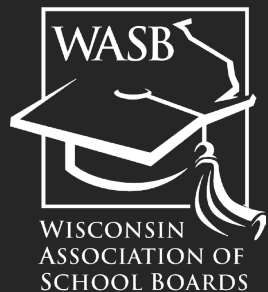


2024-25 Webinar Series
School Finance 101
Part 9: Issues Affecting
Economics of Education

Wisconsin Association of School Boards
Wisconsin Association of School Business Officials



SCHOOL FINANCE 101



PART 1: Board Role in School Finance

PART 2: History of WI School Finance

PART 3: School Finance
(terms/concepts/definitions)

PART 4: Revenue Limits

PART 5: School Funding Formula

PART 6: Property Taxes

PART 7: Budget Process

PART 8: Administration of the Budget

PART 9: Issues Affecting Economics of Education



Issues Affecting Economics of Education

PART 9



Education in Wisconsin

Education in Wisconsin

Size & Scope

Over 800,000 students in 421 school districts and 2,300 schools across the state

K-12 school aids: 36.6% of state's general fund (much of which acts to lower property taxes)

Primarily a small school district state: Median size – 920 students (average 1,928)

Over half (56% of all schools are in rural communities) but they enroll only 20% of students (*see Appendix A-1 for a statewide map*)



Education in Wisconsin Funding

ESSER: Fiscal Cliff

Wisconsin
ESSER spending
– 6.3% above
pre-pandemic
spending

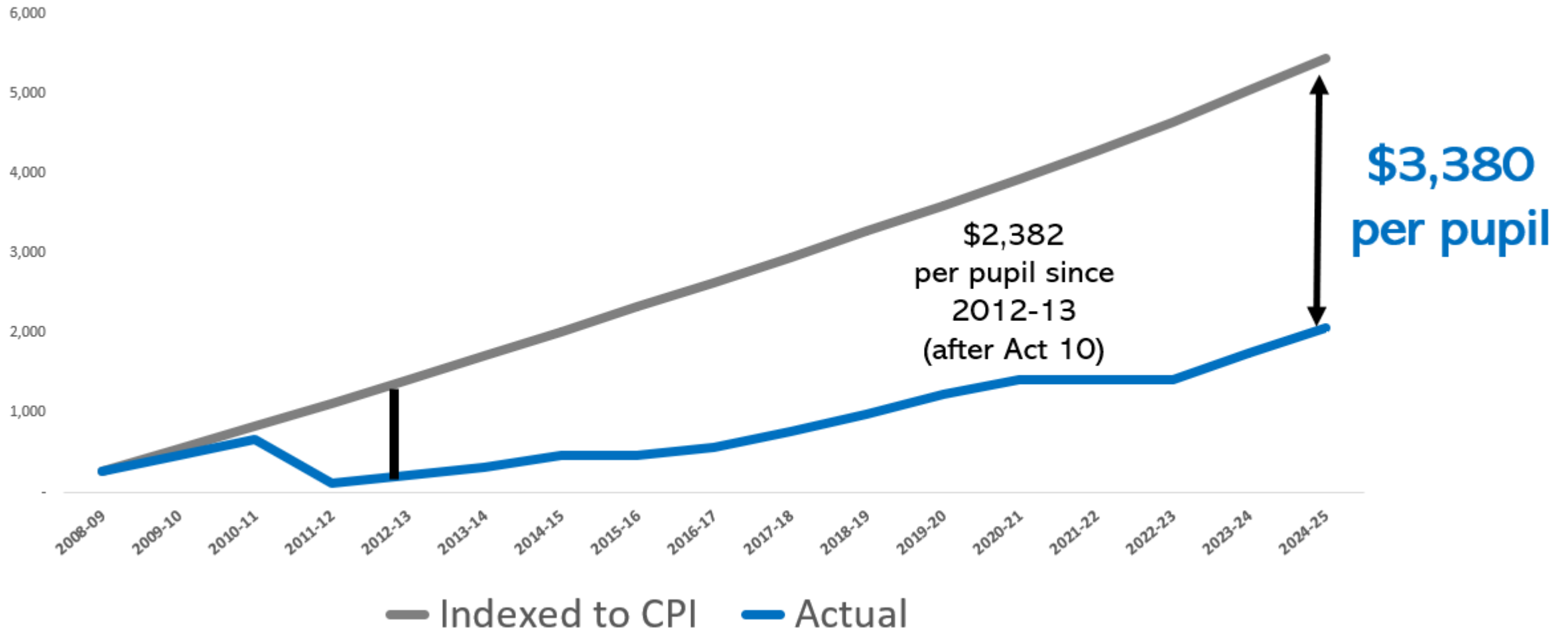
ESSER funds expired September 2024

Because of **ZERO increase to revenue limit in 2021-2023**, ESSER covered some ongoing costs:

- school districts missed two years of base building revenue
- creates future budget holes
- academic recovery investments bearing fruit – some districts will decide to continue some pandemic-era spending – will drive other program cuts

“High poverty (high need schools) communities will see sharper impacts to their school budgets in part because of how ESSER funding was structured.” [Brookings](#)

General school district revenues per pupil lag inflation by more than \$3,300 since 2009





2023-25 state budget increased revenue limit by **\$325** per pupil in each year

Putting that in context...

\$325
is not a
game
changer

Not a windfall compared to inflation:

- Inflationary increase would have been **\$390 and \$404** (2023-24 and 2024-25)
- Represents about **1% to 3%** increase in school district base revenue limits...
- But 2023-24 ceiling for base wage increases: **4.12%**

School districts already **\$3,380 per pupil** behind where inflationary adjustments would have put them



Impacts will vary by school district – affected by enrollment trends, share of state equalization aid, impact on property tax, special ed...

Wisconsin's ranking has fallen relative to the nation on per pupil spending on K-12 education

11th in 2002

11% above national average



25th in 2022 7.2% below national average

Wisconsin provides **disproportionately less funding to rural districts: 11th lowest** in the nation on state revenue to schools per local dollar (\$.82 versus \$1.18 nationally)



Education in Wisconsin

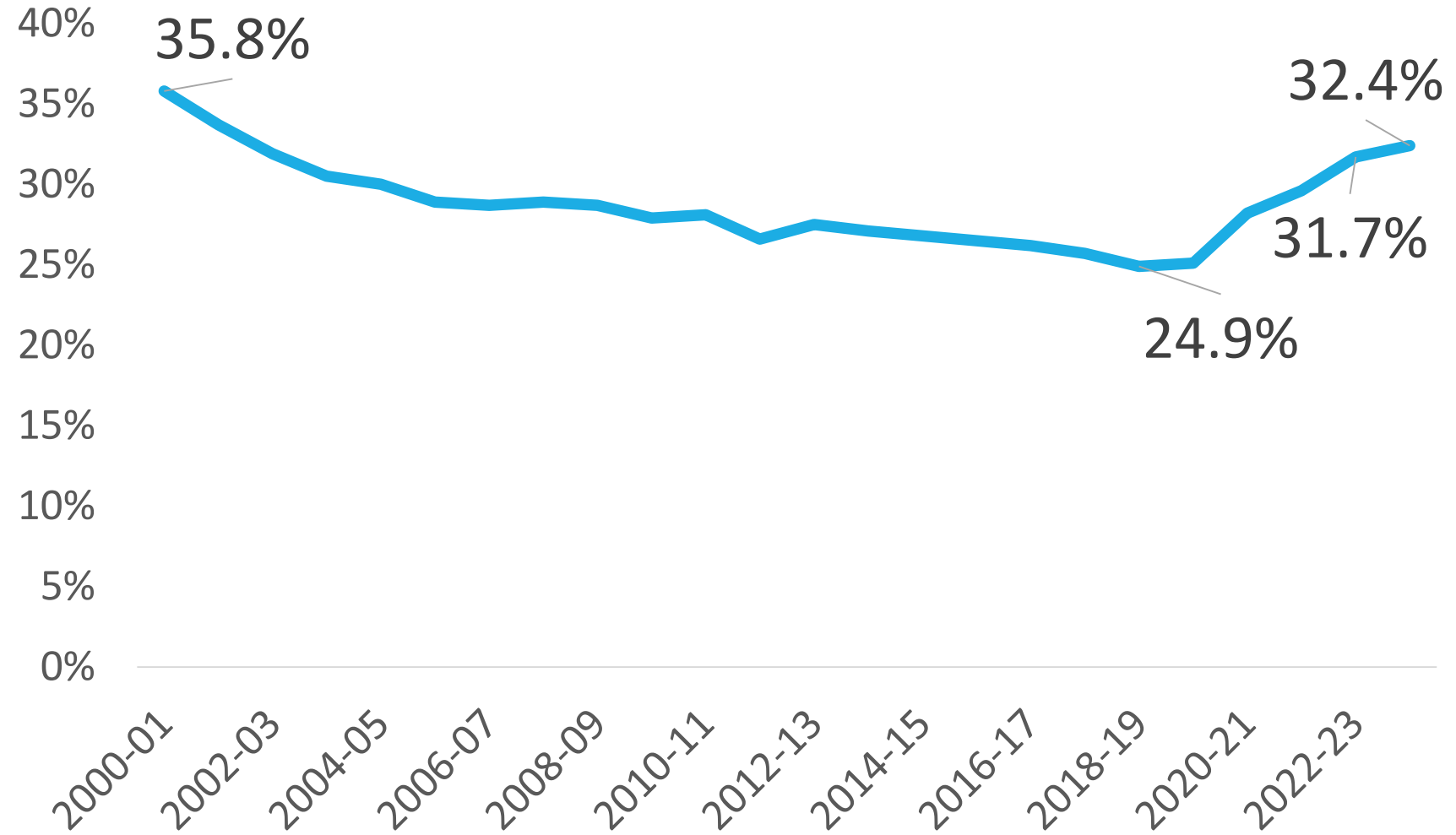
Special Education

Special Education Categorical Aid

Districts have to cover unfunded special ed costs first...

