

Discussing the Future of Public Education

Analyzing the Blue Ribbon Commission on School Funding's public hearings



For this month's column I've been asked to share some thoughts regarding my service representing the WASB on the Blue Ribbon Commission on School Funding. The 16-member panel was created to take a comprehensive look at our state's preK-12 education funding system and develop recommendations to be considered for the 2019-2021 state budget.

It is both an honor and humbling to have been asked to be a part of this commission, chaired by state Sen. Luther Olsen (R-Ripon) and state Rep. Joel Kitchens (R-Sturgeon Bay) — both of whom are former school board presidents.

Aid to public schools comprises one-third of the state's general fund expenditures, by far the largest single program. School funding has serious implications for our school children, our communities and our state's economic vitality.

The commission's first meeting, an informational session at which testimony was heard only from invited speakers, was held in December 2017 in Madison.

Eight hearings followed, at which testimony from members of the public was heard — in Milwaukee, La Crosse, De Pere, Fennimore, Oshkosh, Tomahawk, Turtle Lake

and Madison (again) — from February through June.

In total, 23 school board members testified at those hearings and I thank them all for their input. Commission members heard a lot of excellent testimony from board members, district administrators, school business officials, parents, grandparents and concerned citizens.

Somewhat surprisingly, most who testified advocated fixing the existing funding formula to address particular issues. Few advocated scrapping the general aid (a/k/a "equalization aid") formula and starting over with a new approach. [Among those advocating a new approach were out-of-state "experts" who find our funding system to be very different from most other states. If one had to identify a common theme to their testimony, it was that Wisconsin's funding system focuses too little on children's needs in the allocation of dollars.]

Common themes

A theme commonly heard was that schools are not being provided enough money.

Coincidentally, this mirrors general public sentiment expressed in a recent Marquette University Law School Poll. Respondents were

asked, "Which would you prefer, lowering property taxes or increasing spending on public schools?" In response, 59 percent favored public schools, while 35 percent said lower property taxes.

Complaints about the way the state distributes money included the following:

- There is a general lack of predictability from year to year, and some question whether existing levels of per-pupil categorical aid, let alone continued increases in that aid, are sustainable.
- The state general aid formula with its three-tiered tax base guarantees and five formula factors is complex, hard to understand and difficult for school officials to explain to ordinary citizens.
- Some districts receive little or no general aid. Witnesses from these districts advocated that some minimum level of state aid be provided to all districts and generally supported the trend toward distributing equal per-pupil amounts of per-pupil categorical aid to all districts. Not surprisingly, districts receiving substantial amounts of

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general aid advocated for distributing more state funding through the general aid formula.

- State special education categorical aid, frozen since the 2008-09 school year, should be increased to reduce the need for local districts to transfer money from their regular education (Fund 10) budgets to their special education (Fund 27) budgets. Many witnesses advocated for increasing the level of reimbursement provided by this aid to 33 percent from the current level of less than 26 percent. The additional aid would be received outside the revenue limits.
- The method by which private school vouchers are being funded lacks transparency. Many witnesses advocated that the increase in local property tax levies attributable to voucher funding should be shown on property tax bills.

Perhaps the greatest unanimity centered on complaints about state-imposed revenue limits on school districts, and especially their impact on districts experiencing declining enrollment, including that:

- Revenue limits have essentially been frozen (with no per-pupil adjustment) since the 2014-15 school year. With no way to raise additional funds locally except via referendum, local district revenues in many cases have not kept pace with inflation. Some witnesses called for indexing per-pupil increases in revenue limits to inflation to provide predictability and regular increases.
- There is a lack of revenue limit equity with great gaps between the highest and the lowest revenue districts in the state that is worsening teacher supply problems. Some witnesses called

for bumping up per-pupil limits in low-revenue districts.

- Revenue limits are tied to district's 1992-93 spending levels; however, the "market basket" of goods and services school districts purchase has changed dramatically as technology has evolved and demand for costlier career and technical education offerings has increased.
- Declining enrollment reduces the resources available to a district under revenue limits. This causes many districts to find themselves tethered to an ongoing need to pass operating referenda or cut programs. This problem is felt most acutely in our state's smallest and most rural districts, which may have few places left to make cuts and still provide adequate educational programs. Some witnesses suggested making the declining enrollment exemption recurring so it doesn't go away the following year.

■ The impact of declining enrollment

The long- and short-term impact of declining enrollment is perhaps the most vexing school funding issue we face. In any given year, roughly 60 percent or more of Wisconsin school districts are experiencing enrollment declines, with districts in the northern, southwest and central portions of the state experiencing the biggest declines over time.

