

# **The State of School Finance in Wisconsin: 2024 Edition**

Vital signs | Current developments | Emerging issues

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2024 WASBO Spring Conference

May 16, 2024

# The State of School Finance in Wisconsin

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2024 Edition

## Education in Wisconsin

Size, scope, school finance basics: The “why” of school finance

## Vital signs

Key state-level indicators of public school fiscal health

## 2023-25 State Budget

Overview and impacts for public schools

## Insights from the field

How school districts assess their fiscal outlook

## Emerging issues

What is ahead? What will shape future K-12 priorities



## **Education in Wisconsin**

Size, scope, and outcomes: The “why” of school finance

# Education in Wisconsin

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## Size & Scope

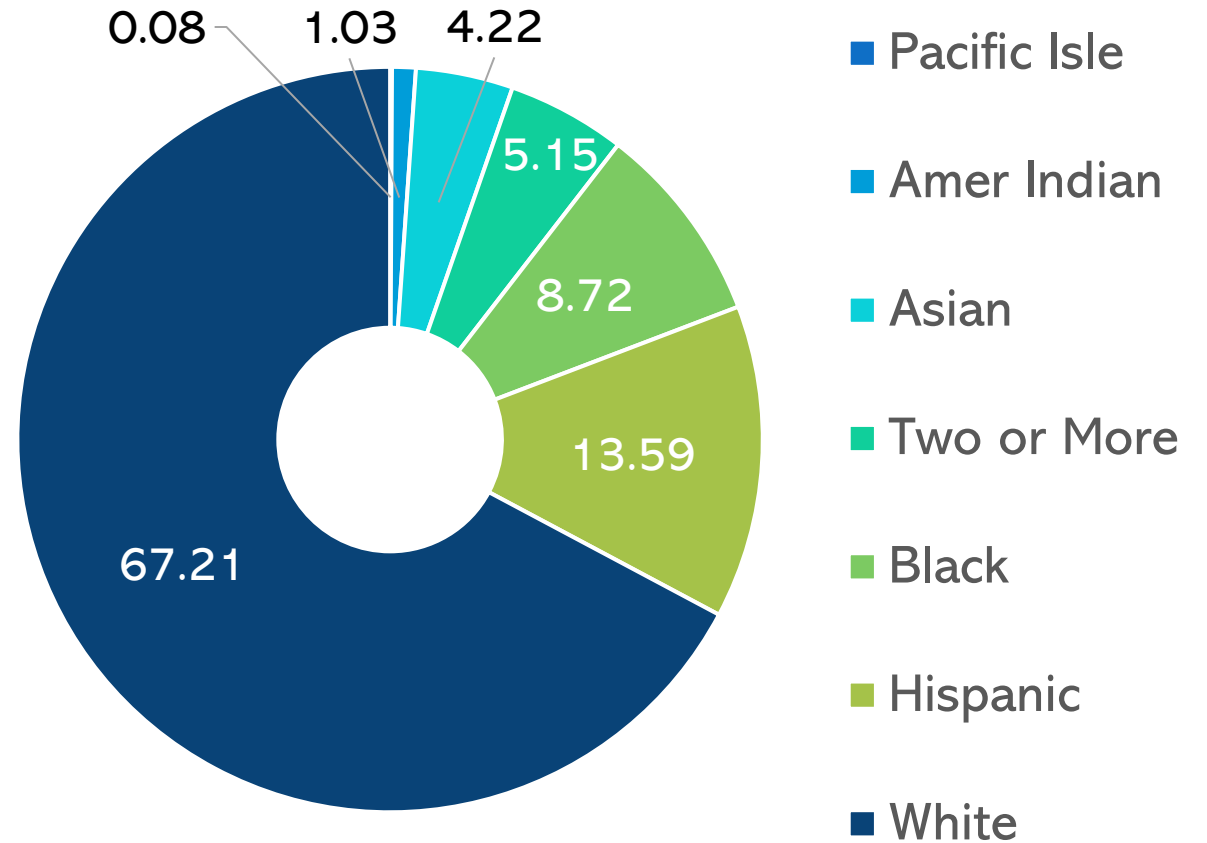
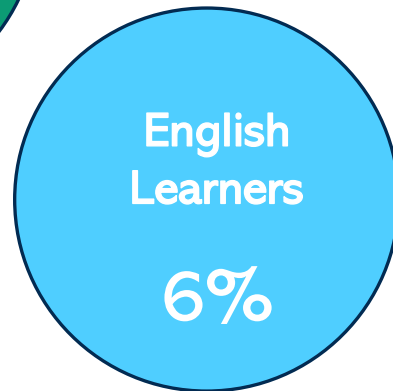
Over 800,000 students in 421 school districts and 2,300 schools across the state

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

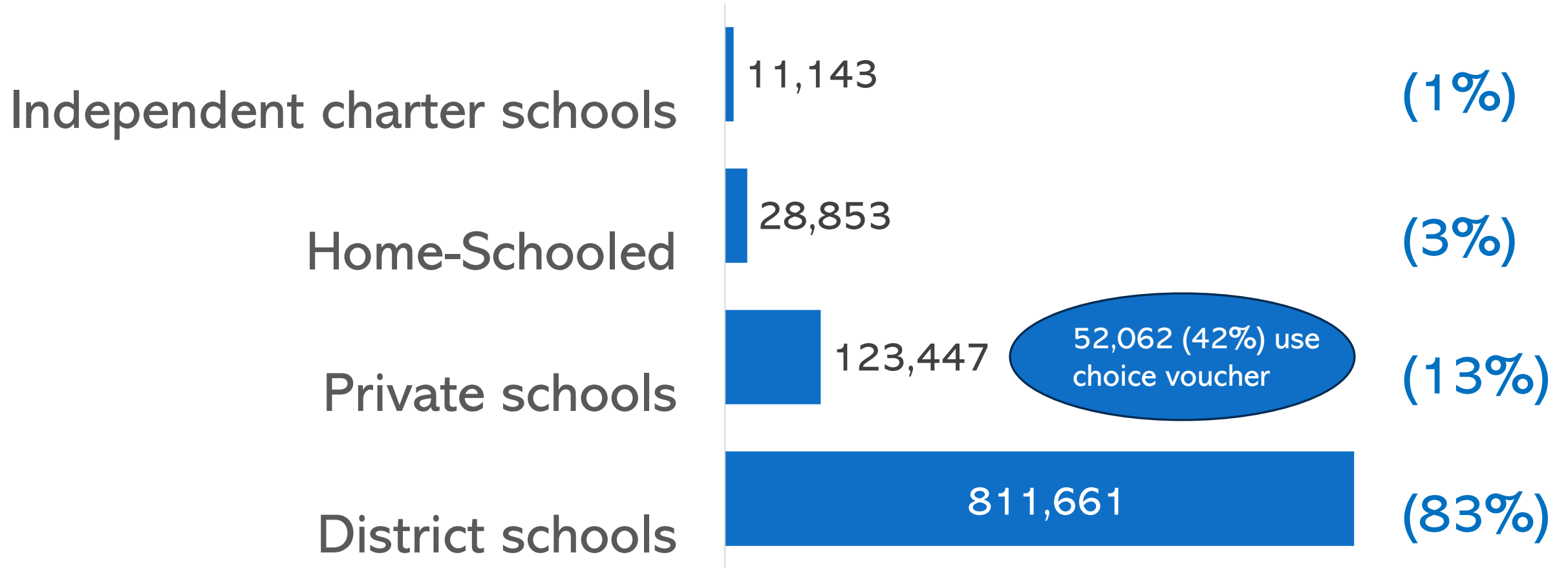
Primarily a small school district state: Median size – 920 students (average 1,928)

Over half (56% of all schools are in rural communities) but the enroll only 20% of students

# Public school student demographics (2022-23)



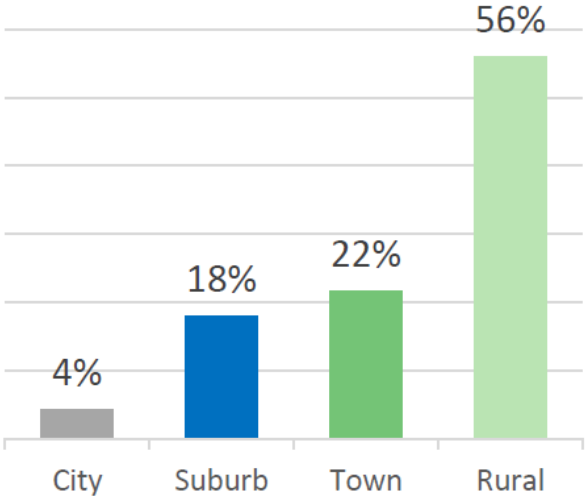
# Enrollment by school type (2022-23)



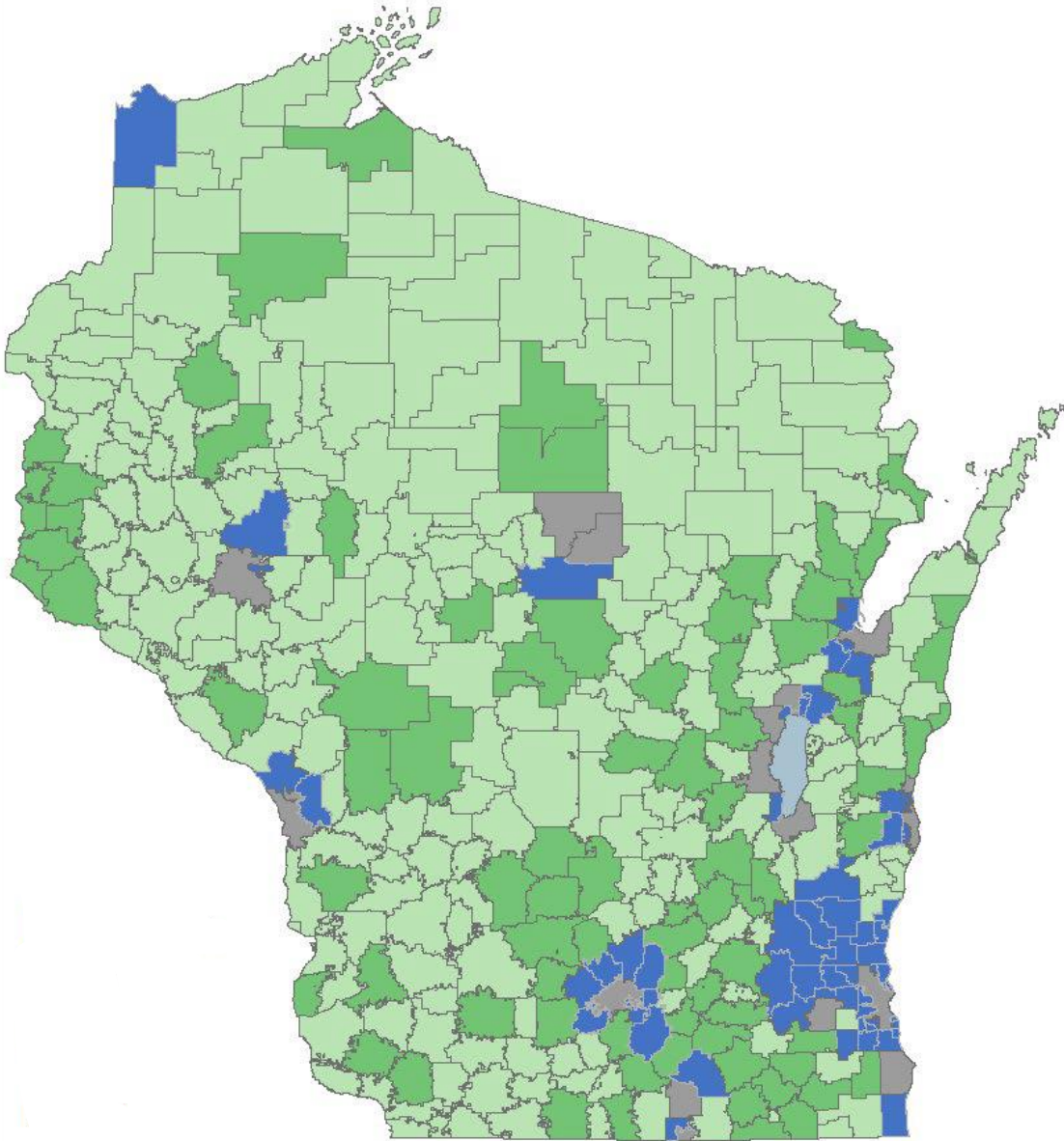
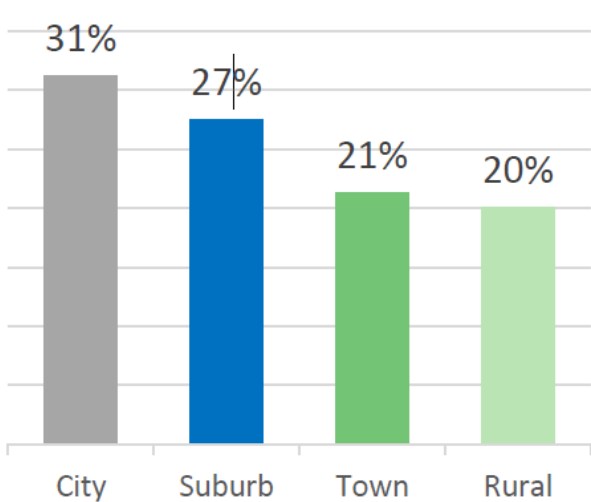
# School districts by locale:

City **Suburb** Town Rural

School Districts (2022)



Enrollment (2022-23)





# How are our kids doing?

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90% graduation rate

Wisconsin students score among highest in nation on NAEP math and reading proficiency

Largest black-white achievement gaps in nation in math and reading

**Attendance** in Wisconsin schools has been dropping since pandemic: 22.7% of students missed more than 10% of school days in 2021-22



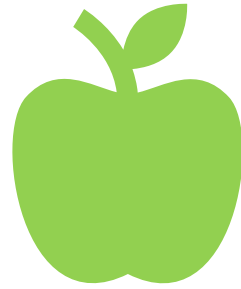




## **Vital signs**

Key state-level indicators of public school fiscal health

# Evaluating indicators of fiscal health of Wisconsin public schools



Healthy/positive  
status or direction

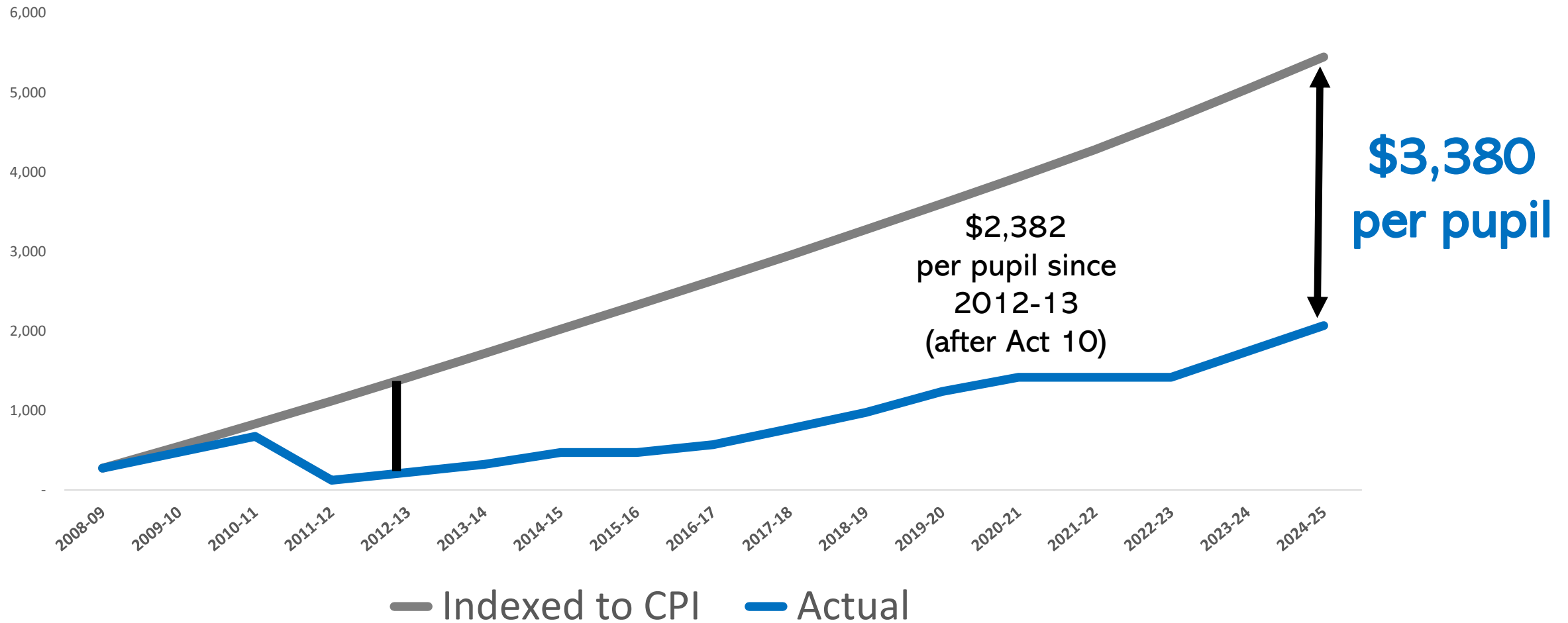


Stressor/warning



Neutral or  
unknown impact

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





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

**11<sup>th</sup>** in 2002  
**11% above** national average



**25<sup>th</sup>** in 2022 **7.2% below**  
national average

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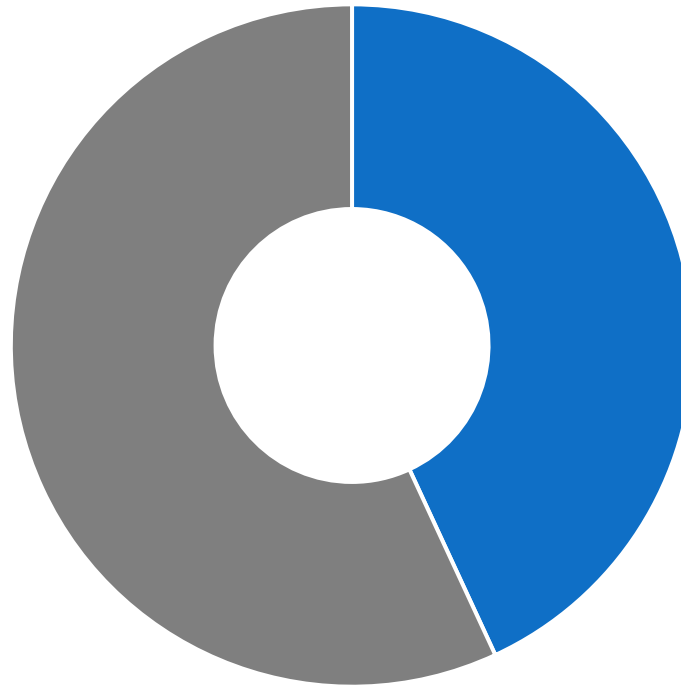
Wisconsin provides **disproportionately less funding to rural districts: 11<sup>th</sup> lowest** in the nation on state revenue to schools per local dollar (\$.82 versus \$1.18 nationally)



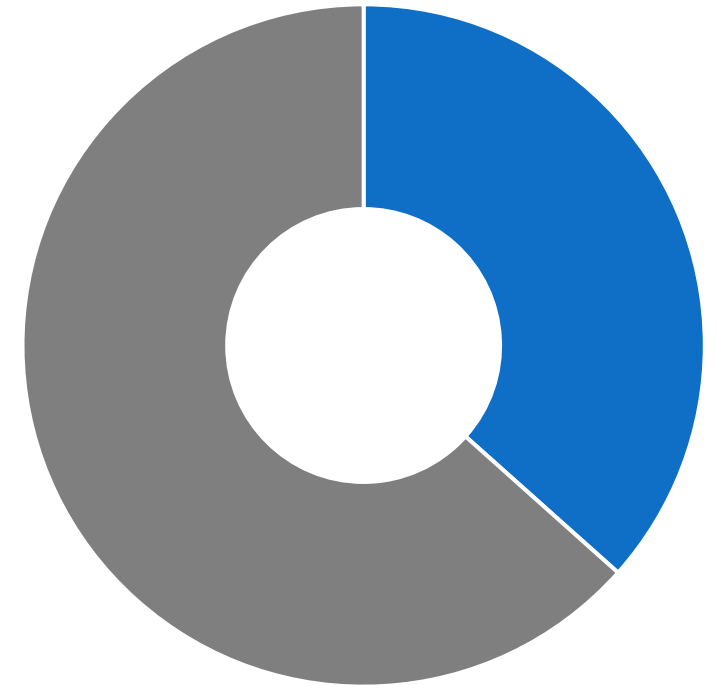
# K-12 school aids as a share of state GPR

**Education has fallen as a state budget priority**

2003  
43.1%

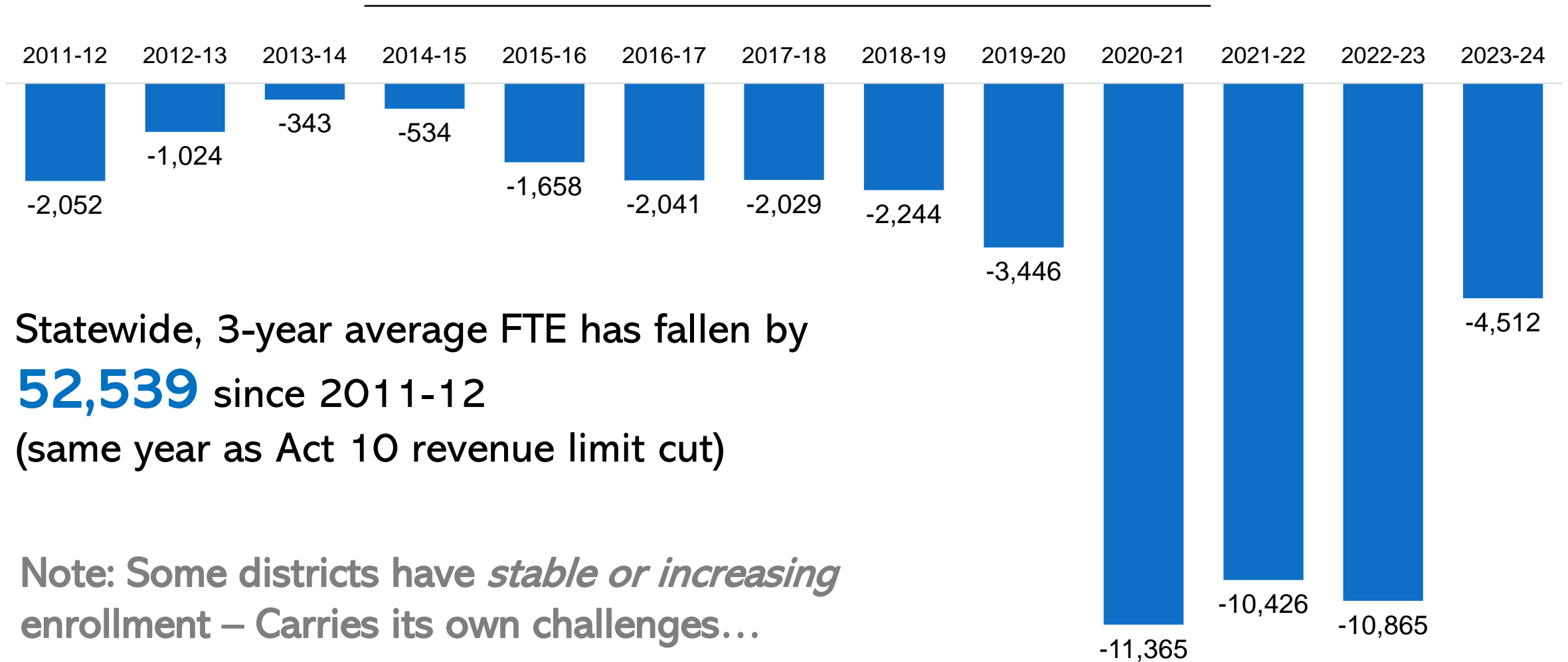


2023  
36.6%



# Declining enrollment (2012-12 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)

Note: Some districts have *stable or increasing* enrollment – Carries its own challenges...



