

THE WISCONSIN TAXPAYER

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Increasing Complexity, Unplanned Change The Story of School Finance in Wisconsin

Wisconsin spends more public dollars on K-12 education than any other program. However, due to its complex nature, school finance is not well understood. The complicated “three-legged stool” approach implemented in the mid-1990s was more about property tax control than school finance. Viewed as a property-tax relief plan, it was largely successful. However, recent tightening of state revenue limits has left some districts struggling to fund rising costs, such as utilities and transportation.

It is little wonder that education is often at the center of public debate in Wisconsin. State and local governments here devote a larger share of tax dollars to education than to anything else.

At the state level, K-12 schools will claim more than 34% of general taxes over the next two years, or twice as much as the next leading program (Medicaid). When preschool and college programs are added, the share going to education reaches 45%.

The K-12 claim on tax dollars is even greater at the local level. On last year’s tax bills, 46¢ of every property tax dollar went to elementary and secondary education.

All told, Wisconsin state and local governments combined to

spend nearly \$50 billion in 2012, and more than one-fifth went to K-12 schools.

Because it is our state’s leading public expenditure and because opinions on the subject run deep, K-12 education commands media attention and generates much citizen debate. Unfortunately, the give-and-take both in the political arena and in the press often produces more heat than light.

For such discussions to be constructive, they first require context—both historical and national. Then, because Wisconsin’s approach to school finance is so complex, a basic knowledge of its various policy pieces is essential. What follows offers both.

HISTORICAL CONTEXT

Wisconsin school finance has changed significantly over the past 30 to 40 years, driven by the ups and downs of the economy and accompanying volatility in state fiscal health, and by major shifts in partisan political fortunes at the ballot box. It has gone through five phases, with the system we now have a shell of the one created in the mid-1990s.

Pre-1994

In 1974, teachers in the Hortonville School district went on strike

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after failing to reach a contract agreement with the district. In reaction, state lawmakers enacted a mediation-arbitration law designed to resolve such impasses and prevent future strikes.

In subsequent years, as school boards made strategic decisions and unions won their share of arbitration hearings, annual increases in teacher compensation costs accelerated to between 7% and 9%. Since most of these increases were funded with local property taxes, school levies rose an average of 7.6% per year during 1985-93. By the early 1990s, state lawmakers faced increasing public pressure to stem the tax hikes.

1994-2003: The “Three-Legged Stool”

Prior Approaches. Before 1994, the state used three approaches to slow property tax growth. The first was to increase aids to school districts and local governments, hoping local officials would use the additional state dollars to replace local property taxes. This was the approach used in 1974 when state school aids increased 36% and school levies declined 2.0%. Levies then resumed their upward trajectory.

A second approach was to limit directly property tax levels or increases. Levy limits were imposed on municipalities and counties during the second half of the 1970s. However, the limits were unsuccessful as they were tied to changes in property values, which, in a hyper-inflationary environment, rose more than 10% in some years.

A third approach was to have the state fund tax credits on individual property tax bills. This approach did not affect levies, rather it shifted some of the burden from property taxpayers to state income and sales taxpayers.

A Three-Pronged Approach. Lawmakers used a combination of these three methods—aids, limits, and credits—to reduce school property taxes in 1997 and to slow their growth in subsequent years. The combined approach was sometimes referred to as a “three-legged stool.” But it is im-

portant to understand that these efforts were as much about property tax relief as they were about school funding.

One leg of the stool was a state commitment to provide two-thirds of school revenues. This was accomplished with large increases in state school aids and increased property tax credits tied to school levies. To limit exposure to rising school costs, the state imposed revenue limits on local districts (the second leg). Finally, to help school districts keep their costs within the state-mandated limits, the qualified economic offer (QEO) law was created (the third leg). The QEO limited increases in the compensation of educators to just under 4%.

