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Details: Public Hearing – November 15, 2007

(FORM UPDATED: 07/12/2010)

**WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS**

2007-08

(session year)

Senate

(Assembly, Senate or Joint)

Committee on ... Education (SC-Ed)

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**
- Record of Comm. Proceedings ... **RCP**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt**
- Clearinghouse Rules ... **CRule**
- Hearing Records ... bills and resolutions
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

MB

Part
1 of 2

**Senate Education Committee
Hearing on SJR 27**

November 15, 2007



**Wisconsin Alliance
for Excellent Schools**

1717 South 12th Street #203
Milwaukee, WI 53204-3300

phone: 414-384-9094 fax: 414-384-9098
info@excellentschools.org
www.excellentschools.org



INSTITUTE FOR WISCONSIN'S FUTURE
policy research in the public interest

Thomas Beebe

Outreach Specialist—School Funding Project

1717 South 12th Street #203 Milwaukee, Wisconsin 53204-3300
phone 414-384-9094 | *fax* 414-384-9098 | *cell* 920-650-0525
tbeebe@wisconsinsfuture.org | www.wisconsinsfuture.org
www.excellentschools.org

WAES needs your help to solve Wisconsin's school-funding problem



Wisconsin Alliance
for Excellent Schools

Wisconsin's school-funding system is hurting children and communities all over the state, and now parents, educators, students, businesspeople, and citizens can do something about it. Join the Wisconsin Alliance for Excellent Schools (WAES) to fix the problem and speak with one voice for all of our children.

- WAES believes all children can learn at a high level.
- WAES believes that all children have a constitutional right to an excellent public education.
- WAES believes that the state plays a critical role in fulfilling the promise of educational excellence all Wisconsin's children can learn at high levels.
- WAES believes that the present school-funding system stands in the way of that promise.
- WAES believes that school districts have found efficiencies and shaved expenses, and they are now cutting essential programs and services just to live within the state-mandated and arbitrary funding formula.
- WAES believes that Wisconsin needs a new funding formula that provides all school districts with enough resources so all children can achieve the state's high academic standards.
- WAES believes in holding the line on local property taxes.
- WAES believes in comprehensive tax reform in which those who use Wisconsin's public services pay their fair share for those services.
- WAES believes that the way to win school-funding reform and tax fairness is by working with communities all over the state to help their citizens gain the knowledge necessary to make them valuable partners in the making of public policy.

Join WAES to have a say in school-funding reform.

WAES needs your help to solve Wisconsin's school-funding problem



Wisconsin Alliance
for Excellent Schools

Wisconsin's school-funding system is hurting children and communities all over the state, and now parents, educators, students, businesspeople, and citizens can do something about it. Join the Wisconsin Alliance for Excellent Schools (WAES) to fix the problem and speak with one voice for all of our children.

- WAES was formed in 2000 as a broad-based, statewide, diverse coalition that believed in the need for comprehensive school-funding reform.
- Once a project of the Institute for Wisconsin's Future, WAES is now an independent 501(c)(3). At the time the "new WAES" formed, the coalition included scores of individuals and over 150 school districts, teachers' unions, parents groups, student organizations, civic and faith-based groups, and statewide organizations.
- In 2002, IWF/WAES pioneered research in Wisconsin to determine the cost of an excellent education for every child in the state.
- In 2004, IWF/WAES introduced the *Wisconsin Adequacy Plan*, comprehensive school-funding reform designed to give every a chance to achieve academic excellence. The plan will be introduced to the Legislature in November of 2007.
- WAES provides community outreach around Wisconsin to raise public awareness of the present funding system and build support for comprehensive reform. This outreach includes presentations, reports and studies, public events, and forums.
- WAES is the only broad-based coalition working for funding reform. Its strength is its diversity, and the coalition brings its member communities together to work with legislators and other policymakers for school-funding reform.
- WAES is guided by a board of directors and is funded by grants, donations, and a dues-paying membership.

Join WAES to have a say in school-funding reform.

Groups Endorsing WAES Core Principles

SCHOOL DISTRICTS (69)

Antigo	Cuba City	Mellen	River Valley
Appleton Area	Drummond	Mercer	Shell Lake School District
Ashland	Elcho	Middleton-Cross Plains Area	Solon Springs
Baraboo	Evansville Community	Milwaukee	South Shore
Barron Area	Florence	Minocqua J1	Southwestern Wisconsin
Bayfield	Galeville-Ettrick-Trempealeau	Niagara	Stevens Point Area
Beaver Dam	Glidden	Northwood	Sturgeon Bay
Beecher-Dunbar-Pembin	Goodman-Armstrong Creek	Oconto Falls	Superior
Benton	Green Bay	Palmyra-Eagle	Three Lakes
Birchwood	Hayward Community	Park Falls	Tigerton
Blair-Taylor	Hurley	Pepin	Tri County Area
Butternut	Janesville	Pecatonica	Washburn
Cameron	Lake Holcombe	Phillips	Washington Island
Cochrane-Fountain City	Laona	Platteville	West Allis-West Milwaukee
Columbus	Madison Metropolitan	Port Edwards	Weyerhaeuser Area
Crandon	Maple	Potosi	White Lake
	Marinette	Racine Unified	Winter
	Markesan	Rhineland	

TEACHER ORGANIZATIONS (32)

AFT Wisconsin
 Appleton Education Association
 Belmont Teachers Association
 Beloit Education Association
 Capital Area UniServ North
 Capital Area UniServ South
 Eau Claire Association of Educators
 Fond du Lac Area Retired Educator's Association
 Green Bay Education Association
 Greendale Education Association
 Johnson Creek Education Association
 Kenosha Education Association
 Lakewood UniServ Council
 Madison Area Retired Educators Association
 Madison Teachers Inc.
 Milwaukee Teachers Education Association
 Nicolet/Oconto Retired Teachers' Association
 Northern Tier Uniserv
 Racine Area Retired Educators Association
 Rhineland Education Association
 Rock Valley United Teachers
 Rock Valley United Teachers—Retired
 South Central Education Association
 Southern Lakes United Educators Uniserve
 Superior Federation of Teachers
 United Lakewood Educators-Watertown
 WEAC-Wisconsin Education Association Council
 WEAC-Fox Valley Uniserv
 West Allis-West Milwaukee Education Association
 West Central Education Association
 West Suburban Council Uniserve
 Wisconsin Retired Educators Association

PROFESSIONAL ORGANIZATIONS (6)

Disability Rights Wisconsin
 Survival Coalition of WI Disability Organizations
 Task Force on Special Education and Supportive Services (Milwaukee Public Schools)
 Wisconsin Association of School Nurses
 Wisconsin Association for Talented and Gifted
 Wisconsin FACETS

CIVIC AND FAITH-BASED ORGANIZATIONS (17)

Dane County SOS Senior Council
 Democratic Party of Oneida County
 Grassroots of Waukesha County
 Hispanic Chamber of Commerce of Wisconsin
 Institute for Wisconsin's Future
 Japanese American Citizens League
 League of Women Voters of Wisconsin
 Milwaukee Chapter, American Jewish Committee
 Milwaukee Inner City Congregations Allied for Hope (MICAH)
 NAACP, Milwaukee Branch
 Price County Citizens Who CARE
 Racine Interfaith Coalition (RIC)
 RVReferendum.org (River Valley)
 Save our School, LaPointe residents of the Bayfield School District
 Wisconsin Organization for Asian Americans
 Wisconsin Rural Challenge
 WISDOM

PARENT ORGANIZATIONS (20)

abcmadison
 Advocates for Madison Public Schools
 Amy Belle PTA (Germantown)
 Ben Franklin Elementary School PTA (Menomonee Falls)
 Cochrane-Fountain City Parent Teacher Organization
 Dover PTA (Milwaukee)
 Elm Creative Arts PTA (Milwaukee)
 Four Corners Elementary PTA (Superior)
 Janesville Area PTA Council
 Milwaukee City Council PTA/PTSA Board of Directors
 Oconomowoc Middle School/High School PTSA
 Pecatonica PTA
 Project ABC
 Riverside PTSA (Milwaukee)
 Roosevelt PTA (Racine)
 School District of Spooner PTA
 Trempealeau Elementary PTO (Galeville-Ettrick-Trempealeau)
 West Allis-West Milwaukee PTA Council
 West Ridge Elementary PTA, Inc. (Racine)
 Wisconsin PTA

STUDENT ORGANIZATIONS (6)

James Madison Memorial High School Student Senate (Madison)
 Madison West High School Senate
 Madison Metropolitan School District Student Senate
 Stevens Point Student Senate
 Student Advocates for Waukesha Schools
 Youth ROC (Reclaiming our Communities)



Wisconsin Alliance
for Excellent Schools

The Wisconsin Alliance for Excellent Schools (WAES) is a diverse, statewide coalition that is working for comprehensive school funding reform.

