

# Challenges for Wisconsin: School Finance & Vouchers



# Road Map

- I. Growing Poverty & Economic Challenges*
- II. Changing Enrollment & Demographics*
- III. School Finance*
- IV. Funding Charter Schools & Vouchers*
- V. Is There A Better Way Forward  
For All Kids?*

# **GROWING POVERTY & ECONOMIC CHALLENGES**

# Poverty is Growing in WI...

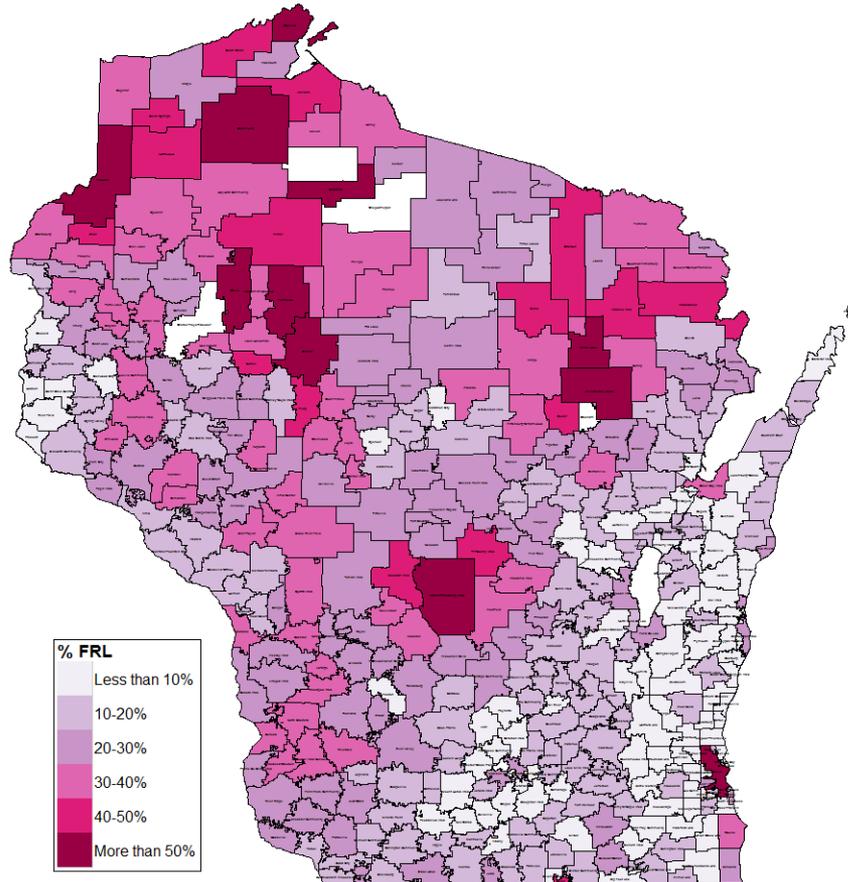
Change in Free & Reduced Lunch (2001-2012)

**Wisconsin  
FRL Rate  
Doubles**

2001: 21%

2012: 43%

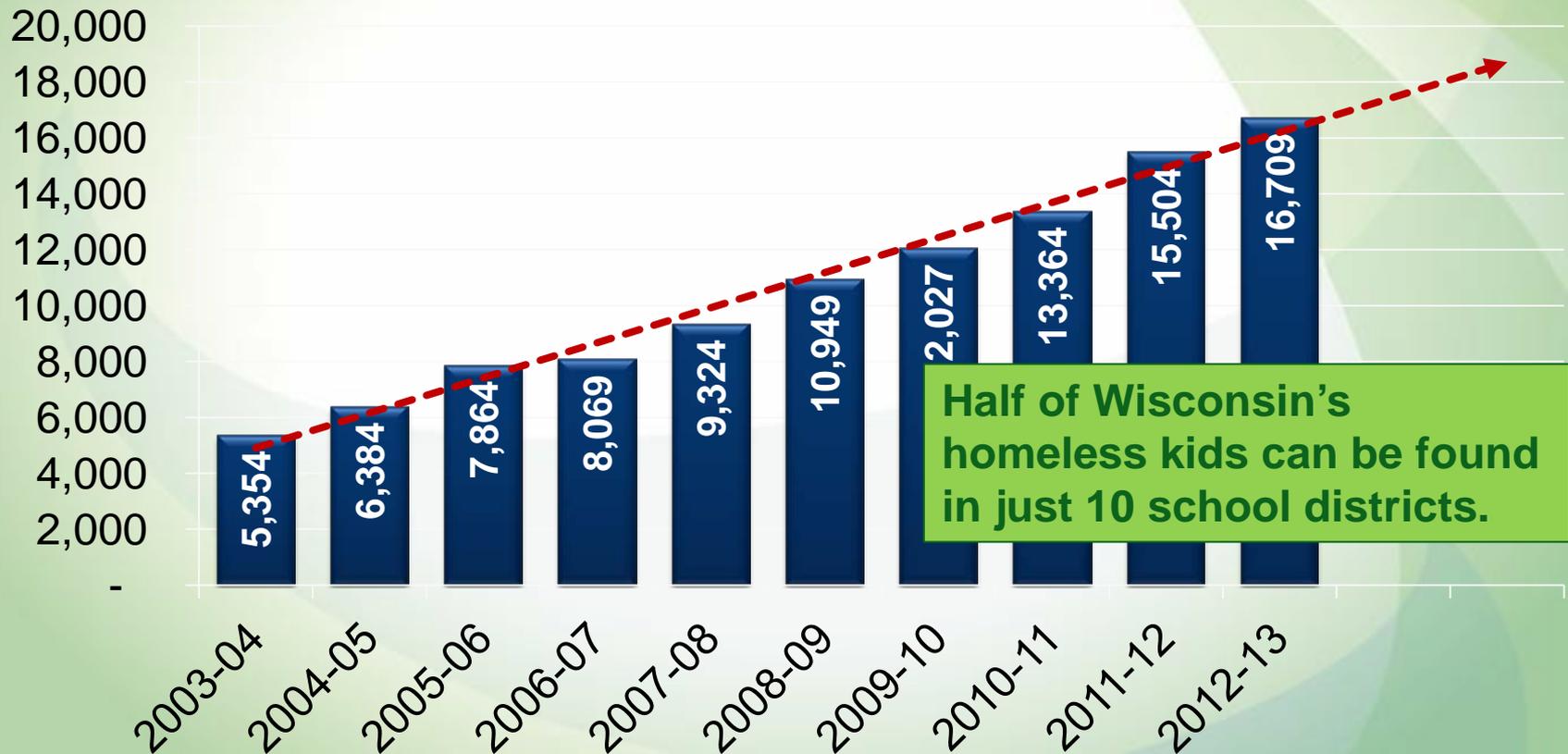
Proportion of Students FRL 2001



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

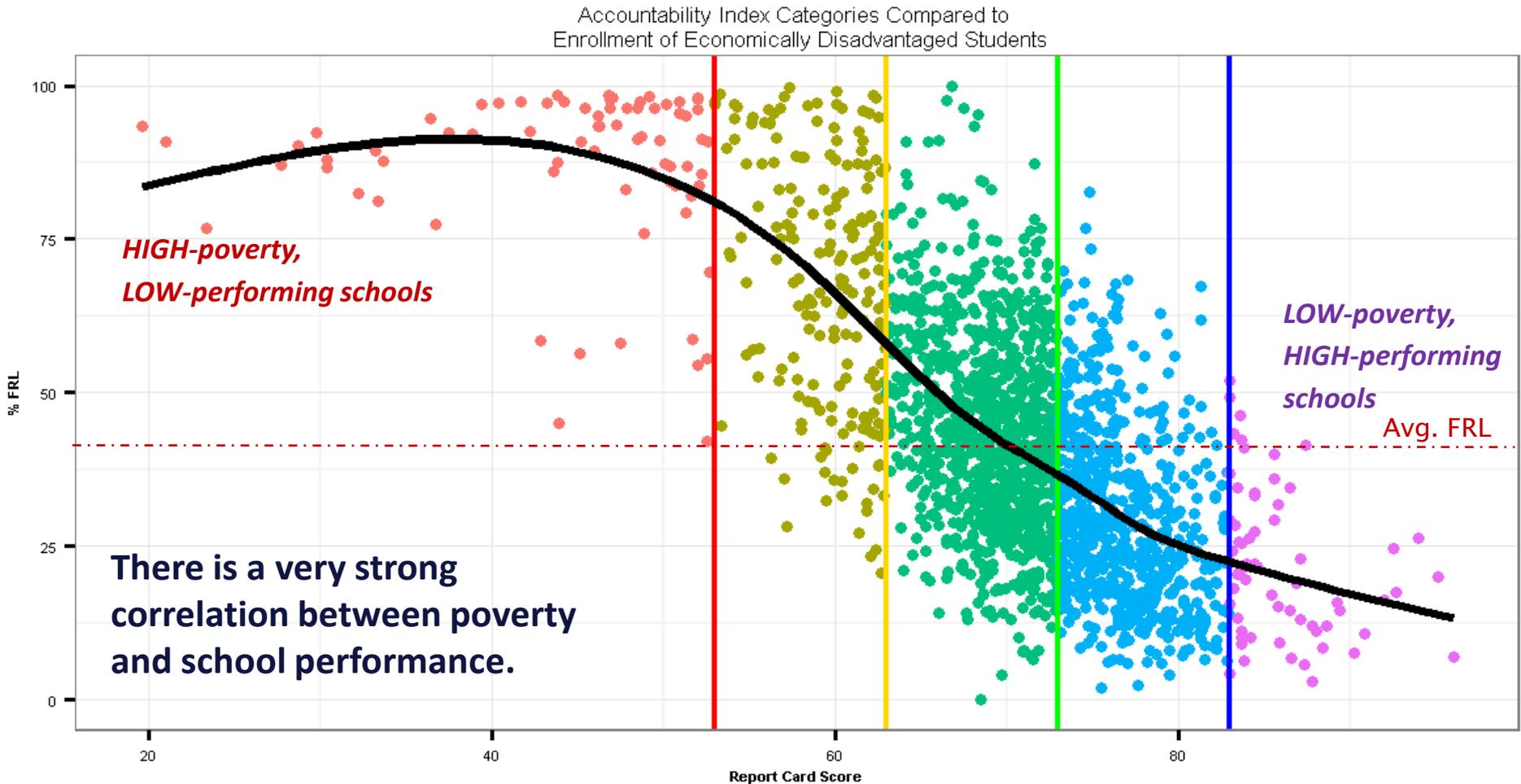
# And so are the # of Homeless Kids...