Spurred by a strong economy, state tax collections rose an average of 6.9% per year during 1993-2000, allowing the state to fund its two-thirds commitment. However, income tax cuts during 1999-2001 followed by a recession reduced collections 8.5% over the next two years. With the state facing budget deficits and school aids accounting for more than 40% of state general fund spending, the two-thirds commitment was eliminated in the 2003-05 state budget. Wis-

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Phone: 608.241.9789 Fax: 608.241.5807

Email: wistax@wistax.org Website: www.wistax.org

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consin's three legged school finance stool was down to two legs.

Effective? The massive billion-dollar aid bump in 1997 reduced school levies 16.9%, and revenue limits slowed school levy growth in subsequent years. From the taxpayer perspective, the three-legged stool approach was successful during these years.

However, as school enrollments began to plateau, state revenue limits, which were tied to inflation and student numbers, began to "bite" local districts. In declining-enrollment districts, revenues stagnated or dropped, creating local budget challenges. Districts began resorting to referenda to gain additional levy authority to fill budget gaps.

2004-09: A Two-Legged Stool

During 2004-09, schools remained subject to revenue limits and the QEO, even though the state was no longer committed to "two-thirds" funding. Despite ongoing state budget problems, lawmakers continued attempts to "fully fund" schools. However, by 2009, state funding was slipping below 66%.

At the same time, a new problem emerged. While the QEO allowed compensation increases of 3.8% or more, district revenue limit increases were averaging less than 3% (see Table 1 on page 6). Staffing costs were crowding out other school priorities. Districts had to either reduce expenditures elsewhere in budgets or seek additional dollars via referendum. An average of 62 districts per year turned to voters for additional property taxes to fund schools.

2010-11: A One-Legged Stool

The end of the three-legged stool came in the 2009-11 state budget when the governor and legislature eliminated the QEO. Districts remained under

revenue limits, but compensation disputes were once again settled by arbitration.

That budget also made clear that property tax control was the primary focus of state revenue limits. Continued budget problems led to a \$140.3 million cut in general school aids in 2010, the first such reduction.

Under revenue limits, districts can replace lost aid with local property taxes. To limit the tax impact of the aid cut, the state reduced allowable revenue limit increases from \$275 per student in 2009 to \$200 per student in both 2010 and 2011.

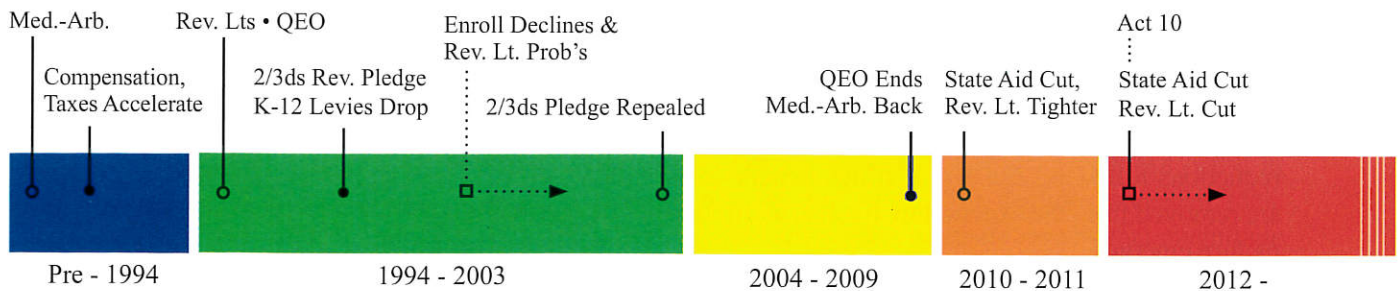
The smaller revenue limit increases provided some relief for taxpayers but also squeezed school budgets. That, plus falling enrollments, led to staff layoffs. Statewide staff numbers fell from 104,471 in 2009 to 101,553 in 2011; the number of teachers declined from 62,465 to 60,830.

2012-Present: A Patchwork Stool

As state budget problems continued into 2011-13, the governor and lawmakers again cut school aids, this time by 8.1%. Similar to prior budget action, revenue limits were adjusted to minimize property tax increases; this time they were cut 5.5%. However, to help districts manage the reduction, lawmakers removed benefits from collective bargaining and limited bargaining on salary increases to inflation (Act 10, see gray box on page 7). In subsequent budgets, revenue limit increases were minimal as the legislature's primary concern was property tax control.