Low state reimbursement acts like a cut to general resources for all students

Special education aid reimbursement rate over time





Education in Wisconsin

Voucher Expansion

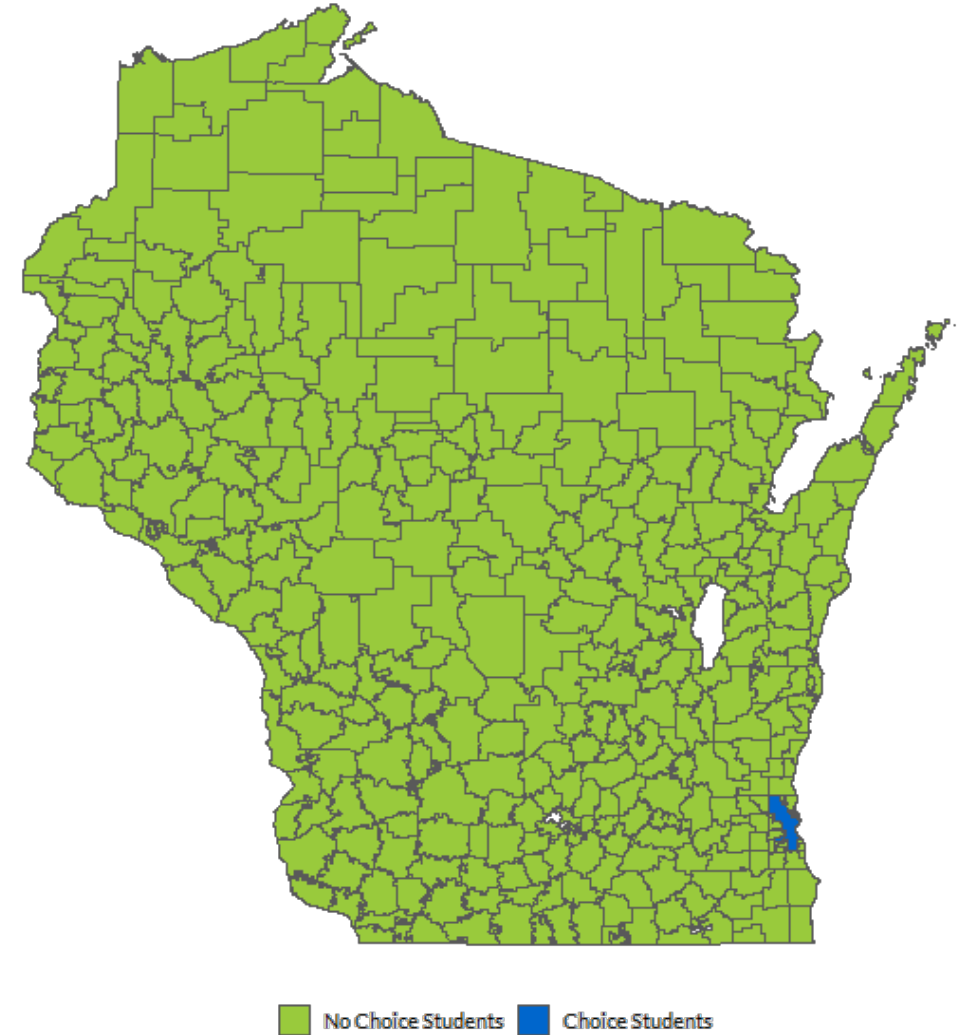
Voucher program expansion: 2009-10 to 2022-23

Voucher funding comes out of school district state aid; replaced with local property tax

Total estimated public spending
(2023-24):

- Voucher programs: \$570 million
- Independent charter programs: \$137 million
- TOTAL: \$707 million

Choice Students by District
School Year 2009-10



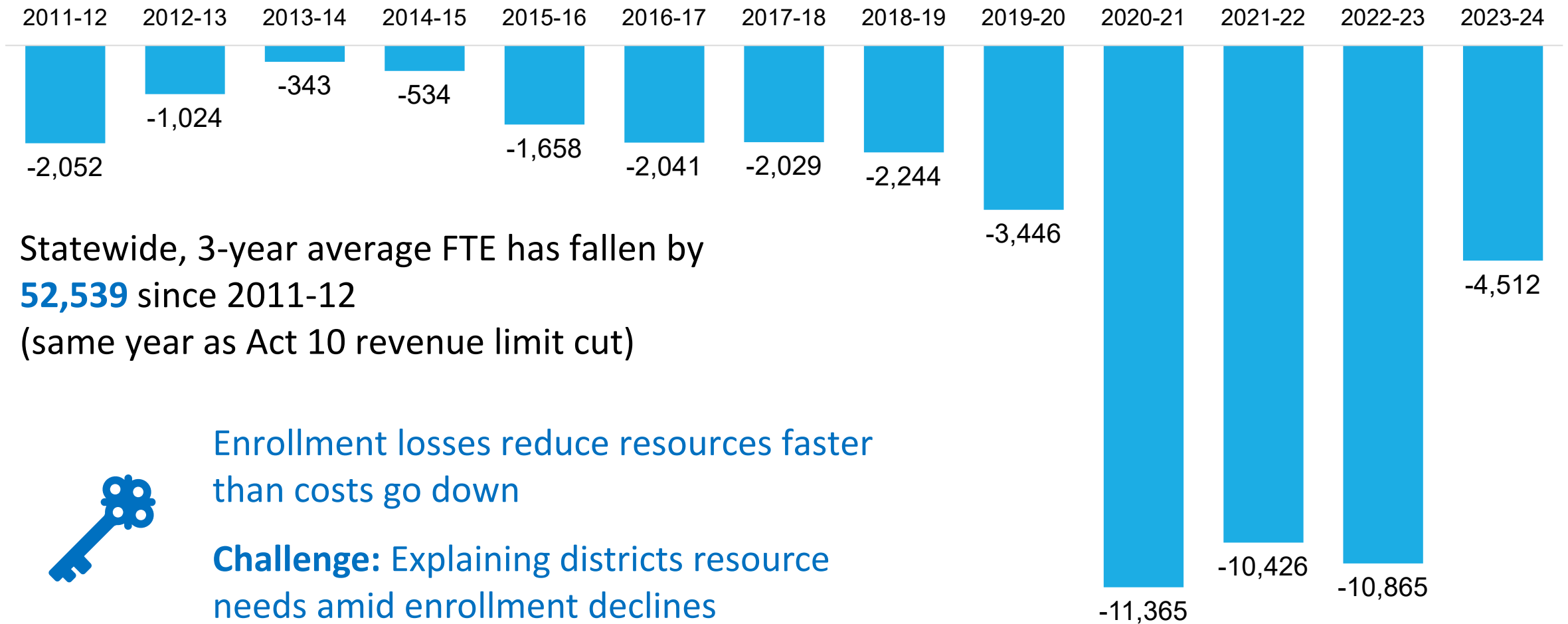


Education in Wisconsin

Enrollment

Declining enrollment (2011-12 to 2023-24)

Statewide revenue limit 3-year average FTE decline



Statewide, 3-year average FTE has fallen by **52,539** since 2011-12
(same year as Act 10 revenue limit cut)



Enrollment losses reduce resources faster than costs go down

Challenge: Explaining districts resource needs amid enrollment declines

Declining Enrollment: Under
WI revenue limit formula:

Reduces resources faster
than costs

71% of districts are in declining
enrollment (55% in 2006-07)

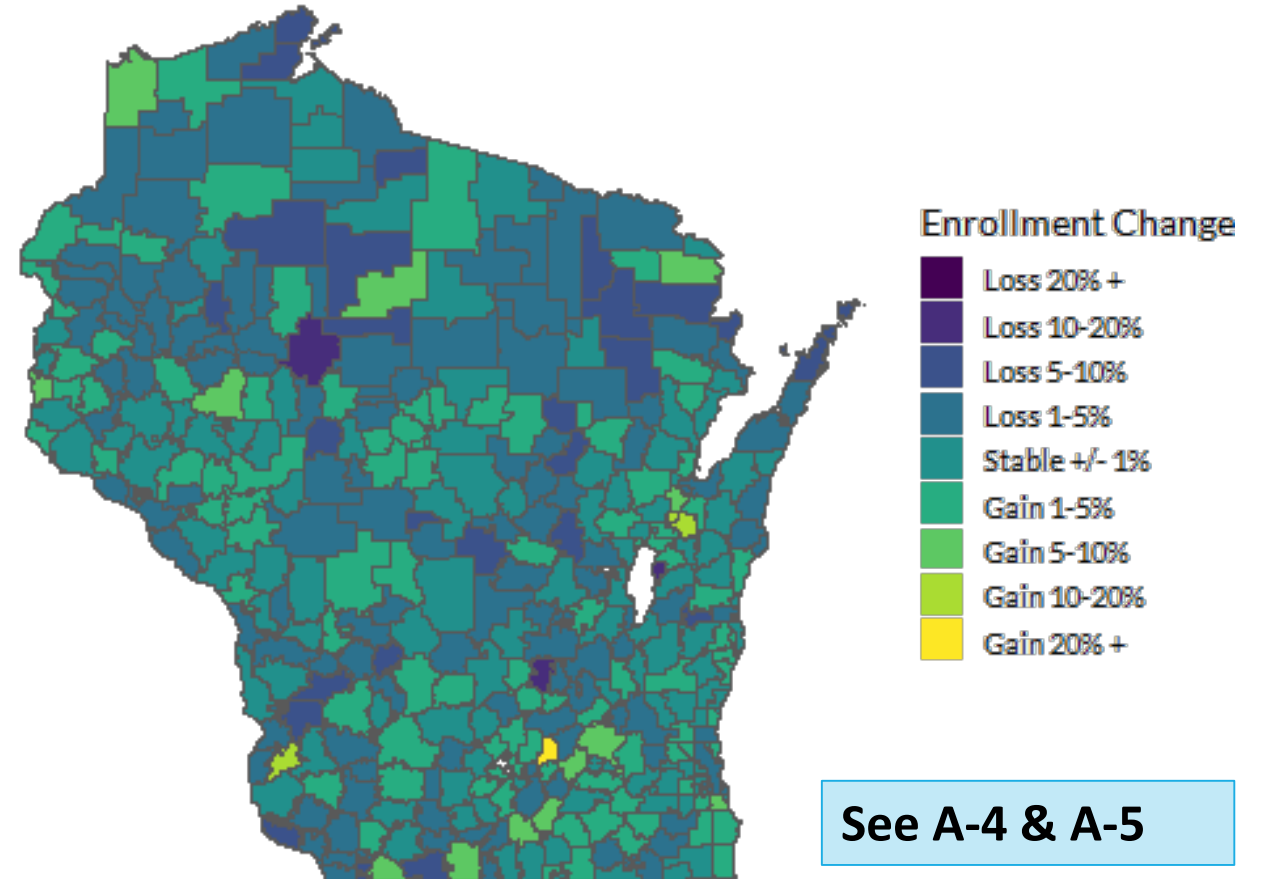
75% of students are located in just
30% of districts