WAES Core Principles

- 1. SUFFICIENT RESOURCES** Wisconsin's public schools need a system of funding that provides all children with the resources needed to provide them with the equal opportunity for a quality education guaranteed by the Wisconsin Constitution, the Supreme Court and federal and state statutes.
- 2. RESOURCES SHOULD BE LINKED TO HIGH STANDARDS** A new system of funding should guarantee a base amount of resources to educate regular students to high standards and also provide enough resources to give the same opportunity to meet high standards to children with special education needs, those who live in poverty, students with limited English skills, and those with special needs determined by the size, location, and/or demographics of their school districts.
- 3. STATE TAX REFORM** New resources as part of school-funding reform should come from statewide-rather than local-taxes in a way that lowers property taxes while increasing fairness to all taxpayers.
- 4. LOCAL CONTROL** A new system should build on Wisconsin's successful tradition of local control by trusting individual communities to decide how additional funding will be utilized and by assuring accountability for improved student performance.

Organizations endorsing the WAES principles are listed on the reverse of this sheet.

1717 South 12th Street #203 ♦ Milwaukee, Wisconsin 53204-3300 ♦ phone: 414-384-9094
fax: 414-384-9098

E-mail: info@excellentschools.org ♦ website: www.excellentschools.org



FUNDING OUR FUTURE

An Adequacy Model for Wisconsin School Finance

The way Wisconsin currently funds its public schools is broken beyond repair. Adequacy is a new finance system, which links spending to the state's educational goals and students' real needs. Adequacy asks what resources are necessary for children to attain the high standards set by parents and taxpayers, and it ensures all schools can provide those resources. Adequacy recognizes that children face different challenges, and it meets those diverse needs. Adequacy is our best investment in Wisconsin's future.



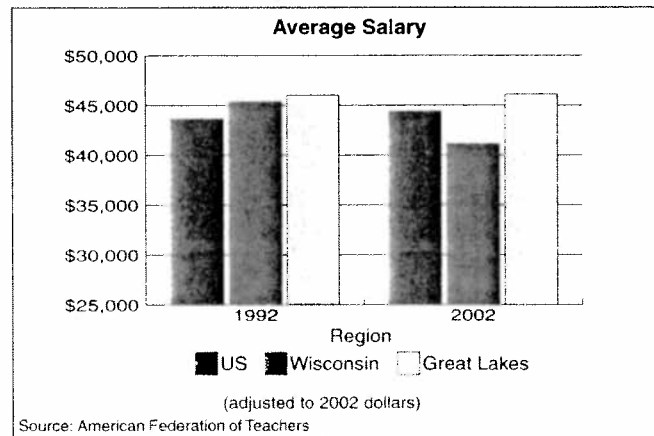
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policy research in the public interest



Wisconsin's Public Schools Face Financial Crisis

Under the current finance system, district revenues are being squeezed, school budgets are being cut, and children are being cheated. School boards have had to fire teachers and other staff. Arts, music, extra-curricular activities, summer school, programs for at-risk youth, maintenance, textbook purchases, libraries, and technology – all have been cut or postponed in districts throughout the state. Financial hardship has hit schools in every part of Wisconsin. "My time on the school board has been less making the best possible education for our students and more concerned with doing the least possible damage," said Superior School Board President David Tunell.

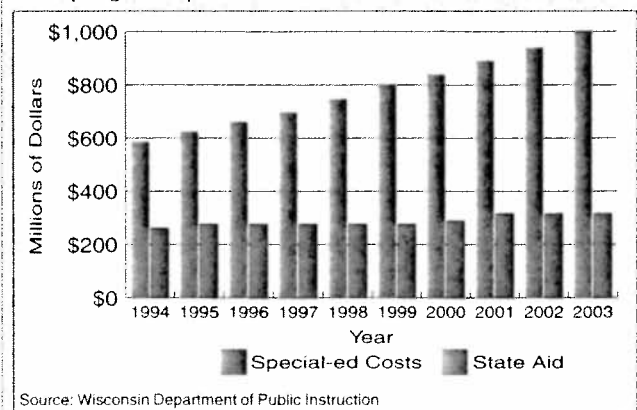
Wisconsin Teacher Salaries Plummet



To keep taxes lower, state law restricts raises for teachers. The result: Teacher wages in Wisconsin have fallen since the early 1990's (taking inflation into account). They're now below the national average and the average for neighboring states. It is more and more difficult to attract and keep teaching staff.

State Aid for Special Needs Lags

Schools must provide education for students with disabilities (special education) and students with limited English skills. But state and federal aid have stalled, while costs continue to soar. So, schools must use money intended for regular education. As a result, the government failure to properly fund these vital programs penalizes all students.



Why Wisconsin Needs Adequacy

An Adequacy Funding System Is Fair, Clear, and Effective



The system now in use to fund public schools no longer works. Too many schools are short of funds, and too many children's needs are unmet. For a decade, school districts have operated under spending caps that have limited revenues. Schools can't keep up with rising costs. The state's failure to pay for special-needs students has made the situation worse.

In addition, the system is so complicated that trying to fix one problem can create new difficulties. Fine-tuning is impossible.

The biggest problem is that the current system bases spending for one year on what was spent the year before. And the budget for the year before is based on the year before that. There is no meaningful connection in this system between how much money districts have, and what they actually need to be effective.

Wisconsin has a finance system without links to educational goals and practices. Wisconsin needs a finance system linked directly to the goals of education and the resources needed to achieve them – an Adequacy system.

Adequacy and the Wisconsin Supreme Court

Wisconsin's Supreme Court decided an important case, *Vincent v. Voight*, in 2000. The Court ruled the current system legal, in a lawsuit not based on Adequacy. But the Court said it would look to Adequacy in the future, and wrote a new standard for school finance...

...What the Court wrote:

"Courts have turned toward adequacy as an alternative way to analyze school finance because the previous decisions centered on equality have not lessened the disparity between school districts..."

"We further hold that Wisconsin students have a fundamental right to an equal opportunity for a sound basic education... that will equip students for their roles as citizens and enable them to succeed economically and personally..."

"So long as the legislature is providing sufficient resources so that school districts offer students the equal opportunity for a sound basic education as required by the constitution, the state school system will pass constitutional muster."

What Is Needed for a Good School?



SMALL CLASSES

Kindergarten - Third Grade: 20 students at most, 15 in high-poverty schools
Fourth - Fifth Grades: 22 students at most
Sixth - Twelfth Grades: 25 students at most



QUALIFIED, WELL-PAID TEACHERS

Teacher Training: Average of one period daily per teacher for training; staff development coordinator in each school
Wages: 5% raise to bring teacher salaries above national average; bonuses for teachers in high-poverty and rural schools



SMALL SCHOOLS

Elementary Schools: 350 students at most
Middle Schools: 500 students at most
High Schools: 800 students at most

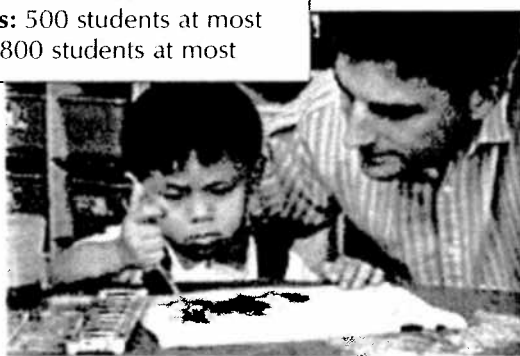


Parent outreach staff in each school



UP-TO-DATE TECHNOLOGY

All Schools: Five computers for every twenty students; technical staff to maintain and upgrade equipment and train staff and students



EXTRA AID FOR SPECIAL NEEDS

Students With Disabilities Or With Limited English: Full reimbursement to schools
Students In Poverty: Tutoring and enrichment programs, summer school, all-day four-year-old kindergarten



BROAD CURRICULUM

All Grades: Art, music, foreign languages
High Schools: Advanced courses in core subjects

What Is Adequacy?