Another impact of declining enrollment is that, other things being equal, it causes a district to look more property wealthy on a per-pupil basis. This, in turn, may cause such a district to lose general aid under the formula, further increasing the pressure on local property tax levies and making it harder to pass referenda. And, of course, if enrollments in certain districts continue to

decline, one has to wonder for how long they can sustain themselves before they must seriously consider options such as whole grade sharing or consolidation.

Wisconsin's funding system has been criticized at various times and to various degrees on the ground that it distributes dollars without regard to children's educational needs. Instead, it distributes dollars in an effort to provide property taxpayer equity.

Unlike other states that set a base level of funding beneath each student (a foundation amount) or attach weightings to students with special educational needs, our formula counts every pupil the same. Critics say our funding system assumes that every child in the state begins his or her educational journey from the same starting point regardless of their needs and continues to treat them the same throughout their schooling.

In a state that is home to the widest gaps in achievement and graduation rates between students of different subgroups in the nation, the commission presents an opportunity to address our funding system's lack of focus on students' needs.

Our state constitution's "uniformity clause" (Wis. Const. Art. X, §3) imposes a duty on the Wisconsin legislature to "provide by law for the establishment of district schools, which shall be as nearly uniform as practicable."

Decisions by the Wisconsin Supreme Court have consistently interpreted this provision to be concerned with the substance (or character) of the education delivered in districts and not how district boundaries are constituted or assembled.

In its most recent opinion regarding the constitutionality of the school finance system (*Vincent v.*

Voight, 2000), a splintered Wisconsin Supreme Court upheld the funding system. However, four of the seven justices articulated a standard by which to assess future challenges, stating that, “An equal opportunity for a sound basic education (guaranteed under the constitution) is one that will equip students for their roles as citizens and enable them to succeed economically and personally.”

Importantly, under this standard, the court opined that an equal opportunity for a sound basic education acknowledges that students and districts are not fungible and takes into account districts with disproportionate numbers of disabled students, economically disadvantaged students, and students with limited English language skills.

In the 18 years since this decision was rendered, the state has not moved to address and fund the needs of these particular categories of students in a substantial way. Addressing this issue will surely be part of the commission’s discussions.

■ What’s next

From here, the commission co-chairs, along with staff from the non-partisan Legislative Fiscal Bureau (LFB), will meet individually with commission members in mid-to late-August to gather their individual recommendations. *(My recommendations will be based on resolutions adopted by school board member delegates to the WASB Delegate Assemblies over the years and the testimony the commission heard at the public hearings.)*

Sometime after that, and with the benefit of the LFB staff’s analysis of the potential fiscal implications of each proposal, the commission will reconvene as a group to discuss individual recommendations and make recommendations to the legislature and governor.

One still-to-be answered question is what level of state resources will be available to finance the school funding reforms recommended and how much it might cost to hold all districts harmless (*i.e.*, ensure that no district loses resources) under the commission’s recommendations.

The state began the current

2017-19 biennium with a projected beginning budget balance of approximately \$580 million. This enabled the governor and legislature to fund a roughly \$510 million increase in per-pupil aid (\$200 per pupil in 2017-18 with an additional \$204 per pupil in 2018-19) with relatively minimal impact on other budget priorities. While we won’t have updated figures on spending until mid-October, based on currently available revenue estimates, it appears the projected beginning balance for the 2019-21 biennium is likely to be considerably smaller — somewhere in the neighborhood of \$180-185 million.

A smaller opening balance would likely reduce the flexibility to dedicate resources to school funding reform without affecting other budget priorities. For example, to increase special education categorical aid so that it reimburses 33 percent of prior-year aidable costs rather than the current 25.7 percent, each one percent increase would cost roughly \$14.3 million. If this change were implemented all at once in the first year and continued in the second year of the next budget, it would cost more than \$200 million dollars over the biennium. Phasing in the increase would be a way to reduce its cost in the short term. It’s worth noting that an increase in per-pupil categorical aid comparable to the increases provided in the 2017-19 budget would add more than \$500 million to the price tag.

I remain optimistic that the commission’s discussions will be robust and that solid recommendations will emerge. Whether they can be implemented sooner rather than later remains to be seen. ■

Dan Rossmiller is the director of the WASB’s department of government relations.

Welcome Back, Brian!



Buelow Vetter Buikema Olson & Vliet is pleased to announce that attorney Brian Waterman has rejoined the firm after five years of successfully expanding a business he owns with his business partner and wife, Julie.

Brian counsels public school clients on student discipline, public records/open meetings, board policies and other school law matters. His practice also focuses on advising clients on a variety of labor and employment issues, and Brian looks forward to using his entrepreneurial experience to help other employers navigate these complex areas of law.



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