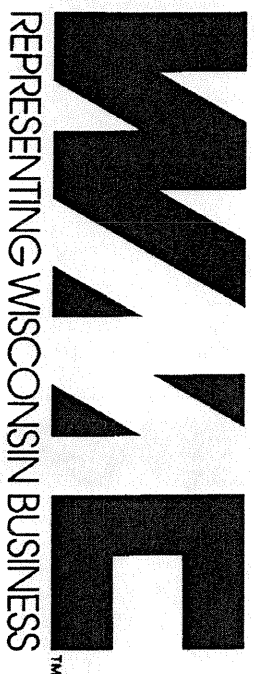
The state average allowable revenue per pupil is about \$7,400. The indexed adjustment proposed by this resolution would give school boards the flexibility to raise revenue limits by approximately \$148 per pupil. This adjustment would:

- 1) Be authorized by a vote of the school board;
- 2) Come from the local levy;
- 3) Be outside the state's commitment to two-thirds funding;
- 4) Not be added to a district's base revenues in subsequent years.

### Talking Points

- **Preserves public support for the school funding formula**—The QEO and revenue caps make two-thirds state funding of public education possible, but the rigid caps are hurting local schools because school boards cannot accommodate unanticipated expenses. As each neighborhood school is hit with a dramatic cut in service, the revenue limits will become increasingly unpopular on Main Street. The WASB is not calling for an end to the revenue caps. It is not politically possible at this time and school board members recognize the pressure from property taxpayers that led to the caps in the first place.
- **Helps align revenue and costs**—Revenue limits increase by a flat dollar amount adjusted for inflation each year. Meanwhile, personnel costs rise at a rate tethered to the QEO of 3.8 percent. The average annual rate of inflation between 1993-94, when the QEO and revenue limits were first implemented, and 1999-2000 was 2.4 percent, with a low of 1.60 percent in 1997-98. As a result, in every year since the present school funding formula was adopted, cost increases have exceeded revenue increases in school districts. This disparity has forced many school boards into crisis budgeting. The Legislature's decision last session to exempt the costs of lane movement, or educational attainment, from contract settlement calculations has added to these problems in all school districts because it effectively raised the QEO to 4.2 percent.
- **Allows boards to deal with unanticipated cost increases**—Right now there is no way to deal with unanticipated expenses because the only flexibility for local school boards is to go to referendum no matter how small the amount needed. Revenue limits especially pinch districts that have declining student enrollments, which is nearly half of those in the state. Meanwhile, many districts are facing cost increases that exceed the rate of inflation for expenses such as fuel and employee health insurance.

- **Preserves local control**—Wisconsin school districts face unique economic, demographic, educational and political situations. The state needs to create a controlled mechanism that would provide local boards flexibility. School board members would be directly accountable to taxpayers when they vote to increase their revenue limits.



# School Revenue Caps

**“Cap spending, cut taxes,  
protect taxpayers”**

Testimony before the Senate Education Committee

James A. Buchen, V.P. Government Relations

May 9, 2001

# Protect School Revenue Caps

- WMC opposes eliminating or modifying school revenue caps.
- Revenue caps keep property taxes down.
- Revenue caps protect taxpayers from increases in state income and sales taxes.

# Tax Problems in Wisconsin

- May 9, 2001 is Tax Freedom Day in Wisconsin when residents stop working to pay their tax bills.
- Third highest state and local tax burden in America at 11.9% of income.

(Source: Tax Foundation, Tax Freedom report 2001.)

## Tax Problems in Wisconsin

- National average state and local taxes -- 10.2% of income.
- Wisconsin state and local tax burden -- 11.9%
- Only Maine and New York outpace Wisconsin's state and local tax burden.

(Source: Tax Foundation, Tax Freedom report 2001.)



# Taxes and Spending

- Tax cuts are the #1 issue on the WMC agenda, and voters. Tax cuts top issue in poll after poll.
- Wisconsin voters overwhelmingly support capping government spending at all levels.
- Capping government spending will get WI out of the Tax Top 10.