Adequacy Links Spending to Education Goals

Adequacy is a new approach to funding public schools. It has been used in a growing number of states during the past decade, but not yet in Wisconsin.

Most discussion of school finance in Wisconsin is motivated by politics and taxes, not the needs of students. Adequacy starts from the common-sense viewpoint that a public school funding system should be based on the state's educational goals.

Adequacy asks: What academic standards do we want our

children to achieve? What resources do schools need so all students have an equal chance of achieving success? What staff, what materials, what courses, what kind of management structures are needed?

An Adequacy system then determines how much money should be spent, based on the actual cost of those resources.

An Adequacy approach to school finance is designed from the ground up to create real links among educational goals, resource standards, and funding for schools.

What Adequacy Is Not

Adequacy is not equity. For many years, reformers tried to bring equity to school funding. Equity by itself does not improve schools. An equal amount of too little money is not enough.

Children don't all come to school equally ready to learn. Adequacy provides the right resources for each child.

Adequacy is not a limit on local control. Adequacy sets spending floors, not ceilings, leaving districts to raise more.

Adequacy calculates funding levels by using resource standards, but school districts can use the money as they choose.

Four Steps to Adequacy

1. Set academic goals, using 1998 state standards or local school board standards.
2. Determine what resources are needed for schools to meet those goals.
3. Price those resources, to determine the necessary level of spending.
4. If the required level of spending is too high to be affordable, then either go back to the original standards and lower them, or create a long-term plan to gradually obtain the funds.

How Adequacy Resource Standards Were Developed

The Institute for Wisconsin's Future began defining Adequacy in 1998, working with hundreds of state and national specialists. The goal was to translate the state's Model Academic Standards into school resource standards. The result was a recommendation for small learning environments, smaller class sizes, qualified staff, broad curriculum, updated technology, and additional resources for students with special needs. To finish the process, a national consultant helped estimate the cost of providing all Wisconsin children with the full range of recommended resources.

Adequately Funded Schools Won't Hike Property Taxes

The additional money needed to adequately fund public schools shouldn't come from the local property tax. On the contrary, one goal of school-finance reform is lowering property taxes. According to Wisconsin's Constitution, the state has a fundamental obligation to fund public education, and the state – rather than local governments such as school districts – should find the revenue needed both to lower property taxes and adequately fund schools.

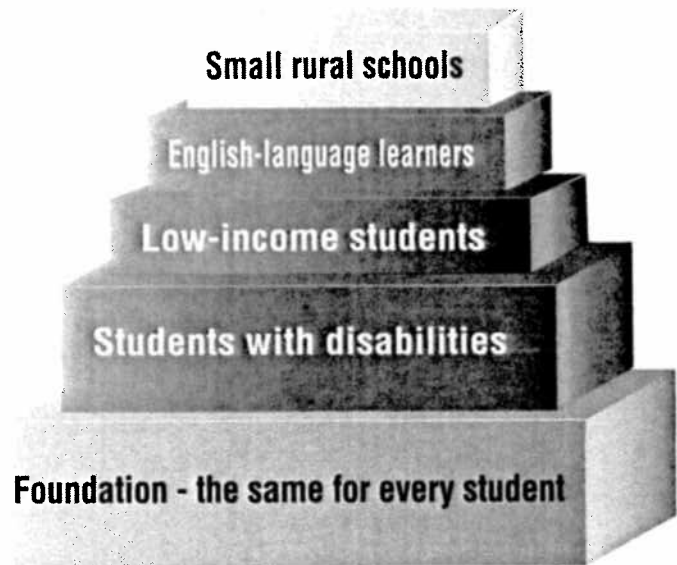
Adequacy Requires Increased State Investment

A Gradual Phase-In Is Best for Taxpayers and for Schools

How much does it cost for all Wisconsin schools to have the resources needed to give every student an equal opportunity for a sound basic education as required by the state Constitution?

Based on an Adequacy model—a model that takes into account the state's academic standards and the special circumstances of every child—it's more than we are investing in our children now. The increased investment buys smaller learning environments, smaller classes, improved teaching, programs for the arts, advanced courses, modern technology, and more resources for special needs students.

The promise of Adequacy is that every school gets the resources it needs to educate the children it has. Some students need more resources, especially students with disabilities, children with limited knowledge of the English language, students from poorer families, and children who attend school in small and rural districts. Schools would get the right amount of money unique to the needs of the students who come through the door.



Can We Afford Adequacy? Can Wisconsin Afford *Not* to Have Adequacy?

“Unquestionably, the cost to fix the system is high. The cost of not fixing it will be much higher. Uneducated citizens will extract extremely high social costs in the future. As the mechanic on television says, ‘You can pay me now or pay me later.’ ”

*William A. Bablitch, Justice of the Wisconsin Supreme Court
Vincent v. Voight, 2000*

If Wisconsin wants a world-class economy in the 21st century, Wisconsin needs a world-class public school system for our future leaders, workers, and citizens.

Wisconsin has limited tax dollars to spend. It will be necessary to phase in an Adequacy program. That makes it more affordable, and gives schools time to make best use of new resources.

Over time, schools will be able to give every student an equal opportunity for success – a Wisconsin constitutional requirement.



INSTITUTE FOR WISCONSIN'S FUTURE 1717 South 12th Street #203 Milwaukee, WI 53204-3300

Phone 414-384-9094 - Fax 414-384-9098 - Web www.wisconsinsfuture.org - Email iwf@wisconsinsfuture.org



Communities are children's best advocates

Protect them and their education

**Be informed about school funding and
Sign up for your free e-mail newsletter**

The citizens of Wisconsin know that **many of our schools are in trouble because of inadequate revenue and resources.** During the past decade, services have been cut, curriculum has been limited, teachers have been laid off, buildings have not been maintained, and schools have been closed.

We need to work together to change the way schools are funded. **The first step is to acquire the knowledge we need** to understand the present system, learn about the alternatives, and discover opportunities to work for change.

The Wisconsin Alliance for Excellent Schools (WAES) offers that **opportunity for knowledge through its weekly e-mail "School-funding Update."** You will read about school-finance news in Wisconsin and nationally, the latest research and events where you can get involved.

Many community organizations are partners in WAES. They encourage you to sign up for the "School-funding Update." **You can begin receiving it by completing and returning the attached coupon.**

Please sign me up for the WAES e-mail "School-funding Update"

Name: _____

Address: _____

Your school district: _____

Telephone: _____ E-mail address: _____

How to return this coupon:

- Mail this coupon to Tom Beebe, Institute for Wisconsin's Future, 1717 S. 12th Street #203, Milwaukee, WI 53204
- Fax this coupon to Tom Beebe at 414-384-9098
- E-mail the information to tbeebe@wisconsinsfuture.org



Wisconsin Alliance
for Excellent Schools

Solving Wisconsin's school-funding problem

Solving Wisconsin's school-funding problem

The Institute for Wisconsin's Future (IWF) and the Wisconsin Alliance for Excellent Schools (WAES) are offering a free seminar for school and community groups, business and industry, and parent and senior citizen organizations on the public school funding crisis in Wisconsin. This workshop provides a statewide overview of the state's school funding challenge and an alternative method to guarantee educational opportunities for all children.

What is this free workshop about?

Solving Wisconsin's school-funding problem is designed to be short, clear, and relevant to groups across the state. It can be tailored to your community and timeframe, and the presentation is aimed at taking action to reform how we fund our public schools. The presentation reviews:

- ⇒ The challenges facing Wisconsin's children and schools
- ⇒ How schools are funded
- ⇒ How districts are coping with revenue problems
- ⇒ What we expect from our schools
- ⇒ A new idea—adequate funding for all children
- ⇒ Investing in the futures of our children and schools



What does it include?

