

Challenges for Wisconsin: School Finance & Vouchers



Road Map

- I. Wisconsin's Challenge*
- II. Revenue Limits & General School Aids*
- III. Expanding Private School Vouchers*
- IV. Is There A Better Way Forward
For All Kids?*

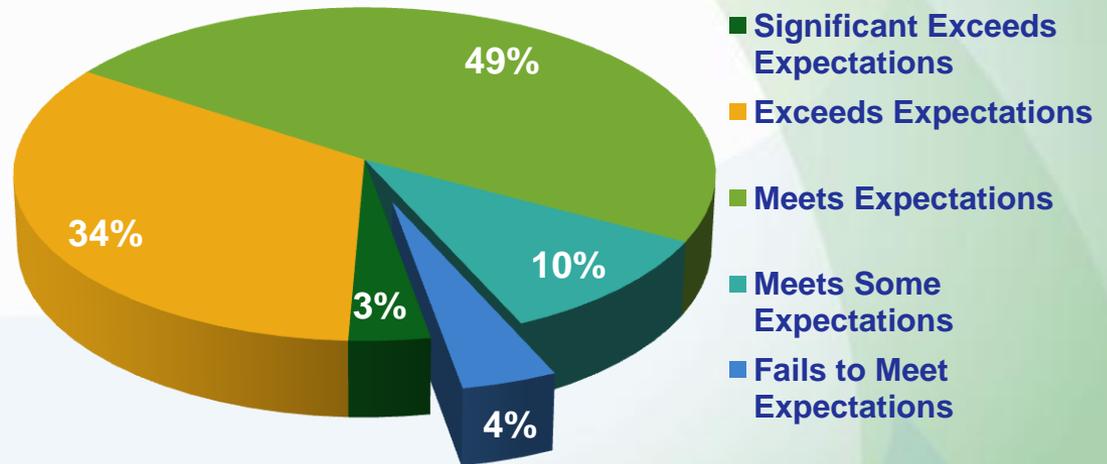
WISCONSIN'S CHALLENGE

Wisconsin Schools Perform Well

Accountability Rating for Wisconsin Schools

Nearly 9 out of 10 (86%) rated schools meet expectations or better.*

Only 4% fail to meet expectations.



*Excludes schools that did not receive a rating.

But Poverty is Growing in WI...

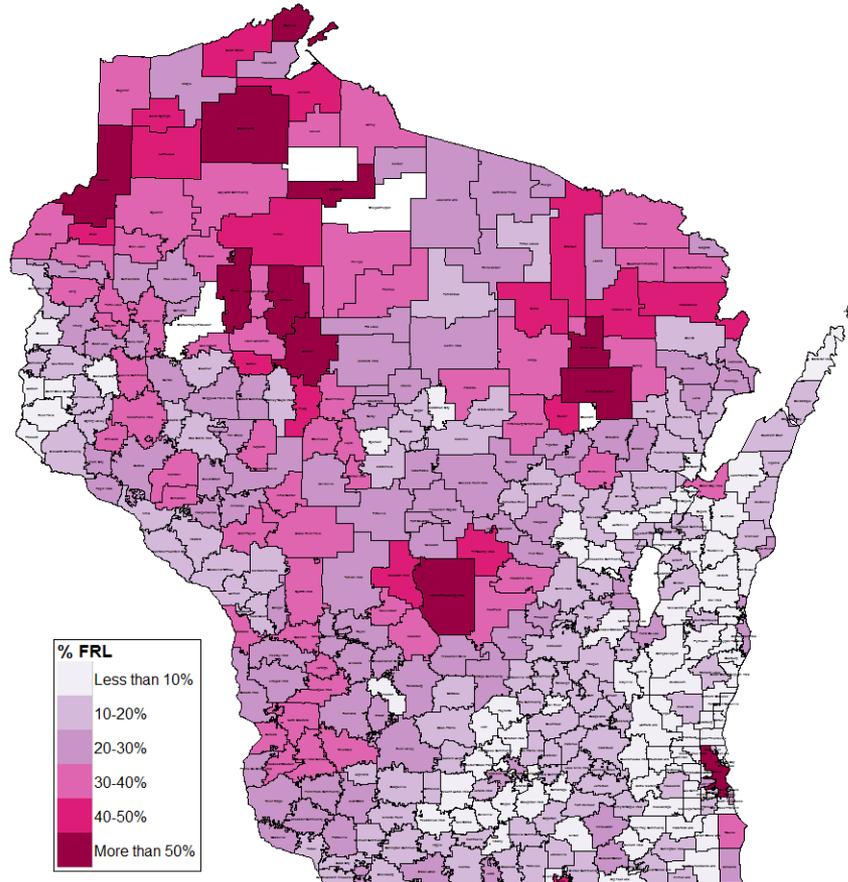
Change in Free & Reduced Lunch (2001-2012)

**Wisconsin
FRL Rate
Doubles**

2001: 21%

2012: 43%

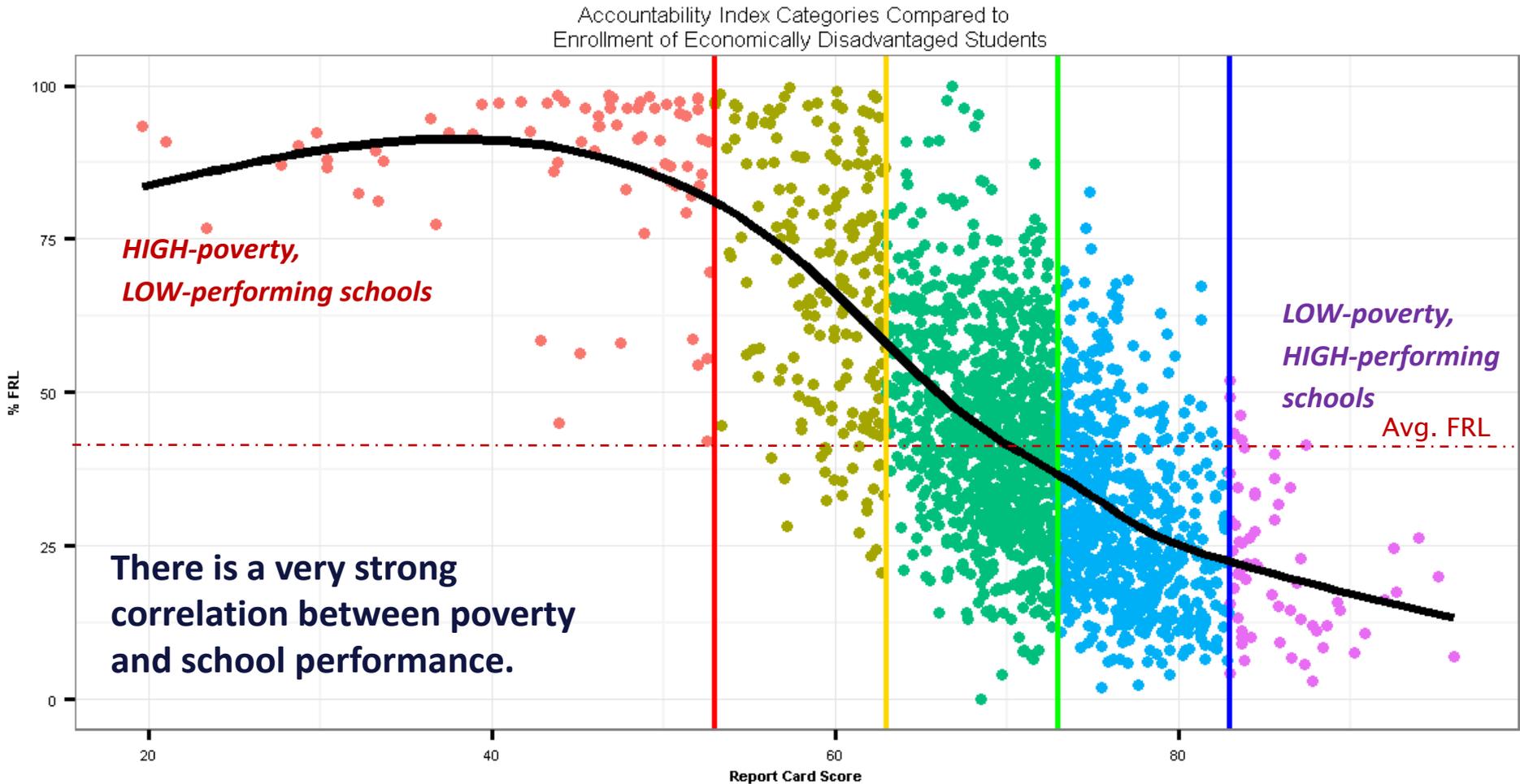
Proportion of Students FRL 2001



In many rural districts, more than half the students are eligible for free-and-reduced lunch.