# Capping Spending

- Existing school revenue limits work to control property tax levy hikes.
- A proposed state government spending cap is a good start. (AB 1 and State Budget)
- Proposals to roll back school revenue limits will result in property tax hikes.

# Taxes and Spending

## *Problem:*

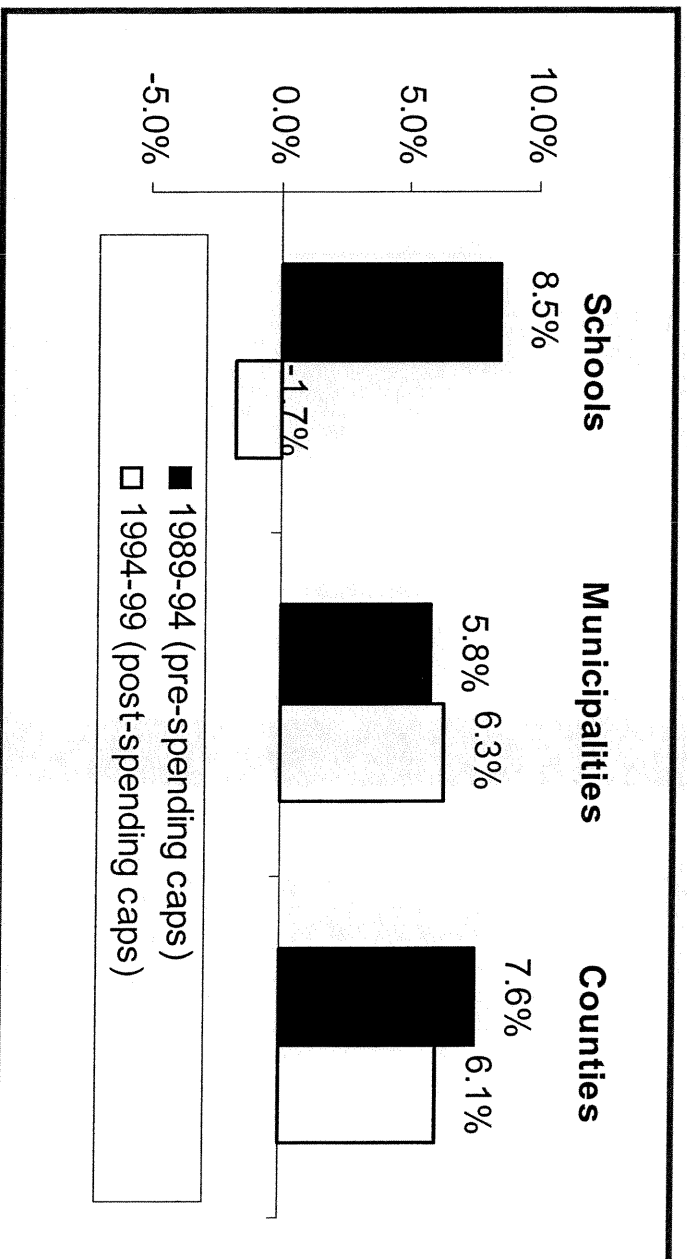
Government spending and taxes grow faster than inflation and personal income.

## *Solution:*

Capping government spending will get taxes in line with our ability to pay and get Wisconsin out of the Tax Top 10.

# Current School Spending Caps Work...

## Average Annual Property Tax Levy Increase/Decrease 1989-1999



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

## Caps Have Allowed Schools Reasonable Spending Increases

- Per student spending increased an average of 4.8% per year since the caps were put in place.
- By contrast, per student spending increased 5.1% per year during the 5 years preceding enactment of the revenue caps.
- Since the caps were enacted, average spending per student increased \$1,801 - going from \$6,796 to \$8,597.