A Replacement Leg? One might argue that the three-legged stool's QEO leg was replaced by Act 10. While the QEO limited compensation increases to about 3.8%, Act 10 provides districts with some flexibility in managing compensation. That said, with health costs continuing to rise faster than inflation, it is likely that

**Figure 1:
Wisconsin School Finance Timeline**



compensation costs will again consume an increasing share of school revenues, requiring cuts elsewhere.

A Cracked Leg? Act 10 may have added an ill-fitting leg to the stool, but the revenue limit leg cracked when inflationary increases no longer occur. Lawmakers have skirted revenue limits with a new form of per student categorical aid (see page 8). However, even

In 2013, Wisconsin public schools spent \$11,071 per student on operations. That placed the Badger State 21st among the states and 3.5% above the national average (\$10,700).

with the new aid, per student revenue growth trails inflation and districts are allowed no increase in 2016.

To continue the “stool” metaphor, Wisconsin’s three-legged school finance stool now has two legs. However, one is sized differently than the original (Act 10 vs. QEO) and the other is cracked, held together by duct tape (i.e., the new per student aid).

NATIONAL CONTEXT

To separate rhetorical wheat from chaff in Wisconsin’s debate over school finance in Wisconsin, it helps not only to know some recent history but also to see the state in a national context. There are several ways to gain that perspective.

Per Student

The most common way to compare K-12 expenditures is per student. In 2013, Wisconsin public schools spent \$11,071 per student on operations. That placed the Badger State 21st among the states and 3.5% above the national average (\$10,700).

Given the prior discussion of how Wisconsin school finance—state aid, revenue limits, and staff compensation (QEO and Act 10)—has evolved, an obvious question is: How do these figures compare with earlier years?

In 2011, prior to Act 10, per pupil spending here was \$11,774, 15th highest among the states and 11.5% above the U.S. average. In 2003, per pupil spending here was \$8,993, 11th highest and 12.1% above the national norm.

The 2013 figure reflects the savings from benefit reductions following Act 10. If fringe benefit costs are removed from the expenditure figures, a different picture emerges.

Excluding benefits here and elsewhere, Wisconsin spent \$6,683 per student in 2003, 1.5% above the U.S. average and 15th highest. In 2011, spending (\$8,337) was 0.5% above the U.S. and 21st highest. By 2013, per student spending (excluding benefits) was \$8,204, 1.1% below the national average and 22nd. Put simply, when benefit costs are set aside, Wisconsin school spending was near the national average in all three years—2003, 2011, and 2013.

Share of Income

A second way is to consider a state’s K-12 funding is relative to its ability to pay—here, total personal income. Personal income includes wages and salaries, employee benefits, interest income, and public benefits such as unemployment compensation.

In 2013, Wisconsin spent \$10.5 billion on public schools, or 4.0% of personal income. That figure was 21st highest among the states and slightly above the U.S. average (3.8%).

In 2011, Wisconsin spent \$11.2 billion on K-12 education, or 5.1% of income. That was the 15th-highest percentage and above the national average (4.8%). In 2003, Wisconsin devoted 5.3% of personal income to K-12 education versus 5.0% for the U.S. That was 14th highest of the 50 states.

In other words, our share of income devoted to schools declined from 5.3% to 4.0%. The 1.3 point drop is noticeable, until viewed in national context. The corresponding U.S. average has fallen 1.2 points from 5.0% to 3.8%. In both cases, the reduced commitment here and elsewhere reflects the economic challenges all states have faced since 1997, as well as budgetary pressures from rising health care costs, principally Medicaid for low-income and disabled individuals.