- ☑ Communities throughout Wisconsin have educational values. They expect their children to receive excellent educational opportunities. These values and opportunities are now threatened because of revenue shortfalls.
- ☑ The next component of the workshop is a review of how schools are funded. This segment examines concepts such as revenue limits and the myth of 2/3 state funding.
- ☑ We look closely at how local school boards are dealing with funding problems, including reducing staff, increasing class size, limiting opportunities, and postponing maintenance.
- ☑ We expect a lot from our students and schools, so we'll take a look at the standards and goals of the Supreme Court, the Legislature, parents, the Department of Public Instruction, and the federal government's No Child Left Behind act.
- ☑ There is a simple, fair, common-sense way to fund our public schools. Adequacy determines what resources are needed to produce specific academic results.
- ☑ If education is a priority in Wisconsin, then it's time to invest in that priority, so let's talk about what you can do make school funding reform a reality.

What is IWF and why are they doing this?

IWF is a statewide policy research and community information center established in 1994 to increase public awareness about key policy issues in Wisconsin. Over the past decade, IWF has completed 30 research reports on wages, welfare, housing, taxes, and education. IWF also coordinated many major conferences, held 300 workshops, and talked to thousands of other Wisconsinites through newsletters and the media. IWF is non-profit and non-partisan.

In the area of education, IWF and WAES work with partners throughout the state to reform Wisconsin's school-funding system based on providing adequate resources to give all children, no matter what their special needs or where they live, the opportunity to succeed.

What do I need to do?

Please arrange for IWF to be on the agenda of regularly scheduled meetings of the school board, parent organizations, business, civic, and religious groups - groups that have a stake in the quality of public education. Return the bottom section or call Tom Beebe (tbeebe@wisconsinsfuture.org) at 414-384-9094 to schedule a presentation.

Who should I contact?

For more information on IWF's education outreach efforts, see our websites at www.wisconsinsfuture.org or www.excellentschools.org. To arrange for a presentation, contact:

Tom Beebe, Education Outreach Specialist
Institute for Wisconsin's Future
1717 South 12th Street #203 ♦ Milwaukee, Wisconsin 53204-3300 ♦ phone: 414-384-9094
fax: 414-384-9098
E-mail: tbeebe@excellentschools.org ♦ website: www.excellentschools.org

I am interested in scheduling the presentation for my organization!

Name _____

Address _____

Daytime Phone () _____ School District _____

Organization _____

I hope to schedule the presentation for the month of : _____

I can't schedule a presentation at this time. Here are some other possible groups in my area.

Group Name _____

Contact person _____ Phone () _____

Group Name _____

Contact person _____ Phone () _____

Death by a Thousand Cuts

How Wisconsin's Revenue Limits Erode the Budgets of Public Schools

November 2005

Executive Summary:

This paper reports on a survey of Wisconsin school district superintendents, conducted by the Institute for Wisconsin's Future. Superintendents were asked to calculate the gap between the district budget that is permissible under revenue limits and what it would actually cost just to maintain programming from one school year to the next.

Survey responses were received from 129 districts, whose combined enrollment of well over 400,000 students is nearly half the state total. As reported by superintendents, the median growth in budgets allowed by revenue limits is 2.5% per year. The median growth in the cost of continuing programs is 4.2% per year. This leaves a typical deficit of 1.7% of each year's budget. Without referendum approval to exceed the revenue limit, this means the typical school district cuts 1.7% each year from a cost-to-continue budget. This amounts to nearly \$400,000 in yearly cuts for an average-size district of about 2,000 students, enough to cover the cost of a number of teachers.

These deficits have been compounding through a dozen years of revenue limits, and will continue building at least through the end of the current state budget, in mid-2007. At the rate of 1.7% cut each year, a high-school senior would have almost 20% fewer dollars in resource support than when she or he started kindergarten. As one superintendent put it, there is a "collision" under way between the conflicting demands both for quality education and for reduced funding, a collision that is hurting children in Wisconsin.

In brief: the growth permissible under revenue limits is generally less than the revenue growth needed just to maintain school programs from one year to the next. This built-in structural deficit is why most school districts must cut every year.

This serious structural problem in Wisconsin's school-finance system must be fixed in the next state budget, if our state is to have the educational infrastructure essential for a prosperous 21st century.



INSTITUTE FOR WISCONSIN'S FUTURE
policy research in the public interest

Background:

Wisconsin's school revenue limits (also known as caps) were created by the Legislature in 1993. They restrict the amount of funds school districts can obtain through local property tax and state general aid. Regardless of need or local decisions, it is illegal to exceed the revenue cap unless authorized in a district-wide referendum.

Revenue caps let revenue grow based only on enrollment and/or inflation (Consumer Price Index-CPI). In effect, the caps freeze real per-pupil spending at 1993 levels. For the 2004-'05 school year, the cap allowed a revenue increase of \$241.01 per student for all districts. For the average-spending district, this amounted to 2.3% growth in revenue.

Because CPI inflation is lower than the inflation schools face — for such things as insurance, wages, fuel and textbooks — revenue limits don't provide adequate revenue growth. Revenue limits don't allow the funds needed to close achievement gaps, teach students with

special needs, or cover accelerating busing costs.

Revenue limits are especially harsh on districts with declining enrollment, because declining student rolls counter-act even modest increases in per-pupil revenue limits. This severely hurts declining-enrollment districts, which include more than 60% of all Wisconsin districts.

In short, the growth permissible under revenue limits is generally less than the revenue growth needed just to maintain school programs from one year to the next. This deficit is why most school districts must cut every year. Because the cost-to-continue exceeds revenue growth allowed by the caps, the only solution (other than referendum) is to cut staff and/or programs.

This structural deficit is well understood by school-finance insiders, but not by the public at large. Even those who understand it haven't known the statewide figures. Hence this survey, which is intended both to make the problem clear to the public and to put a number on the gap between allowable revenue growth and the cost-to-continue growth.

The Survey:

The survey was aimed at learning the typical gap between revenue growth allowed by the caps, and a district's cost-to-continue programming. If the cap allows 3% growth but 4% is needed to maintain programming, the gap is 1%.

The survey asked superintendents to indicate average annual growth in revenue limits and in the cost-to-continue. They were given the option of measuring over one year or several, and what methodology to use.

The survey was mailed to every superintendent. Replies came back from 129 districts (30% of the total),

whose combined enrollment exceeds 400,000 (more than 45% of state enrollment).

Those districts are a representative sample of all districts. They come from all 12 of the state's CESA regions for schools, and from 54 of Wisconsin's 72 counties. Median per-pupil revenue of \$10,583 among respondents is almost identical to the state average of \$10,589 in 2003-'04. Average enrollment decline during 2000-'04 was 0.2% among respondents, 0.3% statewide.

The answers are estimates, using different time frames and different methods. But taken as a group, they are a reliable measure of the impact of caps.

Responding districts:

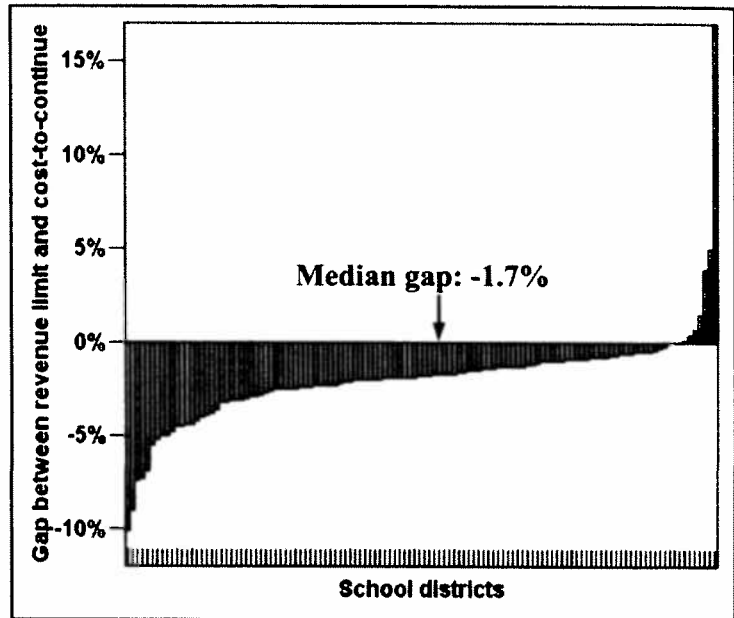
Adams-Friendship Area	Cornell	Grafton	Marinette	Phillips	Stratford
Albany	Crandon	Green Bay Area	Marshfield	Potosi	Superior
Altoona	Crivitz	Greendale	McFarland	Racine	Thorp
Amery	Cuba City	Hartford J1	Mellen	Random Lake	Three Lakes
Argyle	Cudahy	Hartland-Lakeside J3	Milwaukee	Rhineland	Tomahawk
Ashwaubenon	Cumberland	Highland	Mosinee	Rice Lake Area	Tri-County Area
Baldwin-Woodville	Deerfield Community	Holmen	Neillsville	Richmond	Twin Lakes
Baraboo	Delavan-Darien	Horicon	Nekoosa	River Ridge	Valders Area
Bayfield	Durand	Howards Grove	New Auburn	River Valley	Verona Area
Beecher-Dunbar-	East Troy Community	Independence	New Berlin	Riverdale	Waterford UHS
Pembine	Edgerton	Iola-Scandinavia	New Lisbon	Rubicon J6	Watertown
Beloit	Elkhart Lake-	Iowa-Grant	New London	Salem	Waunakee Community
Birchwood	Glenbeulah	Janesville	Niagara	Sauk Prairie	Wausau
Boulder Junction J1	Elkhorn Area	Kenosha	North Crawford	Seymour Community	Wausaukee
Cameron	Elmbrook	Kickapoo Area	North Lake	Shawano-Gresham	Wautoma Area
Cassville	Erin	Ladysmith-Hawkins	Northern Ozaukee	Shell Lake	West Bend
Cedar Grove-Belgium	Fennimore Community	Lake Holcombe	Northland Pines	Shiocton	Wheatland J1
Chetek	Flambeau	Laona	Omro	Slinger	Whitefish Bay
Chippewa Falls Area	Fond du Lac	Linn J4	Oshkosh Area	Southern Door County	Whitewater
Clinton Community	Fox Point J2	Little Chute Area	Osseo-Fairchild	Stevens Point Area	Whitnall
Colby	Gibraltar Area	Loyal	Paris J1	Stockbridge	Woodruff
	Gilman	Madison Metropolitan	Pepin Area	Stoughton Area	Unknown

Results:

- The median revenue-limit increase was 2.5% per year;
- The median cost-to-continue increase was 4.2% per year;
- Leaving a gap equaling 1.7% of the annual budget.

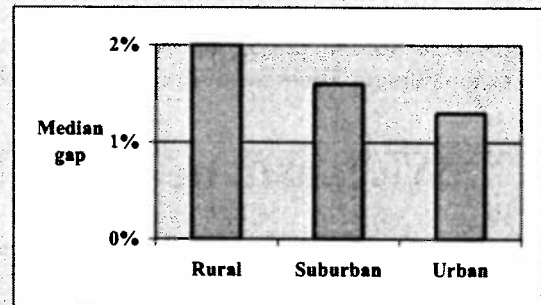
In other words, the typical school district in Wisconsin each year cuts 1.7% from a basic cost-to-continue budget.

For a district of 1,000 students, this is a cut of about \$170,000. For a district of 3,000 students, this is a cut of more than \$500,000 in staff, programming, purchases, maintenance, and/or training.



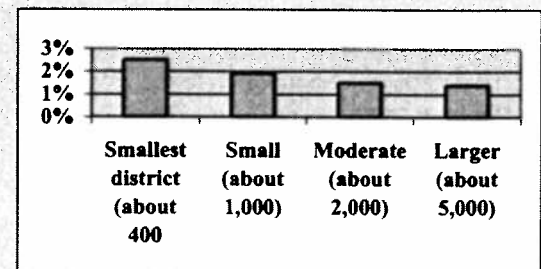
By geography:

Rural districts, in general, had larger gaps between revenue limits and cost-to-continue than urban or suburban: an average gap of 2.0% for rural districts, 1.6% for suburban districts, and 1.3% for urban districts.



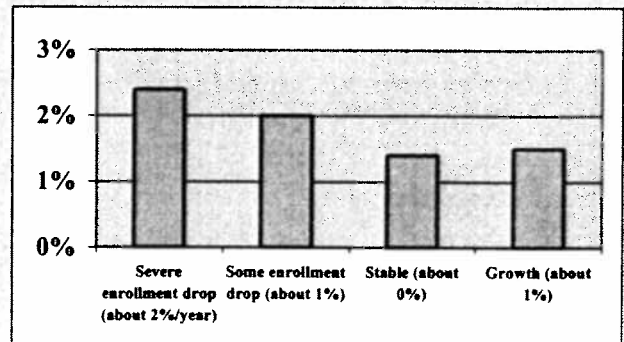
By district size:

Smaller districts, in general, had larger gaps between revenue limits and cost-to-continue than urban or suburban: a gap of 2.5% for the smallest districts (less than 400 students), 1.9% for slightly larger districts (close to 1,000 students), 1.5% for larger districts (about 2,000 students), and 1.4% for the largest districts (about 5,000 students).



By change in enrollment:

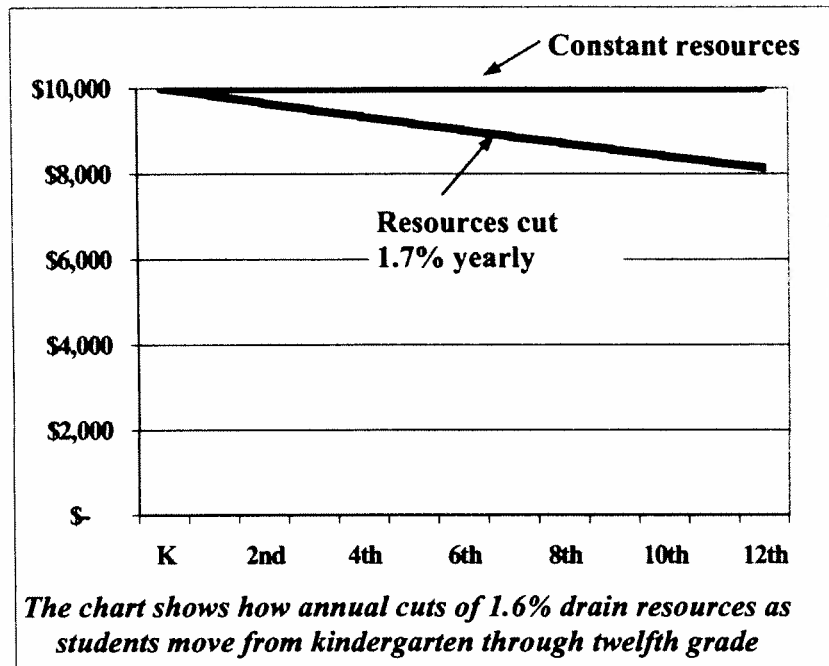
As one would expect, districts with the largest decline in enrollment (during 2000-'04) had the largest gaps: 2.4% for districts with large enrollment losses (about 9% over the 4-year period), 2.0% for district with more modest losses (about 3%), 1.4% for districts with modest enrollment growth (about 1%), and 1.5% for districts with the largest enrollment growth (about 5%).



It's the cumulative effects that matter

Revenue limits have been in effect for a dozen years, causing yearly budget gaps in almost all school districts. These structural deficits are the result of the revenue growth permissible under law being less than the increase in spending needed just to continue one year's programming to the next.

As measured in this survey, the typical gap for Wisconsin school districts is about 1.7%. The chart shows the impact over time of a yearly cut of 1.7% in a cost-to-continue budget. Imagine a 5-year-old who enters a kindergarten which is supplied with \$10,000 worth of resources for him or her. If revenue limits force a 1.7% cut each year, by the time the child graduates from high school, the resources have shrunk to barely \$8,000.



Wisconsin needs fundamental school-finance reform

Under Wisconsin's current system for funding public schools, almost every school district in the state will have a yearly negative gap between revenue-limit growth and cost-to-continue growth. For one thing, revenue limits (determined by the Consumer Price Index) grow at less than the 3.8% minimum increase in staff pay and benefits districts must give under the Qualified Economic Offer (QEO) law. Also, most of Wisconsin's 426 districts have declining enrollment, which holds down revenue limits. This reduces schools' capacity to close achievement gaps and satisfy increasingly rigorous state and federal standards, which require schools to have more, not less, resources.