And Poverty Impacts Achievement

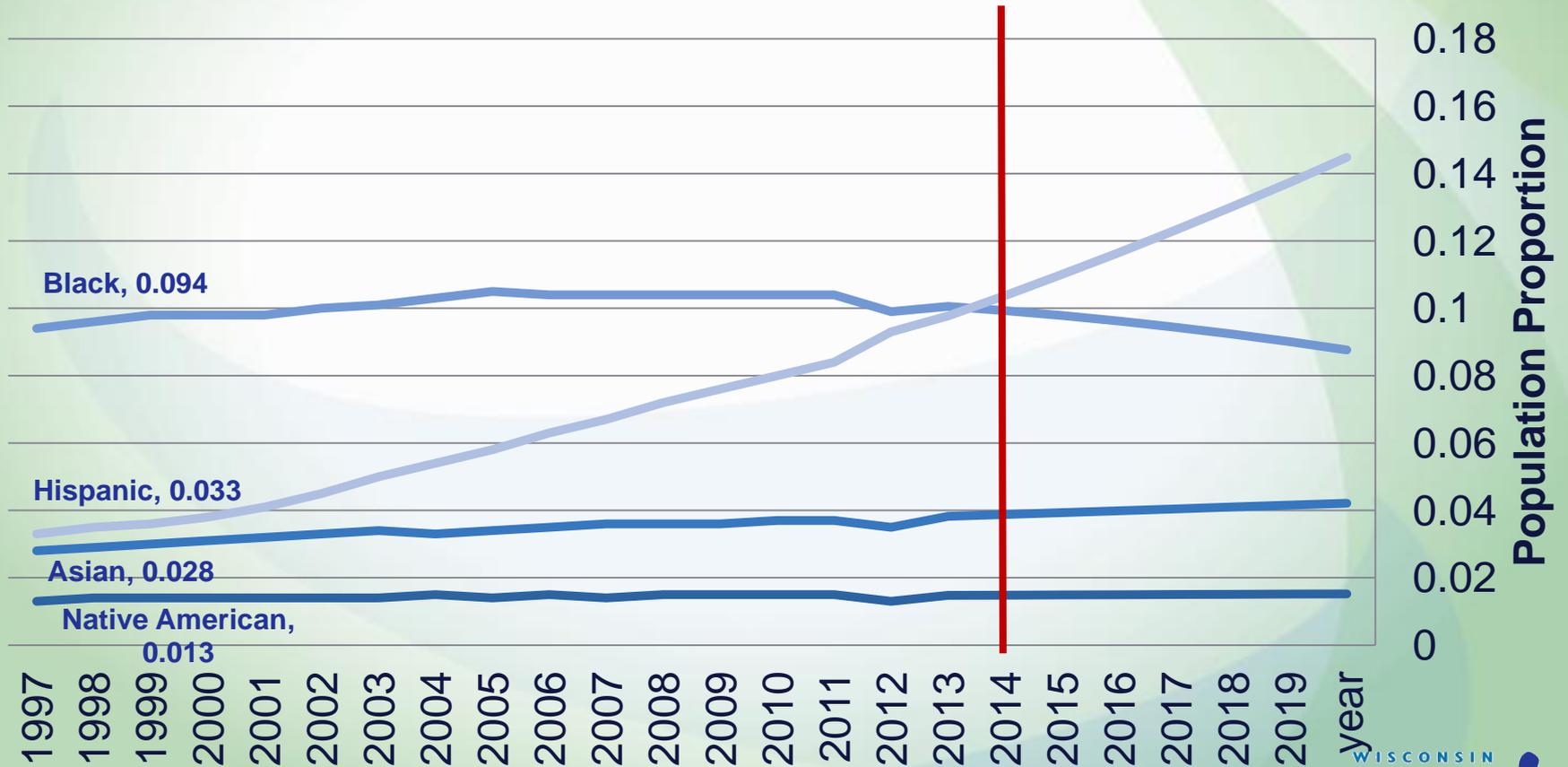
(2012-13 Report Card Data)



Rating Fails to Meet Expectations Meets Few Expectations Meets Expectations Exceeds Expectations Significantly Exceeds Expectations

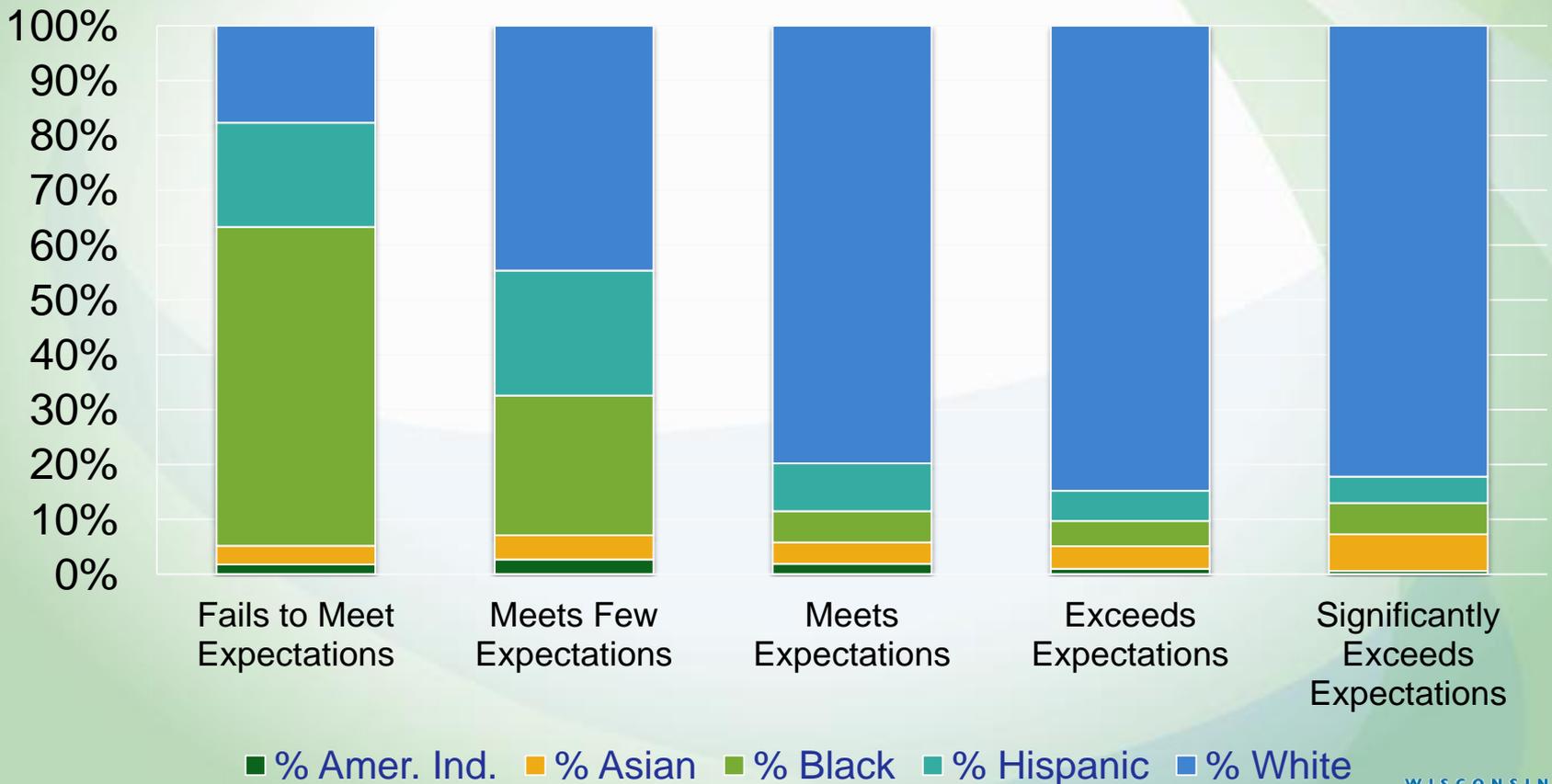
Wisconsin is Increasingly Diverse...

Proportions of Students of Color in Wisconsin (1997-2019)



Source: Wisconsin Department of Public Instruction & University of Wisconsin –Madison, Applied Population Laboratory.
Raw Data Source: National Center for Education Statistics (NCES) 2009. <http://nces.ed.gov/>