Share of Public Expenditures

A final way to compare state commitments to K-12 education is to consider the shares of state-local spending that go to schools. In 2012, state and local governments nationally allocated 21.9% of their resources to schools. That percentage was more than 25% in five states (Connecticut, Georgia, Nebraska, New Hampshire, and New Jersey) and less than 19% in eight. Wisconsin’s percentage (21.4%) ranked 30th.

As a share of state-local expenditures, school spending has declined over time. In 1998, K-12

spending here was 27.7% of the total. By 2004, that percentage was under 24% and it fell to 22.7% by 2011. Act 10 savings helped push it to 21.4% in 2012.

Part of the reason for the decline is stagnant student populations since the late 1990s, while other populations that rely on government support, such as Medicaid recipients, have risen dramatically. Public welfare spending, which includes Medicaid, claimed 14.7% of all state-local spending in 1998 but 21.0% in 2012.

STATEWIDE TRENDS

In addition to historical and national trends, a full understanding of Wisconsin school funding requires treading lightly into the arcane world of Wisconsin school finance and policy.

Revenue Sources

Public schools in Wisconsin are funded with a combination of revenues: local property taxes, state aid, federal funds, and other local revenues, such as student fees, ticket sales, etc. Statewide, local property taxes (43% of total revenues) and state aids (45%) combined to account for 88% of school revenues in 2014. Federal aid (8%) and other local revenues (4%) comprised the remainder (see Figure 2).

Historically, the key drivers of Wisconsin school finance have been state aid and local property taxes. However, in the past 20 years, both have taken a back seat to state-imposed revenue limits. This point bears repeating: More than state spending on school aid or local board approval of levies, the single most important factor in financing Wisconsin schools

Figure 2: Schools Funded Largely by Prop. Taxes, State Aid
School Revenues by Type, 2013-14

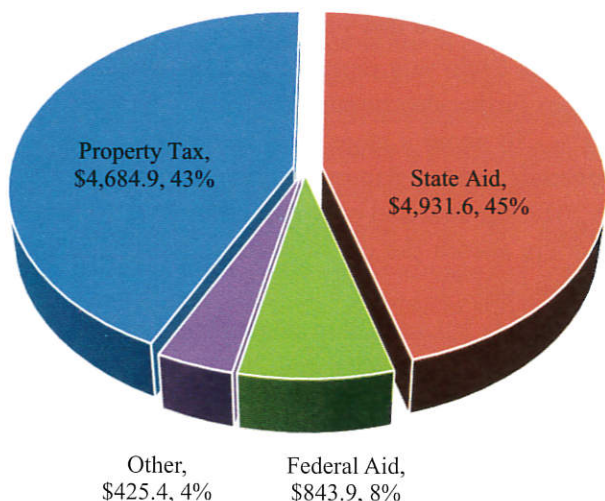
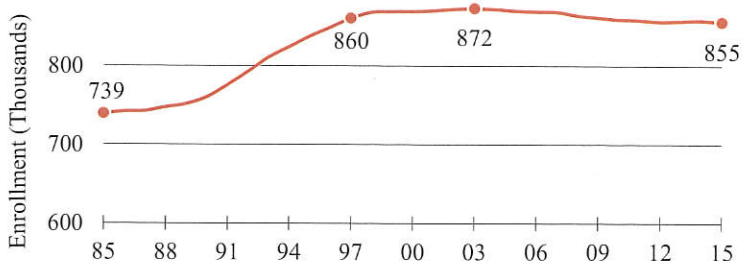


Figure 3: Statewide Enrollment Stagnates
Number of Public School Students in Thousands, 1985-2015



today is state revenue limits that have been in place for over 20 years and have become more restrictive in the past five.

Because revenue limits are based on per student calculations, enrollment trends are a good place to begin exploring the dynamics of school finance.

