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The School Board of the School District of Whitefish Bay 2023-2025 Biennial Budget Priorities

The Good News. Wisconsin is fortunate to find itself in strong financial shape heading into its next biennial budget (2023-2025). The State is in a position to invest in the priorities that make Wisconsin great. Public education should be one of those priorities. Public education provides an opportunity for every child in Wisconsin to realize their fullest potential.

The Reality. Unfortunately, six of the last eight years the budget passed by the Legislature did not meet the current needs of our public schools and did not position our schools well for the future. While equalized aid was increased in those bienniums, the revenue limits remained **unchanged**. As you are likely aware, the revenue limits determine how much money schools actually can use to educate students, while equalized aid determines whether funds come from the state budget or local tax levies.

As a result, while the 2021-2023 budget had the effect of reducing local tax levies, it did nothing to address the growing gap between rising costs and school budgets, as the unchanged revenue limits did not free up any additional money for public schools to cover those increased costs.

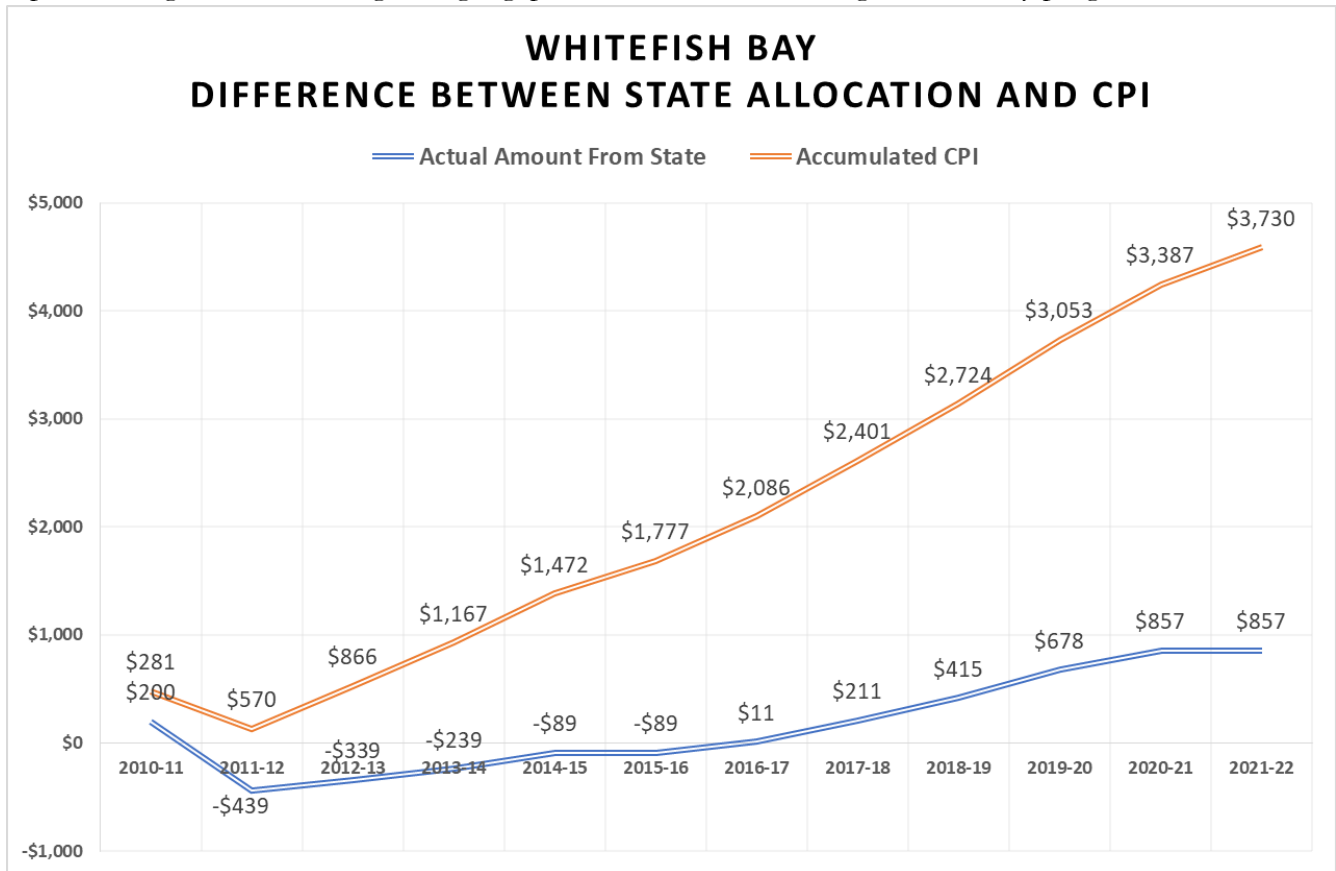
While lower local taxes today may be welcomed, the approach taken in previous State budgets may very well result in future instability in local taxes. The one-time Federal ESSER funds will expire. The State's finances may not always be so strong as to absorb the school funding levels for necessary school costs. If state aid were to be reduced, uncertainty would result and possibly drive up local taxes. One solution is to increase revenue limits to ensure appropriate funding now for public schools.