# Voucher program expansion:

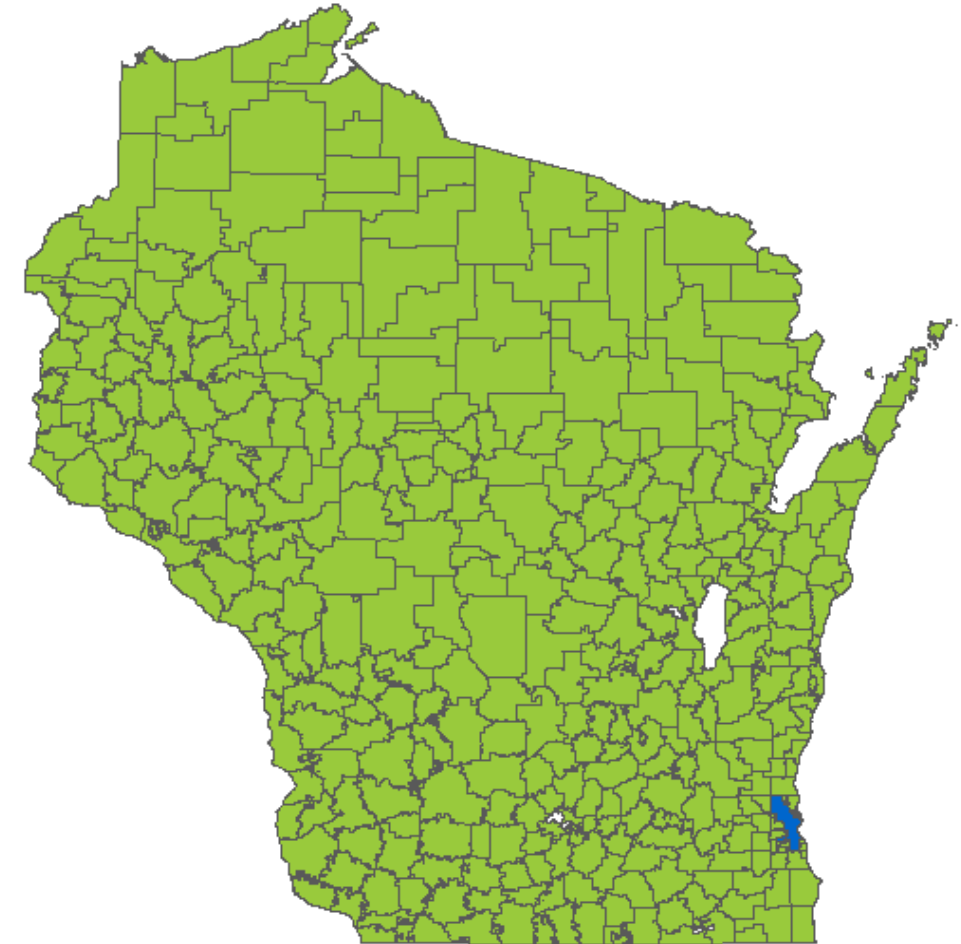
## 2009-10 to 2022-23

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

### Income limits (new students only)

- Milwaukee/Racine: 300% of federal poverty level  
\$83,250 for family of 4
- Wisconsin (statewide): 220% federal poverty level  
\$61,050 for family of 4

Choice Students by District  
School Year 2009-10



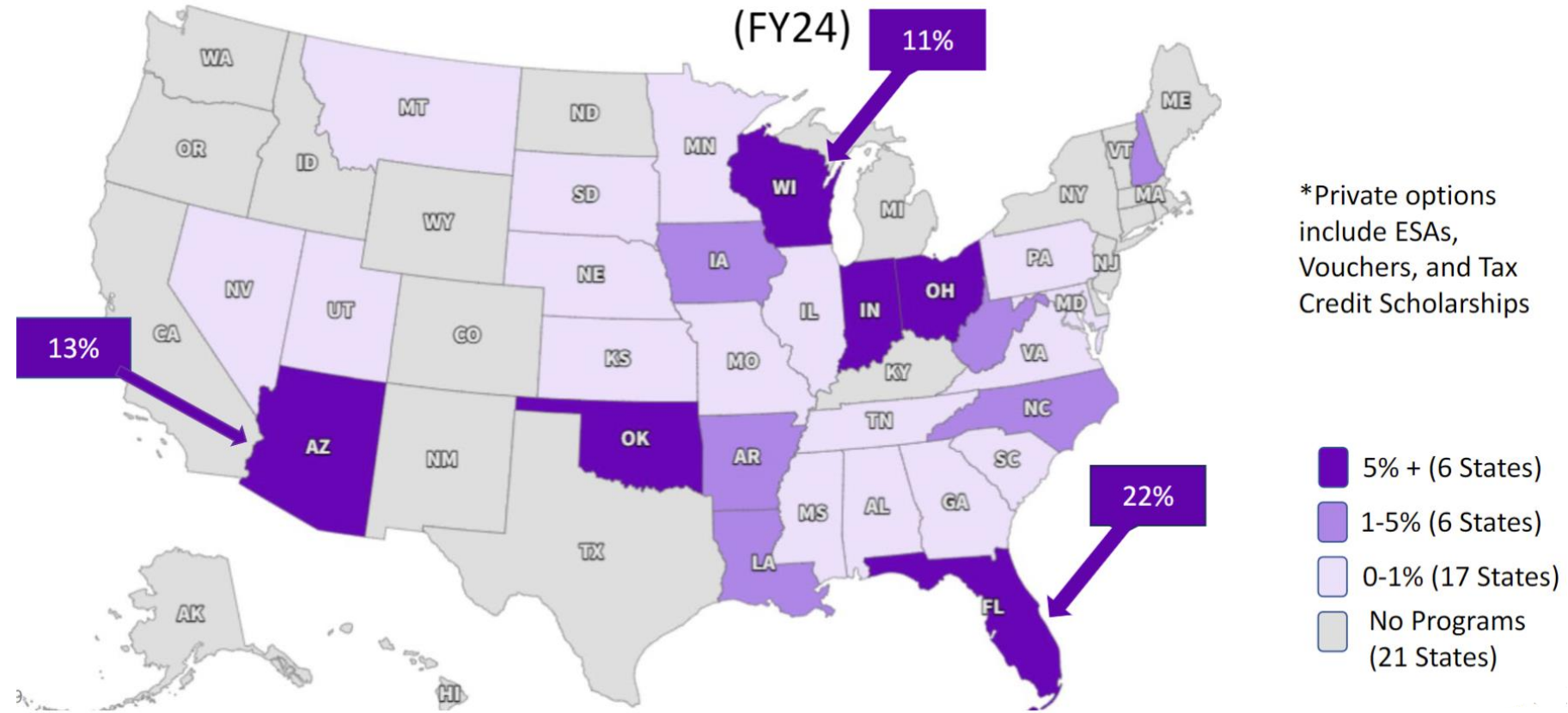
■ No Choice Students ■ Choice Students





# Portion of state education dollars in private options

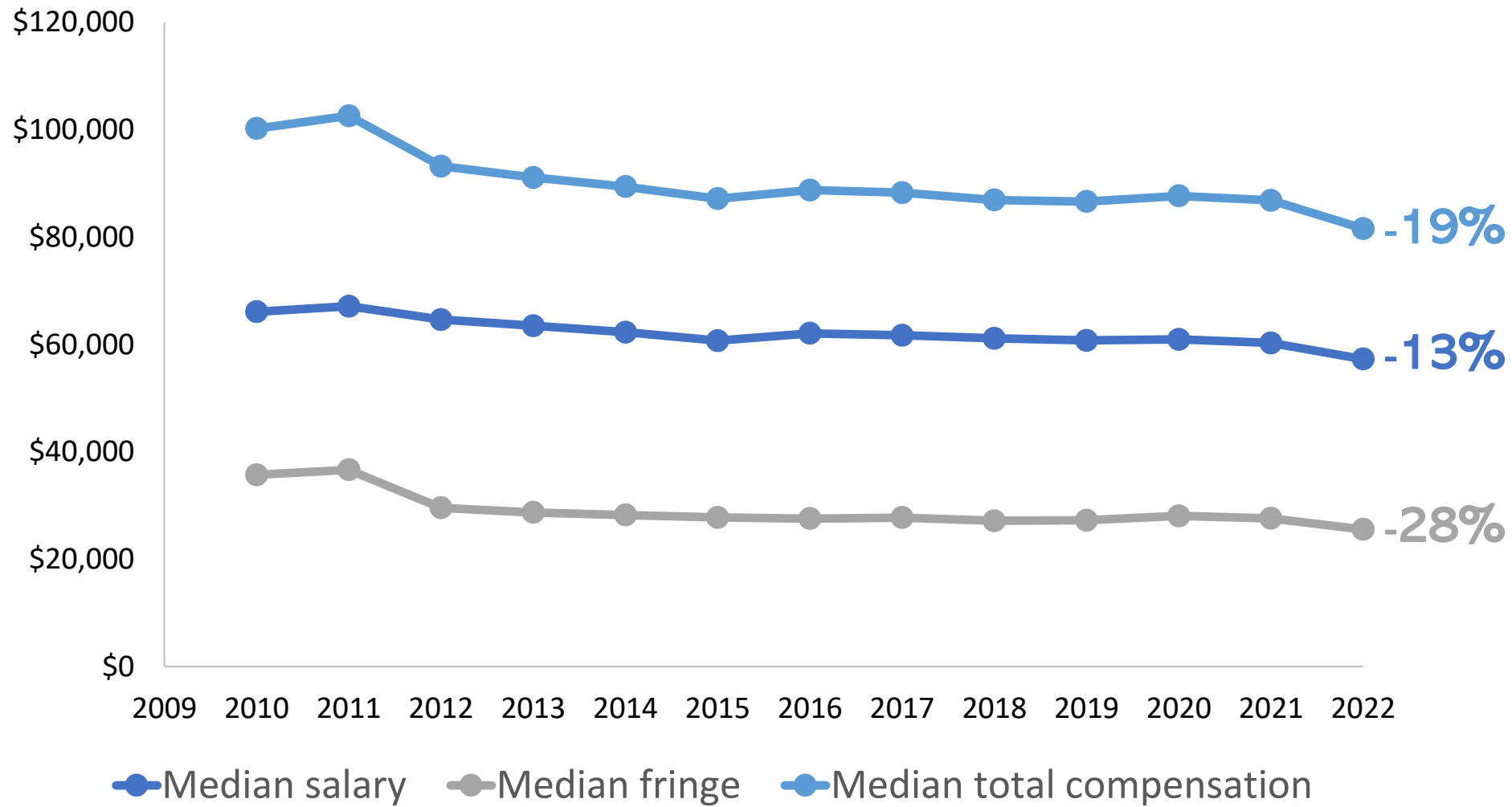
Wisconsin ranks **THIRD** in the nation on share of state education dollars on private K-12 options