But Students of Color are More Likely to Attend a Low-Performing School



...And Rural Schools Face Specific Challenges

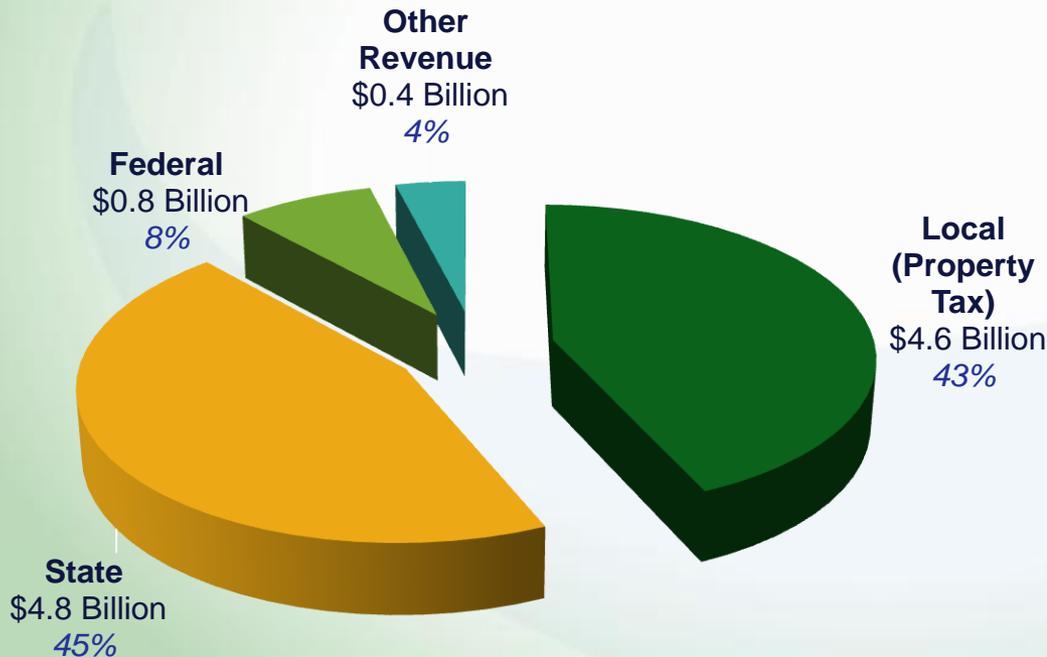
- Rural schools face **specific challenges**, such as:
 - *Declining enrollment;*
 - *Growing poverty;*
 - *Staff shortages;*
 - *Higher transportation costs; and*
 - *Increasing numbers of English Language Learners (ELL).*
- Small schools have less **economy of scale**, making technology and infrastructure investments more expensive (fewer students to absorb fixed costs).
- Rural districts generally have **fewer support staff and administrators** (*the superintendent often times is the high school principal and business administrator*), meaning there fewer staff to implement state and federal initiatives.
- Rural educators often receive **lower compensation and wear many hats**, requiring high levels of certification and commitment.

REVENUE LIMITS & GENERAL SCHOOL AIDS

2012-13 Wisconsin School Revenue

Revenue

\$10.7 Billion

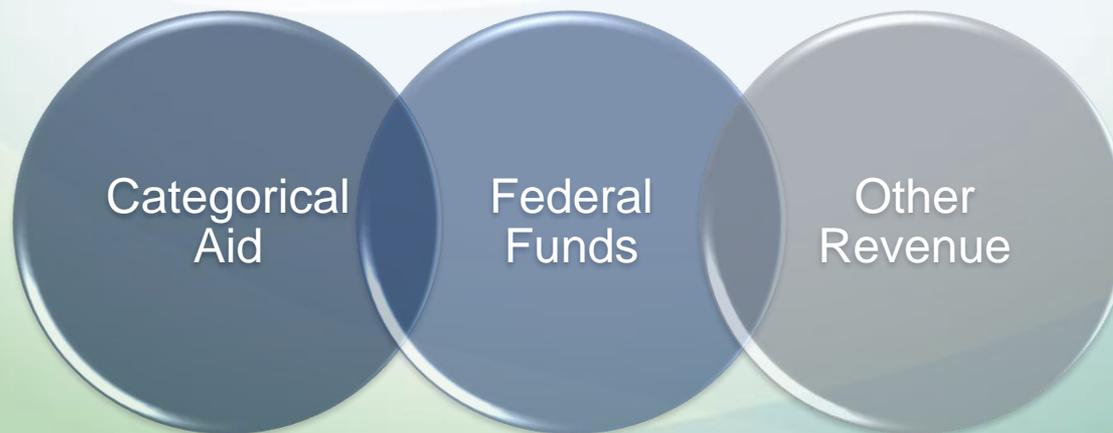


- 88% of schools funds come from state and local sources.
- State and local funding efforts are roughly split 50-50.

School Funding – *Simplified!*

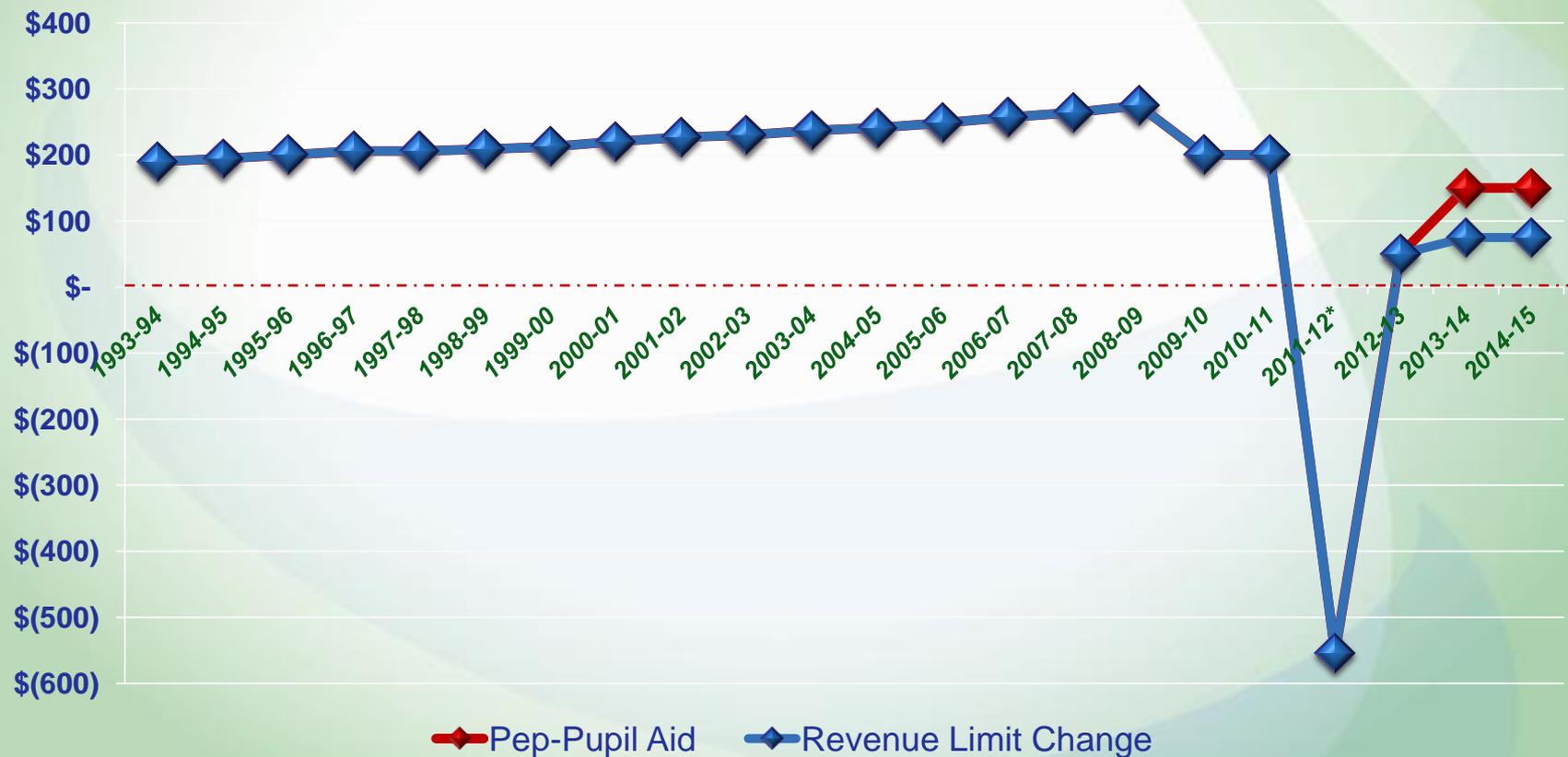


Outside the Revenue Limit



During the Great Recession, Revenue Limits Were Cut ...