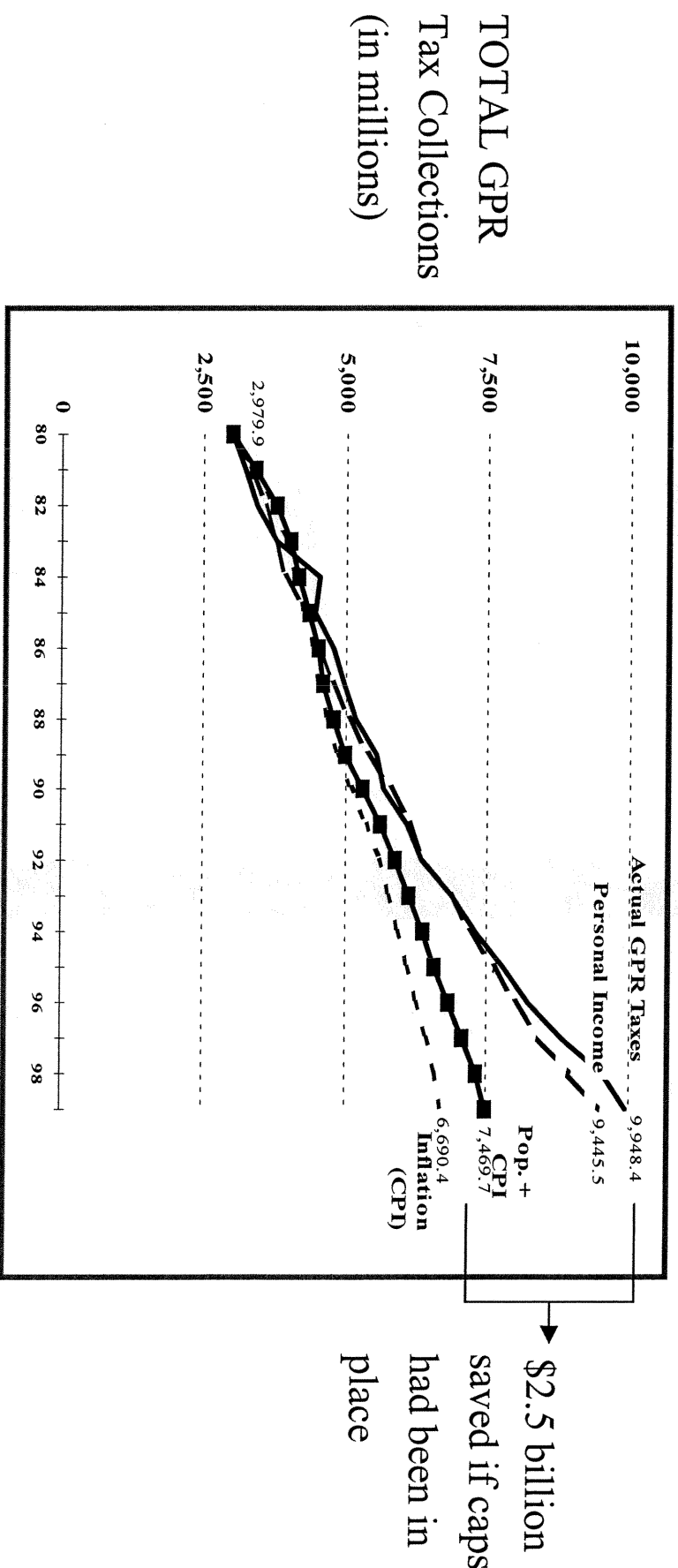
## **Caps Have Allowed Schools Reasonable Spending Increases**

- Wisconsin currently ranks 9th highest in the nation in per student spending.

(Source: Legislative Fiscal Bureau, Wisconsin, Taxpayers Alliance, Congressional Quarterly.)

What if state taxes grew at the same rate as...  
 personal income, population and inflation,  
 inflation alone?