The Institute for Wisconsin's Future (IWF) is a non-profit, non-partisan statewide policy research and community education center. IWF is a partner in the Wisconsin Alliance for Excellent Schools (WAES), a statewide coalition working to replace the present school-finance system with one based on adequacy principles.

For more information, see the IWF web site (www.wisconsinfuture.org) or contact Research Director Jack Norman at 414-384-9094 or jnorman@wisconsinfuture.org.



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Wisconsin Atlas of School Finance

Geographic, Demographic, and Fiscal Factors
Affecting School Districts Across the State

Summary Version

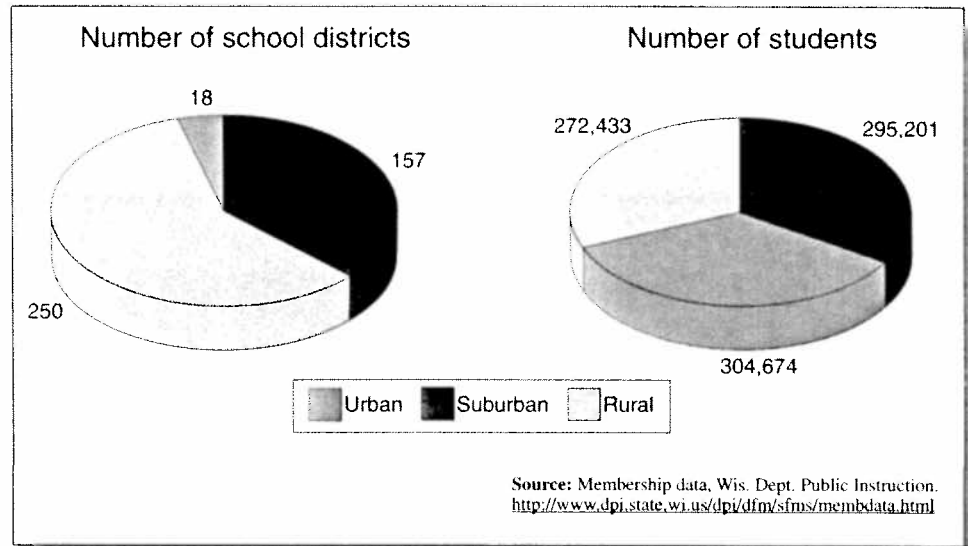


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2004

What is an "atlas" of school finance?

This summary of the **Wisconsin Atlas of School Finance** presents an overview of data on urban, rural, and suburban school districts. It compares proficiency and poverty levels among students, as well as property values, tax rates, and state aid levels under the current school-finance system in each type of district. In addition, a section is included on the special factors affecting small rural districts, particularly those in the lake regions of the state.



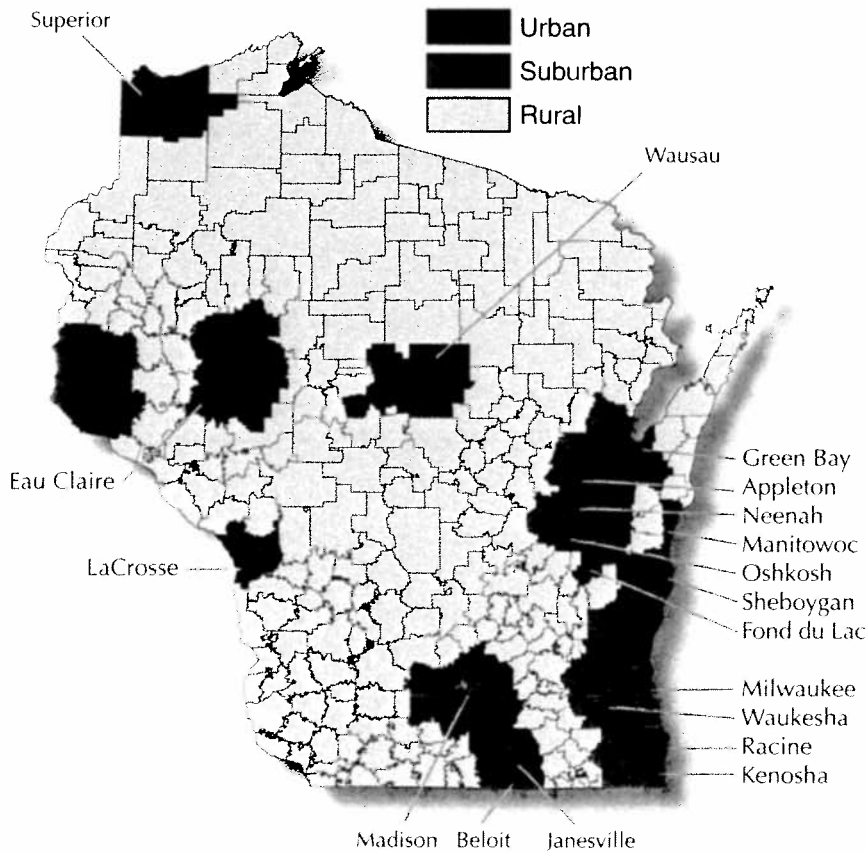
Why produce an atlas?

Wisconsin policymakers are poised to redesign the state school-finance system. In recent years, however, efforts to improve K-12 education finance have been hampered by conflict among different types of school districts and various regions of the state.

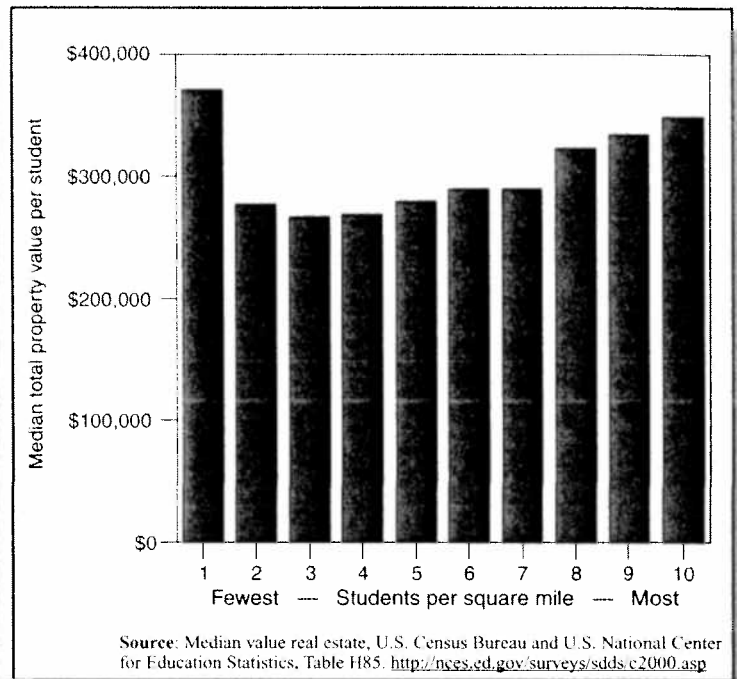
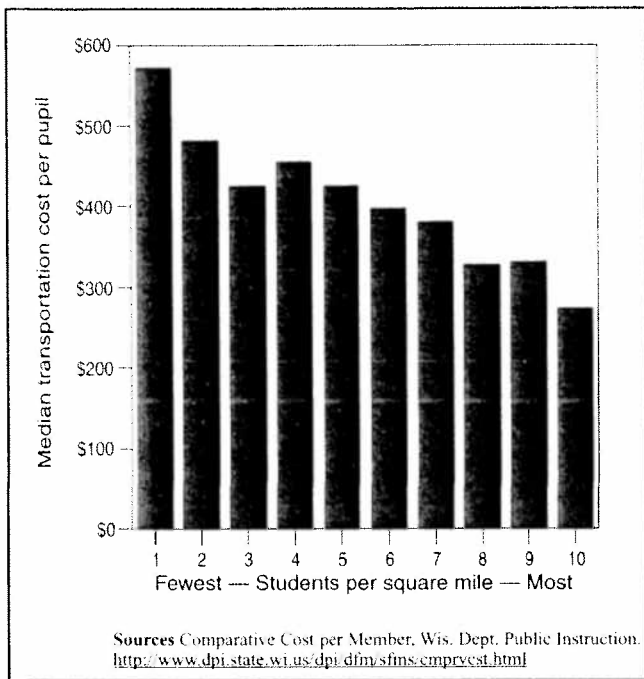
Wisconsin is large and diverse. Too often, geographical misconceptions and stereotypes get in the way of recognizing common statewide interests. An effective school-finance system must work as well for the 200 students in Butternut as for the 100,000 students in Milwaukee. The new finance plan must meet students' needs in suburban Oregon as well as in urban Wausau, in growing Waunakee as well as in shrinking Platteville.