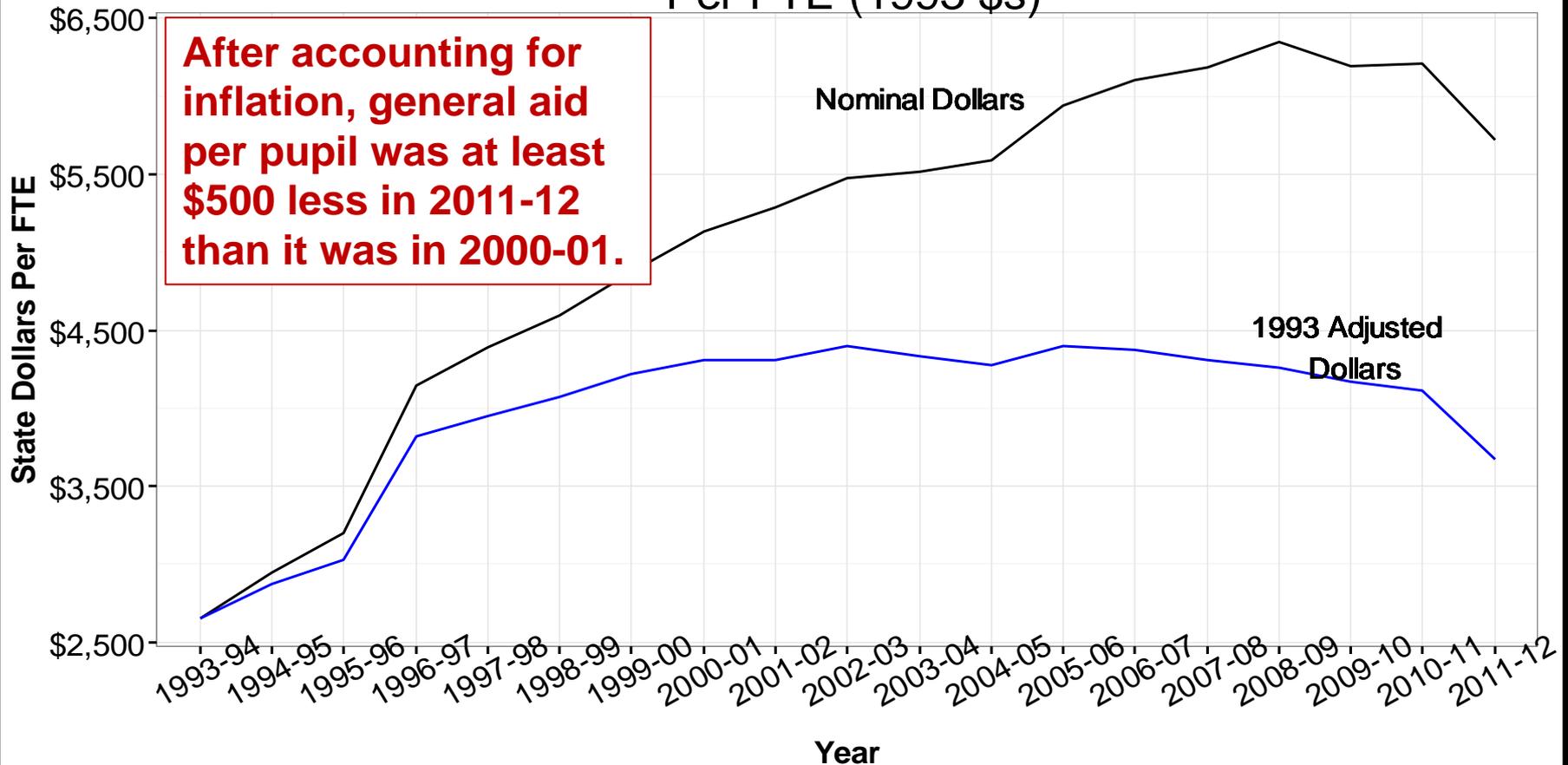
Change in Per-Pupil Revenue Over Time



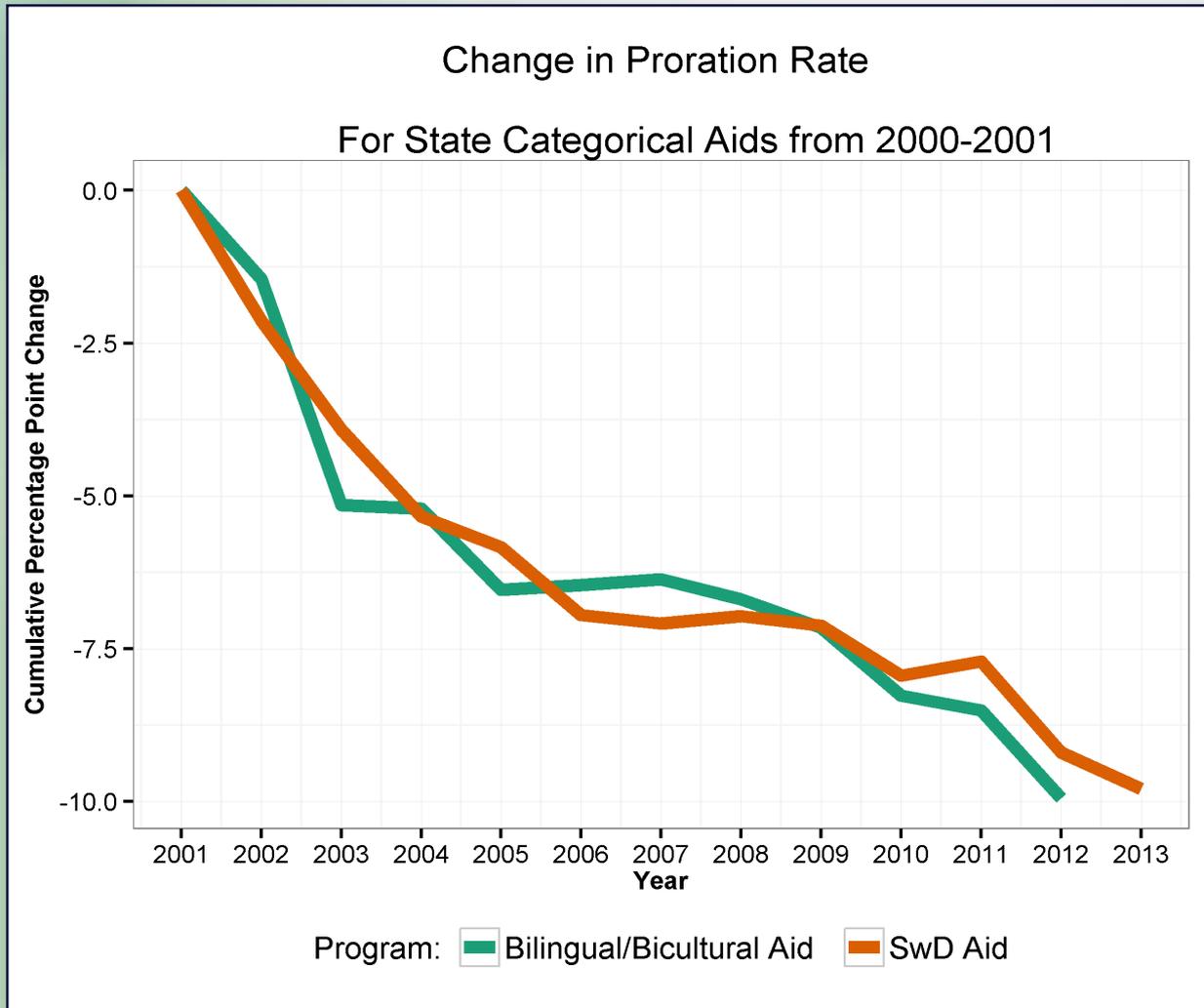
Source: Department of Public Instruction. 2011-13 State Budget. http://pb.dpi.wi.gov/pb_11-13_budget
 2013-15 State Budget. http://news.dpi.wi.gov/news_2013-15-state-budget-information

And for 20 Years State Aid Has Not Kept Pace With Inflation

Nominal v. Inflation Adjusted State Aid Per FTE (1993 \$s)



While Categorical Aid Reimbursement Rates Have Fallen



Reimbursement rates for special education (36% to 26%) and bilingual-bicultural (18% to 8%) services have dropped 10 percentage points since 2000-01.

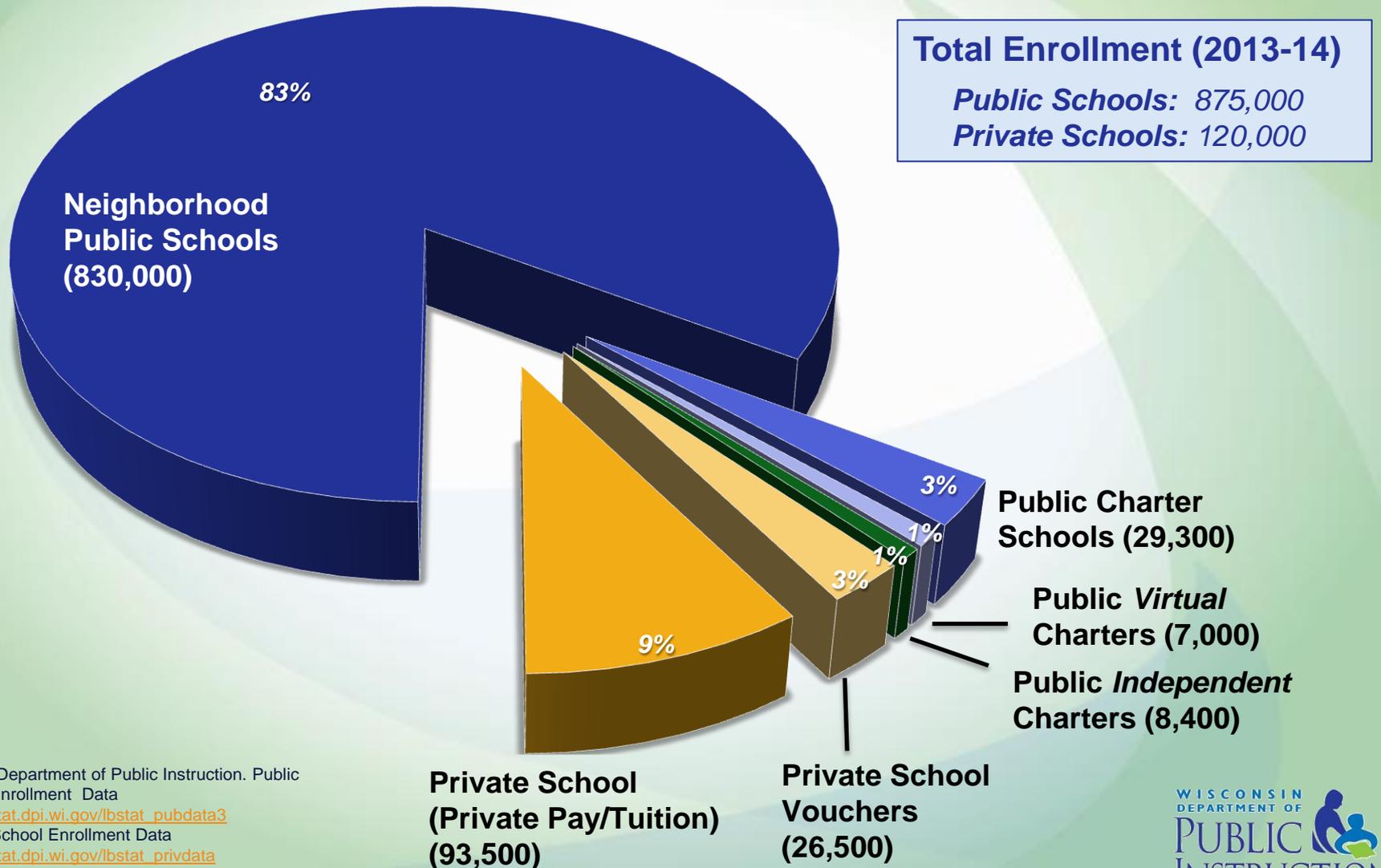
Which has Resulted in Significant Staff Reductions