## Homeless Children & Youth In Wisconsin Schools



# And Poverty Impacts Achievement

(2012-13 Report Card Data)



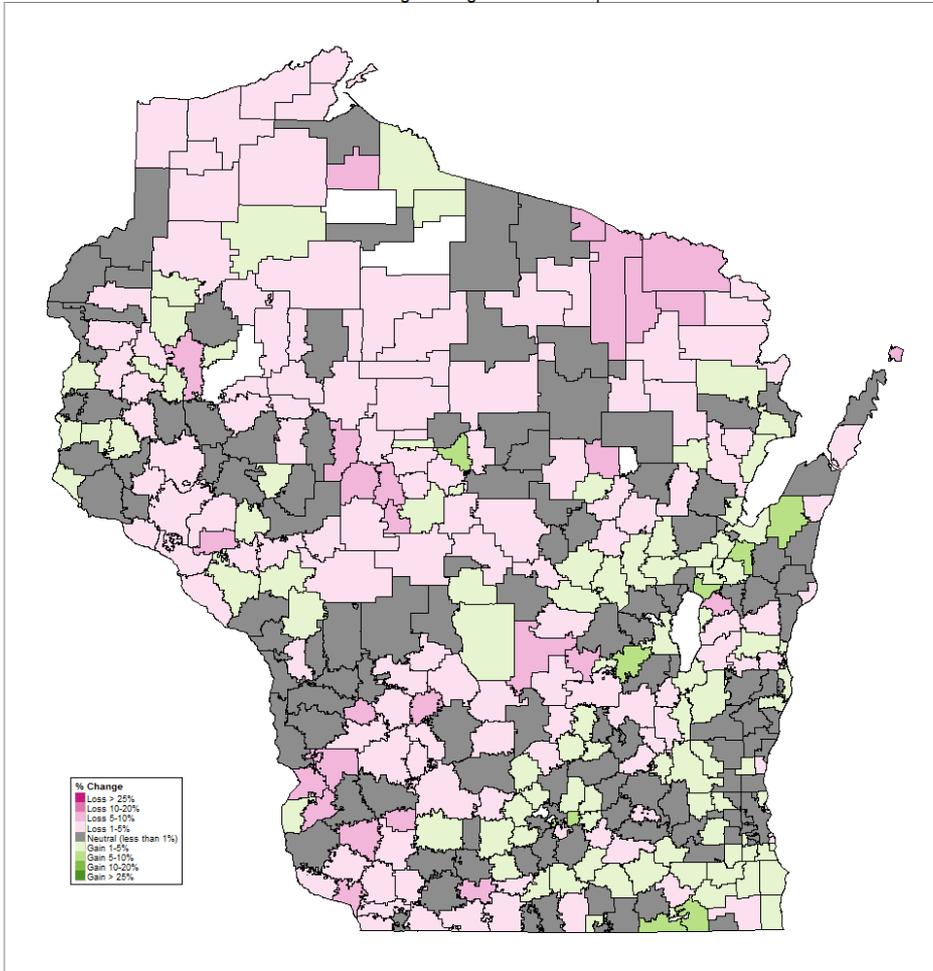
**Rating** Fails to Meet Expectations Meets Few Expectations Meets Expectations Exceeds Expectations Significantly Exceeds Expectations

# CHANGING ENROLLMENT & DEMOGRAPHICS

# Students are in Fewer Districts

## Change Student Membership (2001-2012)

FY 2012 2001 Percentage Change in Membership from 2000 Base



In 2001, 1/3<sup>rd</sup> of districts were in declining enrollment.

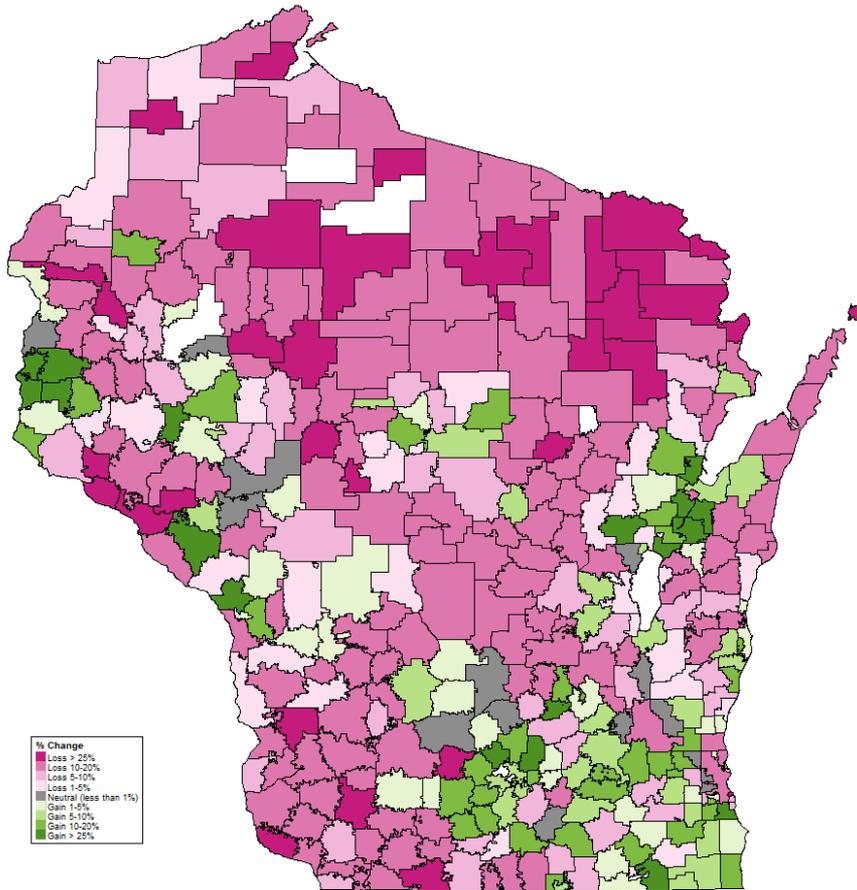
By 2012, over 2/3rds districts were in declining enrollment.

Today, 75% of our students are located in just 30% of our districts.

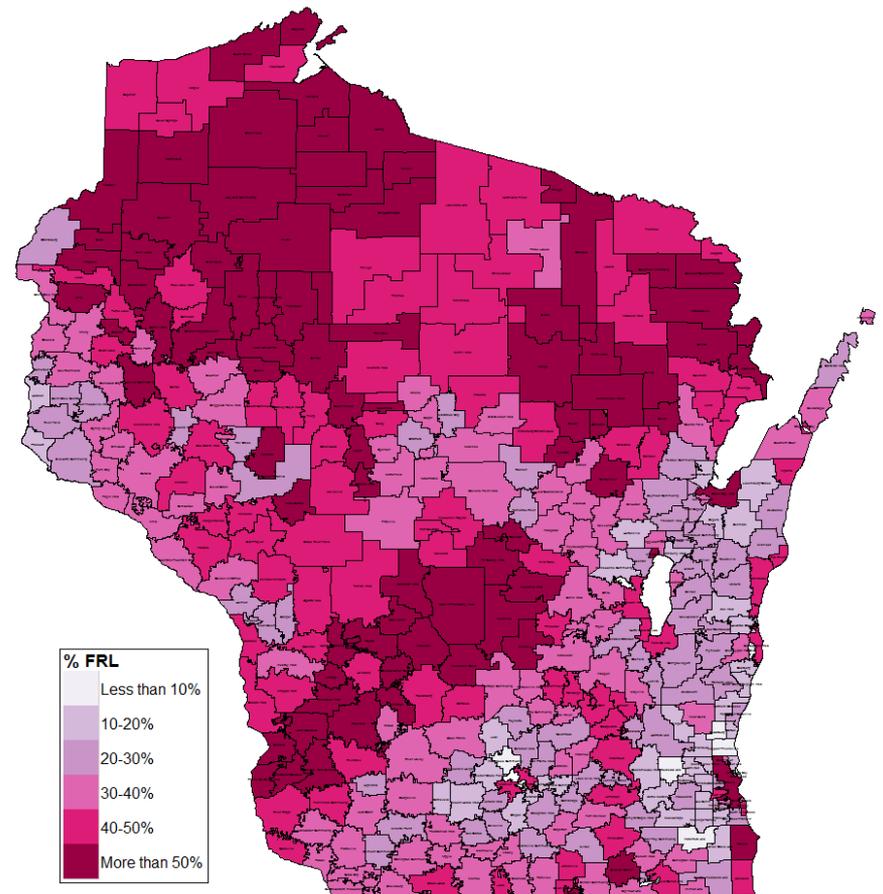
Cumulative Enrollment	Percentile	# of Districts	% of District
209,535	25%	8	2%
419,387	50%	41	11%
626,834	75%	114	30%
871,551	100%	424	100%