Enrollment

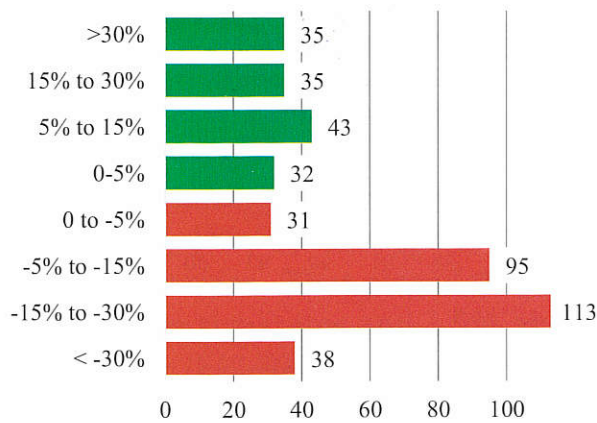
Student numbers in Wisconsin mainly reflect natural population trends. After World War II, student counts exploded as “baby boomers” were born. When children of these boomers entered school in the mid-1980s and after, schools felt the effects of the baby-boom echo. But, as the last of this cohort graduated in the early 2000s, Wisconsin enrollments began falling.

In numerical terms, after rising an average of 1.1% per year during 1985-98, public school enrollments leveled off and then began falling after 2003. Since 2003, public school enrollments are down 2% (see Figure 3).

Changes by District. The magnitude and timing of the statewide decline in the number of public school students masks larger and earlier swings in individual districts. For example, in Florence, enrollment peaked at 926 students in 1997. By 2015, it had declined nearly 50% to 476. The trend in Swallow, a K-8 district in Waukesha County, was the opposite. Between 1997 and 2011, enrollment more than doubled, from 272 to 585. They have since retreated to 531.

Indeed, most districts had fewer students in 2015 than in 1998 (the year statewide enrollments flattened). As Figure 4 (page 6) shows, enrollments fell in 277 of 422 districts (65.6%) during those years. In more than one third (151), declines exceeded 15%. By contrast, student numbers rose by that magnitude in only 70 districts.

Figure 4: Declining Enrollment Prevalent
Enrollment Change by No. of Districts, 1998-2015



Changes by Region. Although one can find declining-enrollment districts anywhere in the state, they are most common in northern and southwest Wisconsin.

In the north, the number of public K-12 students fell 7.5% during 1998-2015, with 85% of districts (112 of 132) experiencing a drop. In southwest Wisconsin, public school enrollment fell 18.6%, with 94% of districts (29 of 31) declining. In addition, in Milwaukee—the state’s largest district—enrollment declined more than 23% during 1998-2015.

Outside these three areas, total enrollment rose 10.4%. However, despite the overall increase, more than half of these other districts had fewer students in 2015 than in 1998.

Table 1: Allowable Revenue Limit Increases
Per Student Amt. & Pct. for Avg. District, 1994-2017

Yr.	Amt.	Pct.	Yr.	Amt.	Pct.
94	\$190.00	3.5%	06	\$248.48	2.9%
95	194.37	3.4	07	256.93	2.9
96	200.00	3.3	08	264.12	2.9
97	206.00	3.3	09	274.68	2.9
98	206.00	3.2	10	200.00	2.0
99	208.88	3.1	11	200.00	2.0
00	212.43	3.1	12	-5.5%	-5.5
01	220.29	3.1	13	50.00*	0.5
02	226.68	3.1	14	75.00*	0.8
03	230.08	3.0	15	75.00*	0.7
04	236.98	3.0	16	0.00*	0.0
05	241.01	2.9	17	0.00*	0.0

*In 2013-17, the state provided school districts with an additional per pupil aid payment (\$50, \$75, \$150, \$150, and \$250 respectively) outside of the revenue limit formula. When these amounts are combined with allowable revenue limit increases, percentage increases rise to 1.0%, 1.5%, 2.2%, 0%, and 1.0% respectively.

This brings us to the all-important concept of state revenue limits.

Revenue Limits

Since 1994, state law has limited the amount of money school districts can collect from state general aids and local property taxes. The limits are calculated per student and are based on a district’s combined aid and property taxes in 1993. These limited revenues account for nearly 80% of all district revenues.