**Challenge: Explaining
districts resource needs amid
enrollment declines**

Percentage change in enrollment over previous year

School Year 2006-07





Education in Wisconsin

Professional Staffing

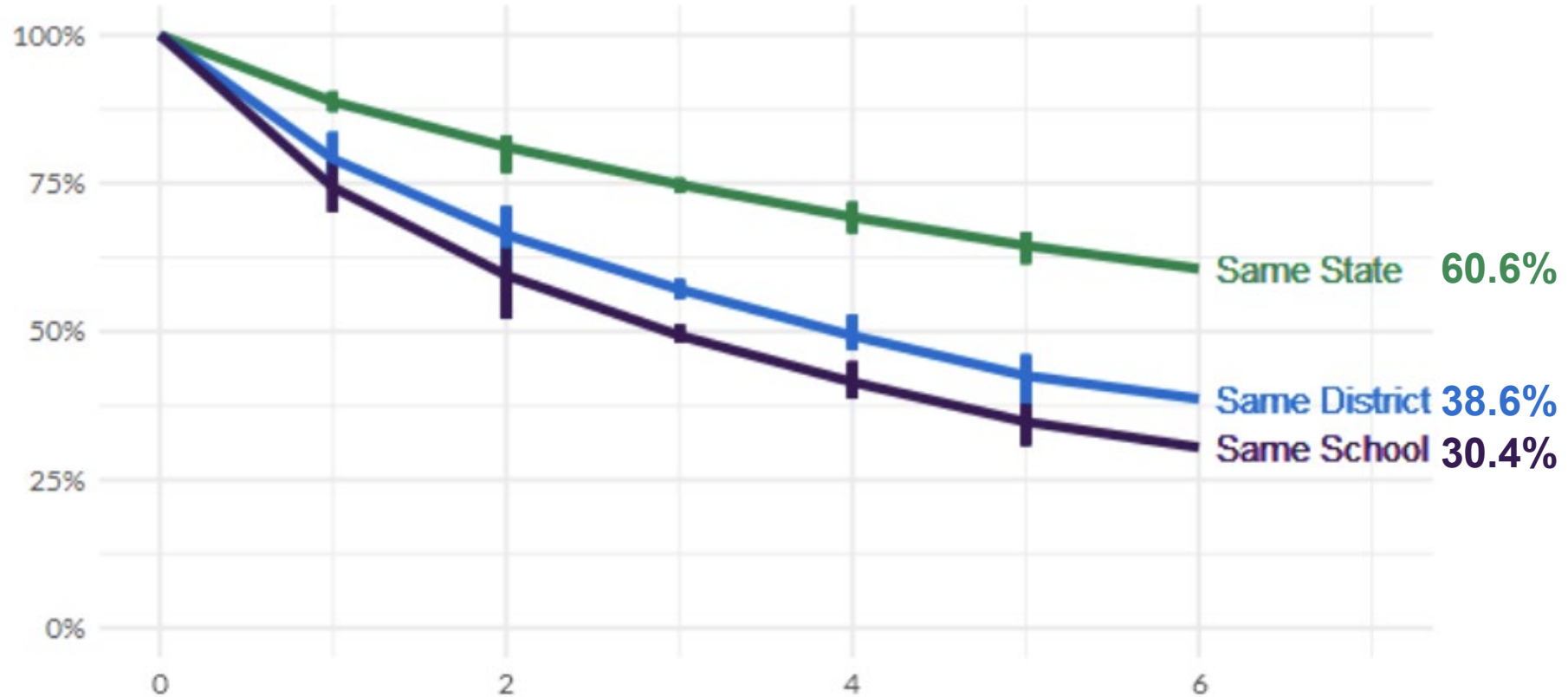
Educator Workforce

Wisconsin loses teachers at two main points:

- After ed prep program/licensure
- Within first few years in profession

Teacher turnover is most pronounced in smallest districts

First-year teacher retention over time (years of teaching experience)



See A-6 & A-7



Education in Wisconsin Referendums

Operating referendums in 2024...



Spring 2024 operating referendums:
68 questions | 59% passed

Fall 2024 operating referendums:
80 questions | 70% passed

Total operating questions for 2024: 148
131 school districts | 65% passed
far exceeds previous record of 92 in 2022



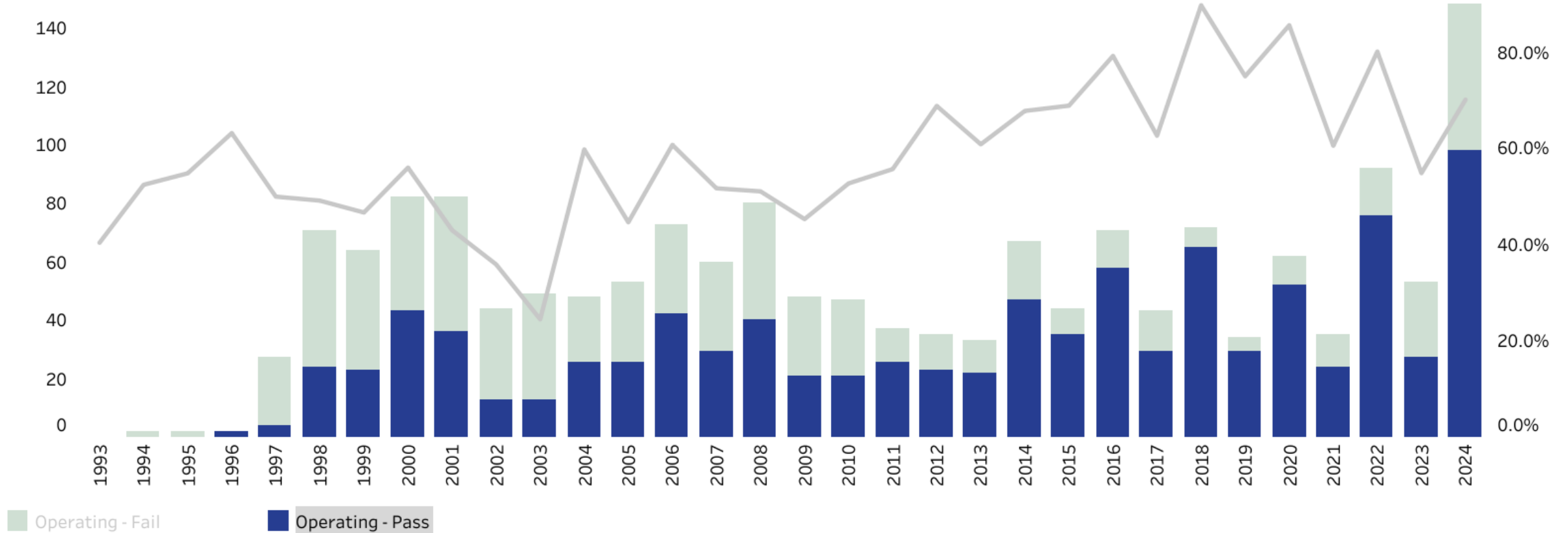
Trend to watch:

Growth of referendum dollars driving school district budgets

Operating referendums: 1993 to 2024

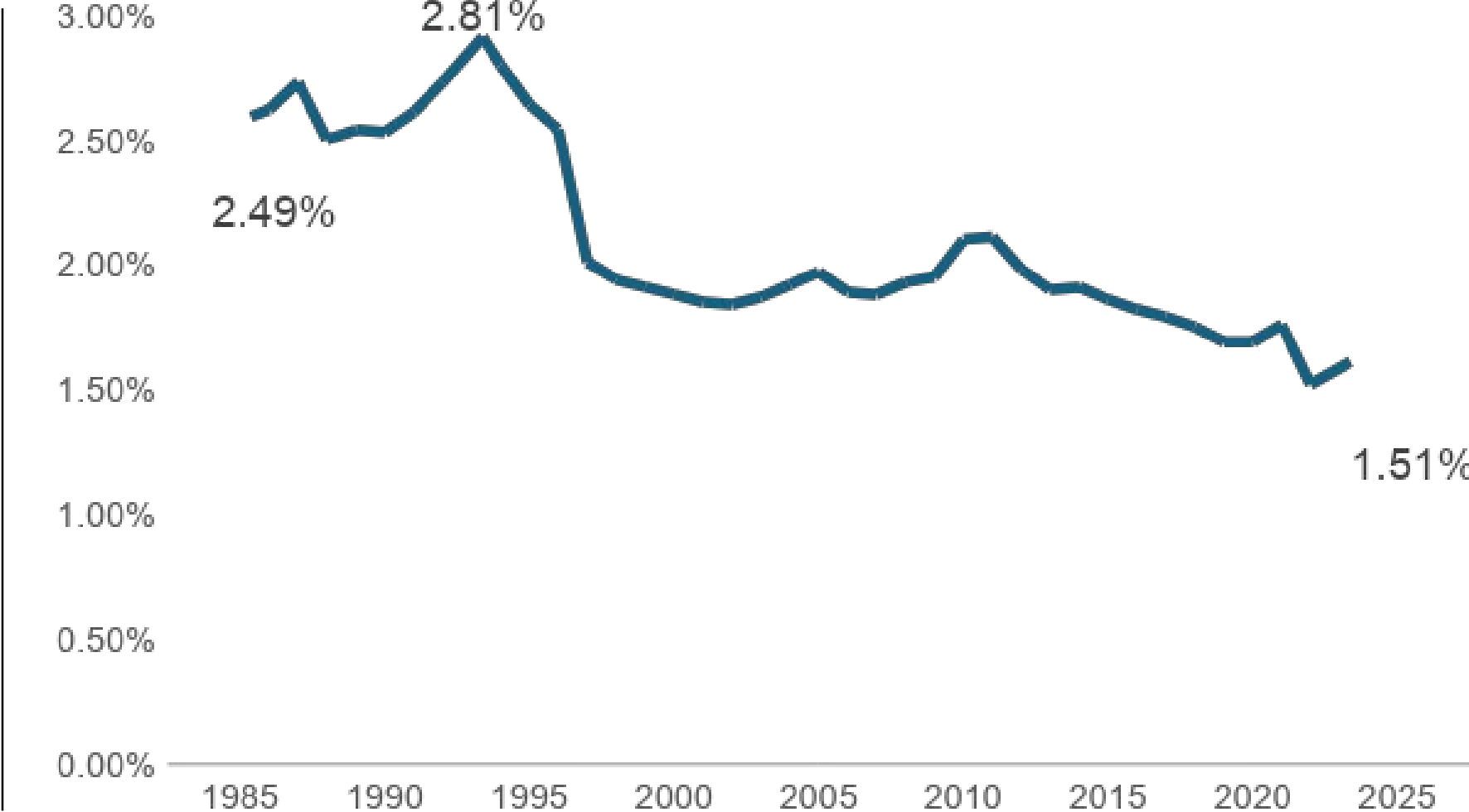
Approval rates lower than 2018 peak, but number of approved referendums at all time high

Total number of operating referendums held (left y-axis) versus approval rate (gray line) off ALL referendums, including capital (right y-axis)



Sources: Wisconsin Department of Public Instruction, Wisconsin county elections websites. Note: approval rates tend to be higher in midterm and presidential election years.