Wisconsin schools cut more than 3,000 educators during the Great Recession.

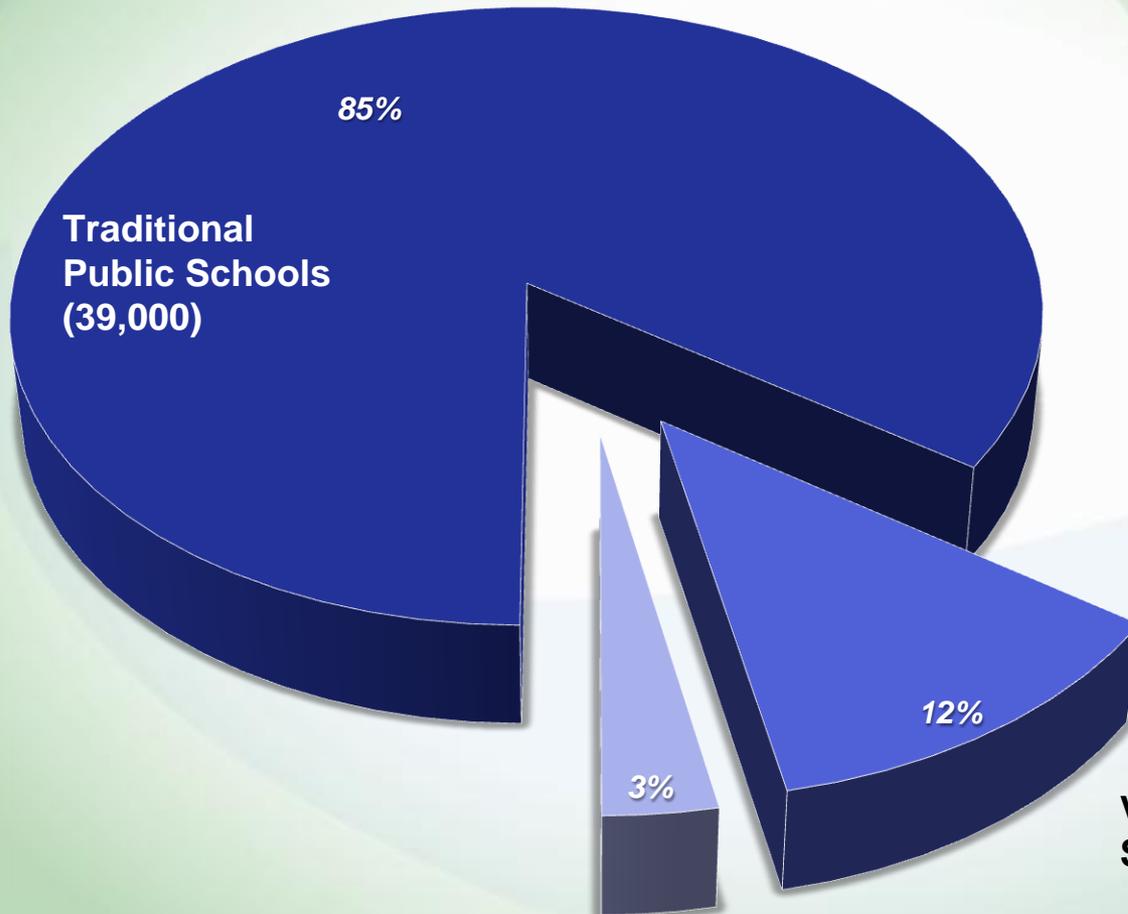
FUNDING CHARTER SCHOOLS & VOUCHERS

Most Kids Attend Public School



Source: Department of Public Instruction. Public School Enrollment Data
http://lbstat.dpi.wi.gov/lbstat_pubdata3
Private School Enrollment Data
http://lbstat.dpi.wi.gov/lbstat_privdata

Where do Open Enrollment Kids Go?



**Open Enrollment
(2013-14):**

46,500

**(5.3% of Public School
Enrollment)**

**Virtual Charter
Schools (5,700)**

**Brick-and-Mortar
Charter Schools
(1,400)**

Source: Department of Public Instruction. Public School Enrollment Data

http://lbstat.dpi.wi.gov/lbstat_pubdata3

Private School Enrollment Data

http://lbstat.dpi.wi.gov/lbstat_privdata

Charter Schools & Independent (2r) Charters Schools

In 2013-14, Wisconsin had:

- **242 charter schools with**
- **47,600 students.**

Charters are public schools that are generally authorized by the local school board.

However, Milwaukee and Racine have independent charter schools that are created by:

- UW – Milwaukee (12)
- City of Milwaukee (10)
- UW – Parkside (1)
- Milwaukee Area Technical College (0)

The 23 Independent (2r) charter schools enroll 8,400 students, but are funded differently.

Independent charter schools are 100% state funded (no property tax), but only receive \$7,925 per-pupil (\$8,075 in 14-15).

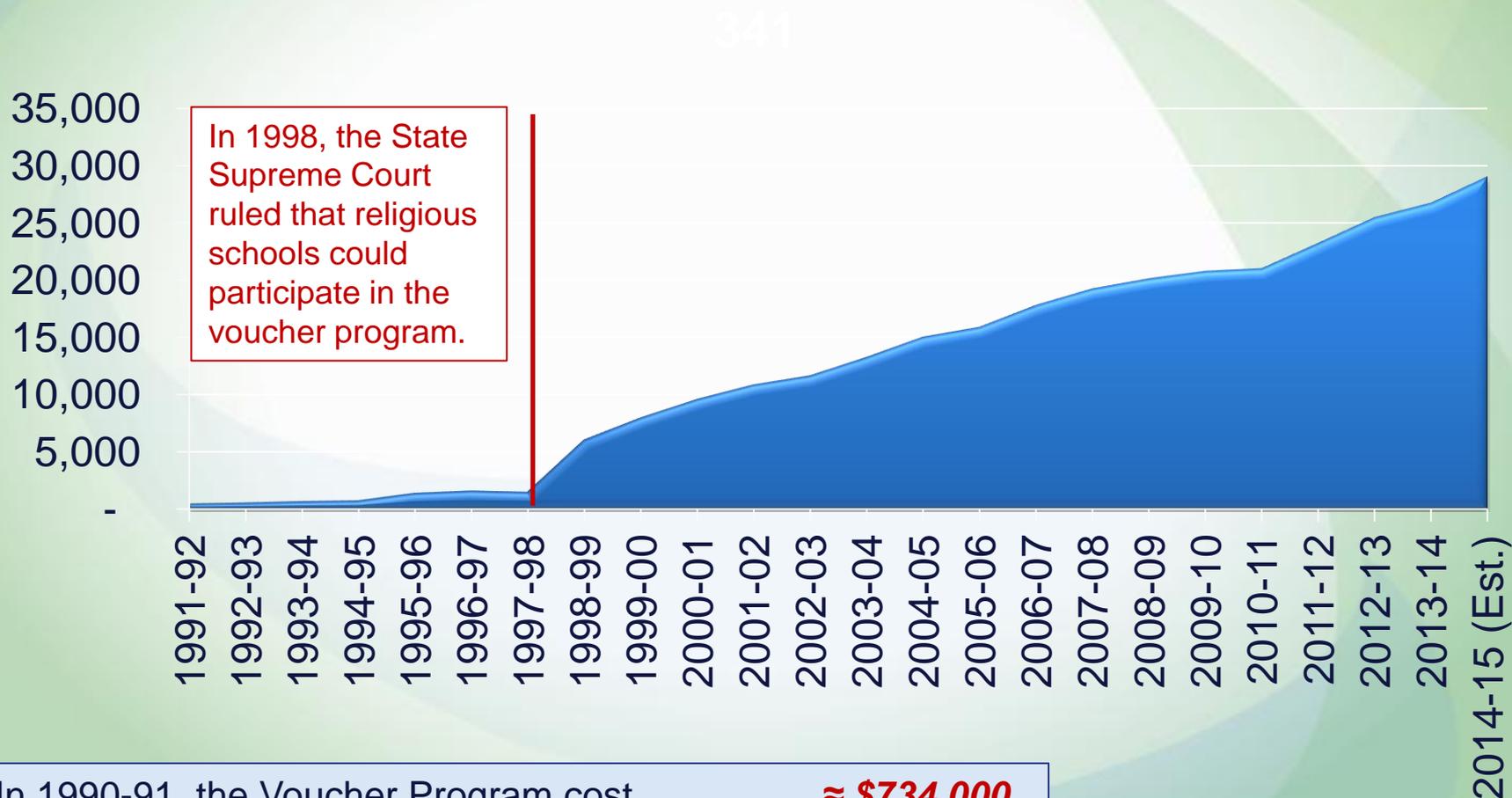
However, this state funding is created by withholding $\approx 1.4\%$ of every district's general aid and redirecting it to the independent charters.

