

Assembly Committee on Education
June 15, 2017

Department of Public Instruction
Testimony in Opposition to Assembly Bills 282, 268, and 269

I want to thank Chairman Thiesfeldt and members of the committee for the opportunity to testify before you today. My name is Dee Pettack, Legislative Liaison for the Department of Public Instruction (DPI) and with me today is Brian Pahnke, Assistant State Superintendent of Finance and Management. We are here today to testify in opposition to Assembly Bills 282, 268, and 269. As you know, Wisconsin school districts have increasingly turned to referendums as their budgets were squeezed by a combination of revenue caps, declining enrollments, and cuts to state aid in recent years – limiting a school district’s ability to raise resources for their kids.

Background

Student demographics and enrollment have changed significantly in last 15 years. While statewide student enrollment has remained steady, today’s students are significantly more diverse, lower income, and more concentrated in suburban and urban districts.

Geographic Enrollment: Wisconsin has a large number of small, often rural school districts. In fact, **55 percent of districts enroll fewer than 1,000 students.**

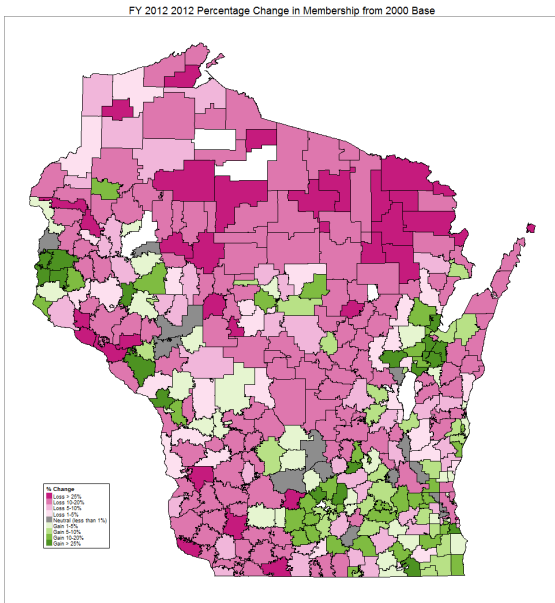
In 2001, **one-third of districts** were in **declining enrollment**, but by 2010, nearly **two-thirds of districts** were in **declining enrollment**.

While many districts are declining in enrollment, statewide enrollment has been stable—concentrating enrollment in a smaller number of mostly suburban and urban districts. Today, **75 percent of students** are located in just **30 percent of districts**.

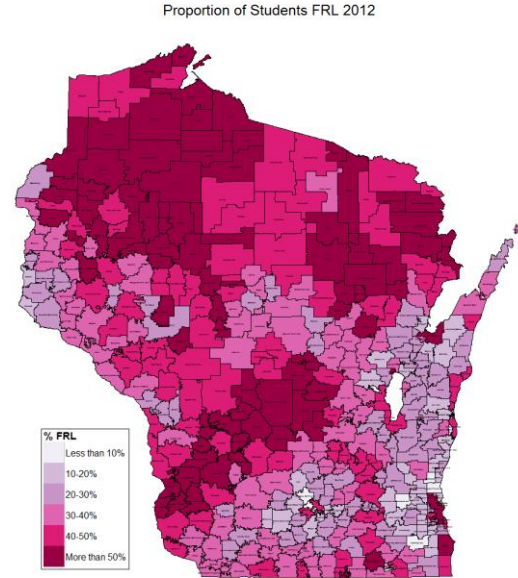
Cumulative Enrollment	Percentile	# of Districts	% of Districts	District Enrollment	% of Districts
209,535	25%	8	2%	Under 1,000	55%
419,387	50%	41	11%	Under 3,000	83%
626,834	75%	114	30%	Under 10,000	98%
871,551	100%	424	100%		

Over the same period, statewide student **eligibility for Free and Reduce Lunch (FRL) more than doubled, from 21 percent to 43 percent** (see maps, following page).

**Declining enrollment has concentrated students
in fewer districts...**



**and those small, rural districts are facing
growing poverty**



Key Takeaway: Number of districts in declining enrollment doubles (grows from $1/3$ to $2/3$)

Key Takeaway: Percent of FRL students doubles from 21% in 2001 to 43% in 2012

Enrollment by Sector: Wisconsin's educational landscape offers students and families an intricate ecosystem of schools and systems. These myriad options are particularly prevalent in urban and suburban areas and include neighborhood schools, open enrollment between districts, several types of charter schools, as well as parental choice programs for students to attend private schools.

Looking across Wisconsin's enrollment landscape by sector:

- Wisconsin's 2,100 traditional public schools enroll nearly 830,000 students (92 percent), nearly 50,000 of these students open enroll between districts;
- Almost 30,000 students (three percent) enroll in one of the 242 district charter schools;
- About 8,500 students (one percent) enroll in independent charter schools;
- Around 7,000 students (one percent) enroll in one of 30 virtual charter schools; and
- Approximately 30,000 (three percent) students receive a voucher to attend school under a parental choice program.

Referendum Results

Over the last three elections, over one million citizens have voted to raise their own taxes to support their strong schools, teachers, and students.