As budget deliberations start for the 2023-2025 biennial process, we urge you to consider the issues facing Whitefish Bay and other Wisconsin public school districts and to recommit to making an investment in Wisconsin public schools. We ask you to consider these three budget priorities:

Budget Priority One: Predictable, Sustainable, Spendable, Inflationary-Responsive Revenue Limit Increases. Raise the revenue limits by building in an annual inflation adjustment that would allow public school districts to maintain existing programs and avoid further cuts in necessary programs. Revenue limits determine how much schools can spend to educate students. Based on prior inaction on raising revenue limits and the present level of those limits, our public schools have less and less purchasing power every year.

As of the end of 2022, the purchasing power of public school budgets was approximately 20% lower than in 2011 because of the difference between inflation and revenue limit increases. In 2021-22 inflation was 4.7%. This year, inflation is projected to be between 8-9%, which will further erode the ability of public schools to keep up with increasing costs.

The choice that some districts have had to make to rely on ESSER funds for operational expenses (because revenue limits have not been increased) will pose significant challenges to many public schools. The Whitefish Bay School District **did not** use the one time ESSER money for recurring expenses. But school districts who used ESSER money for recurring operating costs will now have those funds expire, leaving them with a large budget gap or a fiscal cliff in funding of necessary programs.



This graph shows the growing gap between CPI and State allocation to support the Whitefish Bay Public schools. Since 2010-11 the gap has been widening. **In 2021-22 the gap has grown to \$2872 per student.**

Please provide Predictable, Sustainable, Spendable, Inflationary-Responsive Revenue Limit Increases for public schools. This will provide public school districts with a reasonable long-term strategy to address regular cost increases.

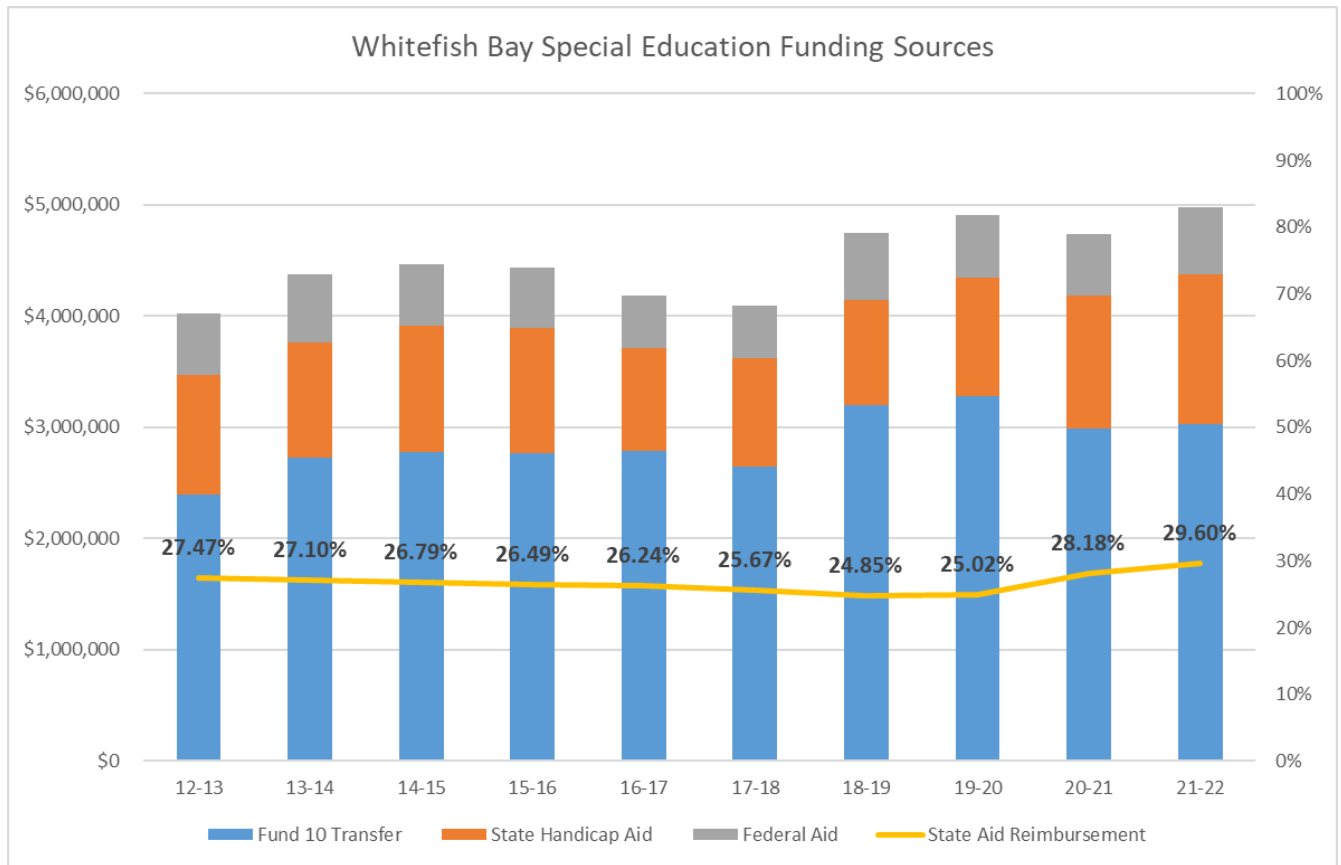
Budget Priority Two: Increase the Special Education Reimbursement Rate. In 2021-22, the Whitefish Bay School District transferred just over \$3 million from its general education fund to support additional costs associated with providing special education services for students, as required by state and federal mandates. Many other school districts find themselves in a similar position when funding the provision of important services for special education students.

