Dan Rossmiller

JFC Actions on State Budget Play Critical Role for Schools

School accountability debate continues and termination of Local Government Property Insurance Fund delayed

The Legislature's Joint Finance Committee (JFC) has begun voting to adopt or rewrite portions of the governor's proposed 2015-17 state budget. Those votes will play a critical role in shaping school budgets as well as voucher expansion.

As we write this column, votes have not yet been taken on such key issues as restoring the per-pupil aid cut, adjusting revenue limits, expanding private school vouchers, and determining whether vouchers will be funded from general school aids. These votes await updated revenue forecasts expected in early May.

The "Sixty-four Thousand Dollar Question"— yes, I'm dating myself with that reference — will be whether those forecasts will project enough additional revenues to allow lawmakers to reverse cuts to education and possibly provide additional resources.

By the time you read this, we may know the answers. Let's hope for the best, but prepare for the worst.

We know cuts are hardest for schools to absorb when they come in the first year of the state's two-year budget because of the timing. It's hard to deal with unknowns when you have already had to make critical personnel and other decisions by the time the state budget is finalized.

Suffice it to say, JFC members will face some tough decisions if projected revenues don't increase sharply and even if revenue forecasts come back as rosy as hoped, the competition among worthwhile programs for these additional dollars will be intense.

Insurance Fund Termination Delayed

Among the first budget votes taken by the JFC on an issue affecting K-12 education was one addressing the proposed elimination of the state-run Local Government Property Insurance Fund (LGPIF).

This fund, in existence for more than a century, provides low-cost property insurance to local governmental units unable to find coverage in the private insurance market. Over time, the fund's original role as an insurer of last resort shifted to providing coverage to a wide variety of local units of government, including 239 school districts at last count. It remains an insurer of last resort for a number of districts that have been unable to bid out their coverage.

The fund has experienced financial difficulties in recent years, raising questions about why state government is in the insurance business. Some JFC members noted the coverage was too low-cost, which led to the fund's financial woes.

The WASB and other school groups expressed concerns that if the fund were eliminated, a number of school districts, many of which are small and rural, with buildings in locations remote from local fire departments and municipal water supplies, might be left with no coverage or coverage available only at great expense.

In response, the JFC voted unanimously to delay the termination of the LGPIF policies by two years. The final dates for the issuance of new policies remains July 1, while the last date for renewing existing policies is Jan. 1, 2018, and the last date for filing claims is July 1, 2019.

The JFC's action also requires the fund to adopt the policy rates and structure recommended by its Advisory Committee on April 9. Those recommendations raise rates from 40 to 80 percent (about 45 percent on average). These rate increases are needed to restore the fund's financial stability. While the LGPIF will remain an option for two more years, the cost of coverage through this fund will increase.

For school districts utilizing the fund, the reprieve given the LGPIF is an improvement over the governor's original recommendation. The two-year delay should give school district policyholders time to thoroughly consider available options and seek bids, with options for reasonably priced coverage as new providers enter the market and make coverage available to school districts. (For example, the insurance affiliates of the League of Wisconsin Municipalities and the Wisconsin Counties Association have expressed interest in entering this market and providing coverage to schools.)

School Accountability

Although it has been widely reported that a deal between the Senate and Assembly on school accountability legislation now appears unlikely, that does not necessarily mean school accountability is dead for the legislative session.

This is because accountability provisions were included in the governor's proposed budget and remain alive. A majority vote of the JFC is needed to remove those provisions; without such a vote, those provisions will remain part of the budget.

The accountability provision would replace performance categories with "A-F" letter grades, allow private voucher schools to choose the assessment they wish to administer for accountability purposes, and change the measures used to determine school performance and school district improvement.

Performance scores would be weighted to account for student poverty rates and the length of time a student has been educated in the school system, beginning with report cards issued in Sept. 2016. Currently, achievement and growth area scores are weighted equally. Under the

budget, as the number of students in a school who are eligible for free or reduced-price lunch increases, the proportion of the school's score based on growth would increase and the proportion of the score based on achievement would decrease.

A early analysis of the impact of this change suggests that while report card scores would change in a substantial number of districts, very few schools would move to a different performance category (and a majority of those would move up a category). Large urban school districts would receive the biggest boost in performance scores while many schools that would see lower performance scores are located in rural areas and towns.

Whether or not a deal on accountability can be reached via the budget process remains to be seen.

The WASB, which favors the state Senate's approach to school accountability (*i.e.*, no sanctions, everyone takes one test, no letter grades), is urging lawmakers to remove the accountability provisions from the budget bill and resolve the disputes between the houses via separate legislation.

The Assembly has consistently maintained that any school accountability legislation must include "sanctions" on low-performing schools. Its proposals also call for "A-F" letter grades and allow voucher schools to choose from a variety of assessments for accountability purposes, a provision the WASB opposes.

In early March, Assembly leaders introduced a new version that would impose a variety of mandatory interventions paid for by the state on low-performing schools including one that requires school boards to hand over unilateral control of such schools to the district administrator who could overturn school board policies and implement new ones. The WASB strongly opposes this so-called "super superintendent" provision.

Public schools that don't improve over three years would have to continue the interventions but pay for them out of their own budgets. If they didn't improve after that, they would be reorganized, turned into independent charter schools authorized by the UW System or technical colleges or run by private education management firms.

Just what this deadlock on school accountability means for voucher expansion is anyone's guess. In early March, Assembly Speaker Robin Vos (R-Rochester) told reporters he will not support the unlimited expansion of statewide vouchers unless the Legislature also passes a school accountability bill. He has recently backed off those remarks.

Time will tell, but our guess is that the scope of voucher expansion will be affected more by the state's new revenue estimates than by whether the Legislature enacts accountability provisions.

The key takeaway from this is simple: school leaders need to keep in touch with lawmakers and encourage them to keep local schools in the forefront of their thinking as they vote on the state budget. Urge your legislators to prioritize public schools for available resources and remove school accountability provisions from the budget. ■

Dan Rossmiller is WASB director of government relations.