# Educator Workforce

Median teacher compensation has fallen by 19% since 2010

## Wisconsin teacher compensation trends (2022 dollars)

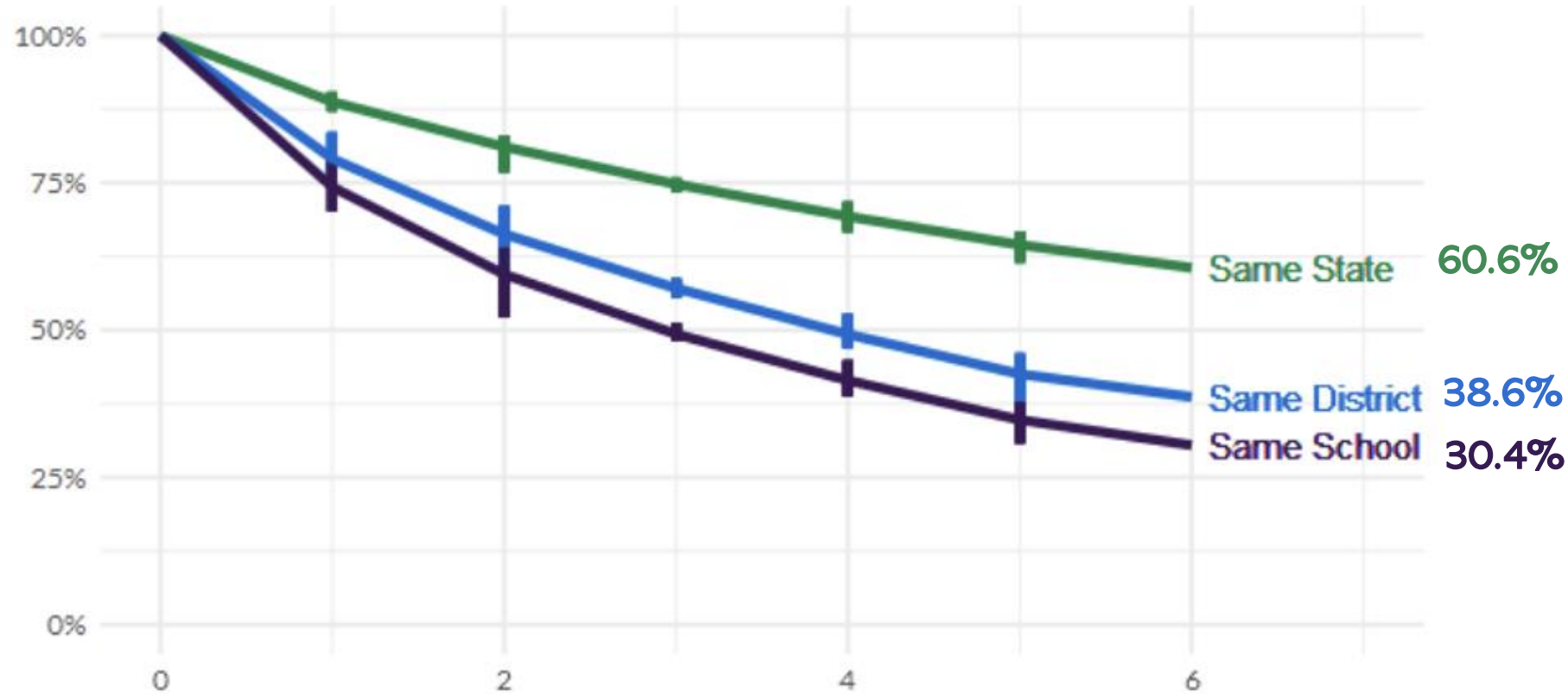


# Educator Workforce: Retention challenges

Wisconsin loses teachers at two main points:

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

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



# Educator Workforce

Use of emergency teaching licenses has tripled in past decade

**Forces districts into difficult tradeoffs:**

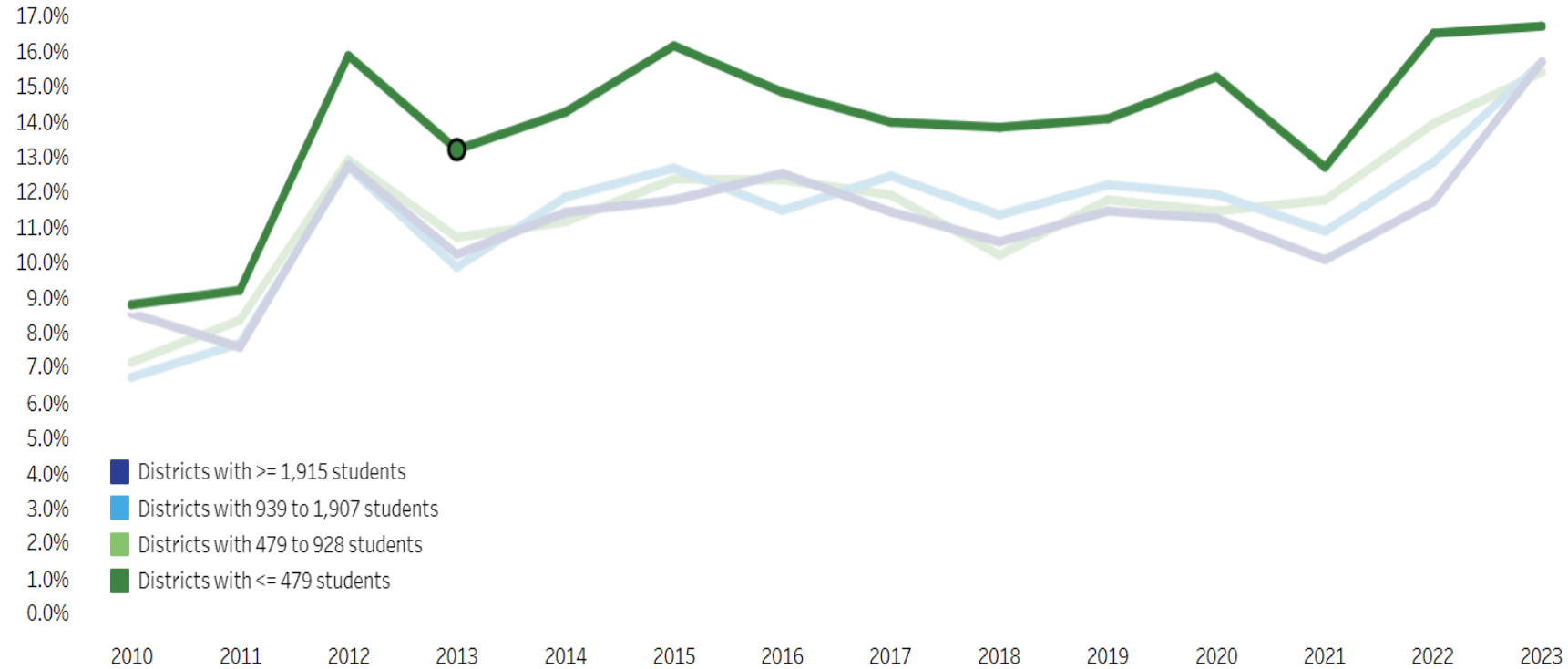
**Balance budget, lose teachers, increase class size?**

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

Teacher turnover has been a challenge since Act 10, esp. teachers of color, smaller districts, high poverty districts



### Statewide average rate of teachers turning over from their districts



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.

# ESSER: Fiscal Cliff

## ESSER funds expire this September (2024)



Because of **ZERO increase to revenue limit 2021-2023**, some ongoing costs (like special education) have been covered, in part, by ESSER dollars

- creates future budget holes
- school districts missed two years of base building revenue

From December 2023 WASBO survey of school districts:  
**62% of respondents said end of ESSER will cause structural deficit for 2024-25**

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





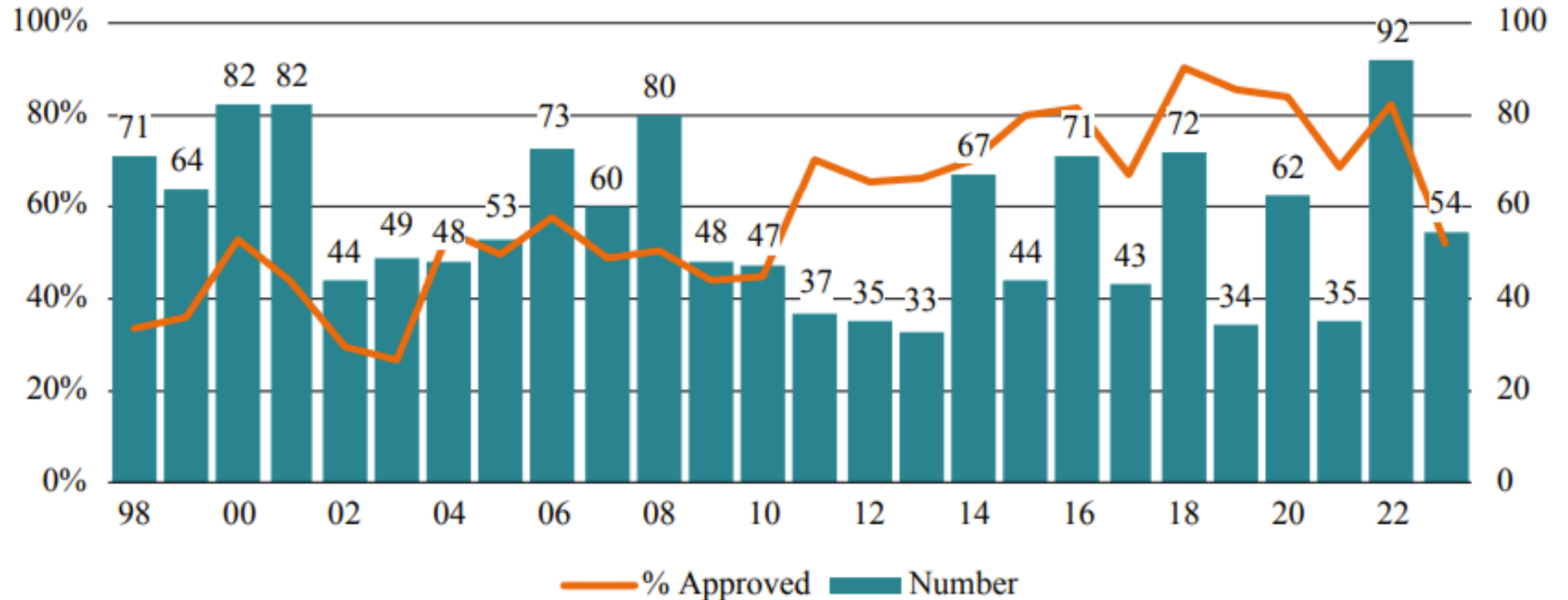
# How are districts coping?

After exhausting Act 10 tools, cutting costs, deficit spending, tapping reserves, closing schools, using ESSER...

Increased use of operating referendums

2022 had highest number of operating referendums since at least 1998

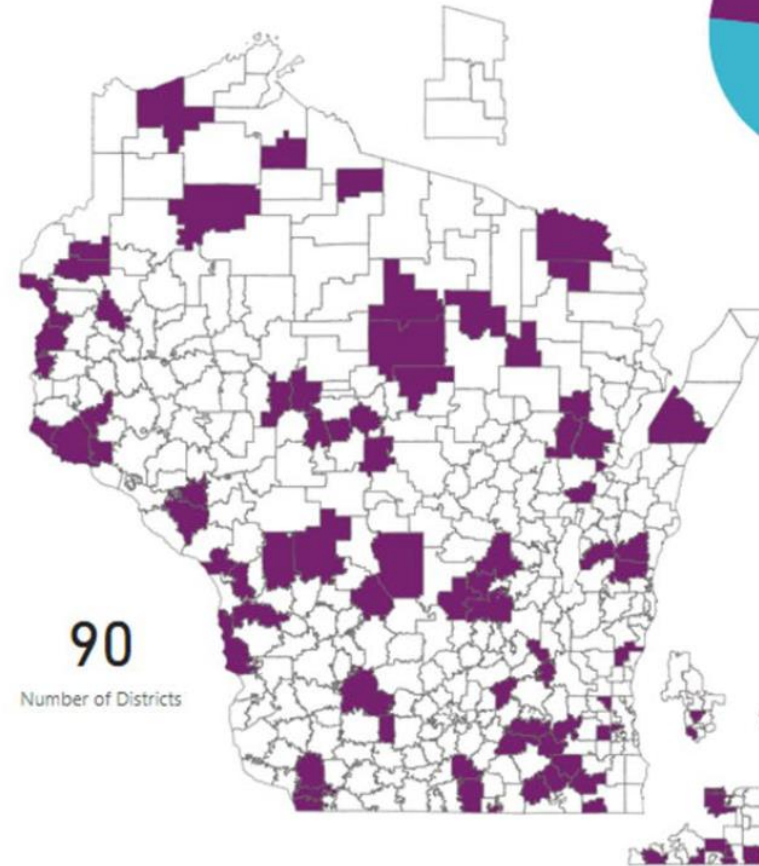
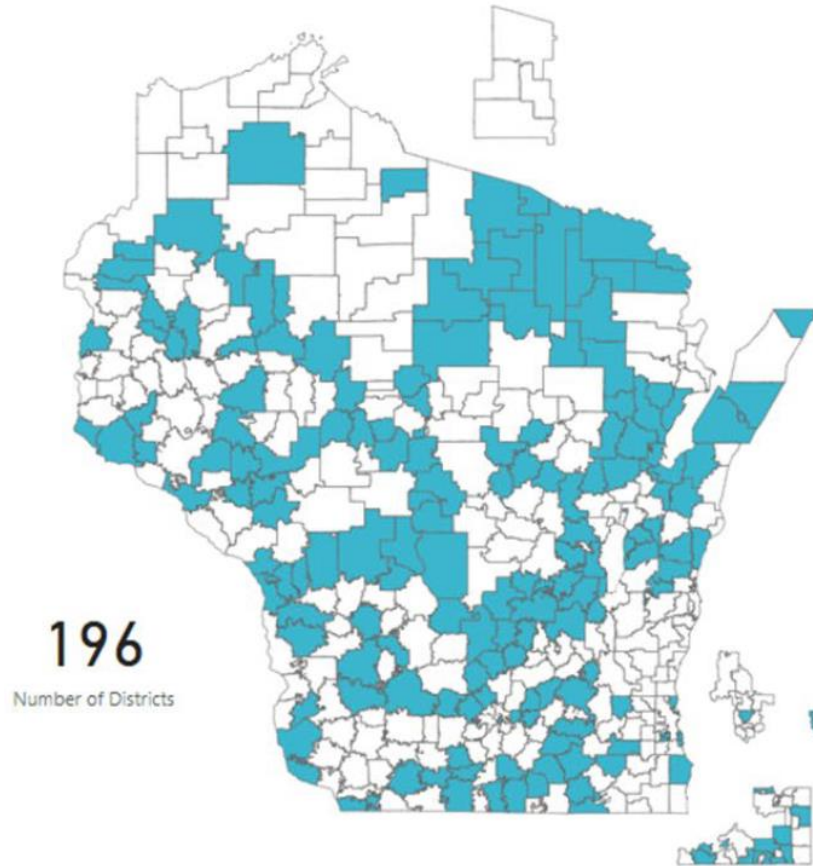
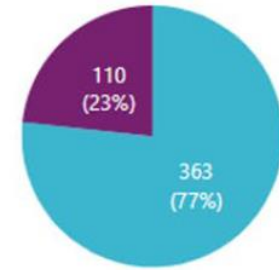
## Operating referendums: Number and approval rates (1998-2023)