# Which Means Rural Districts Have Fewer Kids & Greater Poverty

FY 2012 2012 Percentage Change in Membership from 2000 Base

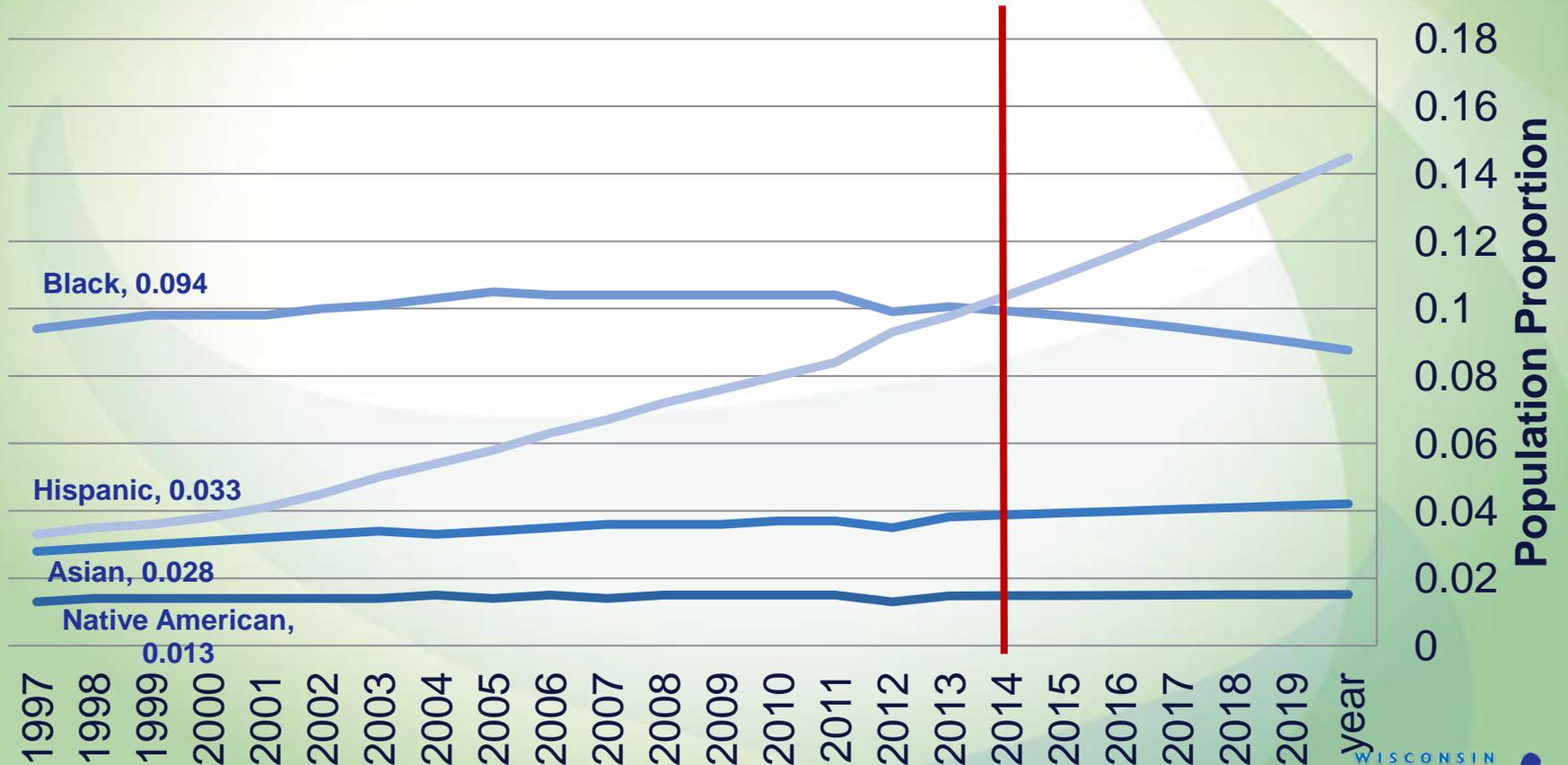


Proportion of Students FRL 2012



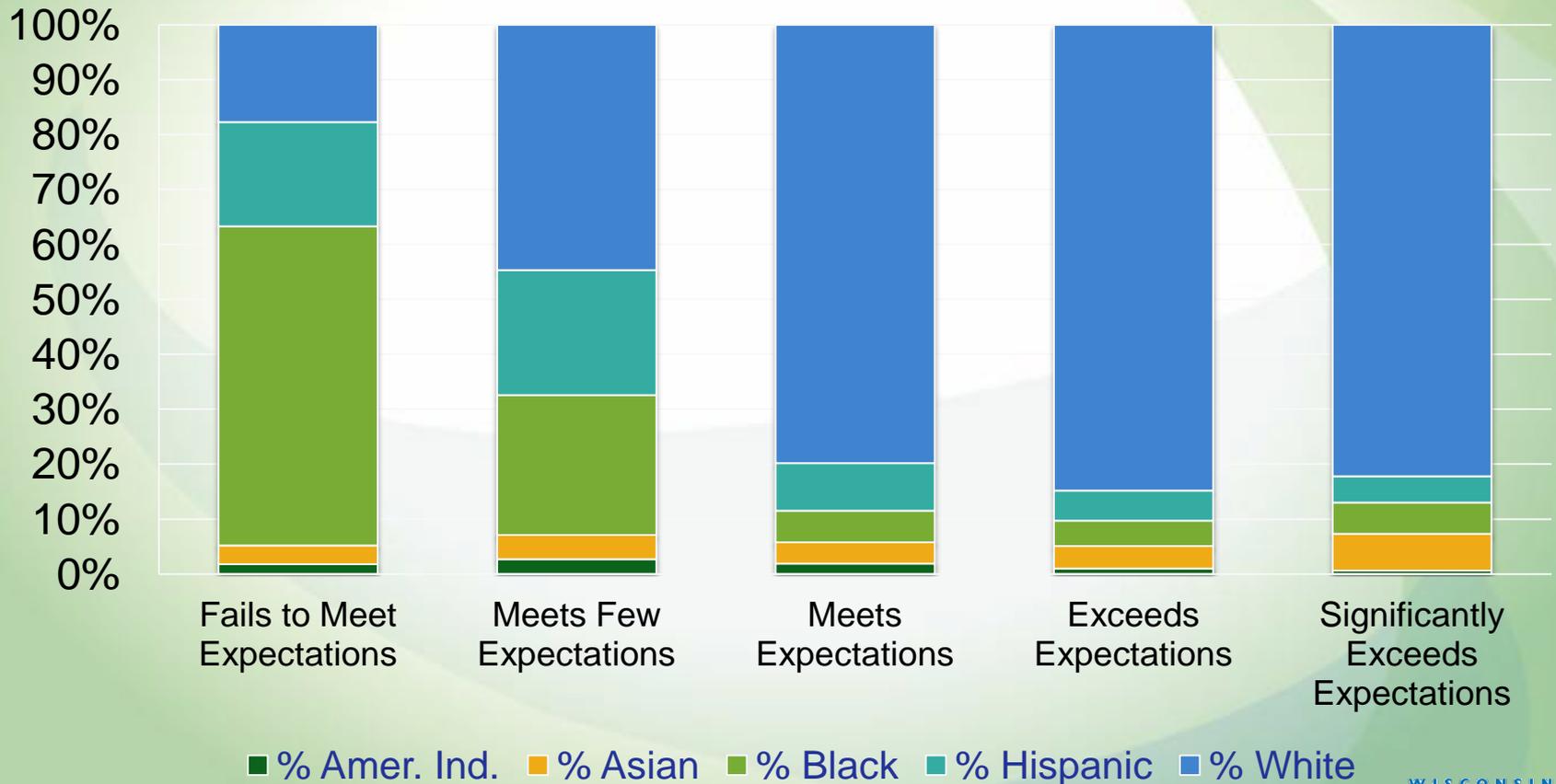
# Wisconsin is also Increasingly Diverse...

## 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/>

# And 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 costs).
- Rural districts generally have **fewer support staff and administrators** (*the superintendent often is a 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.

