

The School Board of the School District of Whitefish Bay Impact of WI 2021-2023 Biennial Budget on Public School Districts April 2021

The value of an education is hard to overestimate. Education can determine career paths, financial success and stability. The majority of Wisconsin's children are educated in our public schools, which have a long tradition of furnishing a great education and building the foundation for future success.

In order to maintain this tradition, Wisconsin's public school districts need a comprehensive, predictable, spendable and sustainable funding system in order to provide our children with the best education possible. Wisconsin's current system has some underlying issues that make staffing and programming increasingly difficult year after year, and the pandemic has contributed its own temporary, but highly impactful, issues. Attached to this letter is a supplement that provides background on public school finance in Wisconsin, and uses Whitefish Bay to illustrate the system's practical implementation. In crafting the State's next biennial budget, the legislature has an opportunity to address both these structural issues and our short-term, pandemic-specific challenges for public schools across the state.

Tackling underlying and systemic challenges to school planning and budgeting in Wisconsin

Public school budgets are eroding when adjusted for inflation, and this impacts our ability to keep pace with 21st century learning.

The costs of providing an education – salaries, benefits, technology, materials – increases every year. The amount of money that a public school can spend on educating its students (the “revenue limit”), on the other hand, currently cannot increase without legislative action. Over the past ten years, school budgets have effectively been reduced by roughly 10% because of the difference between inflation and the revenue limit established by the state legislature. Districts have dealt with this reduction with tighter budgeting, including reducing staff, modifying staff benefit packages, and making changes to ancillary staff positions. These adjustments make it increasingly more challenging to recruit and retain talented people, and to invest in new and emerging technology.

Building in an annual increase to the revenue limit, one that is indexed to inflation, would stop the erosion of public school districts' budgets and support their ability to maintain current facilities, recruit and train staff, and acquire technology.

The additional cost of providing special education services and complying with federal law consumes a significant part of public school districts' budget.

By federal law, public schools must provide Free and Appropriate Public Education (FAPE) to students with disabilities. The education these districts provide must comply with the Individuals with Disabilities Education Act. The cost of providing this education and complying with regulations continues to rise, and comes from the overall school district budget.

Increasing the State’s special education reimbursement rate to 60%, from its current 28.1%, would greatly enhance public schools’ ability to provide the services that are needed and mandated in state and federal law in order to provide an equitable education for all students without disproportionately impacting general funds available across Districts.

For comparison, private schools are currently reimbursed 90% by the State for special education costs, and are not required to comply with FAPE, which reduces the complexity and administrative costs of providing special education services for those schools.

Addressing issues specific to the pandemic that affect public school education budgets

The pandemic affected enrollment across the state in unpredictable, short-term ways that will have a long-term impact on operations.

Families across Wisconsin have been forced to make decisions about how to educate their children during an uncertain time. This has affected public school enrollment across the State. Because the revenue limit and state equalization aid are calculated based on enrollment, even temporary changes in enrollment can have a large impact on School District budgets and local taxes for several years into the future.

A one year “hold harmless” for enrollment changes in the 2020-2021 school year would insulate districts from any large budget reductions caused by a temporary drop in enrollment due to the pandemic. Specifically, it is suggested the State use the 2019-2020 enrollment numbers for 2020-2021 in the revenue limit and equalization aid calculations.

Federal aid to reimburse COVID-19 expenses are short-term, non-renewable, and targeted and should not affect state funding for operations.

The Federal government, through ESSER grants, is providing much-needed, but restricted, money for public school districts. These funds are specifically for the reimbursement of pandemic-related costs, and are not meant for general operating costs or special education costs.

The legislature should not account for Federal pandemic-related aid when formulating the next biennial budget; doing so would risk creating a “fiscal cliff” in two years when the funds expire. If state aid or school operating budgets rely on this special grant money, districts may find themselves forced to cut operational costs and educational services when it expires.

The School District of Whitefish Bay remains committed to delivering a quality educational program despite budgetary constraints. The School Board and Administration will continue to monitor these issues and others to ensure continued excellence in our District.

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