# Non-recurring operating referendums: Past ten years



Questions Asked

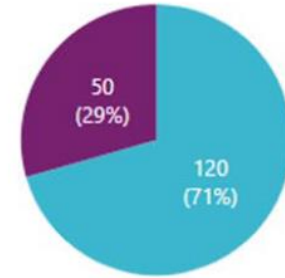
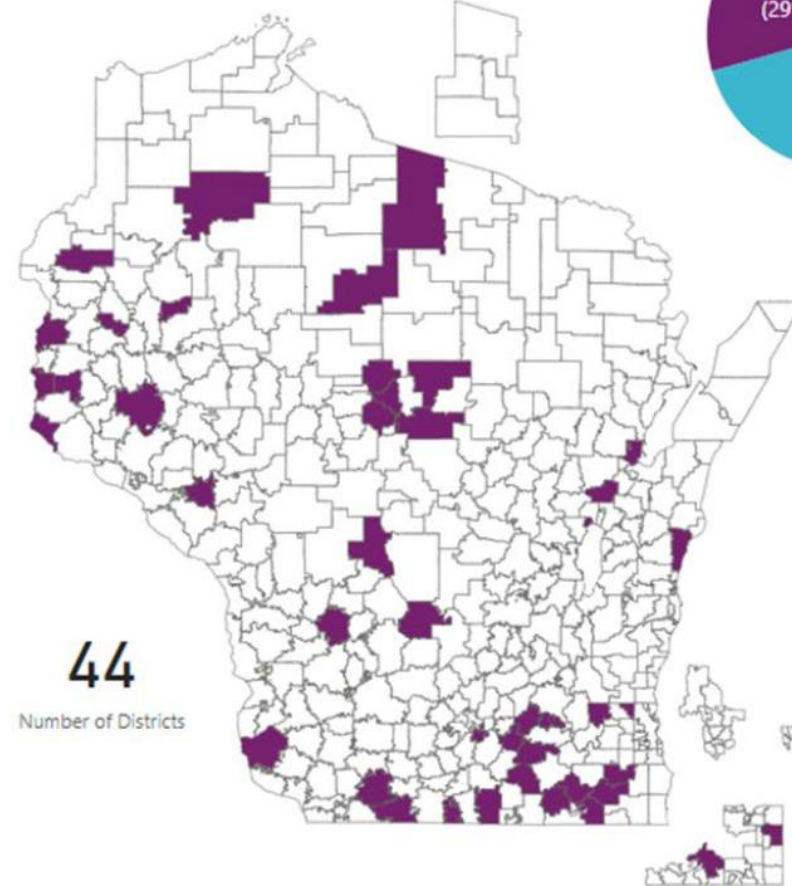
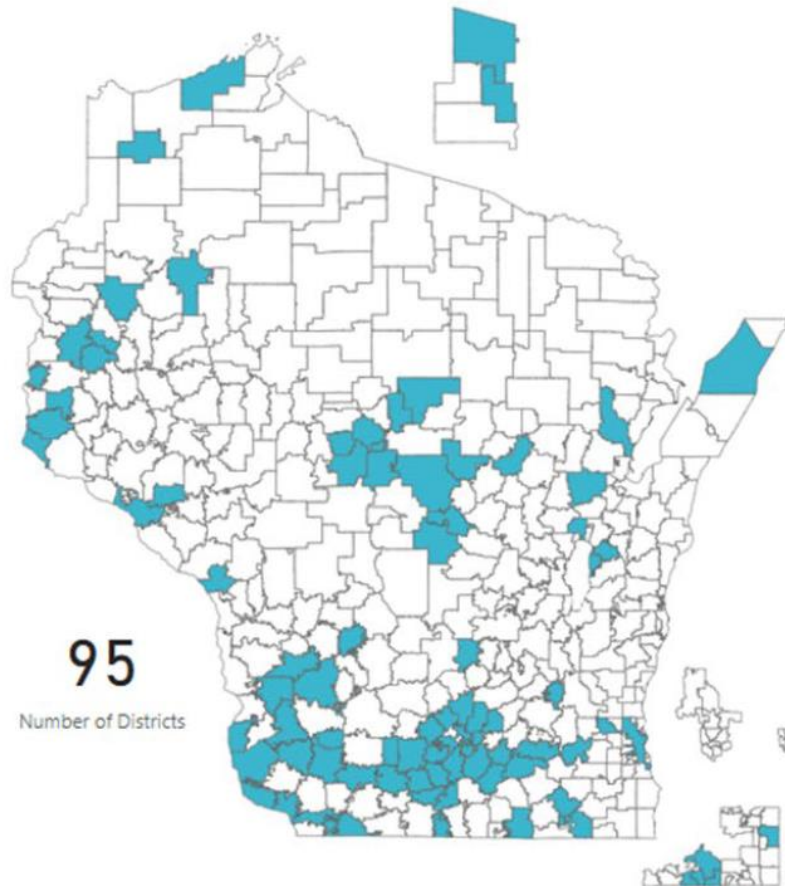