# SCHOOL FINANCE

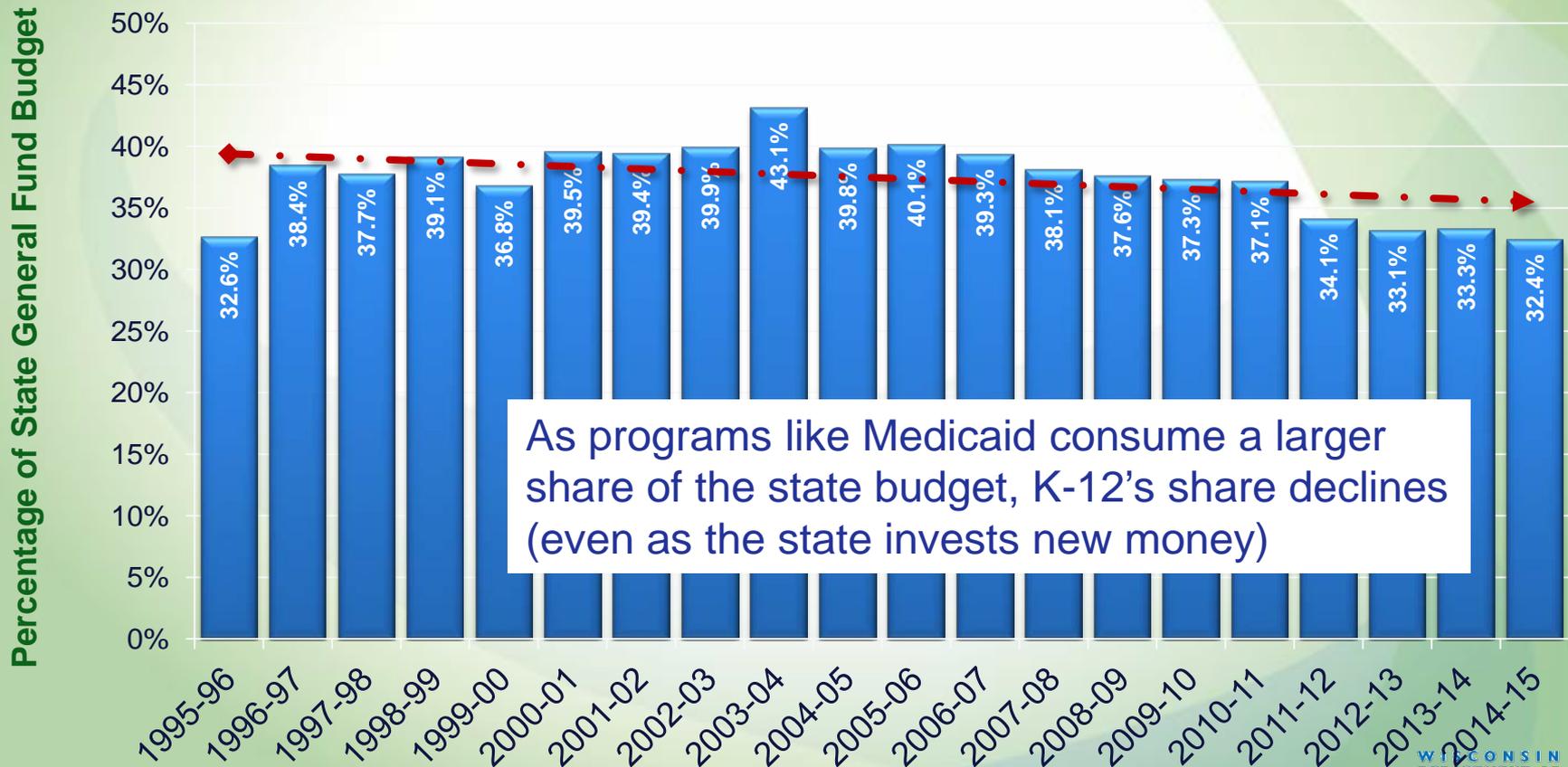
# Ten Largest State Programs

## (General Fund)

<u>Category</u>	<u>% of State Budget</u>
<b>1. K-12 General and Categorical School Aids (\$5.2 billion)</b>	<b>32.4%</b>
2. Medical Assistance	15.1%
3. University of Wisconsin System Operations	7.0%
4. State Correctional Operations	6.4%
<b>5. School Levy/First Dollar Tax Credits (\$897.4 million)</b>	<b>5.6%</b>
6. Shared Revenue Payments (Aid to Municipalities)	5.3%
7. Technical College System Aids	3.2%
8. Appropriation Obligation Bonds	2.5%
9. Local Community/Juvenile Correctional Services	1.9%
10. State Judicial/Legal Services	1.6%
Everything else (agency operations, choice programs, etc.)	19%

# However, the share of the state budget spent on K-12 is at a 20-year low

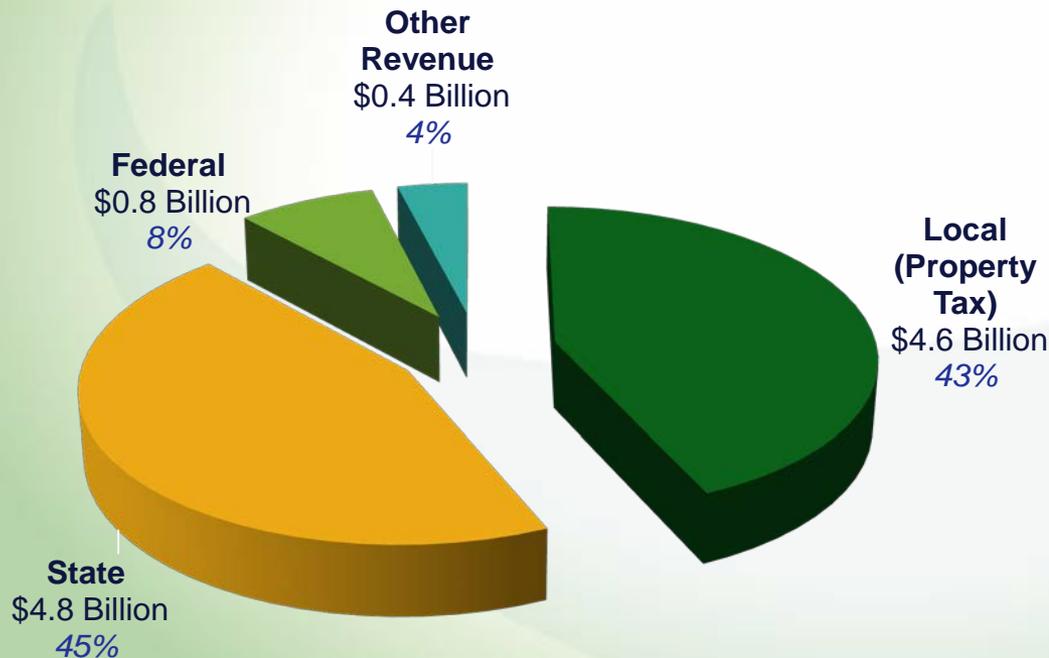
## K-12 School Aids as a % of the State General Fund



# 2012-13 Wisconsin School Revenue

## Revenue

**\$10.7 Billion**

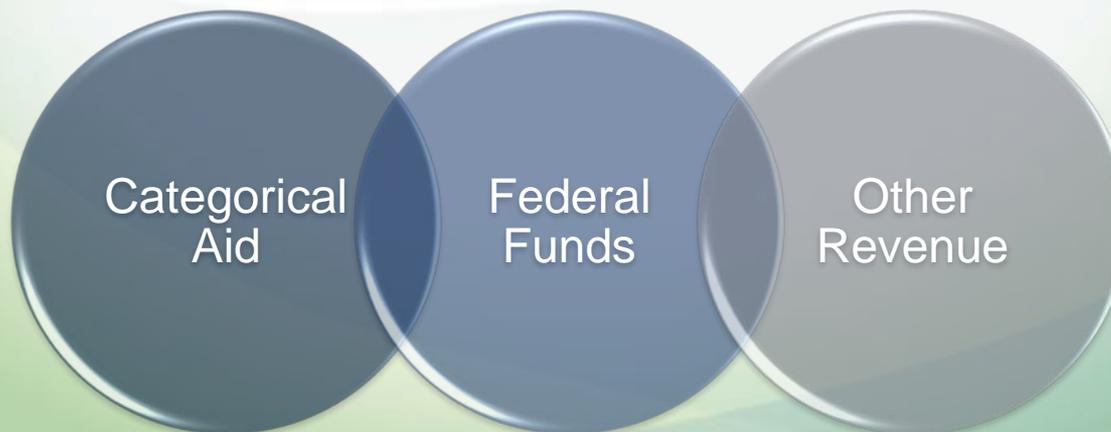


- 88% of schools funds come from state and local sources.
- State and local funding efforts are roughly split 50-50.