School property tax levy as % of personal income (tax burden)

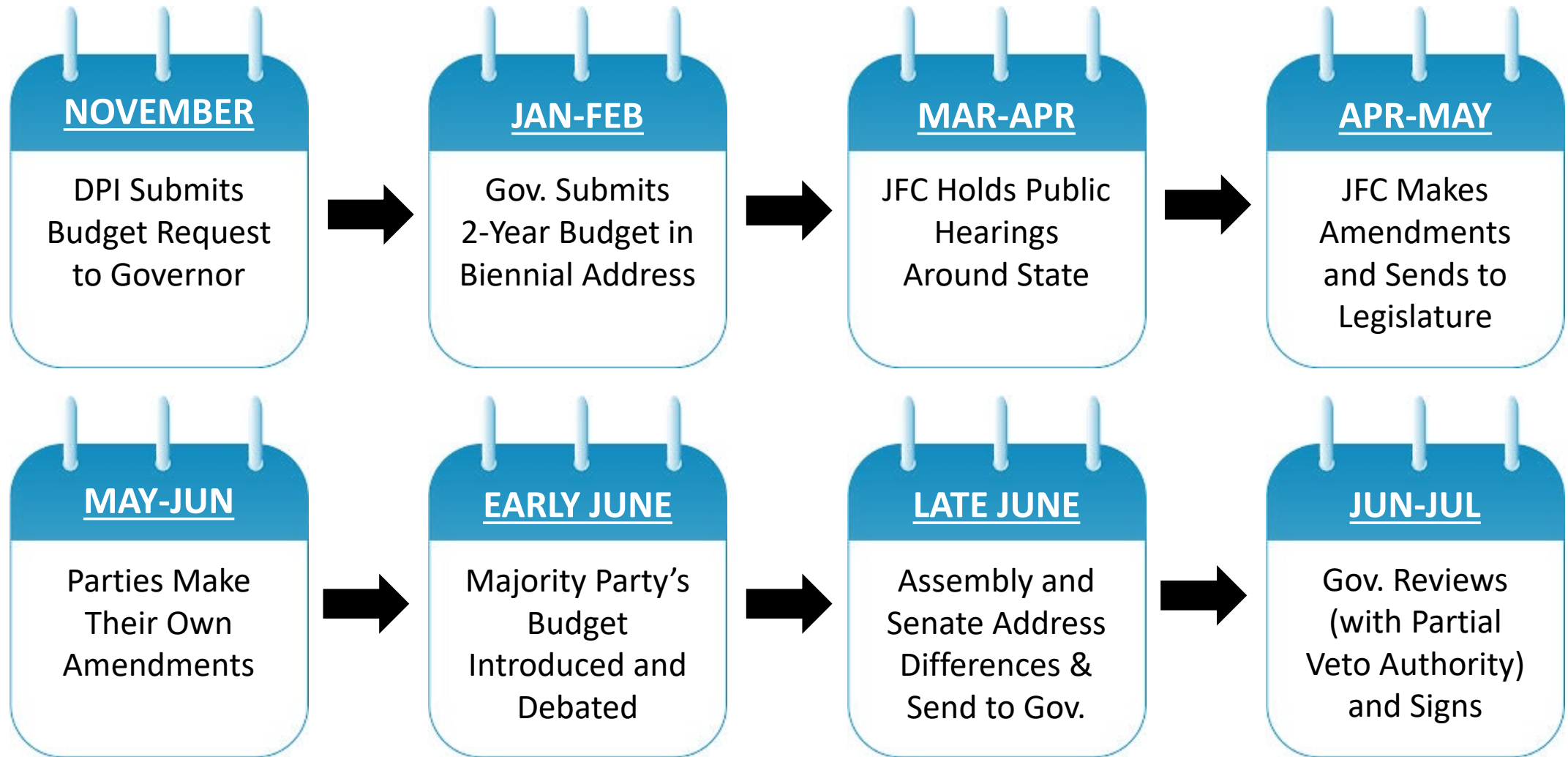


See A-9



The road ahead: 2025-27 state budget Considerations for school districts in next state budget

State Budget Timeline



Starting point
for 2025-27
state budget

State surplus:

\$4 Billion

(in addition to \$1.9 billion
rainy day fund)

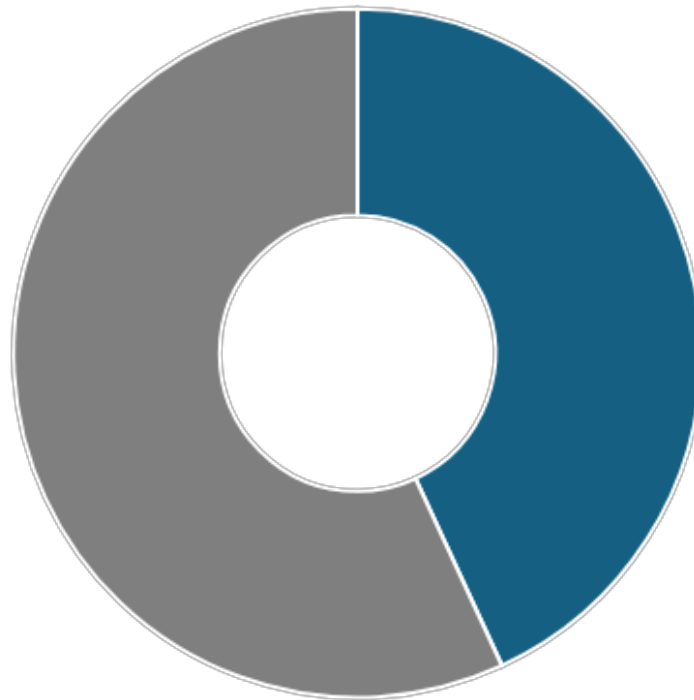
State is in good position to address many priorities at the same time...

Opportunity to support needs of both taxpayers and students in public schools – if not now, when?

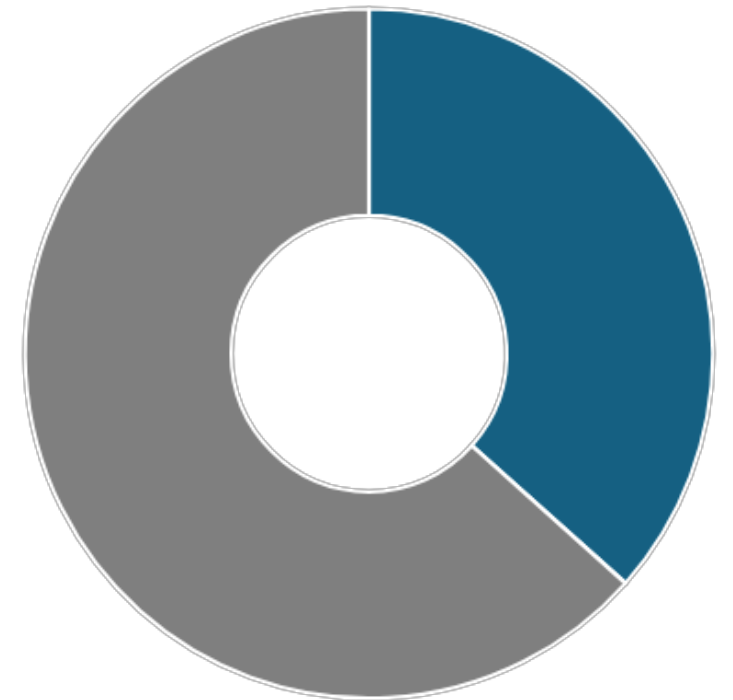
Education has fallen as a state budget priority

K-12 school aids as a share of state GPR

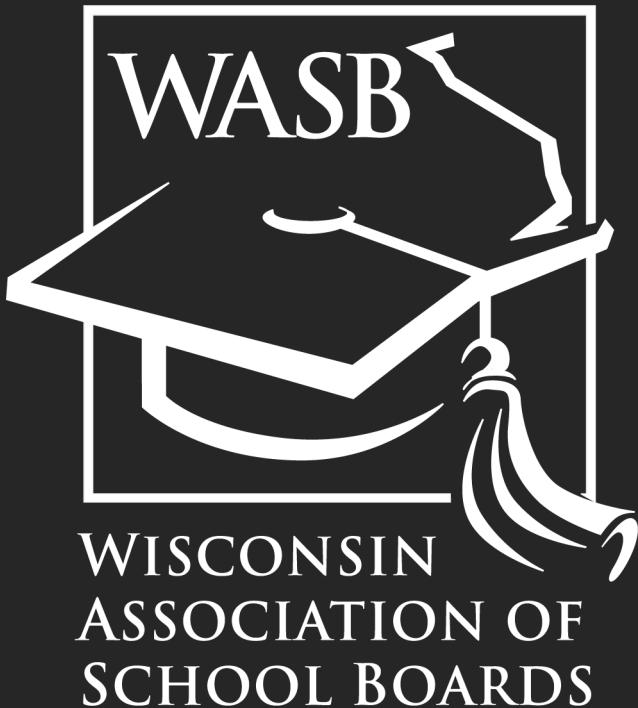
2003
43.1%



2023
36.6%



WASB State Budget Priorities



1. Support increasing ***special education categorical aid*** with a goal to eventually reimburse 90% of prior year eligible costs.
 - Change to a sum sufficient appropriation to meet target reimbursement percentages.
2. Provide school districts with, at minimum, ***inflationary increases in spendable resources and maximum flexibility*** to direct those dollars as needed at the local level.
 - This can be accomplished through a combination of increases in revenue limits/state aid and per pupil categorical aid.
 - These increases should return to the inflationary indexing mechanism used prior to 2009 to provide predictable and sustainable funding for schools.
 - We also support an increase in the low revenue ceiling to allow low spending districts to catch up with their peers.

Tell Your District's Story

How are you communicating your financial condition with your legislators and community members?

How is your district affected by increasing costs?

What would having the resources you need mean for your district's ability to provide the educational opportunities your students deserve?