### Taxes outpace ability to pay 1980-1999



(Source: WI Taxpayers Alliance)

Tax Year

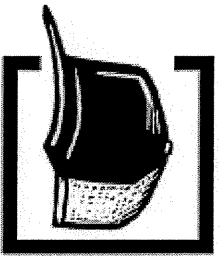
# Taxes and Spending

- If state tax collections had been limited to inflation adjusted for population from 1980 to 1999, taxpayers would have saved \$2.5 billion in 1999 alone.
- For every dollar, the average Wisconsin household earns in 2000, 35.4 cents will go to taxes.
- In an average 8 hour day, a person works more than 2 hours 40 minutes to pay taxes.
- Taxes make up a larger piece of personal budgets than housing, food, health care, clothing and entertainment.

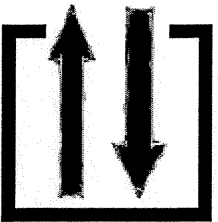


# Solution:

## Wisconsin Taxpayer Protection Plan



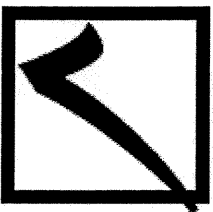
Cap all government spending



Return surpluses to taxpayers with real tax cuts for individuals and businesses



2/3 legislative vote required to raise state taxes



Vote of the people to override local caps

# Voters Want Caps

Wisconsin voters want government spending caps.

Taxes continue to be WMC's #1 issue and voters agree.\*

- 71% support limiting the total amount of state government spending to inflation plus the increase in population.
- 69% support requiring a two-thirds vote of the state legislature to raise taxes or increase spending beyond the spending cap.
- 77% support requiring that all state budget surpluses be returned to the taxpayers.
- 77% support requiring that local school funding and bond issue initiative be held at the same time as other elections.
- 68% support capping local spending will force local officials to live within their means and make it harder to raise property taxes.

(\* *Source: Tax Fax #2, WMC Statewide Voter Survey, May, 2000*)

MAR 26 2001



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

March 26, 2001

TO: Representative Scott Walker  
Room 308 North, State Capitol

FROM: Russ Kava, Fiscal Analyst

SUBJECT: LRB 2229/3: Exclusion of Certain Debt Service Costs from Shared Costs

In response to your request, this memorandum summarizes LRB 2229/3, relating to the exclusion of certain debt service costs from the definition of shared costs under the equalization aid formula, and provides a list of districts subject to the negative tertiary aid feature of the formula.

The current three-tiered cost sharing formula for equalization aid was enacted in 1995 Act 27 and first applied to equalization aid paid in 1996-97. The equalization aid formula is calculated using school district data (pupil membership, shared costs and equalized valuations) from the prior school year.

Shared costs are those school district expenditures which are aidable through the equalization formula. A district's shared cost is determined by subtracting certain deductible receipts from the gross cost of a district's general fund for operating costs and its debt service fund for expenditures for long-term debt retirement. The primary deductions are: (1) state categorical aid; (2) federal aid; and (3) local, nonproperty tax receipts such as ticket sales, student fees and interest earnings. These items are deducted because they represent costs which have already been offset by revenue sources other than the property tax or state equalization aid.

There are three guaranteed valuations used in the equalization aid formula that are applied to three different shared cost levels. Each district receives a distinct aid amount and percentage of state support for each tier of the formula, based on its shared costs eligible for aid on that tier. Generally, a school district's total equalization aid is the sum of its aid at each tier of the formula, less required reductions for the Milwaukee choice and charter programs. The three tiers are described below.

*Primary Tier.* The first tier is for shared costs up to the primary cost ceiling of \$1,000 per member. State aid on these primary shared costs is calculated using a statutory guaranteed valuation of \$2,000,000 per member, and is based on a comparison of the school district's equalized valuation per member to the \$2,000,000. State aid equals the amount of costs that would be funded by the missing portion of the guaranteed tax base. Every district receives at least the primary aid amount; primary aid cannot be reduced by negative aids generated at the secondary or tertiary aid levels.