# School Funding – *Simplified!*

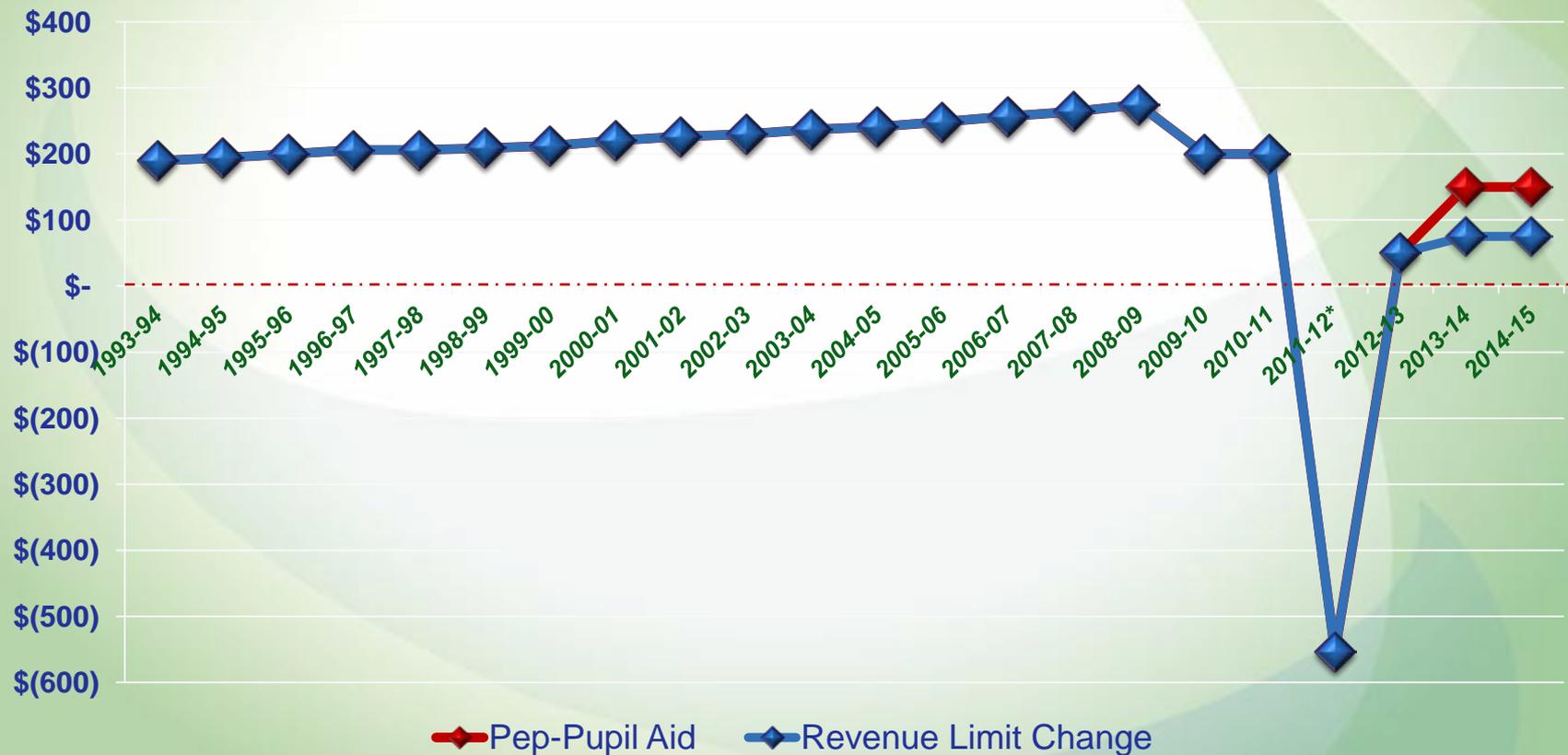


## *Outside the Revenue Limit*

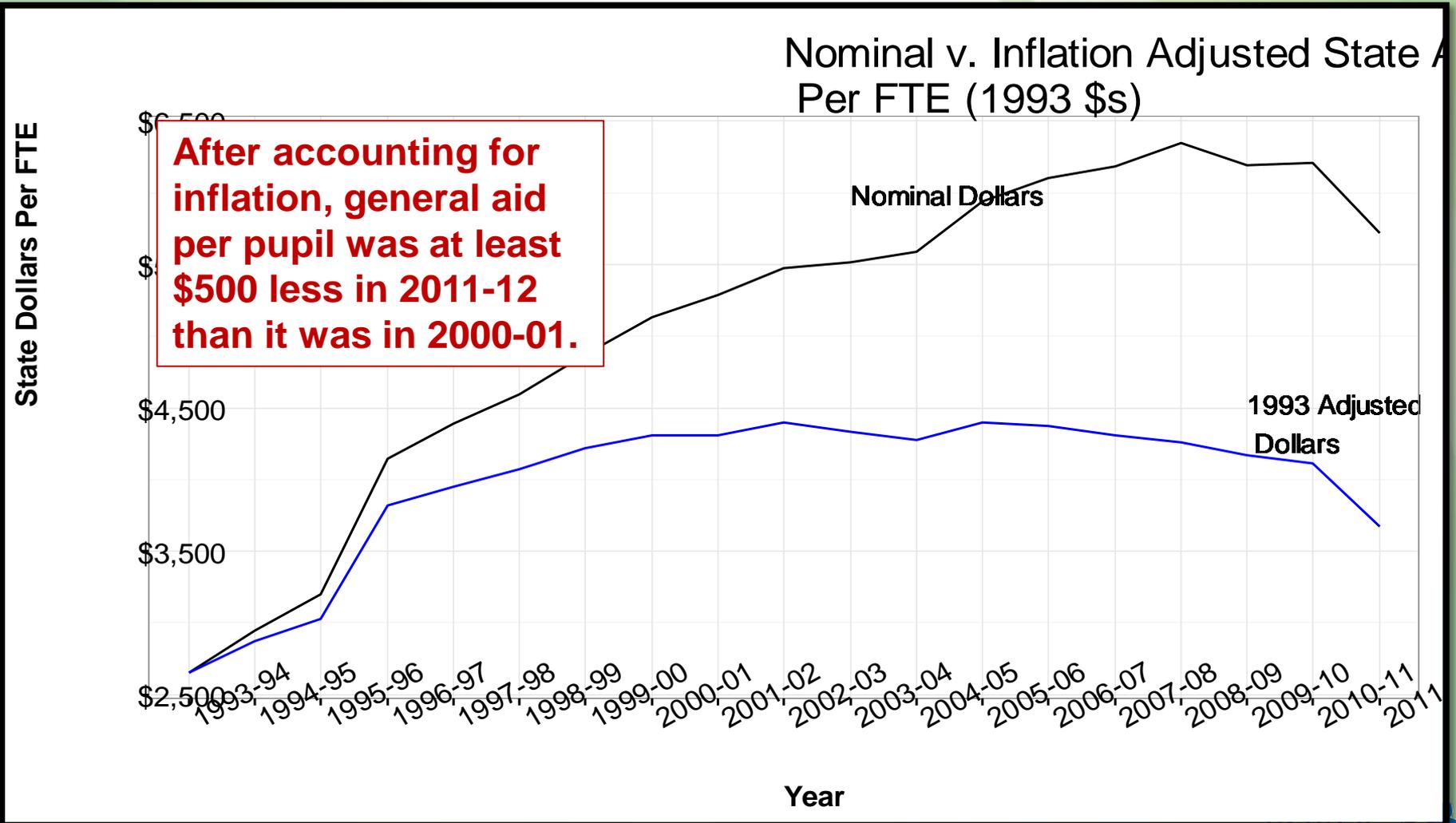


# During the Great Recession, Revenue Limits Were Cut ...

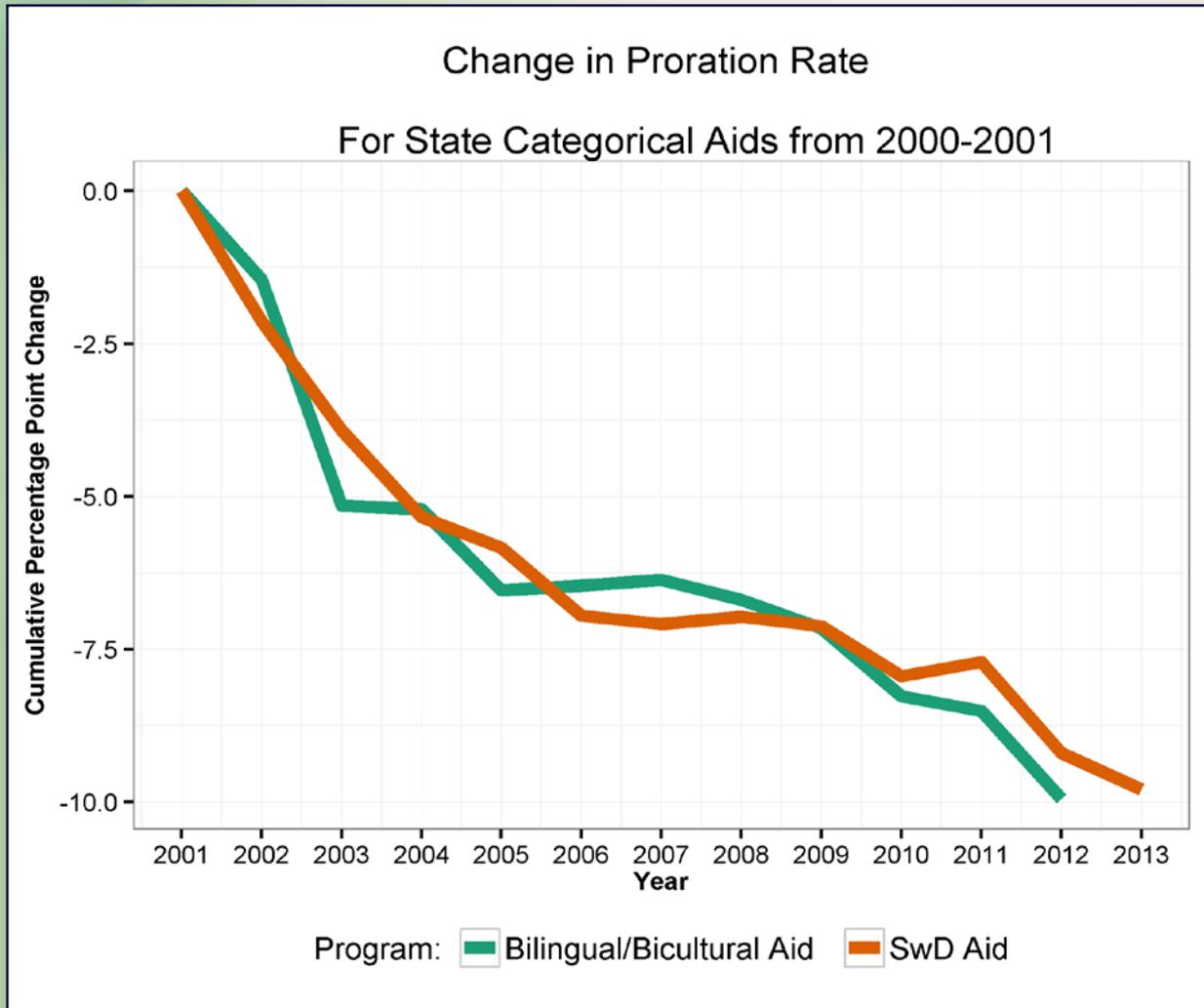
## Change in Per-Pupil Revenue Over Time