● Passed ● Failed

# Recurring operating referendums: Past ten years



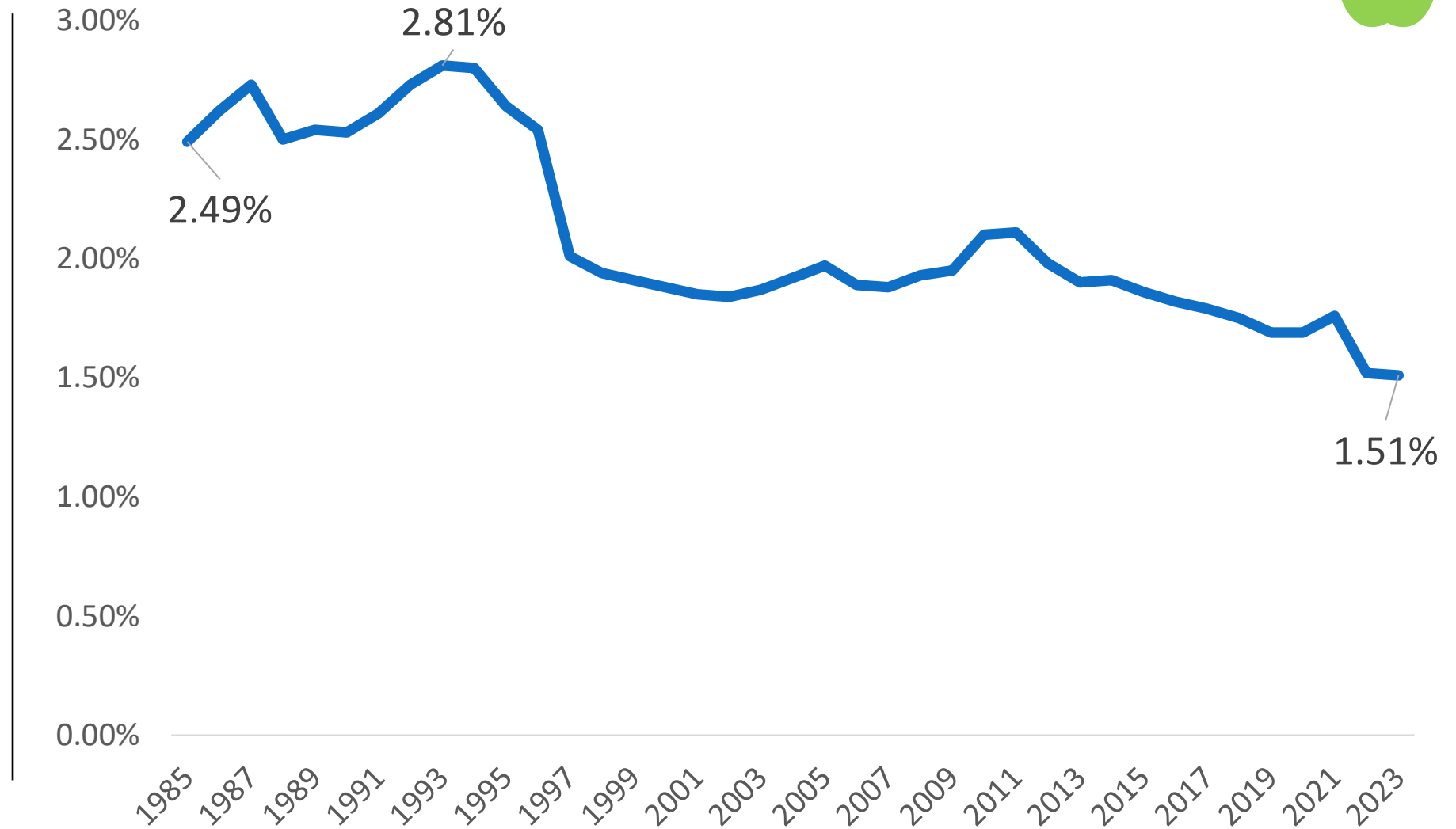
Questions Asked



● Passed ● Failed



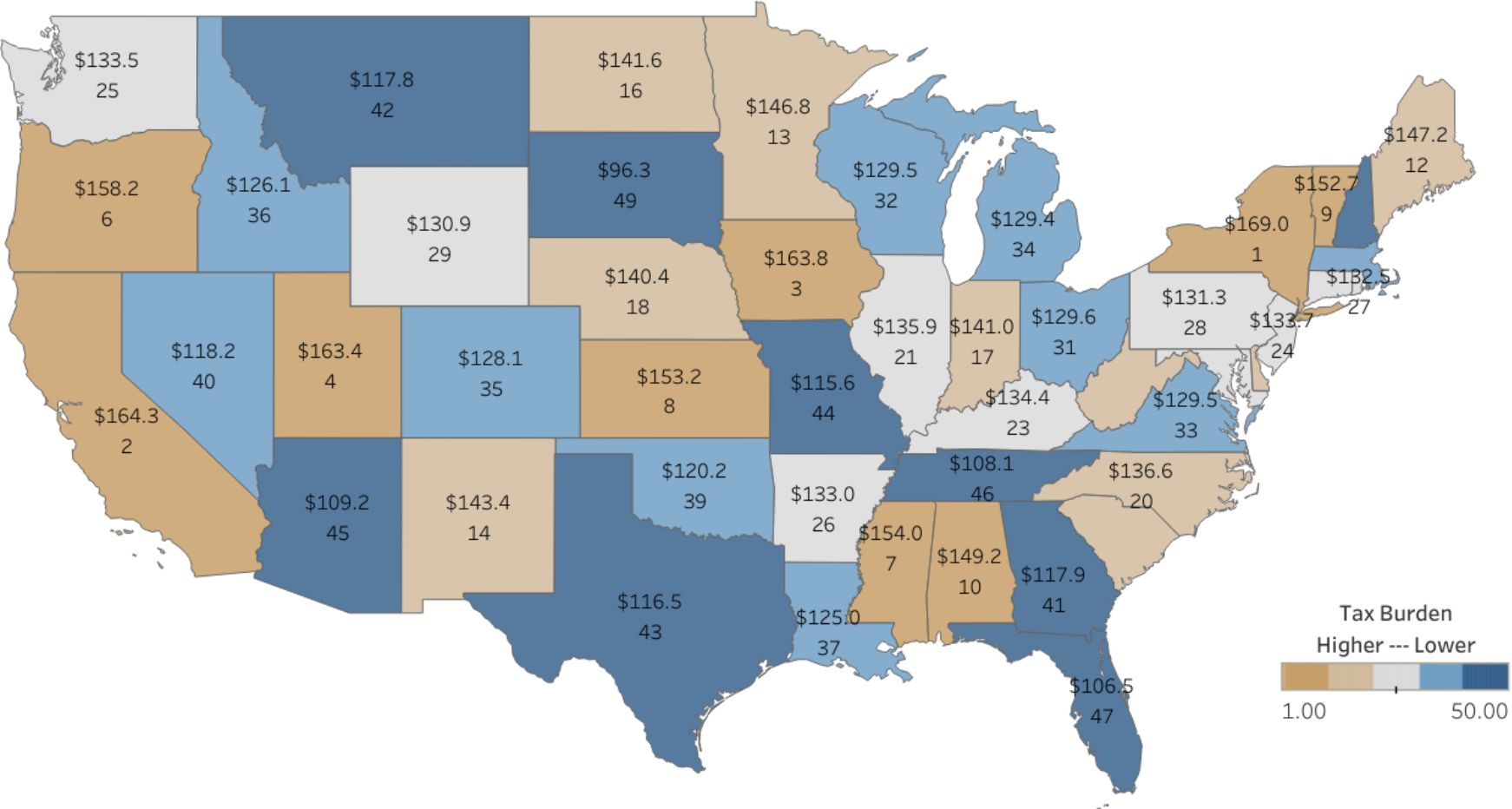
# School property tax levy as % of personal income (tax burden)



# 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



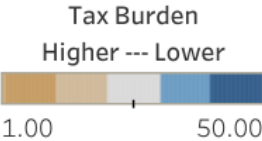
Michigan: 129.4

**Wisconsin: \$129.5**  
(Rank: 32)

Illinois: \$135.9

Minnesota: \$146.8

Iowa: \$163.8

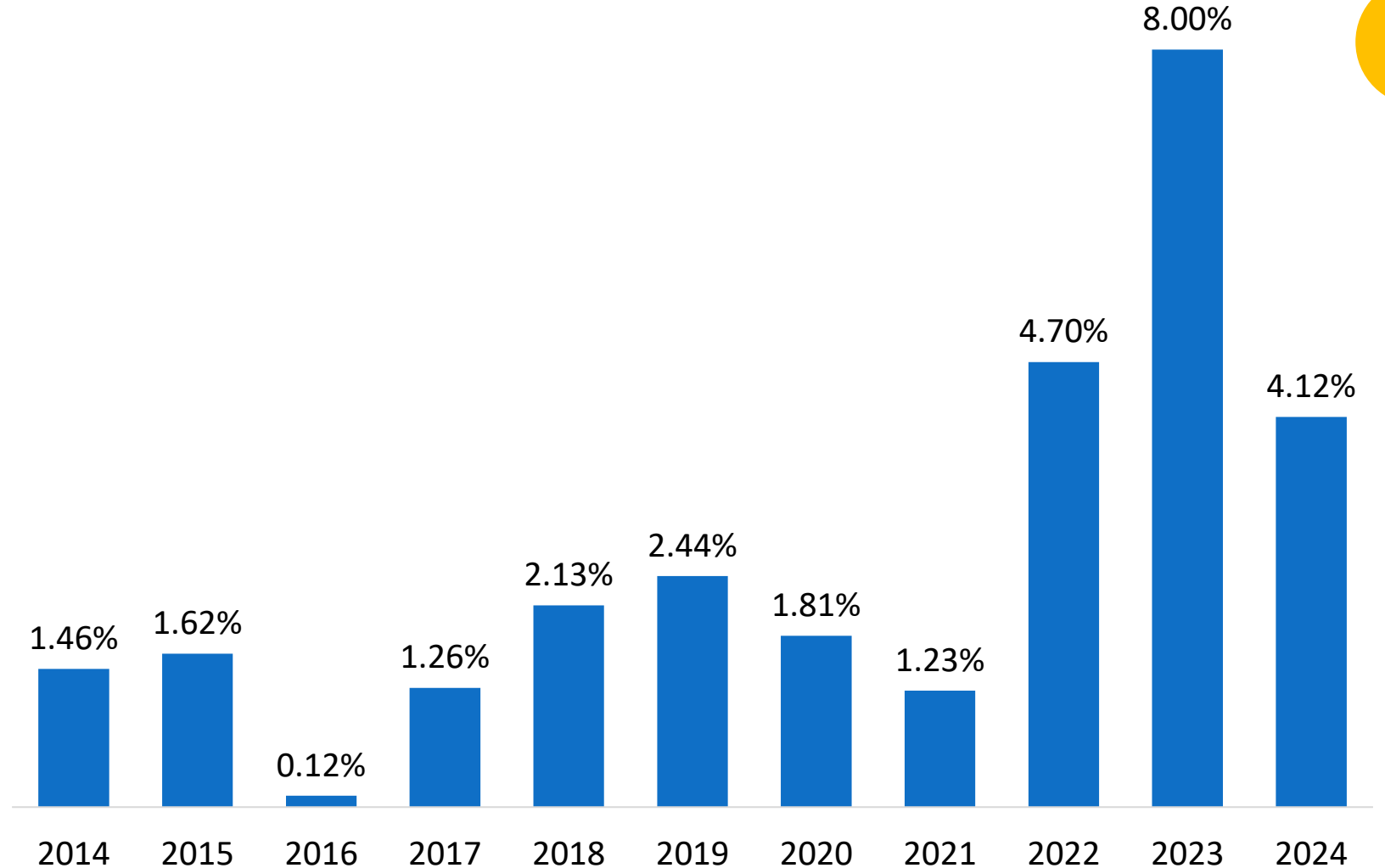


# Inflation

CPI down from dramatic spike in 2023 but still high, historically

Revenue limit only increased by 2.7% in 2023-24 – forces hard choices

## CPI-U for July 1 collective bargaining agreements (ceiling for base wage increases)





# Marquette University Law School Poll

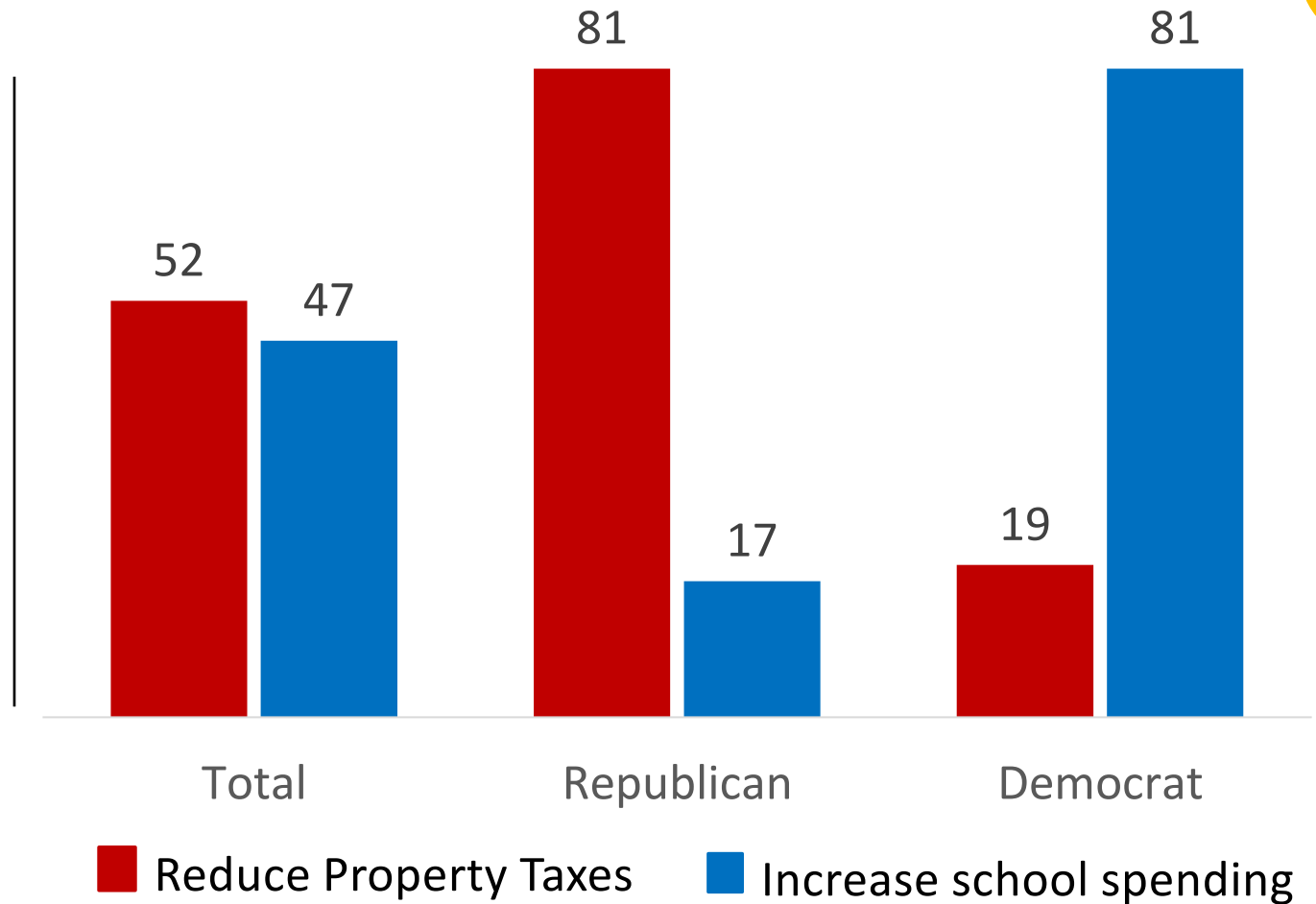


October 26 – November 2, 2023 (% of registered voters)

Which is more important to you?

Reduce property taxes  
or  
Increase spending on public schools

But! public satisfaction with local public schools is high, regardless of party ID and across the vast majority of the state





**State  
surplus:  
\$3.1 billion**  
(as of end of 2025)

**“...we project the closing, net general fund balance at the end of this biennium (June 30, 2025) to be \$3,152.0 million.”**

*[Legislative Fiscal Bureau](#)*

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

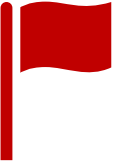
**Opportunity to support needs of both taxpayers and students in public schools – if not now, when?**

# Prognosis for public school fiscal health

## How is the patient doing?

By and large...

Drivers of **investment in public K-12 education** are concerning



Indicators of the **state and local fiscal capacity** to support and improve investment in K-12 public schools are headed in the right direction



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State policymakers have a **promising opportunity** to invest in public schools' long-term fiscal health – Will they take it?