Local districts then can increase their property taxes to make up the difference – essentially raising property taxes statewide.

There are Now Three “Voucher” or Parental Choice Programs (PCP)

2013-14	FTE Students	Enrollment Restriction	Costs
Milwaukee MPCP	24,800	<ul style="list-style-type: none"> • 300% Federal Poverty (\$77,947 married family of four) • No enrollment cap; • Only students from Milwaukee • 61.6% State funded; 38.4% Local funded 	\$160 million
Racine RPCP	1,200	<ul style="list-style-type: none"> • 300% Federal Poverty (\$77,947 married family of four) • No enrollment cap; • Only students from Racine • 100% State funded 	\$7.7 million
Wisconsin WPCP	500	<ul style="list-style-type: none"> • 185% Federal Poverty (\$50,752 married family of four) • Enrollment cap: 500 in 2012-13; 1,000 in 2013-14 • No students from Milwaukee or Racine • 100% State funded 	\$3.2 million

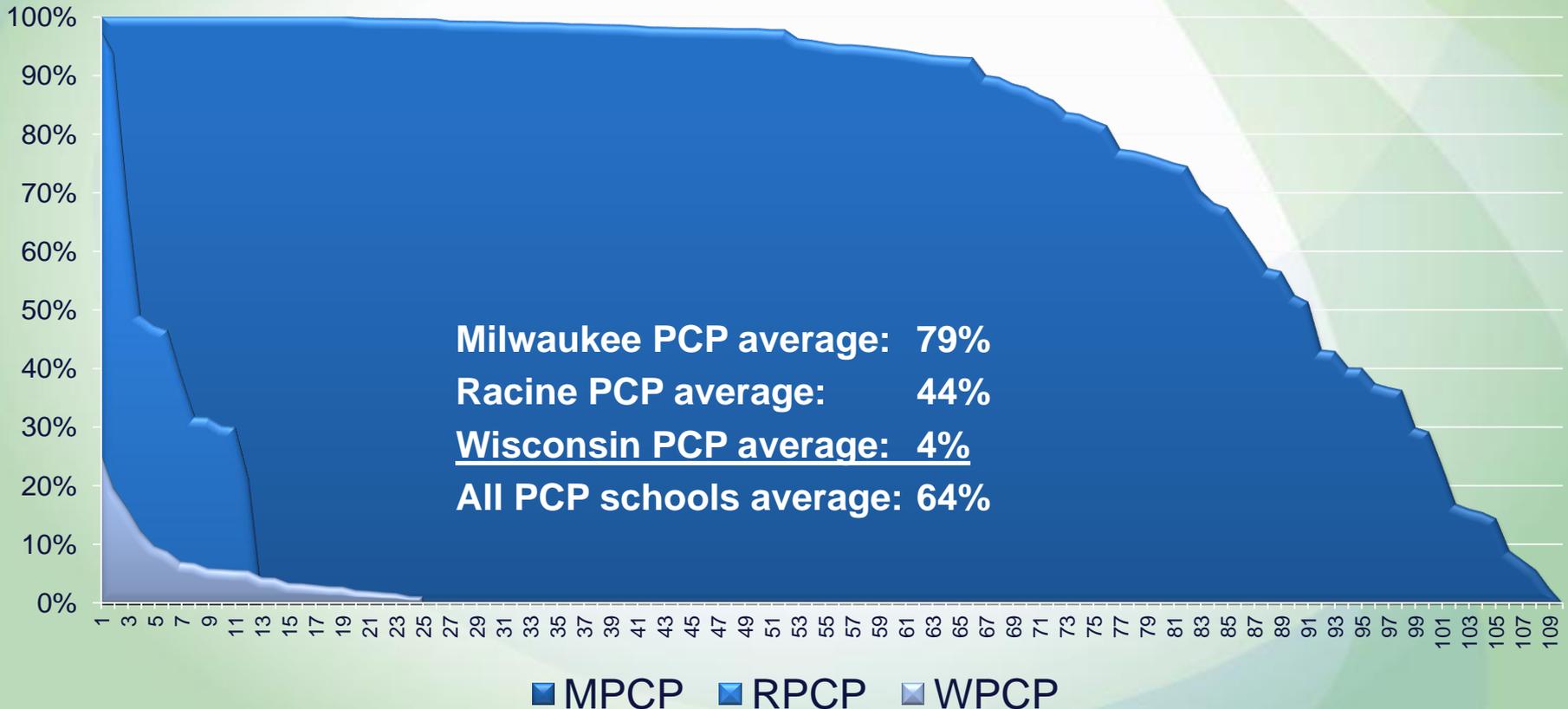
Voucher Programs Started Small, But Have Grown Over Time



In 1990-91, the Voucher Program cost **≈ \$734,000**
 In 2014-15, the Voucher Program will cost: **≈ \$212,000,000**

Most Students in Voucher Schools are Publicly-Funded

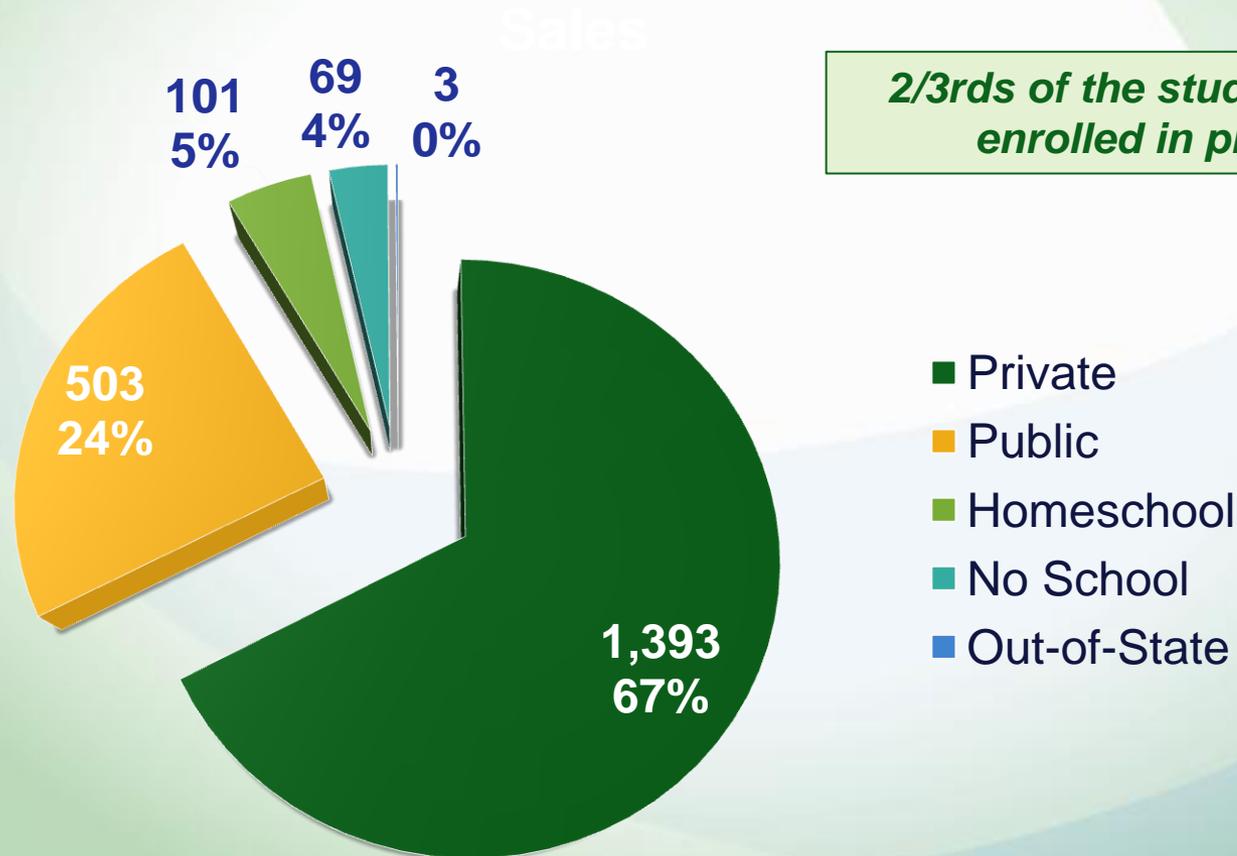
2013-14 % Voucher Enrollment in Choice Schools (September Pupil Count)



The % of voucher-funded students in participating schools (particularly K-8 schools) tends to grow over time.