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

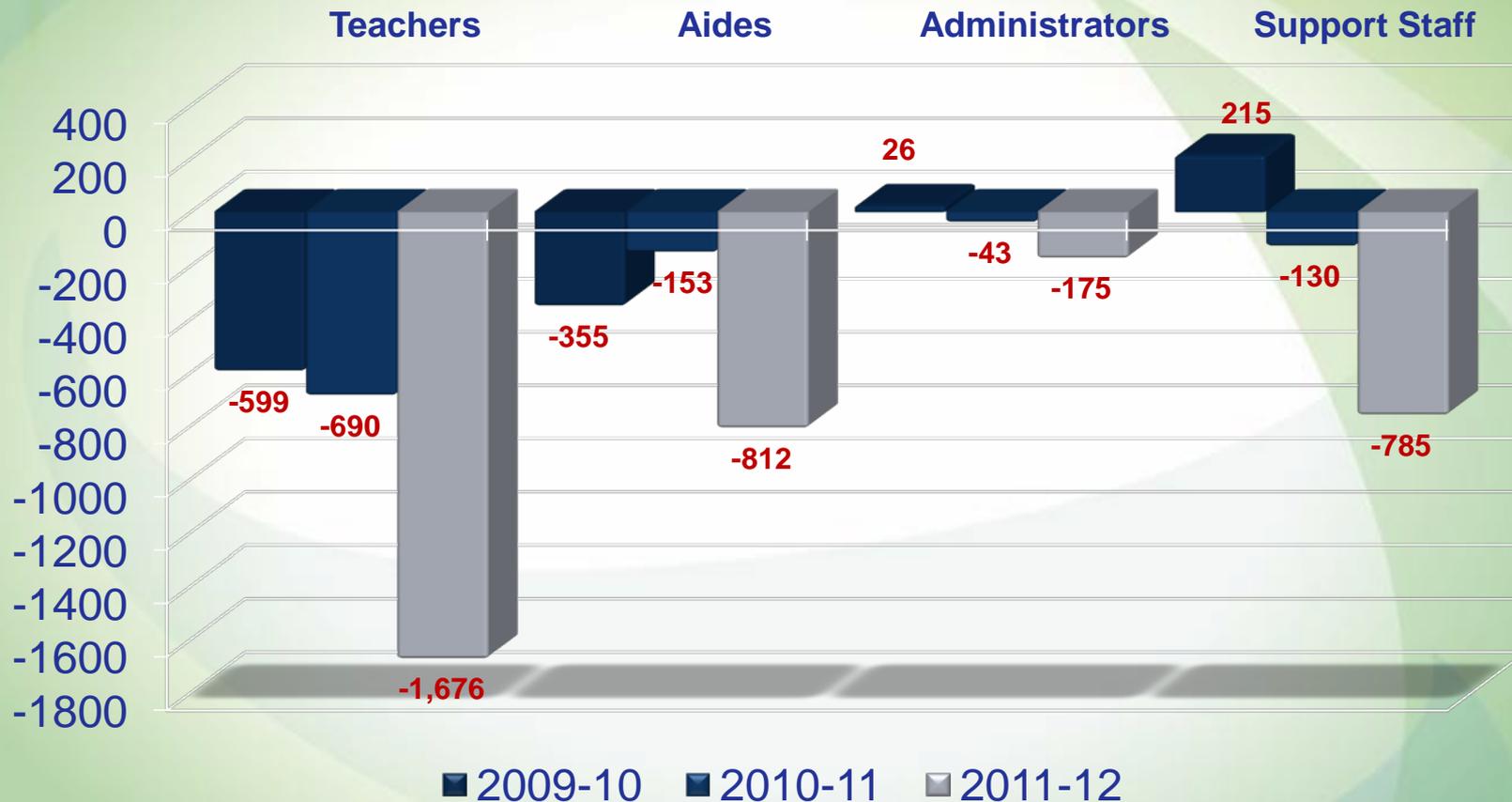


# While Categorical Aid Reimbursement Rates Have Fallen



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

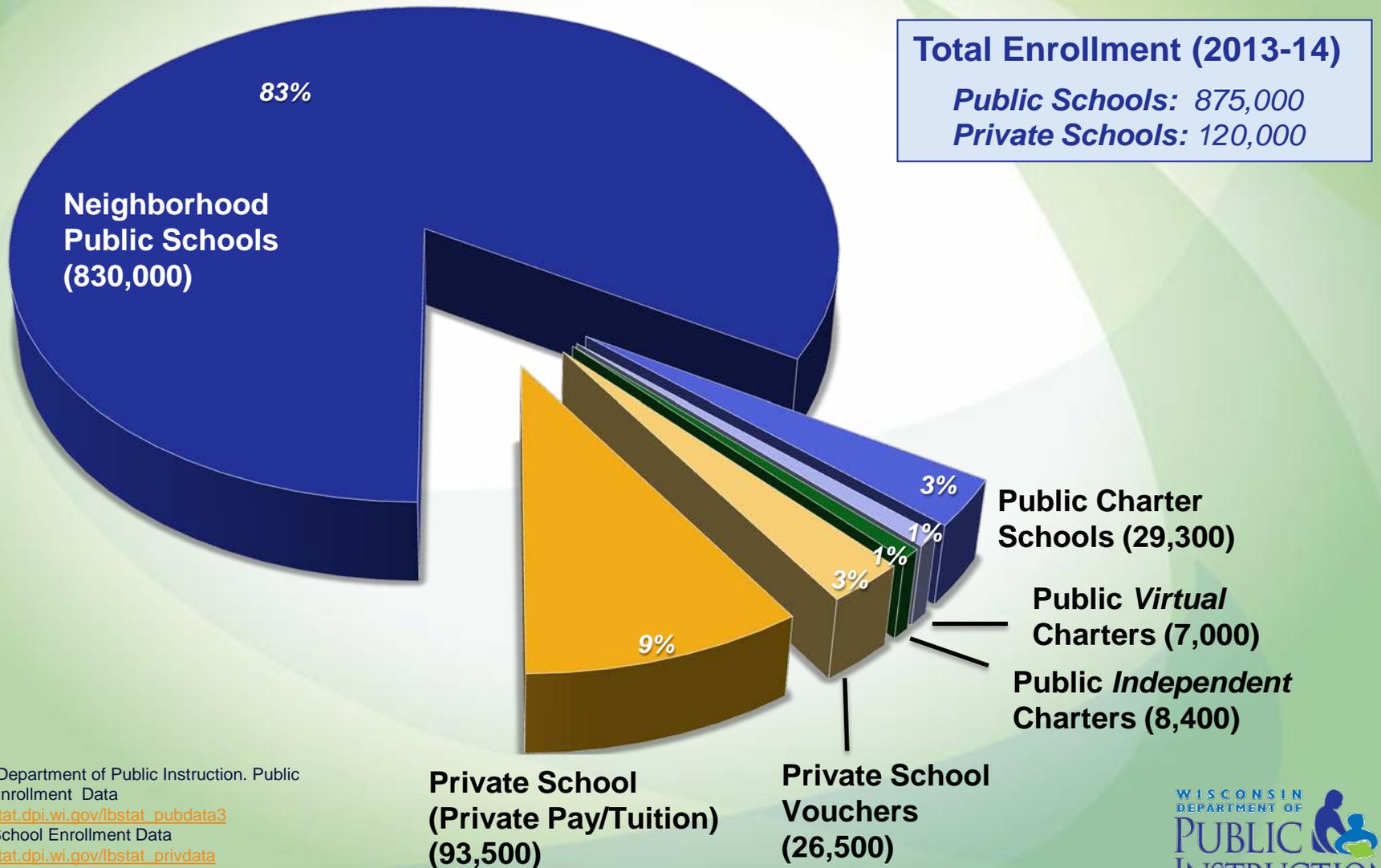
# Which has Resulted in Significant Staff Reductions



*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](http://lbstat.dpi.wi.gov/lbstat_pubdata3)  
Private School Enrollment Data  
[http://lbstat.dpi.wi.gov/lbstat\\_privdata](http://lbstat.dpi.wi.gov/lbstat_privdata)

# Charter Schools & Independent (2r) Charters Schools

In 2013-14, Wisconsin had:

- **242 charters\* 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).