# 2023-25 State Budget

## Overview and impacts for public schools



# 2023-25 State Budget

## What was the ask? K-12 Priorities

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**Goal: Garner broad support and substantial overdue “catch up” resources:**

- ❑ **General, flexible, spendable dollars:** Combination of inflationary revenue limit adjustment and per pupil aid PLUS increases to low revenue ceiling (K-12 leaders pushed for \$1,510)
- ❑ **Special education:** Categorical aid reimbursement: Substantial increase over current 31.7%. (Governor/K-12 leaders asked for 60%)
- ❑ **Mental health:** Broad-based flexible categorical aid (not grants)

# 2023-25 State Budget

## What was enacted: Key K-12 funding provisions

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Revenue limit: + \$325 per pupil in each year



More Equalization Aid [Minimal increase]



Low revenue ceiling Up to \$11,000



After Levy: School Levy Tax Credits



Significant increase in voucher/charter payments



Uptick in special education reimbursement rate: ~33%



Elimination of High Poverty Aid



Minimal mental health aid: \$31/pupil





# Putting \$325 per pupil (each year) in context:

History of school district  
spending limits through the  
eyes of the **Class of 2023**

Selected years	Class of 2023 Grade	Combined resource change per pupil (revenue limits + per pupil aid)	Amount behind inflation (Cumulative, per pupil)	National spending ranking (Census)	Context Notes
2009-10	4K	\$200	\$75	17th	1 <sup>st</sup> year revenue limits were decoupled from inflation
2010-11	5K	\$200	\$156	17th	State raised proficiency cut scores, Act 10
2011-12	1st	-\$554	\$998	21st	Revenue limits cut/state aid cut in 2011-13 budget; Act 10
2013-14	3rd	\$100	\$1,395	21st	Statewide voucher program established
2015-16	5 <sup>th</sup>	\$0	\$1,856	23rd	Sharp rise in referendum questions and dollars
2019-20	9th	\$263	\$2,365	25th	COVID-19 global pandemic hits
2020-21	10th	\$179	\$2,520	25th	Inflation soars
2021-22	11th	\$0	\$2,863	25th	Revenue limits are frozen, no increases for two years
2022-23	12th	\$0	<b>\$3,235</b>	NA	Graduation! 2 <sup>nd</sup> year of frozen revenue limits, amid continued inflation

**\$325**  
**is not a**  
**game**  
**changer**

(beware of  
mental math)

Not a windfall compared to inflation: Even recent relatively lower CPI readings (4.12% for 2024 collective bargaining)

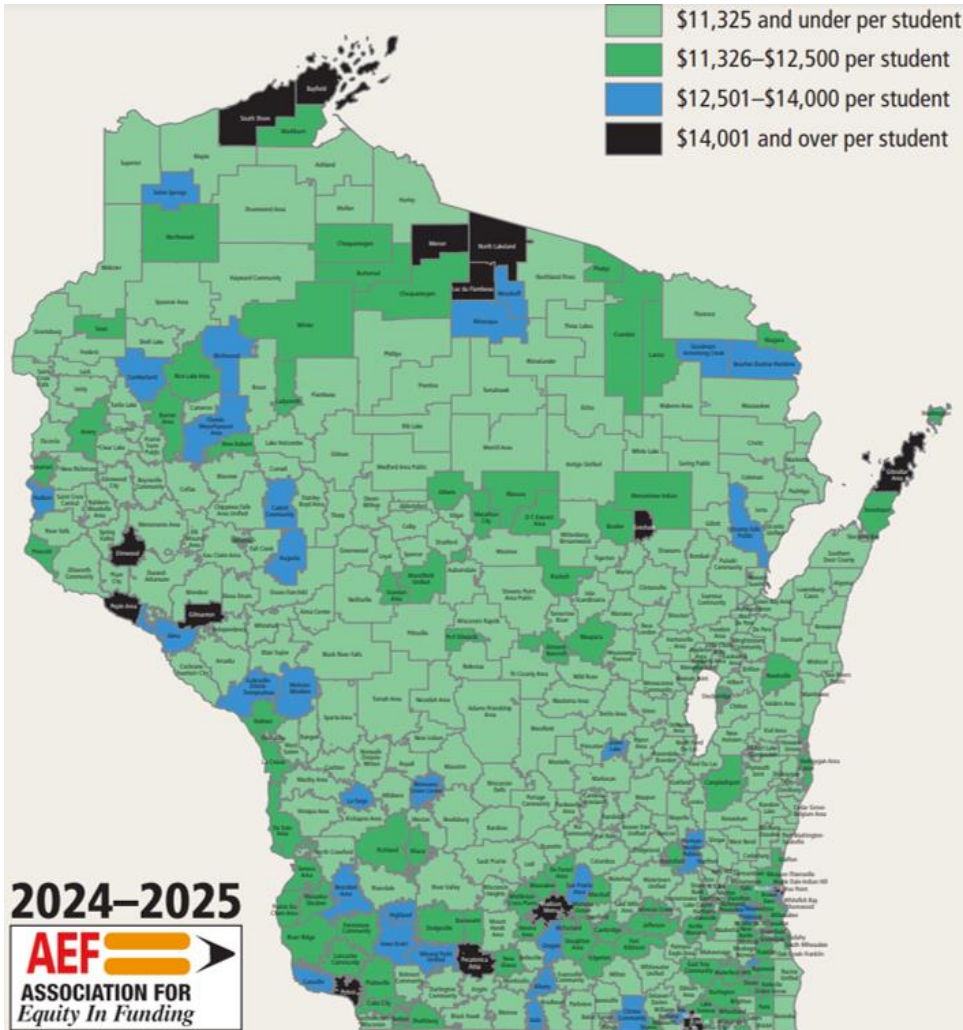
Still below LFB estimated inflationary per pupil adjustment (\$393 in 2023-24; \$403 in 2024-25)

Represents between 1.3% and 3.3% increase in 2023-24 school district base revenue limits

Impacts will vary by school district – affected by enrollment trends, share of eq. aid, impact on property tax

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

# Low Revenue Ceiling rose by \$1,000 to \$11,000



Low spending districts in 1993-94 have been “locked in” to low per pupil spending ever since

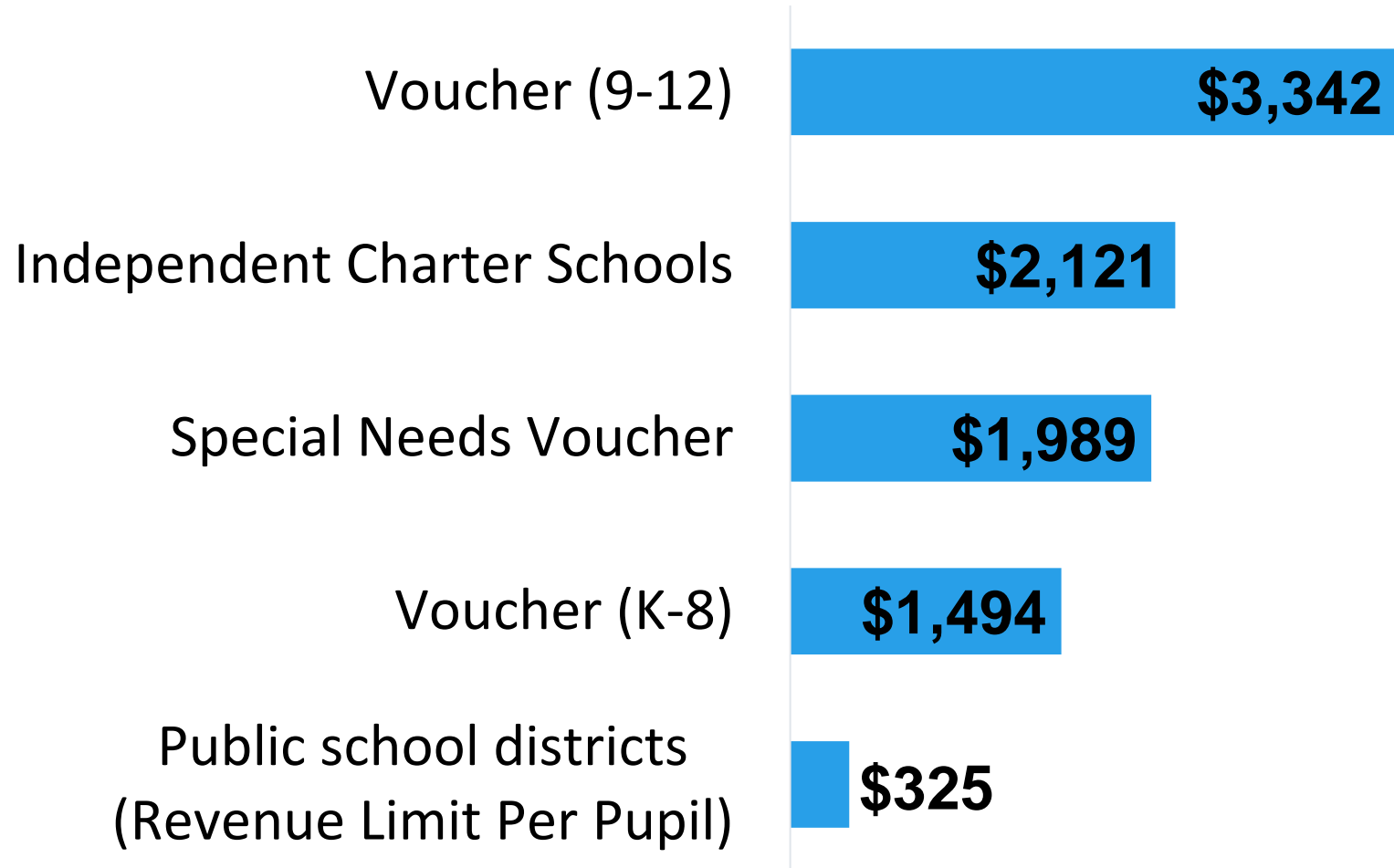
2023-25 state budget provided a \$1,000 per pupil increase in the **low revenue ceiling** – Helped reduce disparities between districts: **85% of districts will be within 10% of the new LRC of \$11,000**

**Disparities persist** – especially challenging for districts with neighbors with higher revenue limits per pupil – difficult to compete!

# Significant increase in voucher/charter payments

## Impacts by school type

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



# Voucher/ICS costs

## 2023-24 estimates (\$ millions)

Total statewide aid reduction of \$306.6 million is 5.72% of total general school aids *(will be replaced by property taxes)*

	Reduction in SD State Aids	State GPR Funded	Total Program Cost
MPCP	\$ 9.43	\$ 285.38	\$ 294.81
RPCP	\$ 37.10	\$ 4.40	\$ 41.50
WPCP	\$ 193.24	\$ 2.16	\$ 195.40
SNSP	\$ 38.69	\$ -	\$ 38.69
<b>TOTAL (Choice)</b>	<b>\$ 278.47</b>	<b>\$ 291.94</b>	<b>\$ 569.73</b>
ICS			\$ -
Legacy		\$ 109.16	\$ 109.16
New Authorizer and OEO	\$ 28.10		\$ 28.10
<b>TOTAL (ICS)</b>	<b>\$ 28.10</b>	<b>\$ 109.16</b>	<b>\$ 137.26</b>
<b>GRAND TOTAL</b>	<b>\$ 306.57</b>	<b>\$ 401.09</b>	<b>\$ 706.99</b>