*Secondary Tier.* The second tier is for shared costs that exceed \$1,000 per member but are less than the secondary cost ceiling, which is equal to \$6,533 per member in 2000-01. The secondary cost ceiling is adjusted for inflation annually. The state's sharing of secondary costs is calculated using the secondary guaranteed valuation. The secondary guarantee is not set statutorily, but is allowed to float to a level that fully distributes the available amount of funding for general school aids. In 2000-01, the secondary guaranteed valuation is \$874,011.

*Tertiary Tier.* The third tier is for shared costs that exceed the secondary cost ceiling of \$6,533 per member. State aid on these tertiary shared costs is calculated using the statewide average equalized valuation per member, which is \$303,298 in 2000-01. If a school district's tertiary aid is a negative number, this amount is deducted from its secondary aid. As noted above, if the sum of a district's secondary and tertiary aid is a negative number, this amount is not deducted from its primary aid amount.

The tertiary guarantee is tied to the average property tax base per pupil to reflect statewide changes in property value and enrollment. It is also set at an amount lower than the secondary guarantee so that the state's share will be lower on costs above the secondary cost ceiling. The tertiary guarantee feature of the equalization formula is intended to serve two purposes. First, it serves as a disincentive for higher spending levels by causing districts to receive aid at much lower levels for costs incurred above the ceiling, or lose aid attributable to those costs if a district's per member equalized value is greater than the tertiary guarantee. Second, it attempts to narrow the per pupil spending disparities among school districts by redistributing state aid to districts that spend at lower levels.

LRB 2229/3 would modify the definition of shared costs to exclude debt service on debt authorized by a referendum on or after the effective date of the bill if excluding such debt service from a district's shared cost would result in higher equalization aid for the district. The bill would first apply to aid paid to districts in the 2002-03 school year.

The districts that would be impacted by the provisions of the draft would be those districts that: (1) have tertiary costs; (2) have an equalized value per pupil which is between the secondary and tertiary guarantee; and (3) have positive secondary aid that is not totally offset by negative tertiary aid. If, in a particular school year, such a district would have incurred additional debt service than it otherwise would have as the result of a referendum, under current law the district would lose additional tertiary aid in an amount equal to the product of the additional debt service cost and its tertiary aid rate. As a result, the district would have to find other revenue sources, such



as the local school property tax levy, in an amount greater than the additional debt service costs resulting from the referendum.

The attachment lists those districts whose positive secondary equalization aid exceeded their negative tertiary aid in 2000-01 and the tertiary aid rate for each.

I hope this information is helpful. Please contact me if you have any questions or would like any additional information.

RK/sas  
Attachment

## ATTACHMENT

### Negative Tertiary Aid Districts, 2000-01

<u>School District</u>	<u>Tertiary Aid Rate</u>	<u>School District</u>	<u>Tertiary Aid Rate</u>
Adams-Friendship Area	-3.1%	Hartland-Lakeside J3	-22.2%
Arrowhead UHS	-42.9	Hayward Community	-115.0
Ashwaubenon	-26.3	Herman #22	-17.1
Bayfield	-39.6	Hudson	-11.6
Beecher-Dunbar-Pembine	-26.2	Hustisford	-28.5
Birchwood	-106.8	Jefferson	-5.8
Brighton #1	-26.6	Kettle Moraine	-29.6
Bristol #1	-36.9	Kewaskum	-11.5
Brown Deer	-79.8	Kohler	-65.9
Burlington Area	-13.8	Lac du Flambeau #1	-95.5
Cambridge	-0.6	LaCrosse	-0.8
Cedar Grove-Belgium Area	-6.7	Lake Geneva J1	-48.0
Cedarburg	-44.8	Lake Holcombe	-0.8
Central/Westosha UHS	-18.3	Lake Mills Area	-18.9
Coleman	-6.5	Lodi	-9.7
Columbus	-5.0	Madison Metropolitan	-54.4
Crandon	-18.3	Markesan	-19.9
Crivitz	-42.6	Menomonee Falls	-80.0
Delavan-Darien	-19.5	Middleton-Cross Plains	-63.5
Dodgeville	-14.4	Monona Grove	-24.8
Elkhart Lake-Glenbeulah	-49.4	Montello	-30.5
Elkhorn Area	-25.4	Mukwonago	-7.9
Erin	-41.9	Muskego-Norway	-17.6
Florence	-5.5	Neenah	-19.1
Fond du Lac	-1.3	Nekoosa	-11.2
Fort Atkinson	-8.0	New Auburn	-5.3
Franklin Public	-20.8	New Berlin	-76.0
Friess Lake	-73.6	New Holstein	-4.0
Germantown	-47.9	North Lake	-29.1
Grafton	-48.9	Northern Ozaukee	-25.3
Greendale	-48.6	Oak Creek-Franklin	-27.3
Greenfield	-45.8	Oconomowoc Area	-70.3
Hamilton	-32.6	Oostburg	-5.9
Hartford J1	-7.8	Palmyra-Eagle Area	-5.7
Hartford UHS	-11.3	Paris J1	-83.5