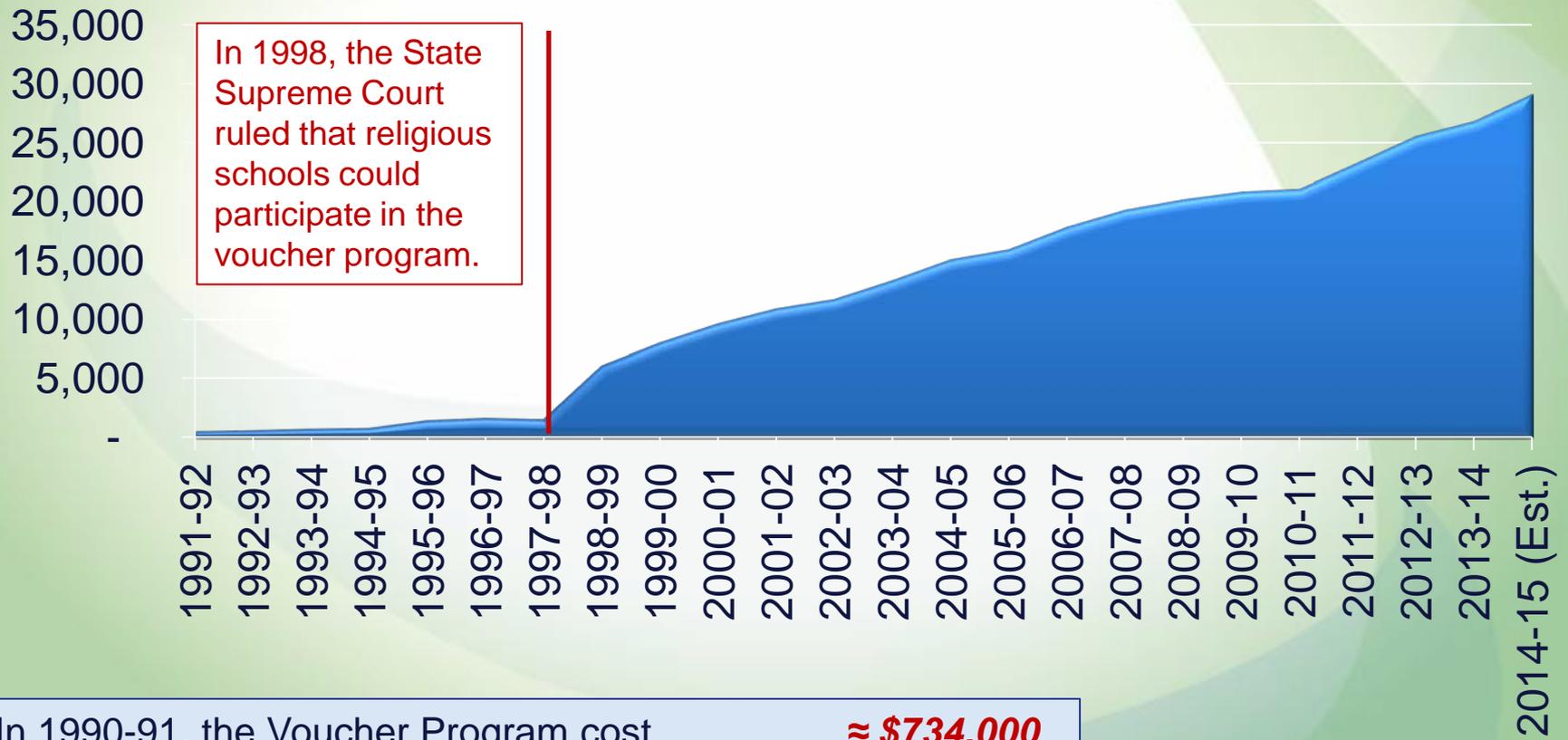
However, this state funding is created by withholding ≈1.4% of every district's general aid and redirecting it to the independent charters.

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

\* This includes instrumentality, non-instrumentality, independent and virtual charter schools.

Source: Department of Public Instruction. Charter Schools in Wisconsin. [http://sms.dpi.wi.gov/sms\\_csindex](http://sms.dpi.wi.gov/sms_csindex)

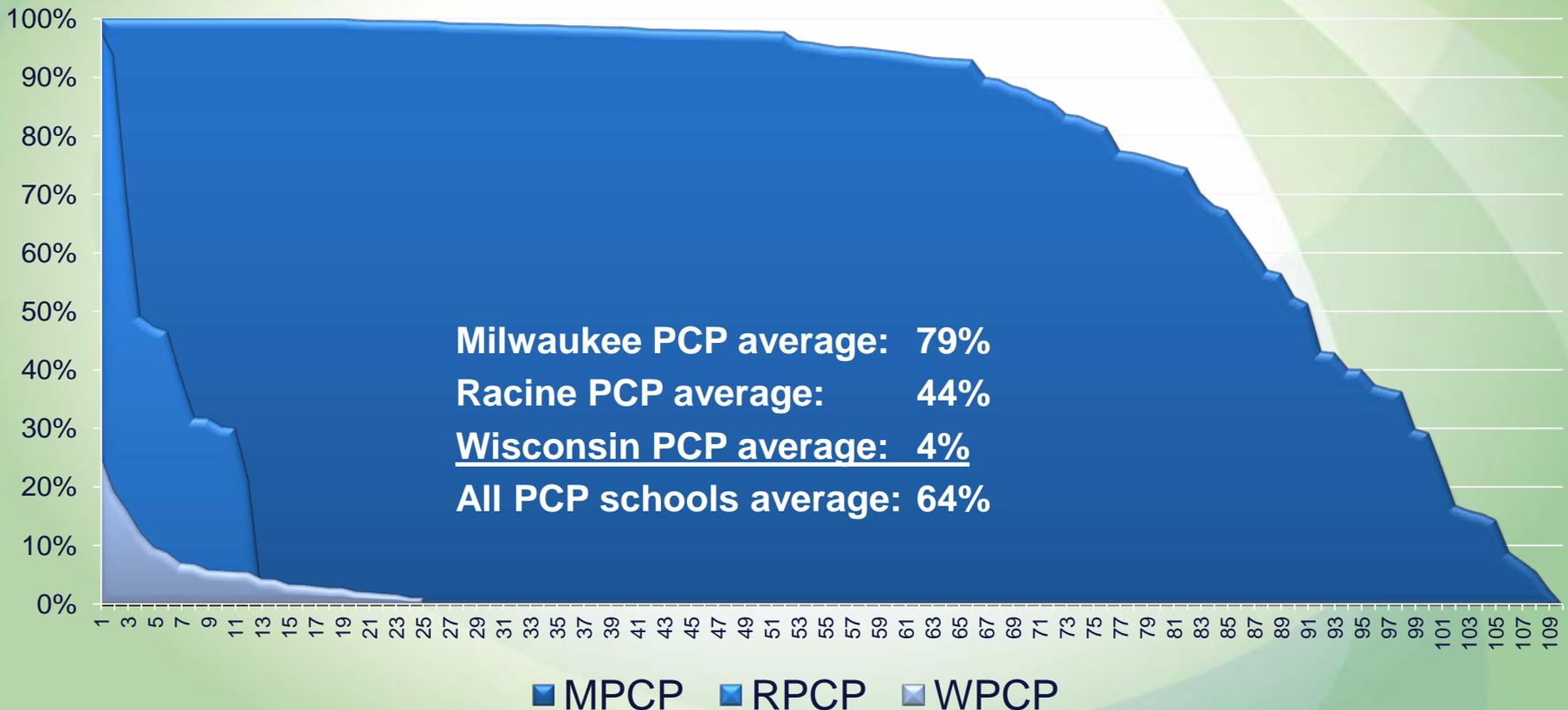
# Voucher Programs Started Small, But Have Grown Over Time



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

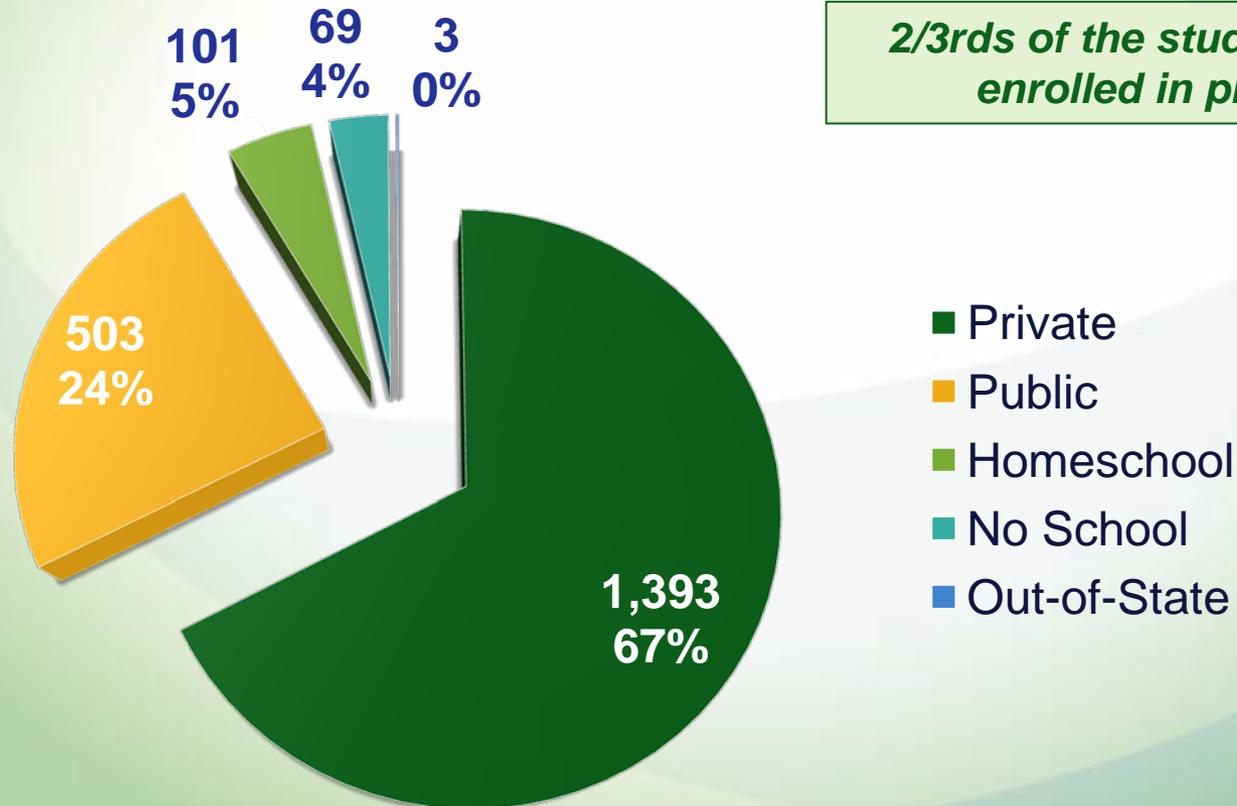
## 2013-14 % Voucher Enrollment in Choice Schools (September Pupil Count)