As Table 1 shows, the state provided inflationary increases in a district’s per student limit, ranging from \$190 in 1994 to \$275 in 2011. While allowable increases were growing in dollar terms, they were declining as a percent of the average district’s limit. For example, the \$190 increase in 1994 was 3.4% for the average district, but the \$275 bump in 2009 was only 2.0%.

Permitted increases were scaled back to \$200 per student in 2010 and 2011 and then cut 5.5% in 2012. The reason for the tightening of the limits is related to state budget shortfalls. As state income and sales tax revenues slowed and then dipped after 2007, budget pressure on the state’s largest program, K-12 general aid, grew.

State lawmakers of both parties knew that any cut in the general school aid they enacted could result in higher school levies, since state law allows districts to replace lost aid with local property taxes. To avoid being blamed for school tax hikes, governors and legislatures paired school aid reduction with tighter and then lower revenue limits.

For example, had the revenue limits not been reduced from \$275 in 2009 to \$200 in 2010, school levies would have increased 7.5% rather than the 6.0% actually recorded that year.

This cycle was repeated in 2011-13 as state finances further deteriorated and school aids were cut 8.1%. To avoid a large local tax increase, the new governor and legislature cut revenue limits by 5.5% in 2012, the first and only reduction. Act 10 helped districts absorb the cut in revenue limits (see gray box on page 7).

During 2013-15, allowable revenue limit increases were modest. For 2016 and 2017, no increases are allowed. In a move that further complicates school finance, the state has supplemented the limits with a new aid not subject to them (see per pupil aid, page 8).

State School Aid

In the brave new world of Wisconsin school finance where enrollments often decline and revenue limits grow little, if at all, school aid should no longer be the primary concern of local officials. But it remains one of the two main pieces of the school finance puzzle, along with local levies.

School aids are of two types: general and categorical. General aids, the larger of the two (\$4.5 billion in 2015), are based largely on district property values and spending. Local districts can spend general aid on any school-related expense.

General Aid. Wisconsin's equalization formula distributes more general aid to property-poor districts and less to property-rich ones. The goal is to equalize school tax rates. That is, two districts that spend the same should have the same tax rate, regardless of property value.

Tax-base equalization is one of the most hard-to-understand aspects of Wisconsin school finance. An example using one "property-poor" and one "property-rich" district illustrates the concept.

As Table 2 shows, the Beloit School District has relatively little property value per student (\$177,425) compared to Middleton (\$866,690). As a result, it

Table 2: District Characteristics Affect Funding
Prop. Wealth, General Aid, and Revenue Mix, 2014

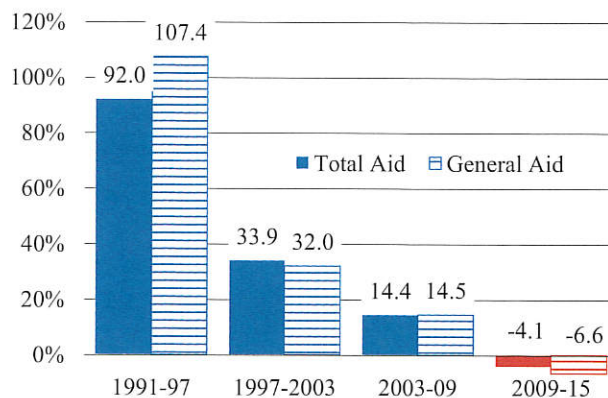
	Per Student		% Revenues From:		
	Prop. Val.	Gen'l Aid	Fed. Aid	State Aid	Prop. Taxes
State Avg.	\$536,523	\$4,976	8%	45%	43%
Beloit	177,425	8,279	11	72	15
Middleton	866,690	1,542	4	18	73

received more than five times as much general aid as Middleton (\$8,279 per student vs. \$1,542). Without equalization aid backfilling Beloit's local revenues, the district would have to impose a much higher tax rate to fund the same spending as Middleton.

This raises another important point. Not all districts have the same revenue mix shown in Figure 2 (page 5). Due largely to differences in equalization aid, Beloit relies on the state for 72% of its revenues, while Middleton counts on local property taxpayers for about the same percentage.