References

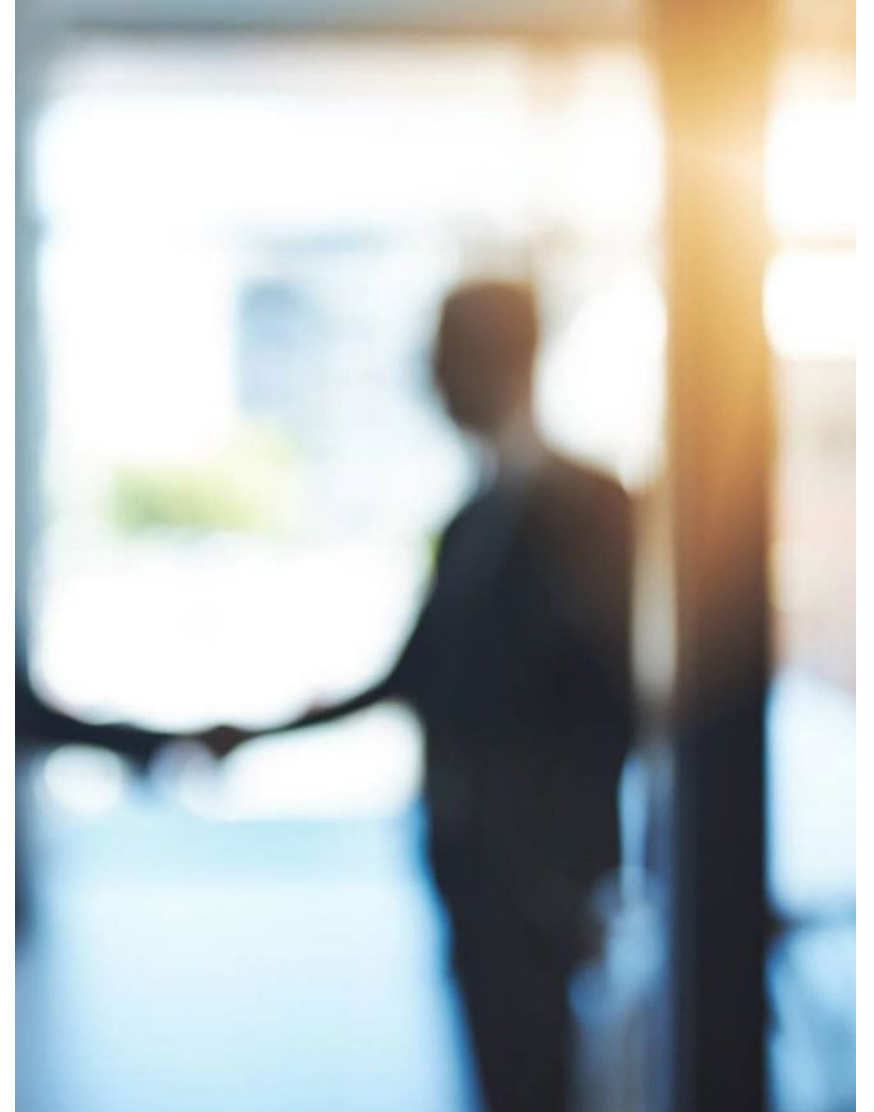
- Wisconsin Department of Public Instruction
 - Finance Team Presentations
 - Data
- Wisconsin Legislative Fiscal Bureau Informational Papers
- WASBO and WASB Presentations

Thank You!

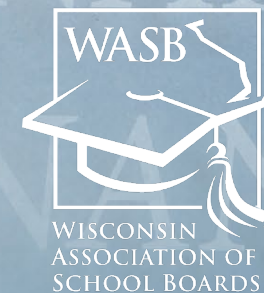
@ 2024

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This presentation is intended to provide authoritative general information, with commentary, as a service to WASB members. The materials and information provided in this presentation should not be relied upon as legal advice. If needed, legal advice regarding any topic, issue, situation or incident should be obtained from the school district's legal counsel.



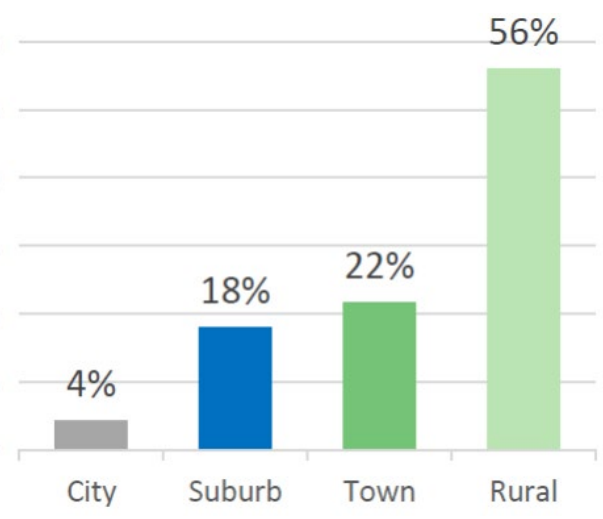
Appendix



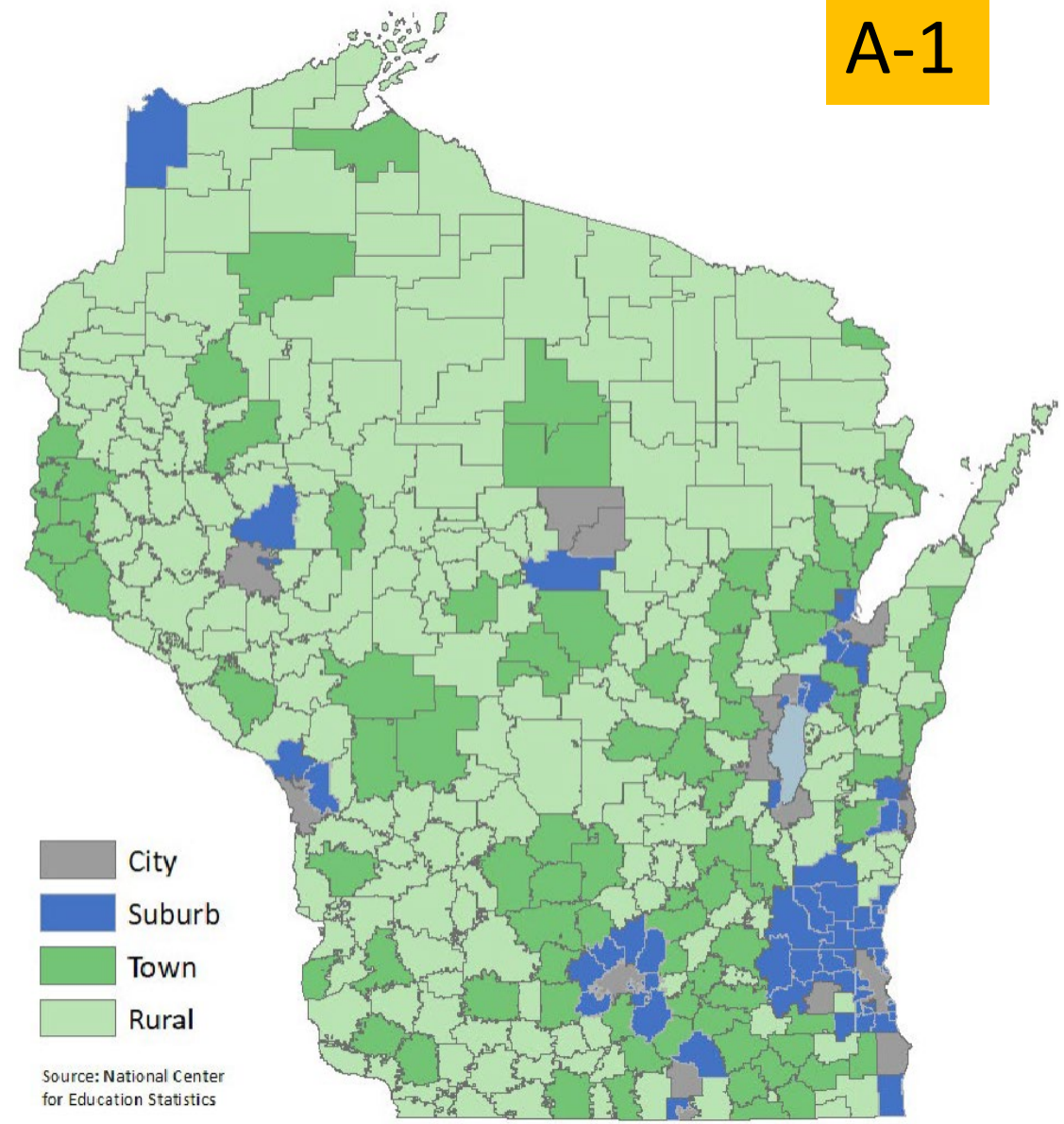
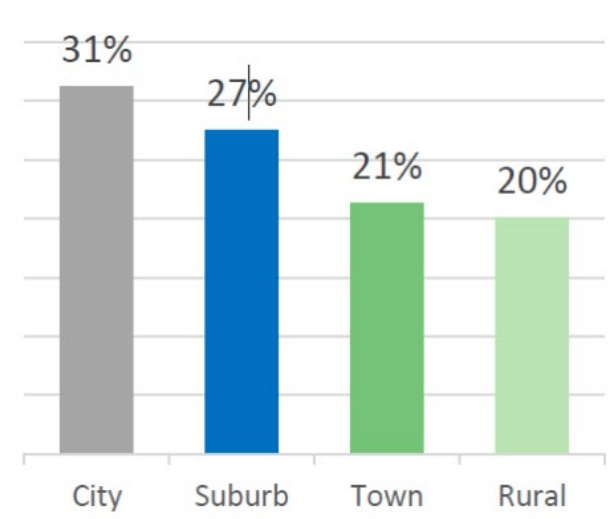
School districts by locale:

City **Suburb** Town Rural

School Districts (2022)