Special education funding from the state of Wisconsin has dropped over the past half century — hovering around 70 percent reimbursement in the 1970s to under 25 percent in 2018. Federal funds do not make up the shortfall. That leaves an estimated \$1 billion for districts to make up through local revenues ([The WI Taxpayer - Vol. 87, Number 1 | 2019](#)). In 2021-22, the reimbursement rate is approximately 29.79% ([WI DPI](#)).

The graph and the chart below shows the funding sources for special education, as well as the state reimbursement rate since 2012-13.

Whitefish Bay School District Special Education Funding Sources				
Year	Fund 10 Transfer	State Handicap Aid	Federal Aid	State Aid Reimbursement
12-13	\$2,395,198.49	\$1,071,640.67	\$556,937.10	27.47%
13-14	\$2,729,931.98	\$1,030,214.42	\$610,958.25	27.10%
14-15	\$2,773,478.80	\$1,134,594.35	\$555,723.59	26.79%
15-16	\$2,770,415.64	\$1,123,202.07	\$539,287.91	26.49%
16-17	\$2,786,932.40	\$922,192.35	\$478,774.35	26.24%
17-18	\$2,642,892.96	\$977,624.98	\$471,175.37	25.67%
18-19	\$3,199,179.85	\$943,548.74	\$602,981.32	24.85%
19-20	\$3,284,194.63	\$1,060,557.63	\$563,259.39	25.02%
20-21	\$2,985,722.80	\$1,200,569.64	\$546,418.26	28.18%
21-22	\$3,033,508.77	\$1,343,473.48	\$606,357.00	29.60%

- Federal Aid is Preschool the Flow Through entitlement grants based upon the number of students with disabilities in the District.
- State Handicap Aid is the portion that is reimbursed from the State.
- Fund 10 Transfer is the amount we are required to move to cover the shortfall of funding for additional services for special education students.
- State reimbursement for special education costs has ranged from 24.85% to 29.6%.



Please Increase the Special Education Reimbursement Rate for public schools. Increasing state aid for special education will help all students in our schools by minimizing the amount of school district general funds that need to be transferred to fund required special education services for students.

Budget Priority Three: Mental Health Funding. As we exit from the COVID-19 shutdowns and disruptions, students have been increasingly struggling with mental health. Community resources and student access to mental health services are not keeping up with the urgent level of need. As schools are asked to address student mental health needs, predictable and sustainable funding needs to be in place in order to best support students.

“State support remains far short of the overwhelming demand for programs to assist students with mental health challenges. One in five students faces a mental health issue. Over 80 percent of incidents go untreated. For those who do receive treatment, roughly 75 percent of the time it’s administered at school” (*Student Mental Health 2019*).

“Rates of suicide among youth have increased over the last 15 years. These behavioral health needs paired with significant shortages of mental health providers in Wisconsin has resulted in serious challenges for youth and families to access timely and effective treatment. These dismal statistics demanded a response” (*Herman, Beth A.*).

A number of Wisconsin schools have moved to respond to the behavioral health challenges in their communities. They have developed collaborative relationships with their community providers developing on-site mental health services and creating clear referral processes and procedures that ensure that students have access to the recommended treatment resources.

Young people who receive appropriate mental health support have improved academic achievement and are more likely to graduate. School mental health services and supports are an effective means of addressing the mental health needs of children and improving the learning environment. Comprehensive school mental services help educators prevent and respond to crises while fostering a school climate that supports teaching and learning.

Please increase the amount of sustainable mental health funding in the form of categorical aid in order to meet the increasing demands of providing mental health support for all students.

The Opportunity. Prior to the last biennial budget, Wisconsin was in a position to maintain, and even improve its commitment to providing a strong foundation for its children by providing them with a great public education. We are concerned that the current biennial budget (2021-2023) let that opportunity slip away as there was again no increase to the revenue limits and the funding of public schools. We are even more concerned about the next biennial budget process and its potentially negative impact on the education of public school children.

We ask that you *please* work with your colleagues to provide an educational funding plan that provides necessary and appropriate resources for K-12 public schools to meet their essential and ongoing operational expenses in the next biennial budget process.

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