Changes in state general aids over the past 25 years are linked to the 1997 state funding commit-

Figure 5: State School Aid Growth Slowing
Percent Change in School Aids, Four Periods, 1993-2015



ment (see page 2) and to later state budget problems. In the lead up to the two-thirds commitment in 1997, general aids rose 107.4% over six years (see Figure 5). With the two-thirds commitment in place, general aids climbed another 32.0% to \$4.2 billion during 1997-2003 (changes in total school aid are solid bars).

However, the increased school funding commitment—along with recession, tax cuts, and rising medicaid costs—helped create state budget problems after 2001. The two-thirds commitment was repealed in the 2003-05 state budget. During 2003-09, general aids rose just 14.5%, less than half the 1997-2003 increase.

The 2007-09 recession worsened the state's fiscal condition. To help balance the 2009-11 and 2001-13 state budgets, general school aids were cut 2.9% in 2010 and 8.3% in 2012. Since then, aids have risen modestly, averaging 1.6% per year. Still, they were 6.6% lower in 2015 than in 2009. General school aid is unchanged in 2016 and will rise 2.4% in 2017.

Categorical Aid. Categorical aids are often tied to student characteristics (e.g., four-year old kindergartners or gifted and talented students). They can

Understanding Act 10

A significant change to Wisconsin school finance occurred in early 2011 when Act 10 was signed into law. The law required participants in the Wisconsin Retirement System to pay half their required annual contribution, removed benefits as a subject of collective bargaining, and limited bargaining on salary increases to inflation. Since nearly all school districts were paying the full retirement contribution, Act 10 reduced school costs significantly in 2011-12 (2012). Previous research showed total savings of \$451 million, or \$518 per student, in 2012. These savings should be considered when comparing spending in 2012 and later with prior years.

also be linked to a specific kind of program spending, such as special education or transportation. State expenditures for 25 different categorical programs totalled \$750 million in 2015.

The largest categorical aid, accounting for about half the 2015 total, is special education. Only two others—SAGE (money tied to small class sizes) and the relatively new per pupil aid—cost more than \$100 million. Ten of the 25 categorical aids require less than \$1 million.

Most categorical aids have been unchanged or reduced since 2009; special education aid has not changed since then. The few exceptions are targeted to rural districts. In 2007, lawmakers created sparsity aid for geographically large districts with few students. Payments have risen from \$3.6 million in 2009 to \$13.5 million in 2015, and will reach \$17.7 million in 2017.

A related problem in rural districts is transportation. Beginning in 2014, the state added \$5 million per year for districts whose per student transportation costs were 150% or more above the state average. This transportation aid will rise to \$7.5 million in 2017.

One of the most significant additions to Wisconsin's categorical aid programs came in the 2011-13 state budget. This new "per pupil" aid is unlike other categorical aids for it is not restricted; it can be used to fund any school program. It has grown rapidly, from \$42.5 million in 2013 to \$127 million in 2015 and to \$211.2 million in 2017.

Per pupil aid is distributed to districts based on enrollment. During 2013-15, amounts rose from \$50 per student to \$150 per student. There is no increase in 2016, but the payment rises to \$250 per student in 2017.

This new categorical is likely to continue for at least two reasons. First, unlike general aid, it is not covered by state revenue limits. While a district's general aid increase or decrease affects its tax levy, the categorical payment subsidizes additional spending without affecting local property taxes.

Second, the per capita payment benefits all districts, regardless of property wealth. For lawmakers representing low-aid, high-wealth districts, it is a way to "bring home the bacon" outside the equalization aid formula.

School Property Taxes

The final piece of the school funding puzzle is property taxes. Since 1994, revenue limits have

capped growth in school levies. As long as state aid increases were sufficient to fund revenue limit increases, school property taxes were held in check.

During the eight years prior to revenue limits, school levies rose an average of 7.6% per year (see Figure 6). However, they averaged declines of 2.9% per year during 1994-97 thanks to the "three-legged stool."