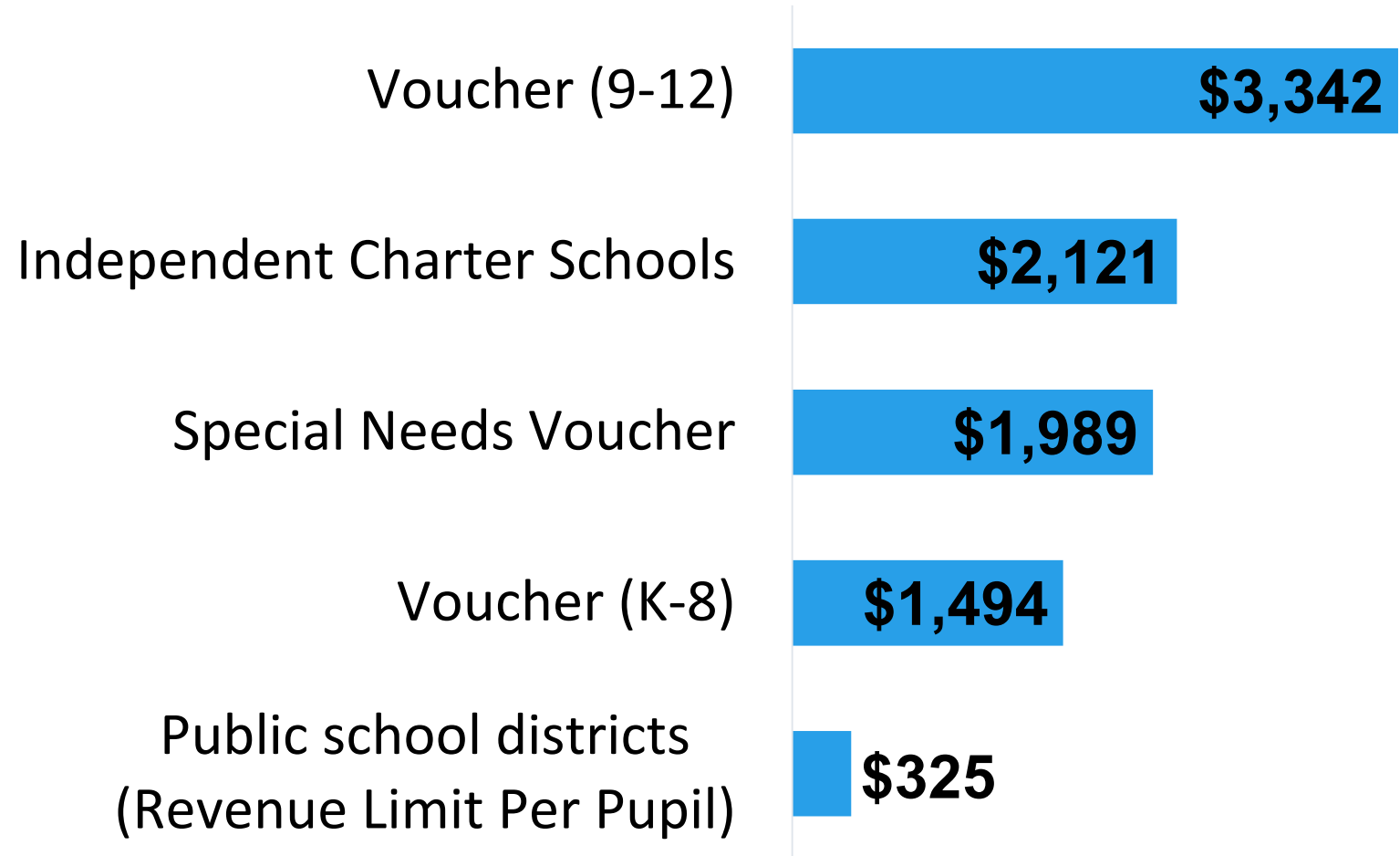
Enrollment (2022-23)



2023-24 change to per pupil payments over prior year (\$)

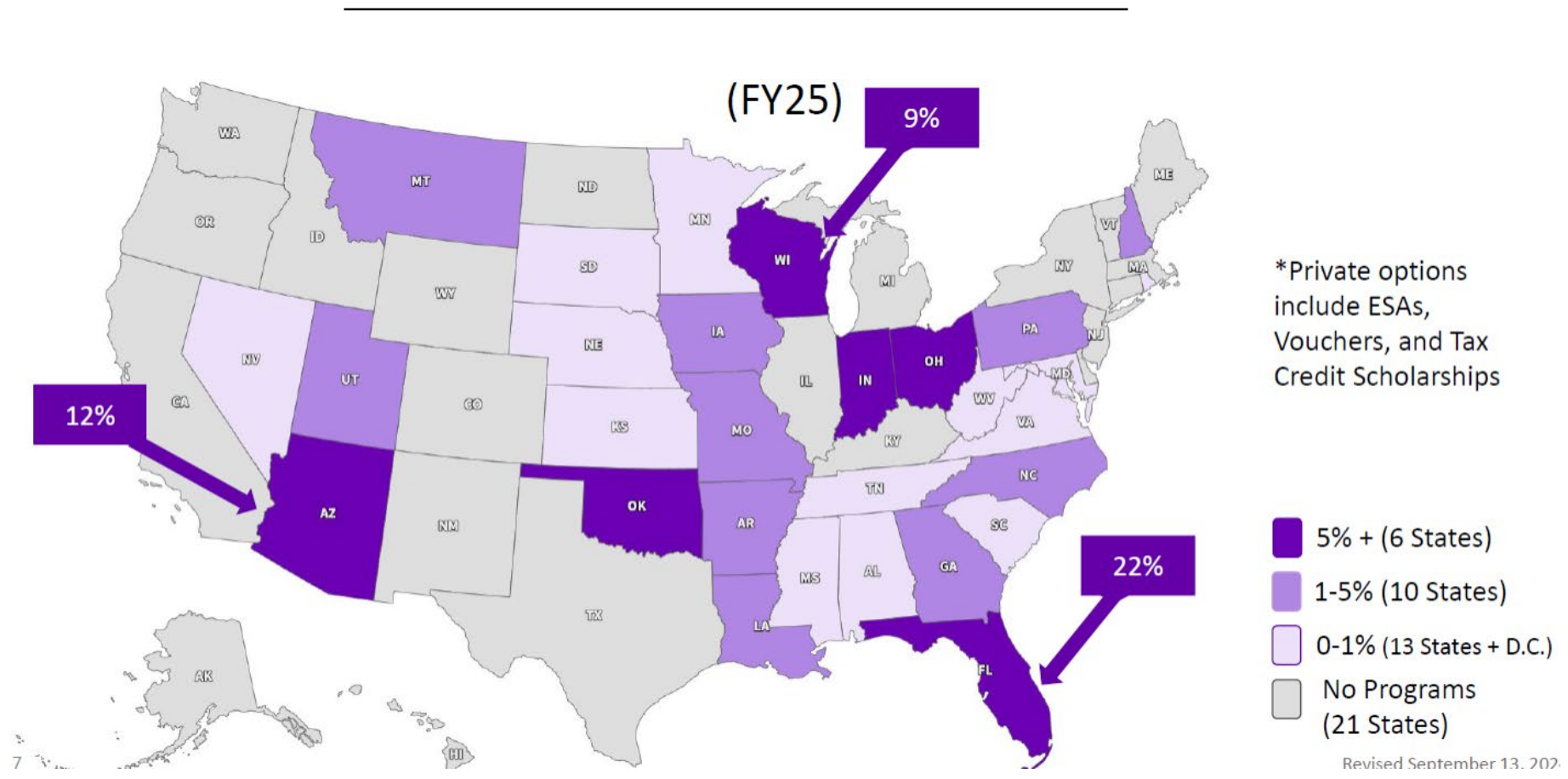
Significant increase
in voucher/charter
payments

~~Impacts by
school type~~



Portion of state education dollars in private options

Wisconsin ranks **THIRD** in the nation on share of state education dollars on private K-12 options



2026-27 – Wisconsin’s voucher program’s enrollment caps will be lifted

Public School Enrollment Projections

Average projected enrollment decrease: 7% by 2028-29

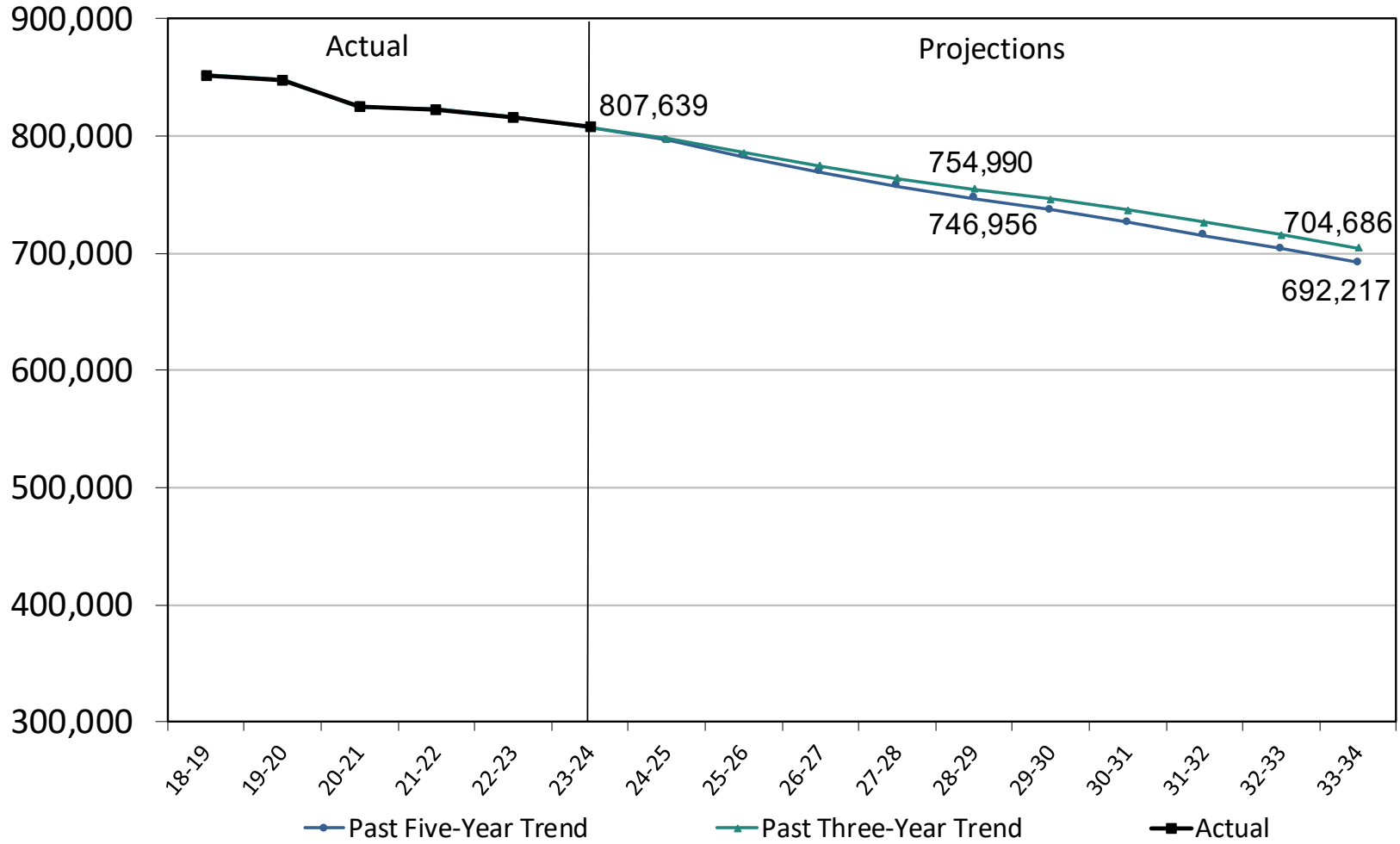
All grade groupings to decline:

K-5 by 8%

6-8 by 4%

9-12 by 7.6%

Statewide 4K-12 Students



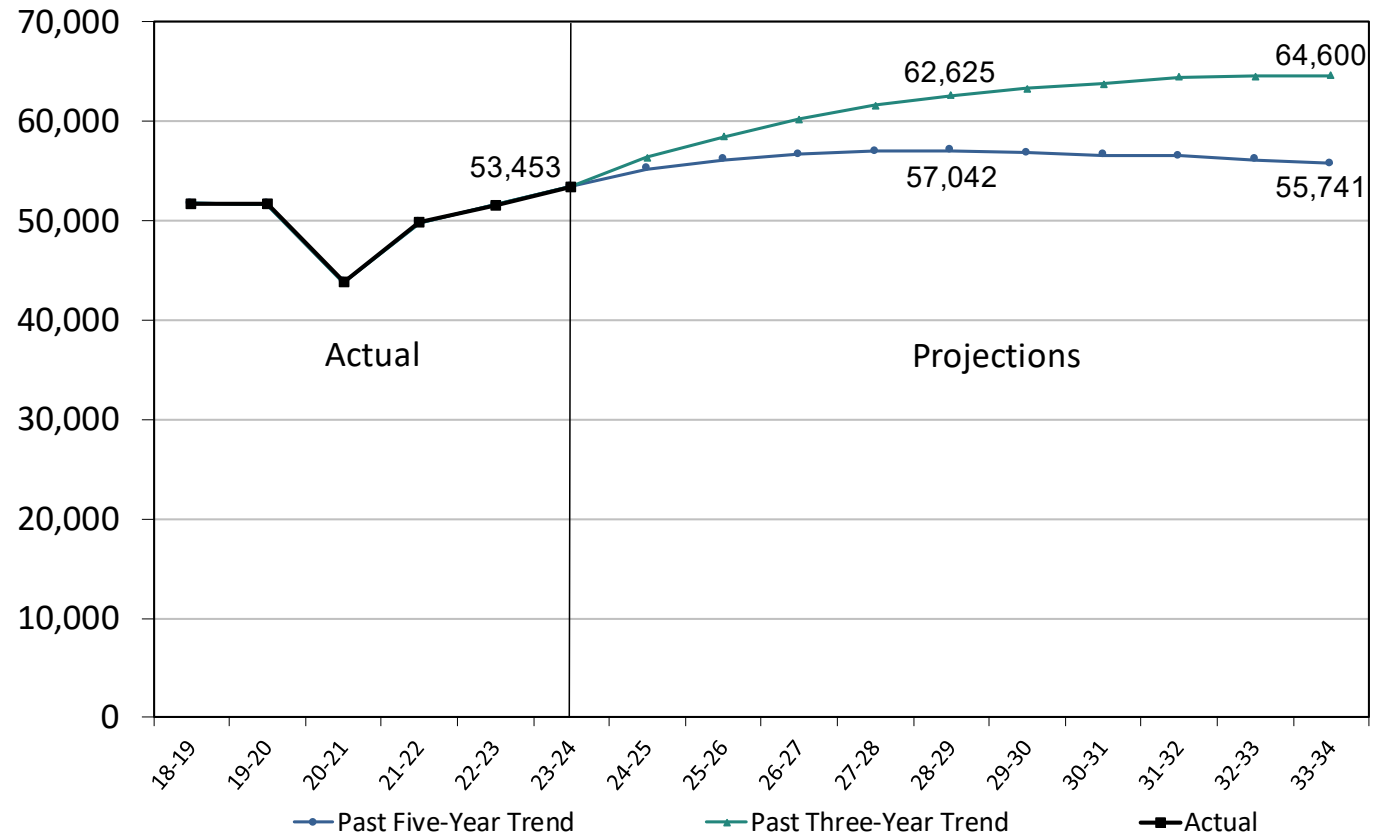
Public School Enrollment Projections: English Learners

Average projected enrollment **increase**

12% by 2028-29

+1.3% (6.6% to 7.9%)

English Language Learners



Educator Workforce

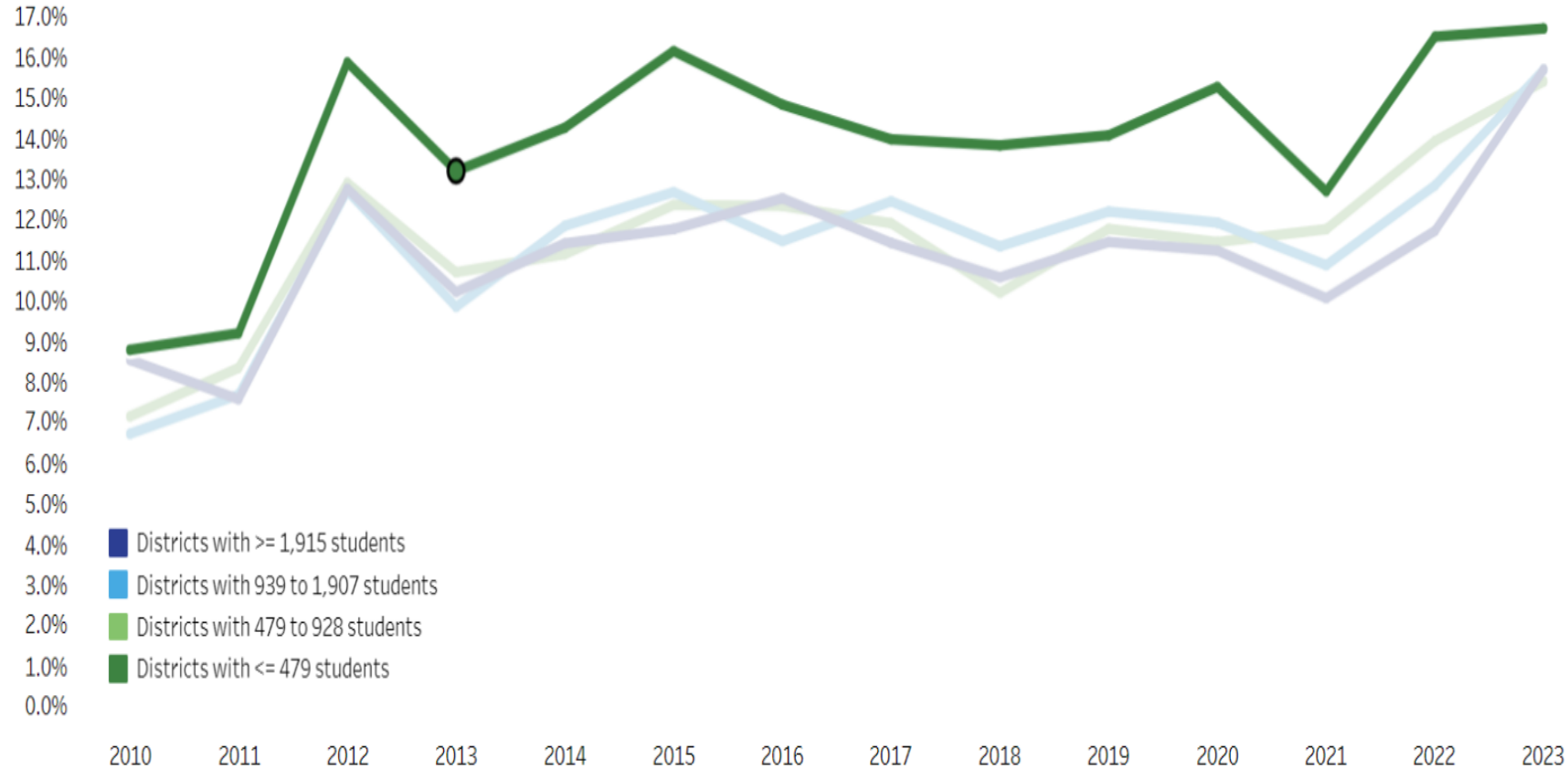
Use of **emergency teaching licenses** has tripled in past decade

Forces districts into difficult tradeoffs:

Balance budget, lose teachers, increase class size?

Fill vacancies, create deficit, cut elsewhere, raise taxes?