...And Most Statewide Voucher Students Came From Private Schools

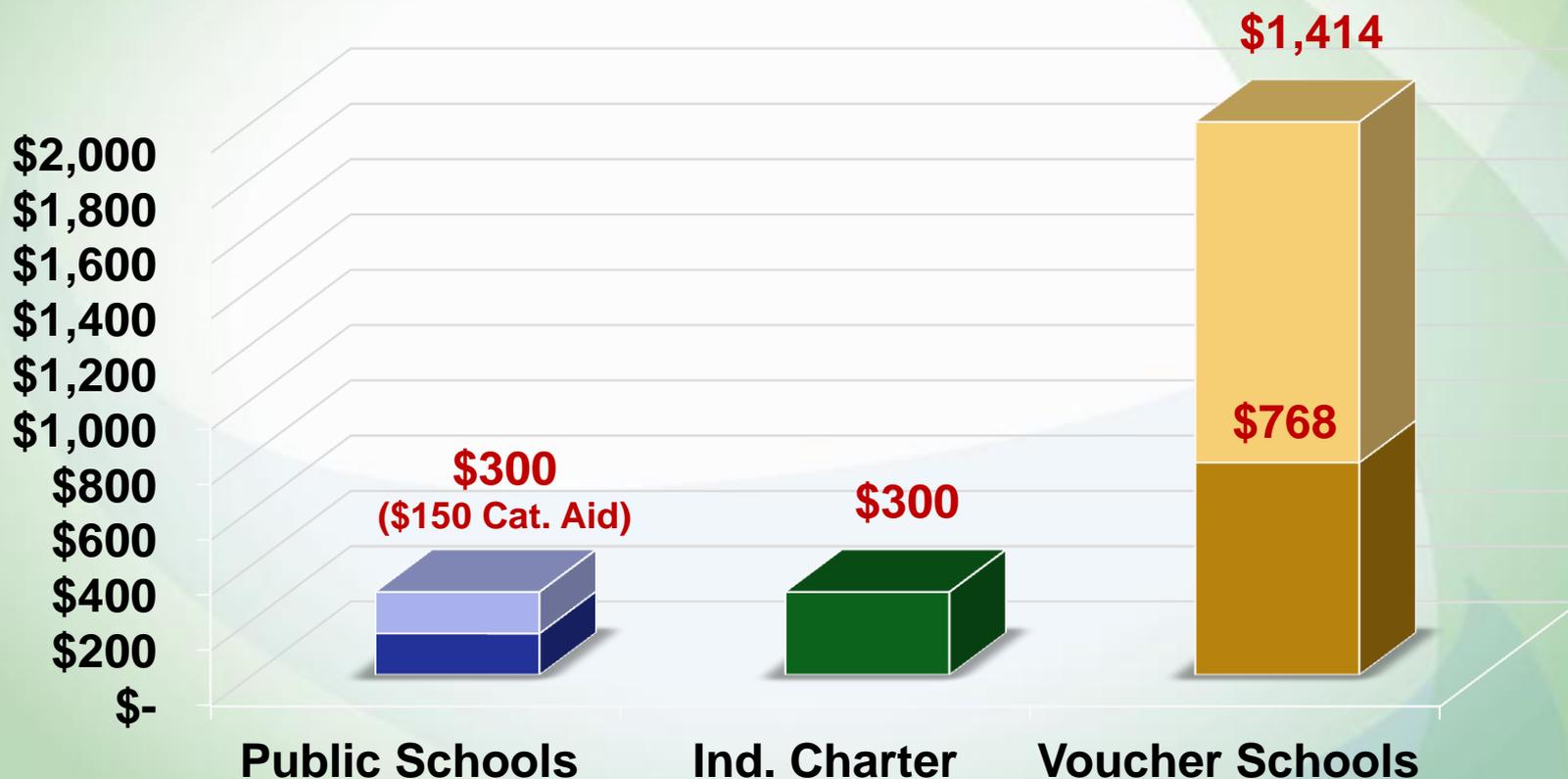
2013-14 Statewide Choice Program Enrollment:



2/3rds of the students were already enrolled in private schools

In the Last Budget, Voucher Schools got the Biggest Increase...

Per-Pupil Revenue Increase by School Type

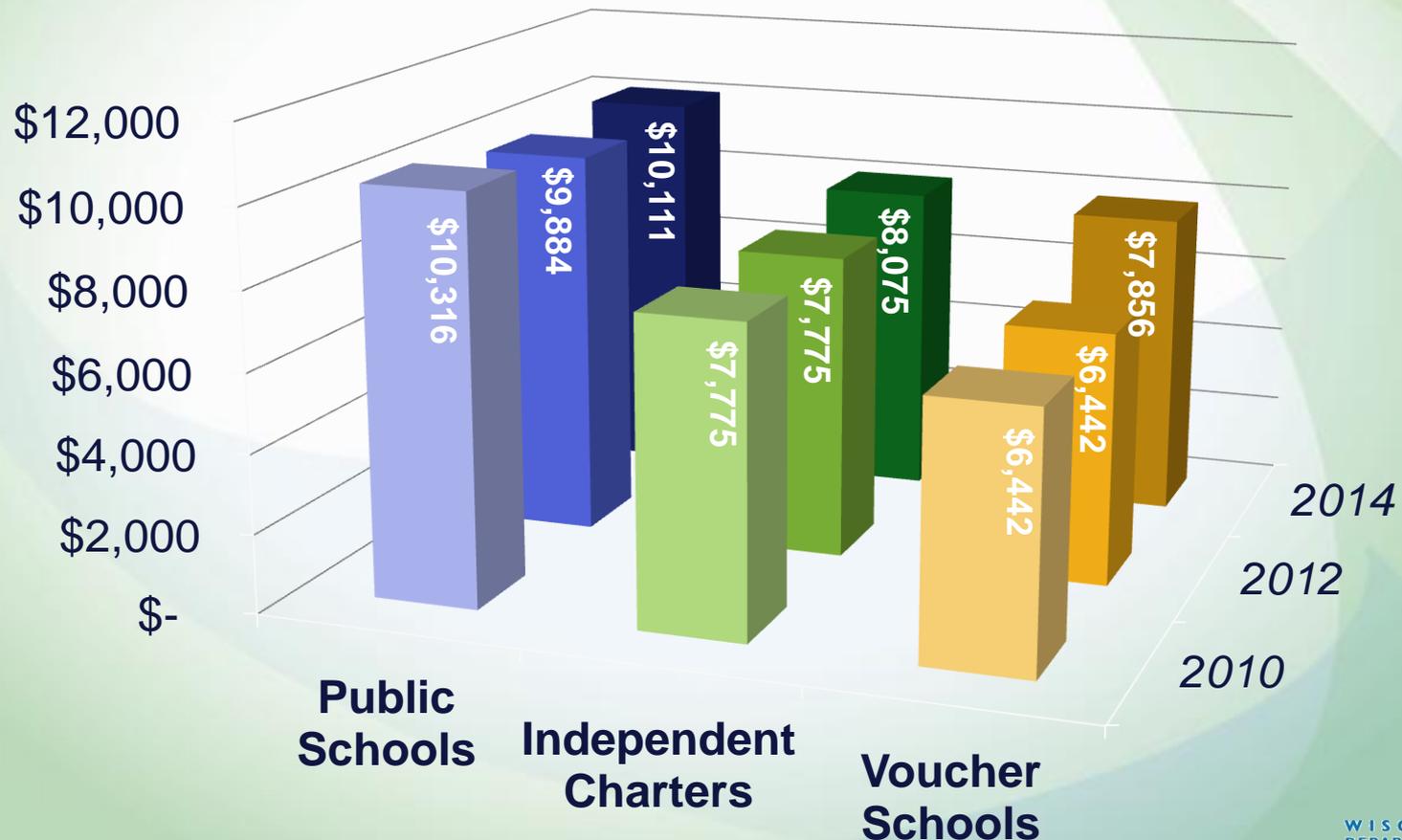


Public schools also get a \$75 per student categorical aid for all kids.

