

Senate Committee on Education
March 23, 2011

**Testimony of Deputy State Superintendent
Dr. Michael Thompson on 2011 Senate Bill 22**

Thank you to Chairperson Olsen and members of the committee for the opportunity to testify before you today. My name is Mike Thompson. I am the Deputy State Superintendent of the Department of Public Instruction (DPI). With me today is Bob Soldner, the Director of School Management Services. On behalf of State Superintendent Tony Evers, I am here to testify in opposition to 2011 Senate Bill 22 (SB 22) due to concerns about the impact on local school districts and the public school system in Wisconsin.

The department supports high quality charter schools. DPI has solid experience in supporting and expanding charter schools throughout Wisconsin. Since 2005, DPI has been awarded over \$138 million in federal grant money to distribute to charter schools. Wisconsin has over 200 charter schools, which is seventh highest in the nation. As you can see from the map being distributed, charter schools are located all across the state. All charter schools outside of the Milwaukee and Racine area are authorized by local school boards. According to our most recent survey data, school boards have approved 98 percent of the charter proposals presented to them.

Almost all of our charter schools are authorized by locally elected school boards. We have not had the financial scandals and fraud in our charter schools like some other states. Couple this with current strong academic accountability to local taxpayers our current system serves students, parents and taxpayers well.

One of the department's chief concerns is that this bill is a blank check made out to independent charter schools by local school districts. There are only three sum sufficient appropriations for K-12 education. One is for national board certified teachers, another for private school choice, and the third is for independent charters. School districts are already bracing for a reduction of 750 million dollars in equalization aids and a 90 million dollar cut in categorical aids. This bill would further reduce those aids by removing the cap on aid deductions from school districts for independent charter schools. You can see the effect of this if you look at the map and data that have been distributed.

Using the Governor's projected student enrollments, this bill would reduce projected equalization aid by an additional 12.7 million dollars in fiscal year 2013, to a total of 70 million dollars. The inequities in our current school funding system will be exacerbated by SB 22. Equalization aid steers money to less property wealthy districts using property value as the measure of wealth. Thus, property poor school districts in the state, who generally receive more aid, will be the ones who will be disproportionately paying for independent charter schools, regardless of where they are located. This is a rural, suburban and urban issue.

Under this bill, currently enrolled students who leave the district to enroll in an independent charter school are no longer counted by that district as enrolled. This affects both revenue limits and equalization aids. Revenue limits, or how much districts can spend, are based on student enrollment and under this scenario would be reduced. Additionally, fewer students enrolled in a school district would make a district look wealthier under the school aid formula as

there would be more property value behind every student. For individual districts this would push a district's general equalization aid per student to a lower amount, resulting in an increase in property taxes to make up the difference.

Consequently, school districts will be required to make a decision as to whether they can afford to raise their taxes to make up for lost aid or cut instructional programs or services. Some districts will simply have to make cuts to deal with the lost revenue limit authority. These decisions will be forced on elected school boards across the state by the actions of the unelected Charter School Authorizing Board created under this bill. As a result, local taxpayers will have no electoral recourse to address increases in property taxes from independent charters.

The Charter School Authorizing Board raises several additional questions. Notably, there are constitutional questions the bill raises that the department would like clarification on as it relates to the authority of the executive director of the board vis-à-vis the authority of the state superintendent, given the language in the bill stating the executive director shall "exercise such further powers, functions and duties as the board prescribes."

Additionally, there are important policy questions regarding the merit of allowing charter school authorizers to create multiple charters under one contract. It allows multiple schools to be established across the state with relative speed and could give rise to cookie cutter charter schools rather than unique innovative models on which the charter movement was built. There are serious questions regarding the size, scope, and impact of what could easily become what is essentially an independent and separate public school system unaccountable to local voters and communities.

There are also real questions as to the ability of school boards to compete as authorizers with the Charter School Authorizing Board. Districts will be constrained by revenue limits in their ability to spend the money needed to create new charter schools. Corporations and others seeking to establish independent charter schools will have no such restrictions.

Furthermore, there should be a discussion as to whether it is appropriate to fund the administrative staff of the Charter School Authorizing Board by requiring schools to pay a percentage of the moneys provided for student education. This is precedent setting, that a public school in Wisconsin would be required to reduce the state funds available to educate its students in order to pay a fee to its authorizer. The fees would pay for the administrative staff salaries of the new state charter authorizing bureaucracy. It also starts a scenario where the Charter School Authorizing Board is monetarily motivated to authorize more charter schools.

Also, of considerable worry are the provisions in SB 22 related to liability. SB 22 provides that a charter school authorizer will be immune from civil or criminal prosecution for any activities of a charter school it has created. There is no legitimate reason the department can discern to provide such immunity from civil or criminal prosecution. It is clearly not in the best interest of children and their families.

There are two other issues which the committee should be aware. The first is that there will be an impact on schools due to potential changes to virtual charters. The bill removes the requirement that virtual charter schools be authorized by school boards. If a virtual charter school is authorized as an independent charter instead they could enroll students year round. All students in the state would be considered residents and those individuals would no longer be counted for revenue limit purposes by their resident district as they are now under open enrollment.

The second is that this bill will affect private schools as well as public schools in regards to federal dollars. Charter schools serving low-income children are entitled to federal Title I

funds. As the number of independent charters expands, it will divert Title I resources from existing school districts and their ability to prioritize Title I funds to school buildings. In addition, charter schools receiving Title I funds 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 in opposition to this bill and explain some of the financial consequences on our local schools and the lessening of our democratic principles if it is enacted. I would be happy to answer any questions you may have.