- Taxpayers have voted in referenda 380 times since July 2011, approving two-thirds of them.
- There has been a shift toward a greater share of operating (non-recurring) referenda.
- The pass rate of referendum has increased significantly.
- 80 percent of referenda are in rural schools.
- There have been almost 2,800 referenda since the 1990s.

1993-2010	Count	Passed	% Passed	Amount Passed	Failed	% Failed	Amount Failed
Debt	1,607	867	54%	\$ 6,783,998,951	740	46%	\$ 8,041,735,578
Recurring	414	140	34%	\$ 97,530,513	274	66%	\$ 188,571,518
Non-recurring	427	227	53%	\$ 648,451,303	200	47%	\$ 592,588,593
Non-recurring Energy Efficiency	60	60	100%	\$ 12,141,137	-	0%	0
Total	2,508	1,294	52%	\$ 7,542,121,904	1,214	48%	\$ 8,822,895,689
Total without Energy Efficiency	2,448	1,234	50%	\$ 7,529,980,767	1,214	50%	\$ 8,822,895,689

2011-2016	Count	Passed	% Passed	Amount Passed	Failed	% Failed	Amount Failed
Debt	249	153	61%	\$ 2,252,848,881	96	39%	\$ 1,475,218,000
Recurring	47	30	64%	\$ 36,621,364	17	36%	\$ 17,915,000
Non-recurring	217	158	73%	\$ 676,639,782	59	27%	\$ 211,034,000
Non-recurring Energy Efficiency	322	322	100%	\$ 442,316,855	-	0%	0
Total	835	663	79%	\$ 3,408,426,882	172	21%	\$ 1,704,167,000
Total without Energy Efficiency	513	341	66%	\$ 2,966,110,027	172	34%	\$ 1,704,167,000

Analysis of Assembly Bill 282

Assembly Bill 282 (AB 282) prohibits a school board from voting on a resolution to exceed a school district's revenue limit at a school board meeting that is not a regularly scheduled monthly meeting. The bill also provides that the electors of common and Unified High School (UHS) districts may vote upon an initial resolution to raise money through a bond issue *only* at the school district's annual meeting.

The bill provides one exception to the prohibition – in cases of “natural disaster” – but does not define the term or reference an existing definition in current law. Absent an explicit definition, a school board would have to determine the appropriateness of scheduling a referendum under the natural disaster exception and would have to defend that determination should it be challenged.

Given the restrictions contained in AB 282, school boards would be limited in their ability to address other emergency situations that arise that are not “natural disasters” such as building code violations, water main breaks, and boiler explosions. A school board's ability to address those types of issues in a timely manner ultimately protects the health, welfare, and safety of students.

Analysis of Assembly Bill 268

Assembly Bill 268 (AB 268) requires, with limited exceptions, that all referendum votes must be held during spring and fall general elections. The spring election is held annually on the first Tuesday in April. The fall general election occurs in even-numbered years on the Tuesday following the first Monday in November. This would provide two opportunities in an even-numbered year and only one opportunity in an odd-numbered year.

It is important to note that off-cycle referenda do not always yield low turnouts. Of 132 referenda held outside of the spring or fall election cycles since 2011, 63 (47.7 percent) experienced higher than the average statewide turnout (26.4 percent) for spring elections. Under current law, school districts who need to utilize an off-cycle date to hold a referenda vote are responsible for the costs associated with it.

Given the restrictions contained in AB 268, school boards would be limited in their ability to address other emergency situations that arise that are not “natural disasters” such as building code violations, water main breaks, and boiler explosions. A school board's ability to address those types of issues in a timely manner ultimately protects the health, welfare, and safety of students.

Analysis of Assembly Bill 269 (AB 269)

This bill would prohibit Wisconsin voters from being able to vote to permanently increase their property taxes to raise their district state imposed budget cap. AB 269 eliminates recurring operating referendums and limits the duration of successful non-recurring (temporary) operating referendums to five years. It also converts all previously approved permanent operating expense referendums to non-recurring operating referendums with a duration of five years.

Our state has rural school districts that are relying increasingly on permanent referenda to address

financial hardships caused by declining enrollment and state imposed levy limits from 1993. Passing a referendum can be an important tool for rural taxpayers who want to ensure that their school district is able to make investments in students. Since 2012, rural schools have passed referenda that have provided \$11.4 million in increased resources on a permanent basis. Passage of this bill would create a “cliff effect” and could force rural school districts to make deep cuts to academic programming or services that are currently being funded by those extra resources.

Conclusion

Imposing greater restrictions during which districts cannot ask voters to approve new resources would reduce, or at least delay, the number of successful referenda, and reduce resources for students in public schools. While two of the proposals allow narrow exceptions for natural disasters or fire, they limit a school district’s ability to address unforeseen circumstances that may arise relating to the health, safety, and welfare of students.

The proposed measures have the potential to harm rural school districts, many of which are struggling to manage the financial effects of declining enrollments. The combination of proposals ignore the fact that each school district has unique challenges and should have the flexibility to work with their taxpayers to address those, and do what is best for their community. You will hear many testify today in opposition to these provisions which limit local control and the flexibility of school boards. It is the belief of many here that current law already grants taxpayers the ability to balance the power of their local elected school board.