Wisconsin spends about \$9 billion annually on public schools, from four-year-old kindergarten through grade twelve. A new system is likely to determine schools' funding levels for a decade or more.

Over the coming ten years, we will spend over \$100 billion on public K-12 schools. The immensity of that investment requires a review of the data from various kinds of districts to understand the unique impact of various geographic factors. All stakeholders should be able to fully anticipate the effects of any proposed new system.



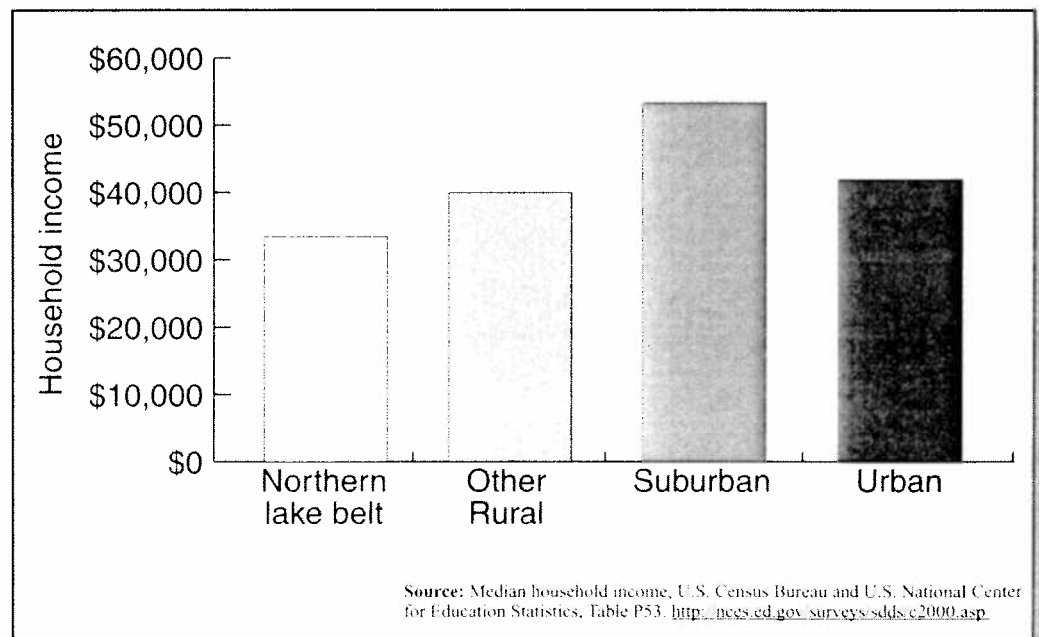
Rural districts face significant challenges



Rural districts usually have low student density—measured in students per square mile—because they cover large areas but have small student populations. In these districts, smaller class sizes drive up per-pupil costs. Busing costs are also high in districts that cover much territory, as seen in the top left chart. But the least dense districts have high property wealth per student, because of recreational lakes, as seen in the top right chart.

The “Lake Effect”

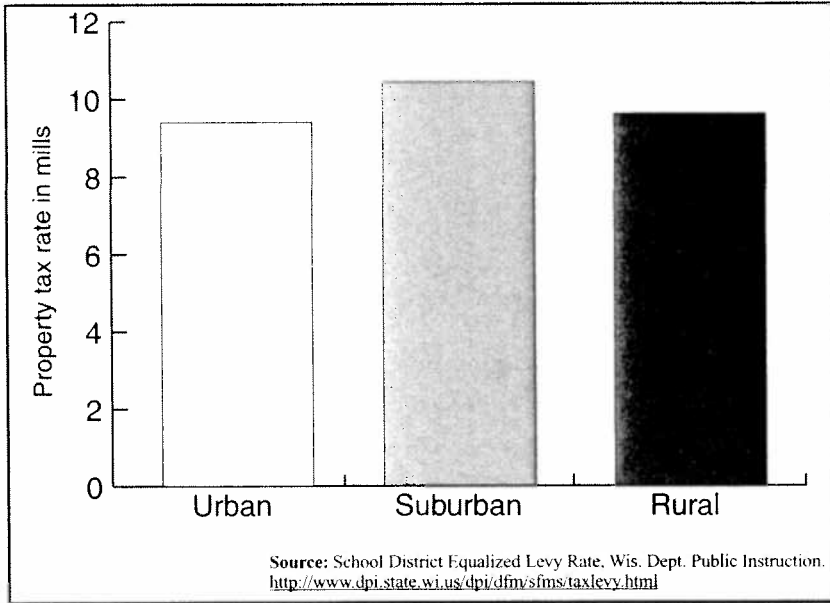
Many rural districts have lakes which impact school finance. In these lake districts, incomes of year-round residents are low and schools face declining enrollments. But per-pupil property values are high because of soaring prices for lakefront property and low student counts. High property value means low state aid. The northern lake belt is a group of 48 districts, stretching across the state, where incomes are the lowest in Wisconsin but per-pupil property values the highest.



Property values, tax rates, and state aid differ by district type

Rural districts have the lowest median home values

One major determinant of total property value in a school district is the value of its owner-occupied housing stock. There is a significant difference in home values among different types of districts. Suburban areas have the highest median home value at \$135,400. In urban areas, the median value is \$96,600. Rural areas have the lowest owner-occupied home value at \$86,700.

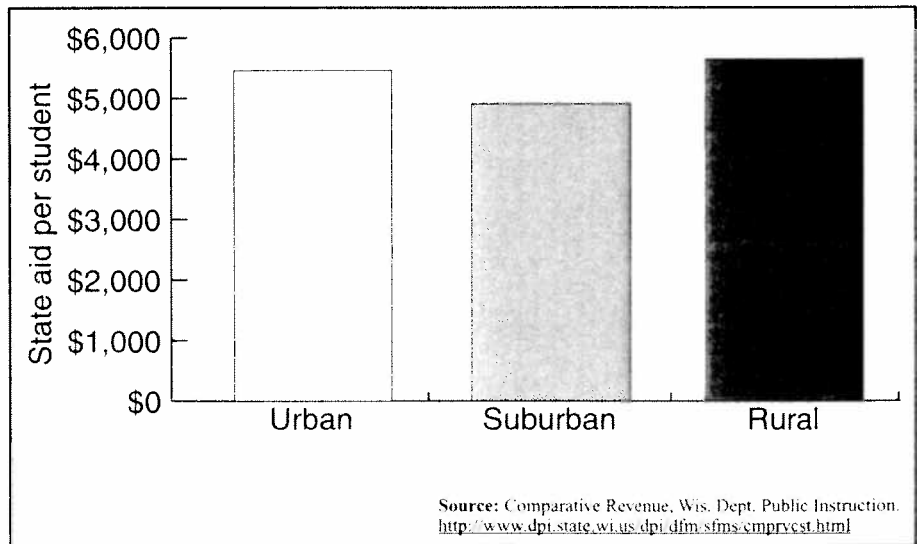


Property tax rates are highest in suburban districts

The median local property tax rate for suburban schools is the highest (10.44 mills). The amount raised per student (\$3,453) is also the highest. Each mill translates into \$1 of tax for each \$1,000 of property value. Median tax rates and property tax revenues per student are \$2,891 per child at 9.40 mills in urban areas and \$2,908 per child at 9.61 mills in rural areas.