Over the next 14 years, levy growth resumed, but at an average annual rate of 4.5%, significantly less than increases before revenue limits. During these years, tax hikes varied depending on school aid increases. For example, in 2006, an election year, general aids rose 6.9%, pushing school levies down 0.5%. The reverse occurred two years later when aids rose just 0.2% and levies jumped 7.4%. Schools used additional property taxes to spend up to their revenue limits.

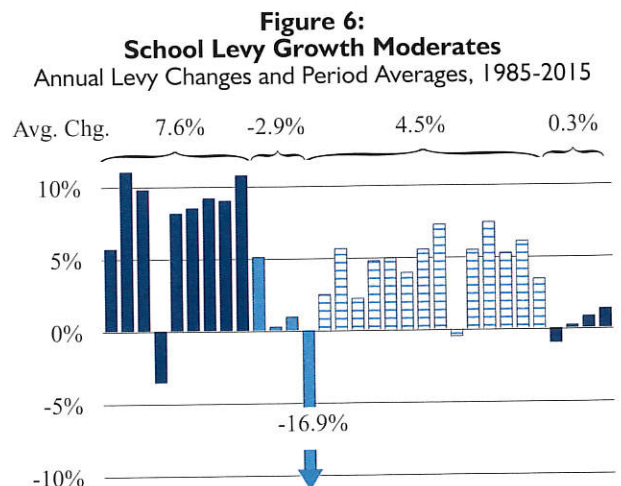
Over the past four years, legislators have tightened and even cut the limits. Annual school property tax increases have averaged just 0.3% per year.

TOTAL STATE-LOCAL REVENUES

For the past 20 years, annual changes in state-imposed limits dominated Wisconsin school finance. However, recent additions of per pupil categorical aid and new aids targeting rural districts changed that.

Per Student

During 2003-11, total state-local revenues per student rose 27.1% from \$9,042 to \$11,494. Averaging 3.0% per year, this increase exceeded inflation (2.4% per year). However, after a 4.7% decline in 2012 due to the revenue limit cut, per student revenues rose 4.7%, or an average of 1.5%, per year, in 2013-15. During these years, per student revenues lagged inflation (1.7% per year).



Total Revenues

Understanding patterns in per student revenues is helpful, but it is not the whole story. While per student amounts may rise, total revenues may stagnate or decline if enrollment is falling. Since schools have fixed costs, dropping revenues can lead to budget retrenchment.

Of 418 districts (mergers and splits are excluded), 16 had less total state-local revenue in 2011 than in 2003, despite having more money per student. In another 121, average annual revenue growth was less than 2% and under the average annual inflation rate (2.4%). Thus, in inflation-adjusted terms, 189 districts (45.2% of the total) had less revenue in 2011 than in 2003 (see Figure 5, blue bars).

Since the 2012 revenue limit cuts that reduced total revenues in all districts, 98 have experienced further drops in revenue. That number reaches 269 after accounting for inflation (red bars in Figure 5). Districts with enrollment growth or successful revenue-cap referenda fared better.

FINAL THOUGHTS

Over the past 25 years, Wisconsin school finance has undergone a variety of changes. The shift to the “three-legged stool” in 1994 gave the state more influence over district finances at the expense of local control. The main objective was to control property tax growth through revenue limits, and to that end the plan was successful.

Figure 5:
Revenues Falling in Many Districts
Avg. Ann. Chg. in State-Local Rev's by No. of Districts,
Inflation Adjusted, 2003-11 and 2012-15



The stool approach has gradually been dismantled, but state control over school levies remains. While districts were once allowed inflationary increases in their revenue limits, those no longer occur. Instead, districts must rely on uncertain growth in a new categorical aid, or a successful referendum, to grow revenue.

The current state of school finance in Wisconsin raises an important question for the public and for lawmakers: Who is in the best position to decide school funding levels—local school boards with public input, or state officials? □

DATA SOURCES:

U.S. Census Bureau; U.S. Bureau of Economic Analysis; Wisconsin Legislative Fiscal Bureau; Wisconsin Department of Public Instruction