<u>School District</u>	<u>Tertiary Aid Rate</u>	<u>School District</u>	<u>Tertiary Aid Rate</u>
Pepin Area	-0.7%	Waterford UHS	-7.3
Pewaukee	-96.8	Watertown	-3.5
Port Washington-Saukville	-3.0	Waukesha	-38.1
Poynette	-4.2	Waunakee Community	-15.2
Princeton	-58.4	Wausaukee	-26.2
Randall J1	-28.2	Wauwatosa	-71.1%
Randolph	-4.2	Webster	-141.8
Rhineland	-17.6	West Allis	-18.3
Richfield J 1	-57.6	West Bend	-26.8
River Valley	-5.3	West DePere	-39.4
Sauk Prairie	-10.6	Westfield	-25.1
Shorewood	-41.0	Weyerhaeuser Area	-20.6
Siren	-13.0	White Lake	-46.9
Slinger	-6.7	Whitefish Bay	-43.3
South Shore	-21.5	Whitewater	-17.0
Southern Door	-46.3	Whitnall	-46.6
Spooner	-30.9	Wild Rose	-56.0
Stockbridge	-22.6	Wilmot Grade School	-2.7
Stoughton Area	-1.5	Wilmot UHS	-18.3
Sturgeon Bay	-19.2	Winneconne Community	-0.5
Sun Prairie Area	-20.1	Winter	-37.7
Suring	-42.4	Wisconsin Dells	-78.4
Tomahawk	-36.9	Woodruff J1	-55.2
Turtle Lake	-4.2	Yorkville J2	-40.6
Twin Lakes #4	-55.3		
Union Grove UHS	-12.1		
Unity	-19.6		
Wabeno Area	-66.6		
Washington-Caldwell	-19.3		
Waterford J1 (V)	-7.0		

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# Number of teachers with temporary licenses jumps

## Emergency certificates increase by 20%; more elementary instructors affected

By AMY HETZNER of the Journal Sentinel staff

Last Updated: Oct. 20, 2001

The number of teachers working under emergency certificates increased by nearly 20% last school year to almost 2,500, the highest level in a decade.

Almost all of the teachers working on the temporary credentials in 2000-'01 - about one of every 25 kindergarten through high school teachers in the state - were teaching special education or high school students.

The number of elementary teachers on emergency credentials, however, started catching up last school year.

The figures, collected as part of a soon-to-be-released report on supply and demand of teachers in the state, raised concerns among state and local education officials.

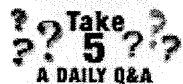
"Our thing is that every kid deserves a great school, which means that we want a qualified teacher and a qualified staff member there," said Stan Johnson, president of the Wisconsin Education Association Council, the state's largest teachers union. "This doesn't measure up."