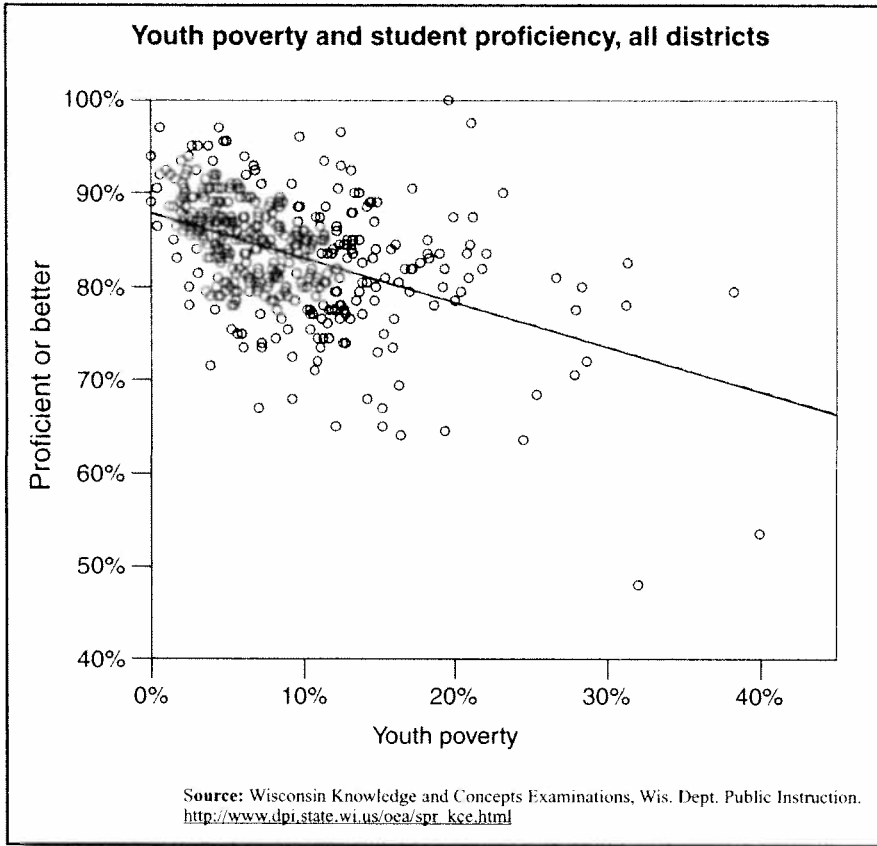
State aid to school districts is lowest in the suburbs

State aid is designed to equalize the spending capacity between low and high property-wealth districts. As a result, districts with higher property wealth per student receive less state aid per pupil than low-wealth districts. This places a greater responsibility on local property taxpayers to generate funding for local education. The median state aid per pupil in suburban districts is \$4,911, below the \$5,461 median for urban districts and \$5,644 for rural districts.



Data for this report are the latest available from the Wisconsin Department of Public Instruction and the U.S. Census Bureau. Youth poverty figures come from Census 2000 – percentage of youth ages 5-17 in a household with income below the poverty level.

Student poverty reduces proficiency statewide



Under current state and federal law, the effectiveness of schools and school districts is judged primarily by test scores on state proficiency tests.

Substantial research shows that a major predictor of student proficiency scores is the economic status of the child's family. Put simply: Children from affluent households tend to do better than students from low-income households. This is true in Wisconsin and across the nation.

This graph shows that districts with higher percentages of students at proficiency or better tend to have a smaller percentage of poor students enrolled. As the percentage of poverty increases, the percentage of students at proficiency drops. Each circle is a school district, and the straight line is the trend line showing the strong influence of poverty on performance.

Poverty is concentrated in urban and rural areas

	Median value owner-occupied home	Median household income	Median percentage of youth poverty	Median percentage of students proficient or better
Suburban	\$135,400	\$53,929	4%	87%
Urban	\$96,600	\$41,893	11%	77%
Rural	\$86,700	\$37,960	10%	83%

The median youth poverty rate in rural school districts is 10.2%, more than twice the 4.3% median in suburban districts. In Milwaukee, as well as in the other 17 urban areas, city school districts have significantly higher youth poverty rates than their respective suburbs. Milwaukee's poverty rate is 32% — almost 10 times higher than the 3.5% median among its 41 surrounding suburban districts (though a few suburbs, such as Cudahy and West Allis, have rates around 10%). In the other urban areas, the median poverty rate is 11.1%, compared with their suburbs' median of 4.6%.

Declining enrollment across Wisconsin results in lower funding for schools

Since state aid to school districts is linked to student enrollment, declining enrollment has a major impact on the financial health of districts. In the five-year period between 1997 and 2002, 56% of Wisconsin's school districts experienced falling enrollment. The decline was most prevalent in rural areas, where 68% of the districts lost students, and in urban districts, where 56% experienced a decline. Thirty-eight percent of the suburbs also declined in the five-year period. The suburbs of cities other than Milwaukee are the only group of districts to experience significant enrollment increases.

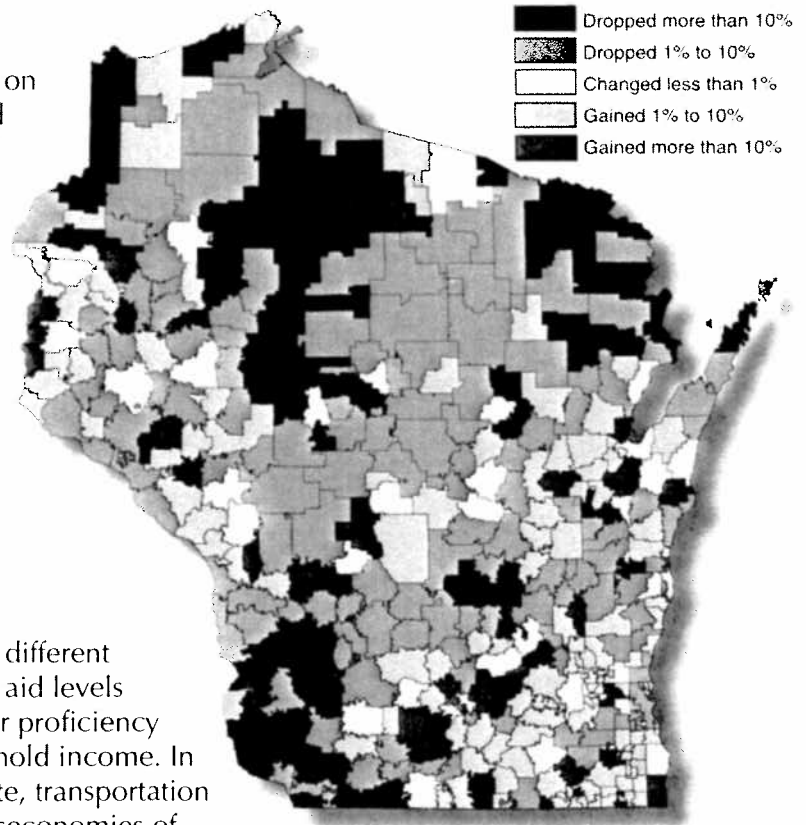
Summary and implications for school-finance reform

Each of the major school district types copes with a different cluster of factors that affect funding needs and state aid levels under the current system. Urban districts have lower proficiency levels, higher youth poverty rates, and lower household income. In rural districts, home values are the lowest in the state, transportation costs are higher, and sparse populations result in diseconomies of scale. Rural lake belt districts have high poverty rates but low state aid because vacation homes inflate property values. In addition, the northern lake belt districts have the lowest median household income and the highest poverty rates in the state. Suburban districts have the highest tax rates and receive the lowest level of state aid. Declining enrollment, which results in lower state aid, is widespread across the state.

A reformed school-finance system must address these diverse circumstances in each district:

- Urban districts require special assistance to improve proficiency levels, especially among low-income students.
- Suburban communities need an aid system that does not penalize residents for their high property tax base.
- Rural districts with diseconomies of scale and high transportation costs require special aid because basic operations are more expensive.
- State aid to lake districts must address the gap between high property wealth and the low income and low home values of year-round residents.
- Redistributing existing K-12 state aid funds will not solve the fiscal problems of urban, rural, and suburban districts. A new infusion of funds is necessary to meet the diverse needs of Wisconsin's 426 school districts and ensure adequate resources to meet state and federal educational standards.

Enrollment changes 1997-2002



To obtain a full copy of the **Wisconsin Atlas of School Finance**, contact:

Institute for Wisconsin's Future
1717 South 12th Street, Suite 203
Milwaukee, Wisconsin 53204

Phone (414) 384-9094 • Fax (414) 384-9098 • Email iwf@wisconsinsfuture.org • Web www.wisconsinsfuture.org