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Impact of proposed state budget on rural school districts addressed

Charley Preusser
indnews@mwt.net
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The 2013-15 state budget proposal currently being considered by the Legislature's Joint Committee on Finance does not help Wisconsin's rural school districts address the unique challenges they face, according to Wisconsin State Superintendent of Education Tony Evers.

That's a feeling that seems to be shared by many local school board members, administrators and others involved with local public schools.

"More than half of Wisconsin school districts have fewer than 1,000 students and many are dealing with issues of increasing poverty levels and declining enrollment, which means they receive less state aid to educate their students," Evers said. "We must work together to ensure that our rural kids have the same advantages as their suburban and urban counterparts. Unfortunately, the state budget proposal currently being considered by the legislature does not serve any school district in Wisconsin well, especially rural schools."

Seneca School District Administrator Dave Boland basically agrees with Evers' analysis. He sees a budget proposed by the governor that has "no net increase for public schools, while it funnels money to the vouchers schools."

"With costs going up all the time, we can't just keep taking money from the fund balance," Boland said. The administrator noted that the initial budget cuts were covered in most districts by money taken from staff benefits, but that budget is over.

Many of the state's small, rural districts are facing budget cuts while also dealing with declining enrollment, large geographic areas, rising property values, and low median income, according to Evers. These factors work together to further lower state aid for those districts. Since state imposed revenue limits began in the 1990s, they had generally increased or held steady to accommodate rising costs. In 2011, however, those revenue limits were cut by more than \$500 per pupil, straining districts ability to cover costs, leading to programming and staff cuts around Wisconsin. Evers' 2013-15 budget proposal included increasing the per pupil revenue limits by \$225 in the first year, and by \$230 in the second year of the biennium. The governor's budget proposal froze revenue limits, leaving districts with few options to cover increasing costs beyond making significant cuts.

Evers' proposal to increase the revenue limits met with approval from both Boland and North Crawford School District Administrator Dan Davies. Both administrators emphasized they must have some way of meeting rising costs. Davies noted that revenue limits had been increasing at about \$200 per pupil per year. By his calculations, the revenue limits without any increase as proposed in the governor's budget will be about \$750 to \$1,000 behind where they need to be to keep pace with rising costs. Davies cited student insurance, heat, fuel and food as just some of the areas facing increasing costs in the school district budget.

Evers noted that to address some of the challenges faced by smaller more rural districts in Wisconsin, the sparsity aid program was established in 2007. This program provides additional funding to districts based on enrollment of fewer than 725 students, population density of fewer than 10 pupils per square mile, and a minimum of 20 percent of students qualifying to receive free or reduced-price lunch. Evers' budget proposal included a request to fully fund the state's sparsity aid categorical grant program at \$300 per pupil and eliminate the free and reduced-price lunch eligibility threshold. The governor's budget denied both of those requests.

Both the Seneca and North Crawford School Districts qualify for Sparsity Aid. Seneca has 2.59 pupils per square mile and over half of the students are considered economically disadvantaged. North Crawford has 3.15 pupils per square mile and like Seneca over half the students come from economically disadvantaged homes.

North Crawford's Davies sees the underfunded sparsity aid as just another way to pull out funding from the rural schools, while not allowing them to increase revenue in any

other way by not increasing revenue caps.

Seneca's Boland sees Evers proposal to fund sparsity aid at the full \$300 per pupil level as an attempt by the state superintendent to target schools that need money and to get the money to them.

Boland believes if you take Governor Walker's proposed state budget at "face value" you would see it favors more funding for the bigger urban schools and for the choice voucher school.

"The rural schools are getting left out," Boland said of the governor's proposed budget.

North Crawford School Board Vice President Miguel Morga doesn't believe the current proposed budget helps any public school, rural or urban.

"Overall I believe this a bad budget for public education," Morga said.

The local school board member would favor raising the revenue limit to try to make up for cuts in funding.

"Raising revenue limits would be a significant benefit to our district compared to the currently proposed budget that has no increase to the revenue limit following the sizable cuts (in funding) keeping in mind that costs are going up in every category," Morga explained. "It simply costs more to operate than it did three years ago. So, we have to dip further in the fund balance or attempt to raise the revenue limit."

Morga noted that Wisconsin State Senator Dale Schultz (R-Richland Center) had made a proposal to raise the revenue limit by \$200 per year, slightly less than Evers proposed. Boland said Wisconsin State Senators Luther Olsen and Michael Ellis and others were talking about raising the revenue limit by \$150 per year.

Wisconsin's small and rural districts have been hardest hit by rising fuel costs, according to Evers. This is because they must transport students over larger geographic areas as compared to more urban districts. The Seneca School District covers 119 square miles and the North Crawford School District covers 149 square miles. As part of his budget proposal, Evers included increased funding to help cover pupil transportation aid, particularly for those districts where per pupil transportation costs are more than 150 percent of the state average. The governor's budget proposal denied that request, leaving it up to districts to cover these higher and ever increasing expenses.

