

Senate Committee on Education
October 3, 2013

**Department of Public Instruction
Testimony on 2013 Senate Bill 76**

I want to thank Chairperson Olsen and members of the committee for the opportunity to testify before you today on behalf of the State Superintendent in opposition to Senate Substitute Amendment 1 to 2013 Senate Bill 76.

While the department has multiple concerns related to this bill, of particular concern are the impacts this bill would have on the authority of locally elected school boards and funding for schools and school districts.

The bill takes away the rights of local school boards, as well as other proposed newly authorized entities including UW campuses, technical college boards and CESAs, to determine whether or not they wish to authorize additional charter schools. Under section 28 of the substitute amendment, the bill specifically states that a school board or other authorized entity shall either amend their existing contract or enter into a new contract if the person operating an existing charter school with the board has a “proven record of success” under newly proposed criteria elsewhere in this bill.

Placing such a mandate upon locally-elected school board officials is an affront to local control. Nowhere in state history has the legislature required a school board to create another school, charter or traditional, under its authority and stripped locally-elected officials of their ability to make such a decision on their own.

Last year, Wisconsin had 238 charter schools in operation, one of the largest numbers in the country, as each of our 424 school districts has had the ability to authorize charter schools since their inception here in 1993. Notably, over 90% of our charter schools last year were authorized by locally-elected school boards, whose sole mission is to educate PK-12 students.

In addition, this bill would permit over 40 new UW campuses, Wisconsin Technical College boards, and CESA boards to also authorize charter schools. This is extremely troubling in light of the fact that the bill would continue the state’s current manner of paying for students not enrolled in school board authorized charter schools by taking state general school aids away from each school district in the state, which directly results in higher property taxes.

For nearly 15 years, the state’s method of paying for students enrolled in non-school board authorized charter schools has been to not only fund such charter schools by reducing every school district’s state general aid entitlement but to also not allow school districts (currently the Milwaukee and Racine school districts in which these students reside) to count these students for state general aid or revenue limit purposes. This has had two effects. First, revenue limits, or

how much districts can spend, are based on enrollment. Secondly, fewer students enrolled makes a district look wealthier under the school aid formula as there is more property value behind every student. For individual districts this pushes a district's general equalization aid per student to a lower amount, resulting in an increase in property taxes to make up the difference.

Using data from our department's July 1st state general school aids estimate this year (we will actually certify 2013-14 state general school aids in less than two weeks), which is based on the 2013-15 biennial budget bill (Act 20), we reduced nearly all school districts' state general aid by nearly 1.5 percent of their entitlement, which totaled over \$64 million to pay for the estimated 8,100 students attending non-school district authorized charter schools in Milwaukee and Racine this year.

As I stated a minute ago, school districts do not receive this state general aid under current law and are allowed to replace it with property taxes under their revenue limit. Ultimately, nearly all school boards choose to raise additional property taxes, instead of cutting existing school programs. Notably, this year the \$75 revenue limit per pupil adjustment represents only a 0.8% increase in revenue limit authority for the average district.

Thus, in most cases, if a school board chooses to not raise its property taxes to replace this mandatory state general aid reduction, it will likely give up much, if not all, of the additional per pupil revenue limit authority provided under state law this year. This situation will be exacerbated next year as well, regardless of this bill, as the per pupil state aid payment to non-school board authorized charter schools will once again be double that provided to school districts under revenue limits (\$150 per pupil increase versus a \$75 per pupil increase).

This \$64 million reduction in state general school aids this year and estimated increase in property tax levies is estimated to represent nearly 1.4% of all gross school property taxes statewide this fall according to the Legislative Fiscal Bureau's estimate of statewide property taxes under the state biennial budget from this summer. These figures will only increase, and perhaps significantly so, if non-elected charter school authorizers are expanded statewide.

There are a number of questions that remain unanswered in the substitute amendment that I would like to bring to your attention.

- If a charter school operator is running multiple schools and only one meets the standard for replication is it intended that they should be able to have an automatic replication?
- If a charter school is authorized by a CESA, for instance, which district do we use to compare their performance, the one they are located in or do they get to pick which district they are comparing themselves to?
- Is the intent of the bill to compare the combined test scores in each grade in reading and math or the test scores in reading and math in each grade?
- Does the school have to beat the 10 percent reading and math thresholds in both the preceding years or an average of the preceding years?
- Is each charter school compared to the entire district, including other district charters?
- Are only students who are enrolled for the full academic year in school included for both the charter and the district?
- Are both the WKCE and WAA tests included in the calculation?

- What about cell sizes? Is there a point at which the group is too small to compare and thus automatic replication doesn't apply?
- How are we to treat replicated charters for purposes of accountability?

Finally, I should note that this bill will affect private schools' receipt of federal dollars. All charter schools serving low-income children are entitled to federal Title I funds, but they are not subject to the Title I requirement that public school districts are to provide equitable services to private school children. In essence, fewer Title I dollars for public school districts will mean fewer Title I dollars for private schools.

Thank you for the opportunity to testify on this bill today.