But Gary Vaillancourt disagrees that the emergency credential he needs to teach speech and drama at Racine's Horlick High School makes him less qualified than any other new teacher in his position.

He already has a master's degree in educational administration and has

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Education: Emergency certificates

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taught media and communications part time at Alverno College for the past 10 years.

"There's nothing like actually being in there. There's no doubt nothing can replace" time in a classroom, said Vaillancourt, 50. "But do I feel I am any less qualified than a first-year teacher who is certified, and that's where I would compare myself? I do not."

Statistics on how many teachers are using emergency credentials for this school year will not be available for several months.

But "my expectation is we would be at least equal to last year, perhaps up a little bit," said Peter Burke, director of teacher education, professional development and licensing at the state Department of Public Instruction.

**Responding to shortage**

Local school officials said they weren't happy that a dearth of certified teachers in such areas as special education, math and science had forced them to hire teachers on emergency certificates.

But some contended that many of those using emergency credentials are still qualified even though they may not be fully certified yet.

"We're going to try not to pick just anybody," said Jetha Pinkston Lawson, assistant superintendent of human resources for the Racine Unified School District. "When I hire a non-certified teacher, that means I have exhausted all other means."

Emergency certificates to teach in Wisconsin classrooms come as either permits or licenses. Permits can be issued to anyone who has at least a bachelor's degree. Emergency licenses, which are used more frequently than permits, are issued only to already-certified teachers who want to teach outside of their specialty area.

Teachers on emergency credentials are supposed to enroll in a college program for the field in which they are teaching, and they have to earn six credits in that program to have their certificate renewed each year. But nothing can prevent them from dropping out and still finishing out their year on the credential.

In contrast, to earn a regular teacher license in Wisconsin, education college graduates have to study development for the age of students they are certified to teach, receive student teaching experience at that level and take teaching methods courses in their selected area. In addition, middle and high school teachers need to have at least a minor in the content area they teach.

**Quality at issue**

Extensive studies have shown teacher quality - measured both by certification levels and by whether teachers have majors in their subject area - leads to better student performance, said Linda Darling-



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Hammond, a Stanford University professor and executive director of the National Commission on Teaching and America's Future.

Wisconsin's high standards for teachers have helped its students perform among the top in the nation, she said. An increase in teachers on emergency licenses could affect that.

"The nation looks to Wisconsin, in some ways, for education leadership," Darling-Hammond said. "It would be a sad thing to see that attention to the quality of teaching to start to wane. And it would be an important thing for Wisconsin to get ahold of the problem before it becomes a major one."

In attempting to explain the increase in emergency credentials, officials point to a number of potential culprits:

Controls on teacher salary increases could be driving education graduates out of the state and leaving an inadequate supply of teaching candidates. Several alternative credential programs use emergency permits for on-the-job training. Even class-size reduction efforts could be at fault.

### **Elementary schools affected**

One of the most notable increases in emergency credentials between the 1999-2000 and 2000-'01 school years was in elementary education certificates.

Traditionally, there have been more than enough elementary teachers to fill classrooms around the state. But the number of emergency elementary credentials issued doubled to 267 in 2000-'01 from 132 the year before.

Jack Kean, the DPI's assistant superintendent for academic excellence, noted the increase occurred the same year as an expansion of the Student Achievement Guarantee in Education class-size reduction program.

"Some of the districts may have been caught short," he said.

In Milwaukee, some of the alternative teacher education programs also rely on emergency certificates to give teaching candidates on-the-job urban school preparation.

Among the 336 teachers using emergency credentials to teach in the Milwaukee Public Schools this year, 158 are enrolled in a program to help them become permanent special education teachers, said Karen Jackson, human resources director for MPS.

"I think this program is preparing me for what I'm ready to do," said Larina Hightower, a special-education teacher at Malcolm X Academy who also is working toward a permanent teaching credential through the Milwaukee Teacher Education Center.

"By the time this program is over, I'll be into my third year of teaching," Hightower said.