Another factor impacting small and rural school districts are costs associated with providing special education services. Federal and state categorical aids to districts to help pay for special education have not increased at the same rate as costs. Any special education costs not reimbursed by the state or federal government are covered by the district. However, because state imposed revenue limits restrict the amount of money a district may raise, this may reduce the funds available to districts for regular education services. Evers' budget proposal included an increase in funding for both the state special education categorical aid program and the state high-cost special education aid program. The governor's budget denied both of those requests and reintroduced a proposal to establish a special needs voucher program that would further reduce state aid for public schools.

"State budgets are about priorities and choices. I am disappointed that this budget, as rolled out to date, does not prioritize funding for our 870,000 public school students, and does little to help our small and rural districts address the challenges they face," added Evers. "Through my budget proposals, I called for reinvestment in our public schools, and I call on our legislators to prioritize our children and public schools. Our public schools are all about the common good, and I believe it is high time to once again make the common good our priority."

North Crawford School Board member Michael Bedessem tried to put the local school situation in some perspective given the proposed budget and Evers' rejected proposals.

"It's difficult to manage any organization when the dollars you can spend are limited," Bedessem said. "In a short term view, it can be good news for local property taxpayers because property taxes will not go up. However, in the long-term school boards don't have the tools they need to balance providing essential school services with a modest tax increase. It doesn't make sense to take the tool away. It artificially restricts what can be done. In some districts, people would gladly pay more to keep the school providing services, while in others they would say 'we can't pay more.' By not raising revenue limits, we're not giving local school boards a choice in the matter, i.e. the state doesn't allow a conversation to take place with taxpayers and school boards are left with cutting services."

However, Bedessem was quick to add more perspective to the rural school district's situation. While acknowledging everyone wants more money to meet rising costs and provide quality services, it is important to realize the rural districts receive the majority of their funding from the state not local property taxpayers.

"The only way we're able to offer high-quality education to students is because of state funding," Bedessem said. He explained local property taxes only make up 19 to 25 percent of the district's budget and most of the rest comes from the state in the form of

aid. He noted that on some level the rural districts must be appreciative of the state and grateful to those providing most of the funding.

Dr. Davies, the North Crawford administrator, seemed to be very much in agreement with Evers about making public education a priority.

"I hope we recognize the value of public education," Davies said. "Public education began prior to creation of Declaration of Independence, when the country began. Public education in its current form originated in the United States. It is the basis on which we have become a leader in the world.... All of this is based upon public education that is free and available to everybody living within our borders."

What do local politicians think?

Both Wisconsin State Senator Jennifer Shilling (D-LaCrosse) and Wisconsin State Representative Lee Nerison (R-Westby) are aware rural public school districts feel they need more money to operate than they are being allowed in the current budget as proposed by Governor Scott Walker.

Shilling said she understands rural school districts face unique challenges and many of the proposals made by Evers and rejected in the Walker budget proposal would have helped those districts.

The sparsity aid is particularly important to rural districts, according to Shilling, because many districts will not be eligible for performance-based funding since they were included in getting a "state report card" due to their small size.

Shilling held a listening session Monday in Viroqua to teach more about the situation the rural school districts are facing.

Increasing revenue limits per pupil is good thing now, according to Shilling. She noted that two Republican state senators, Ellis and Olsen, were proposing raising the limit \$150 per pupil per year.

Shilling said that in finance committee budget hearings held around the state there was support for raising the revenue limit. Even in conservative school districts, there was support for raising revenue limits, because the current situation was seen as "not sustainable," Shilling reported.

As for sparsity aid, Shilling noted the governor denied a request to fully fund the aid at \$300 per pupil.

"The governor has taken a hard line on public school funding in an effort to expand the voucher program in nine school districts across the state," Shilling said.

Representative Nerison said he felt there would be changes to the budget proposed by the governor and some would involve funding of public education. He acknowledged that there was talk in the legislature about increasing the revenue limits by \$150 per pupil.

"We know we have to do something with fuel costs and other costs going up," Nerison "I think everything goes up. We'll get something figured out to give them a little help."

The state representative explained that he hadn't had a close look at sparsity aid yet, but would be looking at it and a lot more as the budget process moved forward. He noted as chairman of ag committee his first commitment was to work on that portion of the budget.

To date, Nerison said he had met with seven or eight local school district superintendents and had visited three schools, Hillsboro, DeSoto and Prairie du Chien. The state representative plans on attending the 'Spring It On' event at North Crawford this Saturday.

"I'm getting the same response from everybody," Nerison said. "They're concerned the budget will stay with no increase per student on the revenue limit. They're concerned over whether they can keep their core subjects and keep operating."

"We're trying to do something," Nerison said. "How far we're going to be able to go I don't know."

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