Source: Department of Public Instruction. 2013-15 State Budget Information. http://news.dpi.wi.gov/news_2013-15-state-budget-information

However, Voucher Schools Still Get Less Per-Pupil Funding

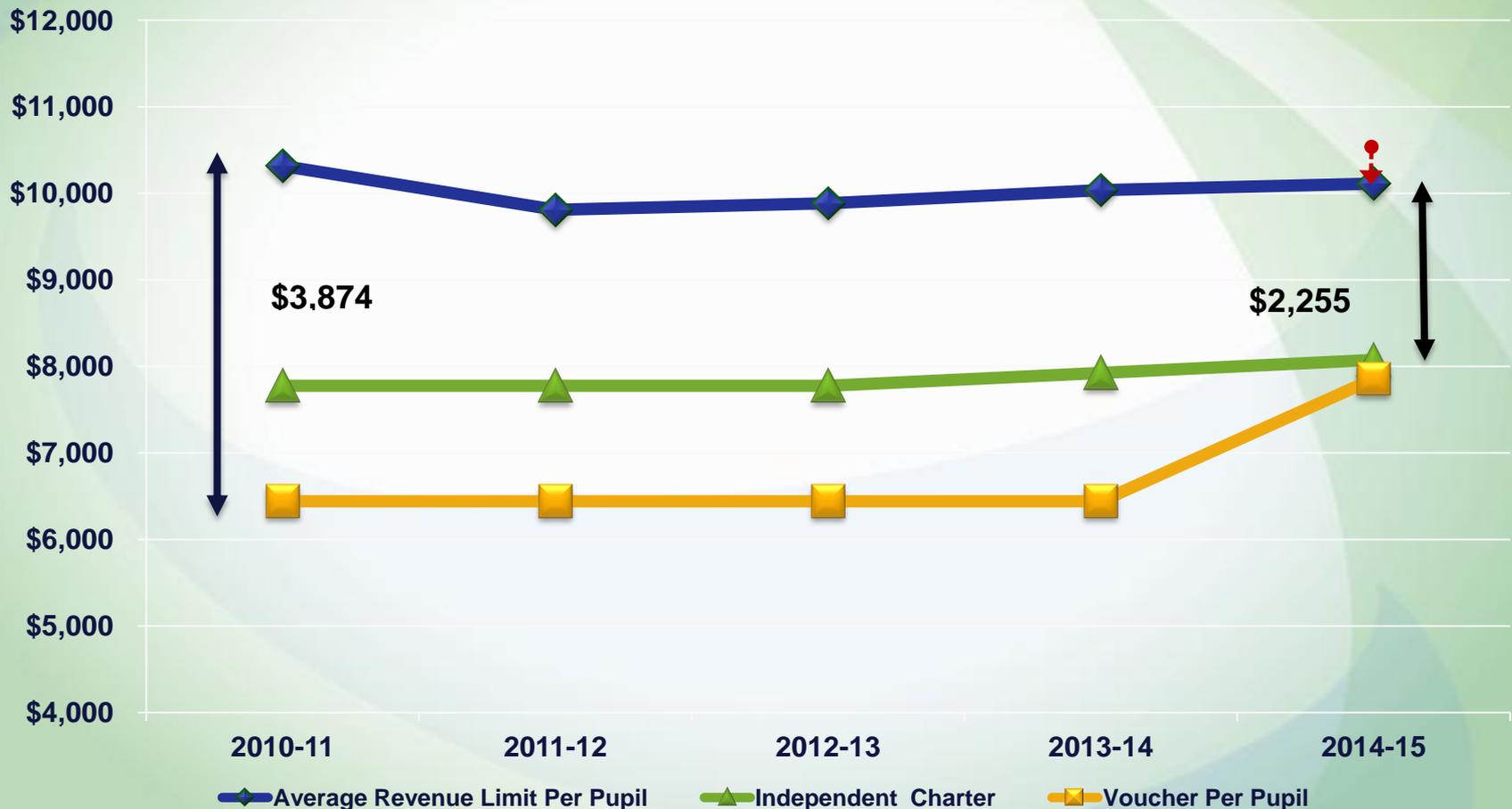
Per-Pupil Revenue Authority by School Type



Public school revenue has not caught up to the 2010 funding level.

Source: Department of Public Instruction. 2013-15 State Budget Information. http://news.dpi.wi.gov/news_2013-15-state-budget-information

Although the Funding Gap is Narrowing



Progress toward funding parity is achieved by cutting public school revenue limits, while increasing voucher and independent charter payments.

Source: Department of Public Instruction. 2013-15 State Budget Information. http://news.dpi.wi.gov/news_2013-15-state-budget-information

A Voucher in Every Backpack?

What would universal vouchers with public school funding parity cost? *Let's do the math...*

New Cost for Tuition-Paying Students

Number of Private Pay Students	X	Public School Revenue Limit	=	Marginal Cost for Universal Vouchers
93,000	X	\$10,300	=	\$957,900,000

Increased Cost for Current Voucher Students (2013-14)

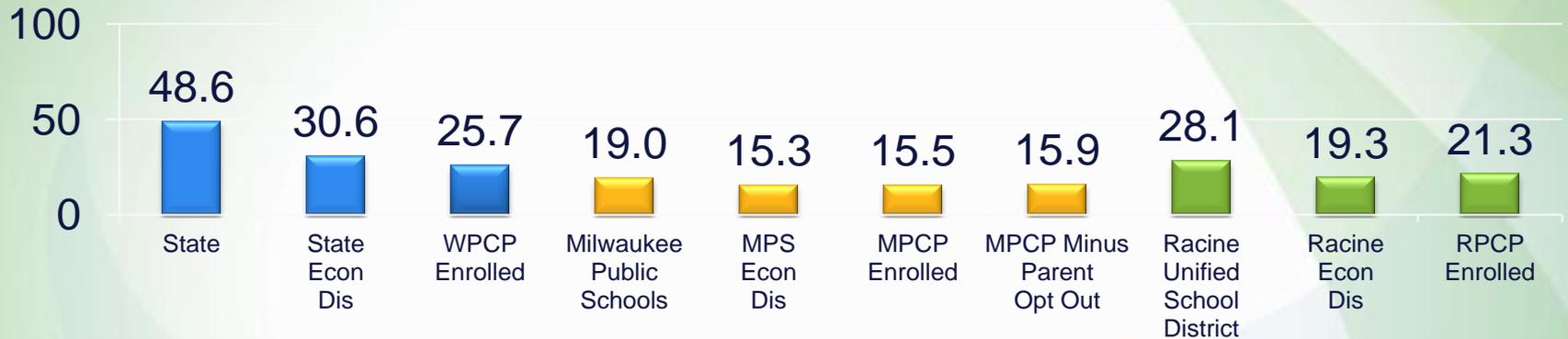
Grade	Public School Revenue Limit	Voucher Amount	Difference	X	Voucher Enrollment	=	Marginal Cost
K-8	\$10,300	\$7,856	\$2,444	X	21,202	=	\$51,817,688
9-12	\$10,300	\$7,210	\$3,090	X	5,307	=	\$16,398,630
					Total		\$68,216,318

Total additional (marginal) cost for universal vouchers:

\$ 1,026,116,318 (\$1 billion)

Overall, Students Perform Similarly Across Sectors

WSAS Mathematics Achievement (2013-14) *Percent Proficient or Advanced (All Grades)*



WSAS Reading/ELA Achievement (2013-14) *Percent Proficient or Advanced (All Grades)*



Source: Department of Public Instruction. "Last year for WKCE math and reading; results improve over five years."

http://news.dpi.wi.gov/files/eis/pdf/dpinr2014_47.pdf "Fourth Year of Choice Data." http://news.dpi.wi.gov/files/eis/pdf/dpinr2014_48.pdf

**IS THERE A BETTER WAY
FORWARD FOR ALL KIDS?**

Legislative Efforts

Here are some legislative proposals that address these issues:

- *Fair Funding School Finance Proposal*
(State Superintendent Evers' 2013-15 State Budget proposal)
- *Voucher School Report Cards (Passed)*
(2013 SB 286 – Sen. Olsen, Rep. Kestell)
- *Increasing Special Education & Sparsity Reimbursement Rates*
(2013 AB 772 – Rep. Mason; 2013 AB 834 Rep. Clark)
- *Pre-Accreditation for Voucher Schools (Passed)*
(2013 SB 584 – Sen. Vukmir)
- *Rural Teacher Loan Forgiveness*
(2013 AB 817 – Rep. Wright)
- *Restoring 2/3rds State Funding for Education*
(2009 AB 919 – Reps. Davis, Strachota, Brooks, Honadel, Kestell, Kleefisch, Knodl, LeMahieu, Lothian, Townsend and Vos)

2013- 15 Fair Funding Proposal

Enact a school funding formula that is:

- fair, sustainable, transparent;
- strengthens rural and declining enrollment schools; and
- politically viable.

Increase revenue limits

At least \$225/pupil

Holds the line on property taxes

Statewide net tax 0% (gross tax -18%)

Guarantees state funding for every student

Minimum \$3,000/pupil

Accounts for family income and poverty

Poverty weighting: 30% or 0.3 FTE per student

Provides predictable growth in state aid

2% or CPI

Increase hold harmless: 90% prior year

Secondary cost ceiling = state average

Sends all state aid directly to schools

Move the School Levy Tax Credit into the aid formula, reducing district levies

Same or better for all districts

Statewide 95% of districts increase (402 of 424); all others held harmless

Bottom Line

Wisconsin must meet the challenge of growing poverty and increasingly diverse classrooms.

- *Students and families have more options and choices than ever before (neighborhood schools, charters, vouchers, open enrollment, or virtual charters).*
- But we have to close our achievement gaps and expand personalized learning for all students.
- And rural schools deserve the resources to meet the needs of their students without continuous referenda.

Together, we can do better....