***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

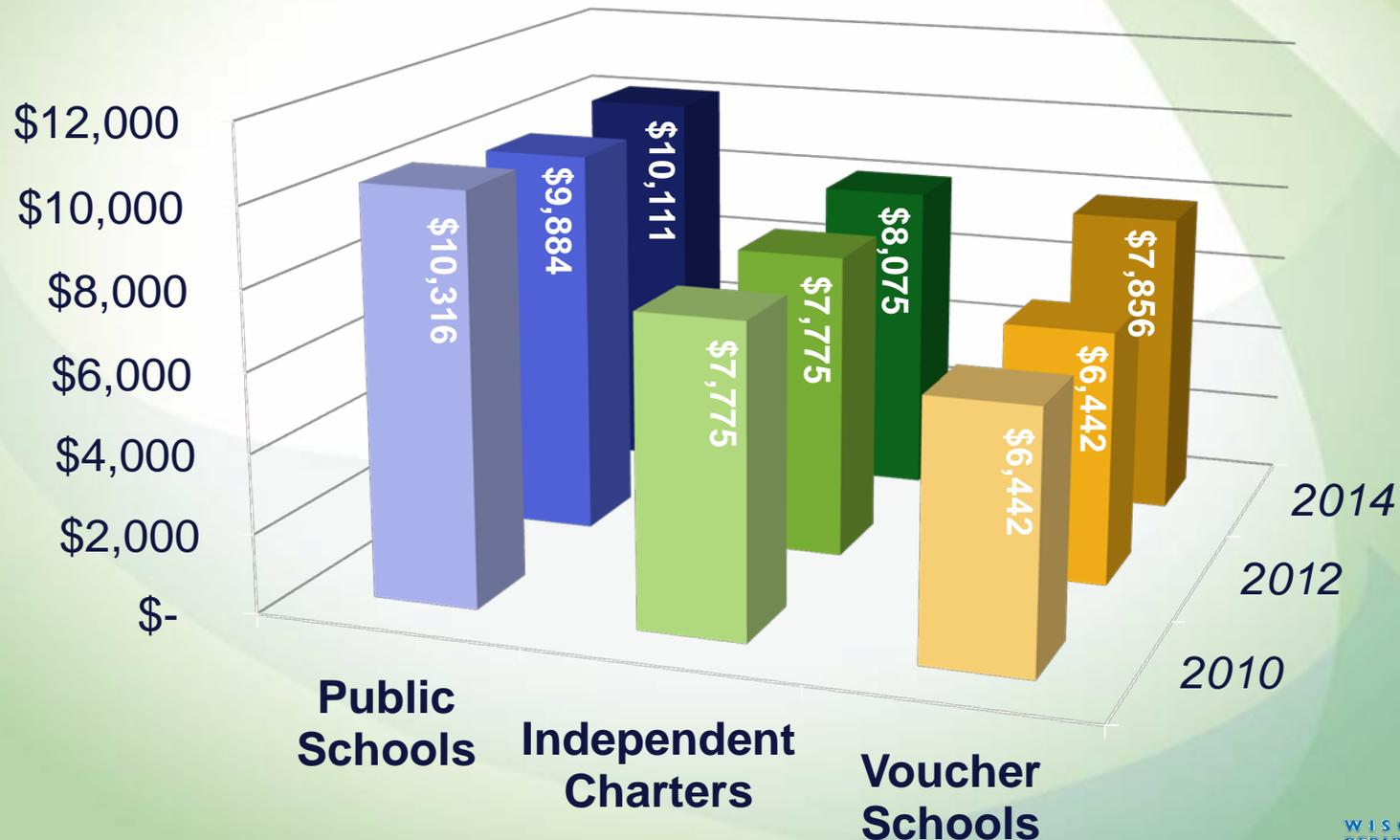
## 2013-14 Statewide Choice Program Enrollment:



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

# 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](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	\$10,000	=	<b>\$930,000,000</b>

## Increased Cost for Current Voucher Students (2013-14)

Grade	Public School Revenue Limit	Voucher Amount	Difference	X	Voucher Enrollment	=	Marginal Cost
K-8	\$10,000	\$7,210	\$2,790	X	23,616	=	\$65,888,700
9-12	\$10,000	\$7,856	\$2,144	X	5,184	=	\$11,114,500
			<b>Total</b>		<b>28,800</b>		<b>\$77,003,200</b>

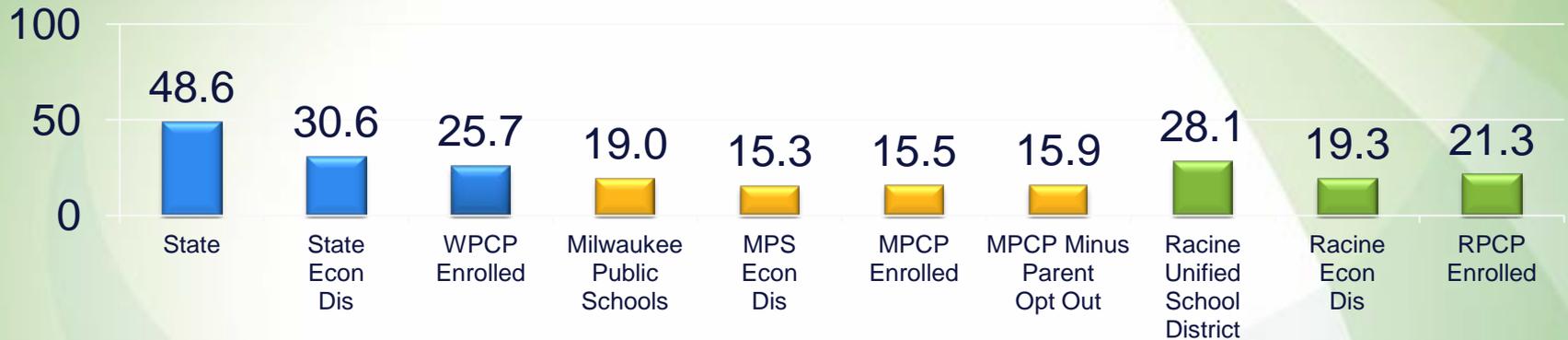
**Total additional (marginal) cost for universal vouchers:**

**\$ 1,007,003,200 (\$1 billion)**

# Overall, Students Perform Similarly Across Sectors

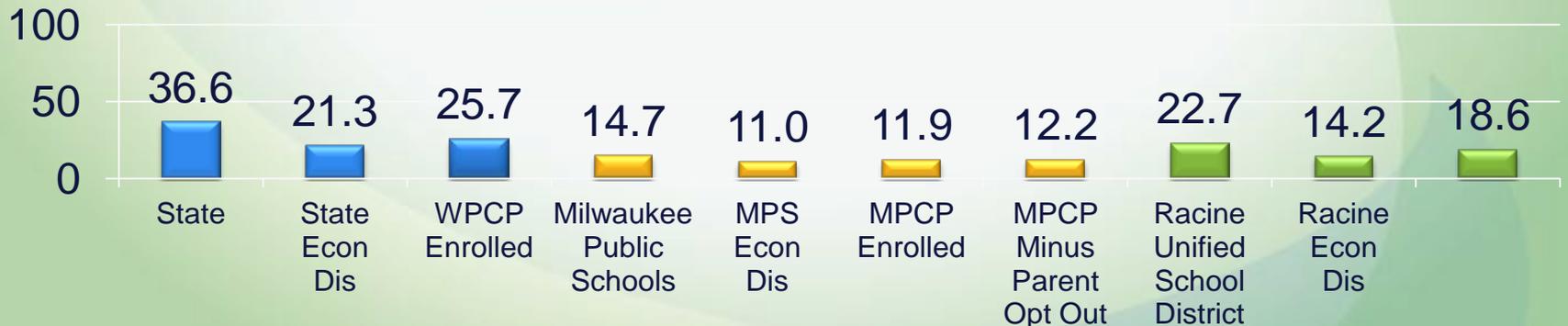
## WSAS Mathematics Achievement (2013-14)

*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](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](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.

<b>Increase revenue limits</b>	At least \$225/pupil
<b>Holds the line on property taxes</b>	Statewide net tax 0% (gross tax -18%)
<b>Guarantees state funding for every student</b>	Minimum \$3,000/pupil
<b>Accounts for family income and poverty</b>	Poverty weighting: 30% or 0.3 FTE per student
<b>Provides predictable growth in state aid</b>	2% or CPI Increase hold harmless: 90% prior year Secondary cost ceiling = state average
<b>Sends all state aid directly to schools</b>	Move the School Levy Tax Credit into the aid formula, reducing district levies
<b>Same or better for all districts</b>	Statewide 95% of districts increase (402 of 424); <u>all others held harmless</u>

# 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....***