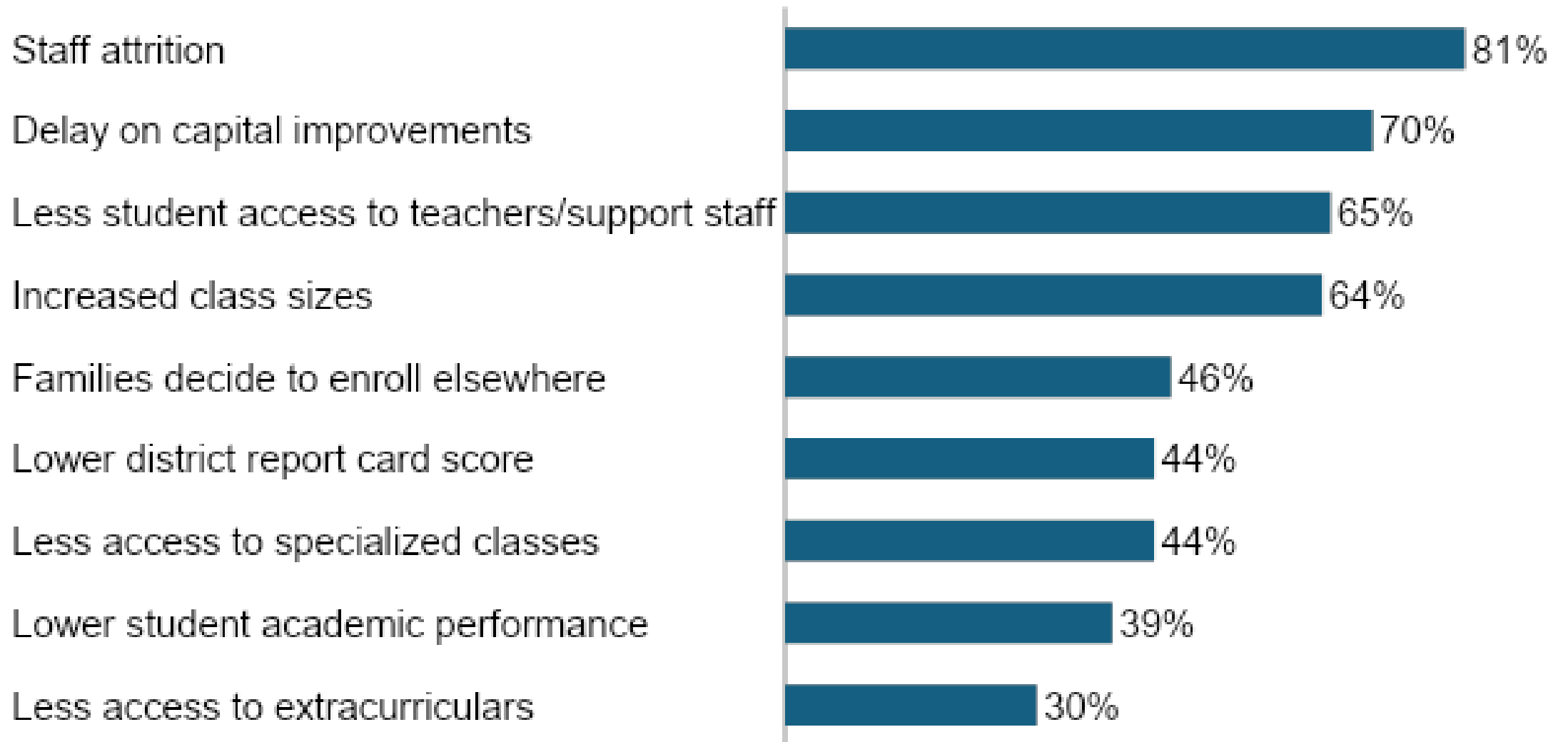
Figure 3: Districts with Fewest Students Experience Most Turnover
Statewide annual average teacher turnover rate by student enrollment



Sources: Wisconsin Department of Public Instruction, National Center for Education Statistics, and Wisconsin Policy Forum analysis. *District size bins correspond with 25th percentiles for district size, meaning the same amount of districts are in each bin.

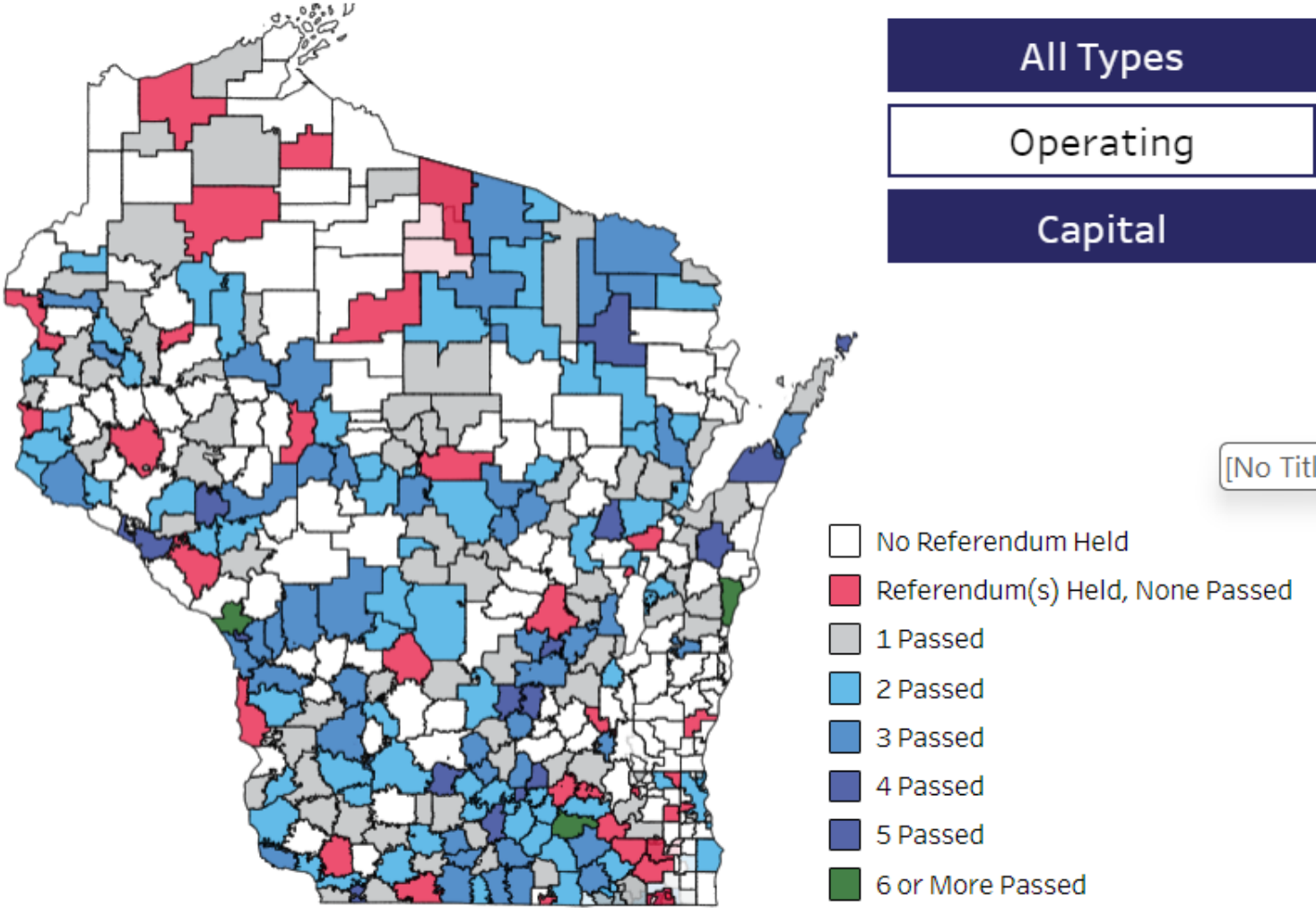
Insights from the field: WASBO survey of school districts

Percent citing likely **impacts on students** between 2023 and 2025



Number of referendums since beginning of 2014, by school district and type

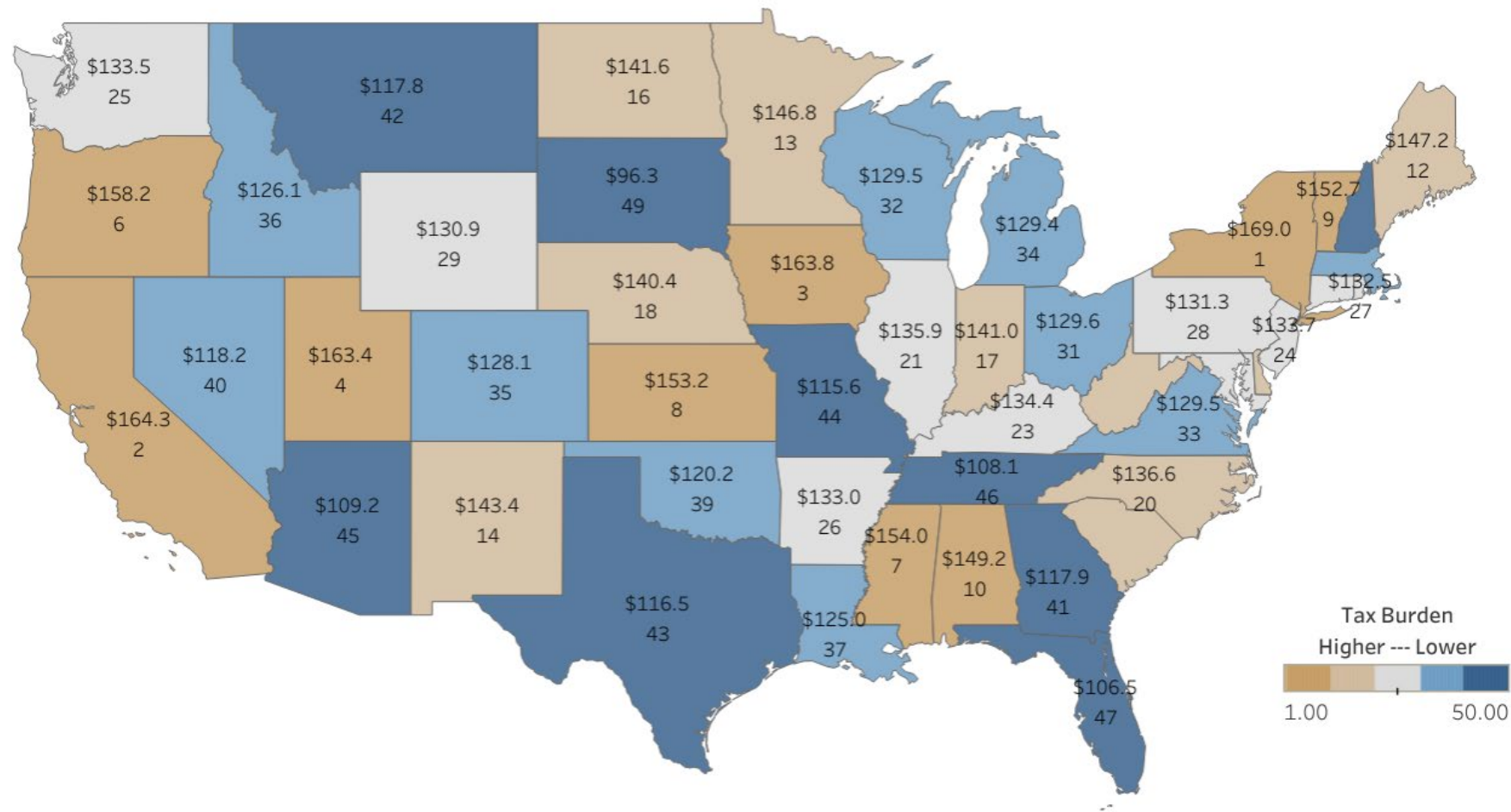
Vast majority of districts have passed at least one referendum in past decade



Source: Wisconsin Department of Public Instruction

Wisconsin's state and local tax burden is among lowest in region

State and local revenues per \$1,000 of personal income: **Taxes and fees** in 2020-21



Michigan: 129.4

Wisconsin:
\$129.5 (Rank: 32)

Illinois: \$135.9

Minnesota: \$146.8

Iowa: \$163.8