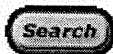
With the help of alternative certification programs, the number of teachers on emergency credentials who are working at MPS has declined in recent years, Jackson said. Last year, there were 460 MPS teachers using emergency certificates, and three years before that, there were more than 600.

"It's a means to an end. And our end is to fill every classroom - and that includes special education - with qualified, competent teachers," Jackson said. "And if we just relied on traditional methods . . . we probably would not be able to meet our needs."

Appeared in the Milwaukee Journal Sentinel on Oct. 21, 2001.

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January 24, 2001  
Senate Education Committee  
Public Hearing on Revenue Caps

Registering against revenue caps:

- Sheila Schulz, (Ashland)
- Joel Lamke (Racine)
- Brenda Ray (Wauwatosa)
- Kay Lorenzen, Washington Elementary PTA (Wauwatosa)
- Nikki Beckwith, Longellow PTA – Wauwatosa PTA Council
- Mark Van Der Zee, Menasha Joint School District
- Jean S. Burns, WI Alliance for Arts Education
- Amada Zamudio, MPS
- Kenneth Edwards, MPS
- Arlandus Morton, MPS
- Dr. Bambi Statz (Dane)
- J. Michael Thompson, Menasha Jt. School District
- Suzanne Wolffersdorff, Friends of Greendale Schools
- Brian Hanes, Superintendent School District of Oostburg
- Deborah C. Thomas, WI Allied for Arts in Education
- Thomas Wild, Riverside – MPS
- Lance Alwin, united school District of Antigo
- Skye Alwin, Antigo USD
- Caroloyne Krebs, Janesville Schools
- Mike Rundle, (Janesville)
- John Enster (Edgerton)
- Lori Zahorodny (Milwaukee)
- Dierdre Goldberg, Janesville Education Association
- Rebecca Spice (Milwaukee)
- Susan Becicer, WI AAUW
- Gail Kolvenbach (St. Francis)
- David Arbuthut, Janesville Legislative Committee
- Dewitt Jones, Fond du Lac Schools
- Helen Gillet, WI Alliance for Arts Education
- Virgilyn Driscoll, WI Alliance for Arts Education
- M. Rosales, MPS
- Wendy Cates, (Milwaukee)
- Guy Costello, So. Milw. Education Assoc.
- Barkley Anderson, Edgar Public Schools
- A. Vernon Jensen, Preserve Our Public Schools
- Janet Van Asten (West Bend)
- David North (Coldgate)
- Pat Herdrich, WI Association for Supervision & Curriculum Directors
- Janet Van Asten (Appleton)
- Laurie Casey (Wauwatosa)
- Thomas Wolfe (Janesville)
- Marquise Roberson-Best (Milwaukee)
- Kathy Zingsheim (West Allis – West Milwaukee)
- Michael O'Meara (Stevens Point)

Speaking Against Revenue Caps

- Winnie Doxsie, WI PTA
- Sandra Sulger, Madison student
- Jordan Woods-Wahl, Superior Student
- Katie Shanovich, Riverside University HS
- Brianna Sanford, Antigo Student
- Rachael Cunningham, Antigo Student
- Virginia Wyss, (Janesville)

- Jan Brill, (Superior)
- Carol Carstensen (Madison)
- Donna Spotts (Ashland)
- Robert Kattman, District Administrator Glendale –River Hills School District
- Bill Hettler, Central WI Forum (Stevens Point)
- Marty Holmquist (Cassville)
- William Marris (West Allis)
- Richard Meyer (Appleton)
- Richelle Ridgeway ( Green Bay)
- Roxanne Starks (Milwaukee)
- Margaret Vranes (Greendale)
- Doris Parsons (Palmyra)
- Judy Fons (Greendale)
- Rachel Takniut , Advocates for Education
- Linda Kunelius, Northland Pines School District
- Debora Anderson, Milw. German Immersion School

Speaking in Favor of Revenue Caps

- Michael Birkle, WI Property Taxpayers, Inc.