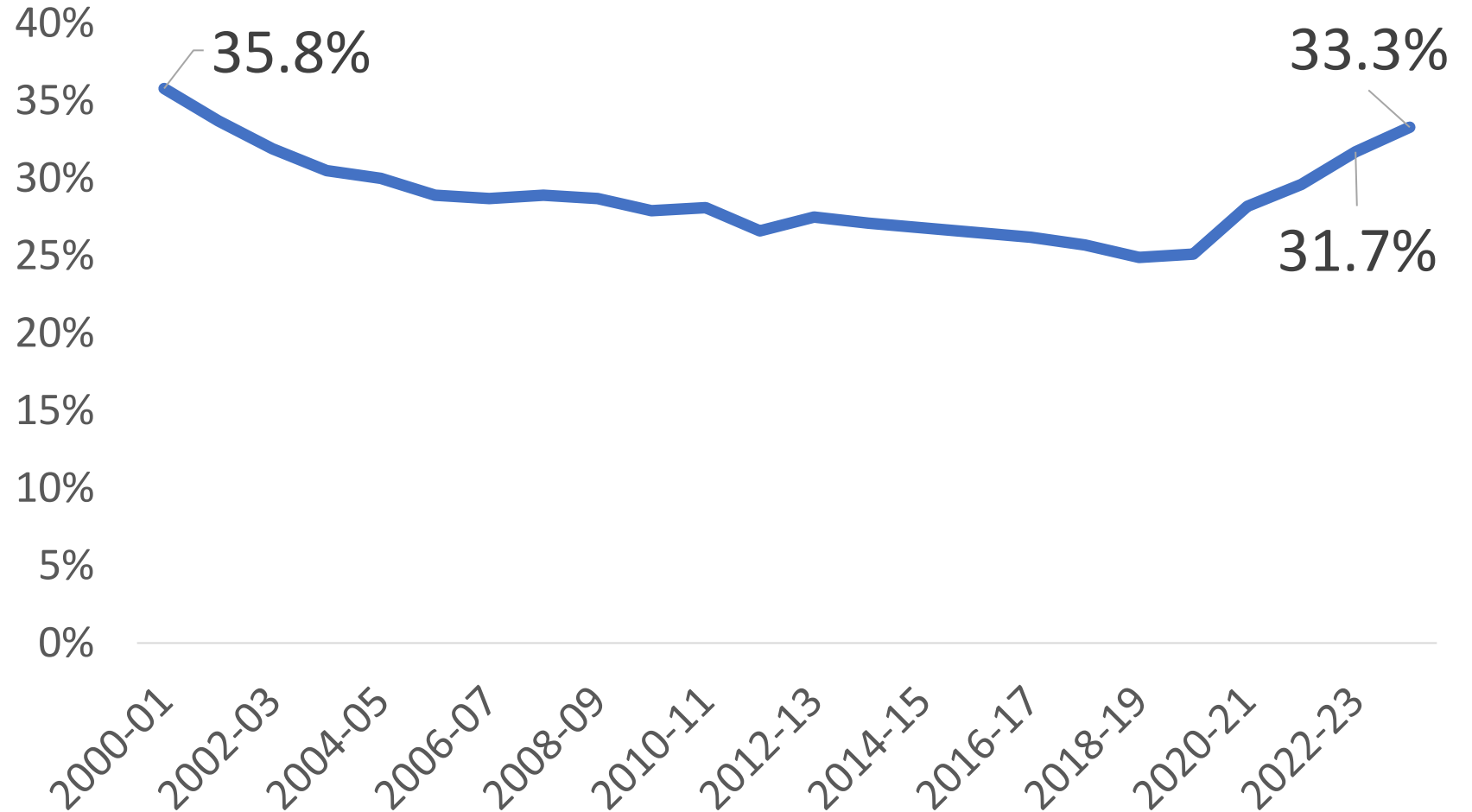
# Special education categorical aid

Increase over prior year:

2023-24: \$40.1 million  
2024-25: \$16.7 million

Estimated 2023-24 reimbursement rate: **33.3%**

# Special education aid reimbursement rate over time





## High poverty aid eliminated

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## Minimal increase to mental health aids

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## Small increase in equalization aid

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## Significant boost to School Levy Tax Credit

Actually not an “aid”: Provided property tax relief to districts serving a majority of economically disadvantaged students (affects 130 school districts)

One-time increase of \$15M in each year. \$31/pupil

2023-24: Increase of 2.6% over prior year (\$138 M)

2024-25: Increase of 4.2% over prior year (\$225 M)

2023-24: Increase of **23.4%** over prior year (\$255 M)

2024-25: Increase of 5.9% over prior year (\$80 M)

# After budget...

## resource-intensive challenges remain for schools

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### Cost of new reading initiative

“Real success will require a lot of training and coaching of teachers, and almost certainly will require more money than the \$50 million included in the new state budget.”

### Operating referendums

**If it seems Wisconsin school districts are asking voters for money more often, it's because they are**

## To name a few...

### Deficits and school closures

**Kenosha Unified to close 6 schools for 2023-24 as part of resolution to \$15M deficit**

### Mental health

“The pandemic clearly increased [mental health] needs and...that need — let’s call it a crisis — remains urgent. So many kids are just not doing well, and it shows up in school attendance and success, social interactions, general behavior and physical health.”

**Bottom line**

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**How did the  
2023-25 state  
budget turn out  
for public  
schools?**

**It was a mixed bag...**

**Biggest win:** \$1,000 added to low revenue ceiling

**Major missed opportunities:** Marginal uptick in special education aids; revenue limit per pupil was not zero and \$325 is the new starting point, but still lags inflation

Based on news coverage and input from the field... **expect a spike in the number of operating referendum questions in 2024** – could give insight about impact of 2023-25 budget for public schools



## Insights from the field

How school districts assess their fiscal outlook

# December 2023: WASBO surveyed school districts on the impact of the 2023-25 state budget on district finances and outlook

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**Plans to go to operating referendum?**



**More than a third of respondents (136 or 38%) said their districts were either confirmed or likely to call an operating referendum sometime in 2024**

**So far in 2024...**

**68 school districts** had operating referendum ballot questions this spring (already surpasses 2023)

Mixed results: About 60% passage rate across all types

**Expect many more this fall** (that's the pattern – even numbered year; presidential election)



# Spring 2024 referendums



February 20

April 2

103 ballot questions

Operating – 68

Nonrecurring – 45

Recurring – 23

Capital/Debt – 35

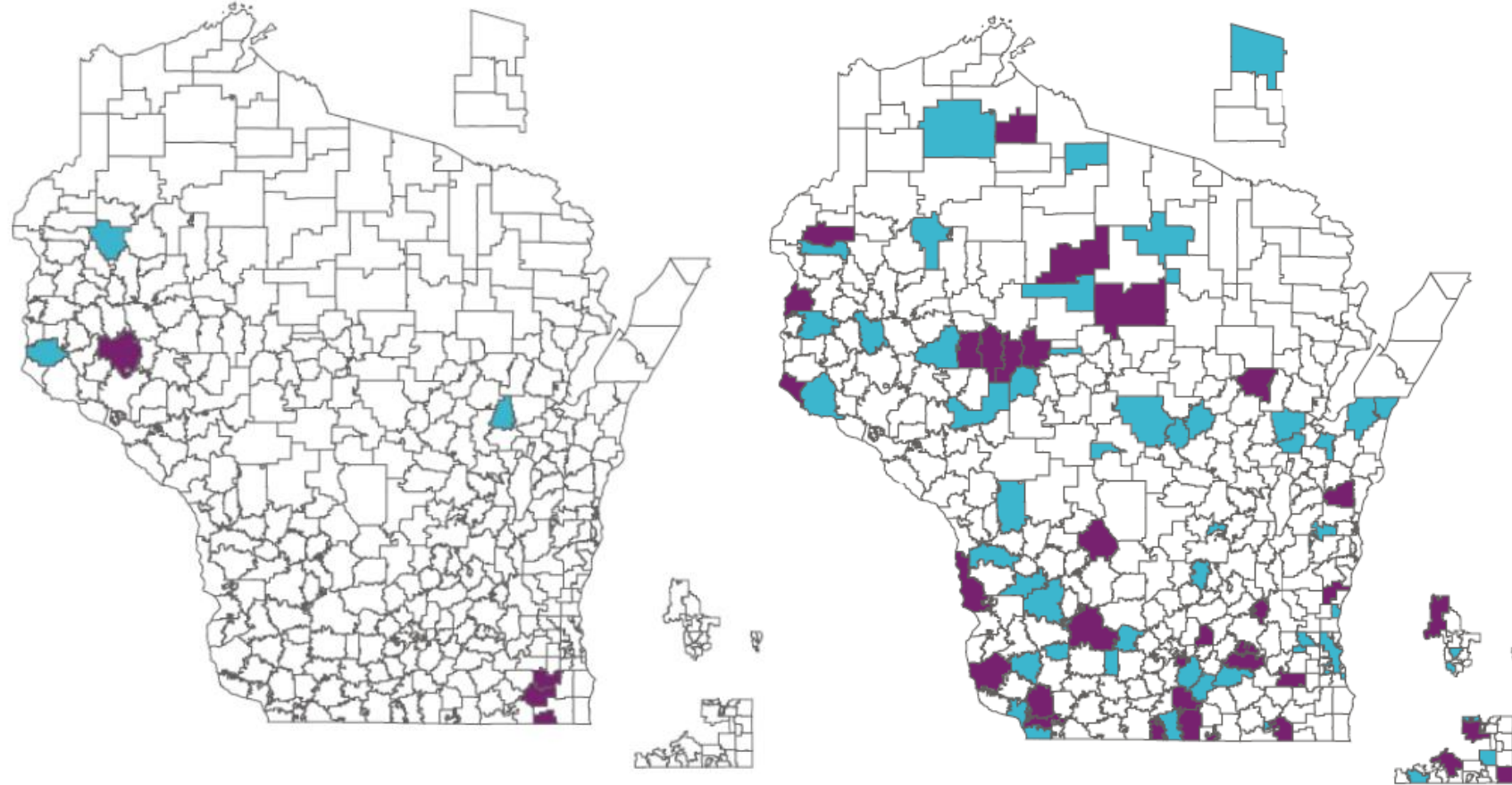
## Passage rates

Operating – 58.8%

Nonrecurring – 62.2%

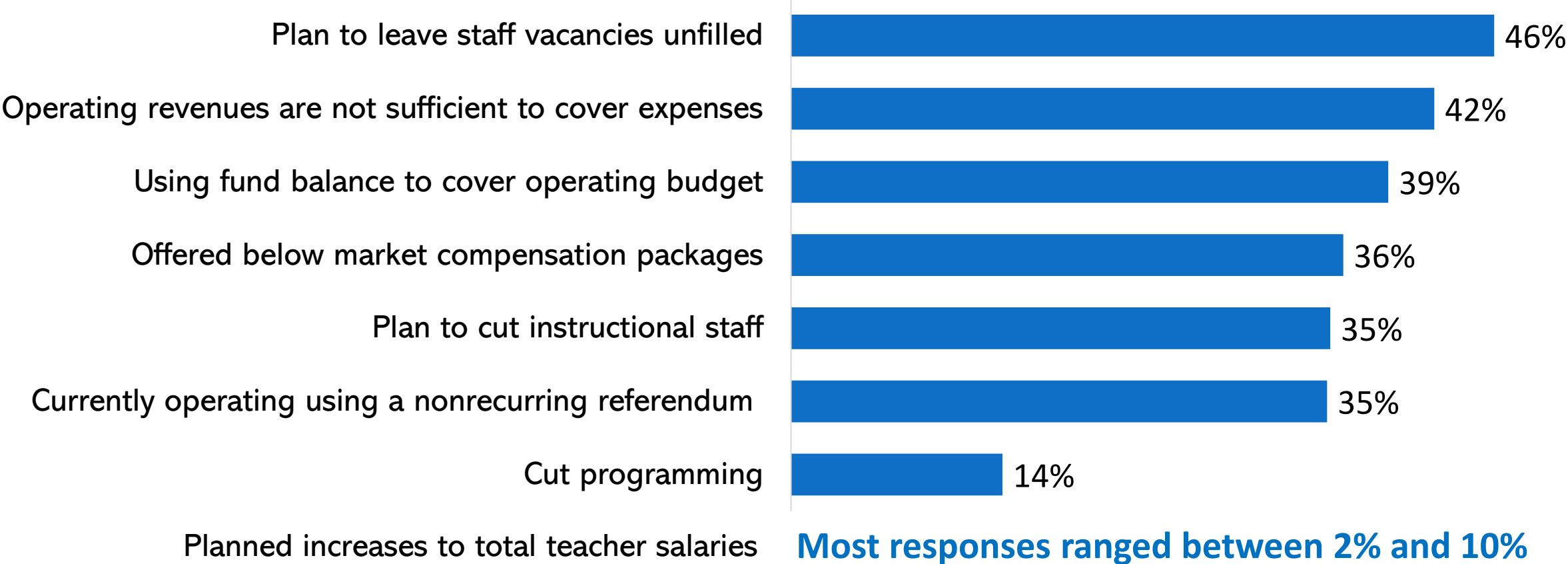
Recurring – 52.2%

Capital/Debt – 60.0%



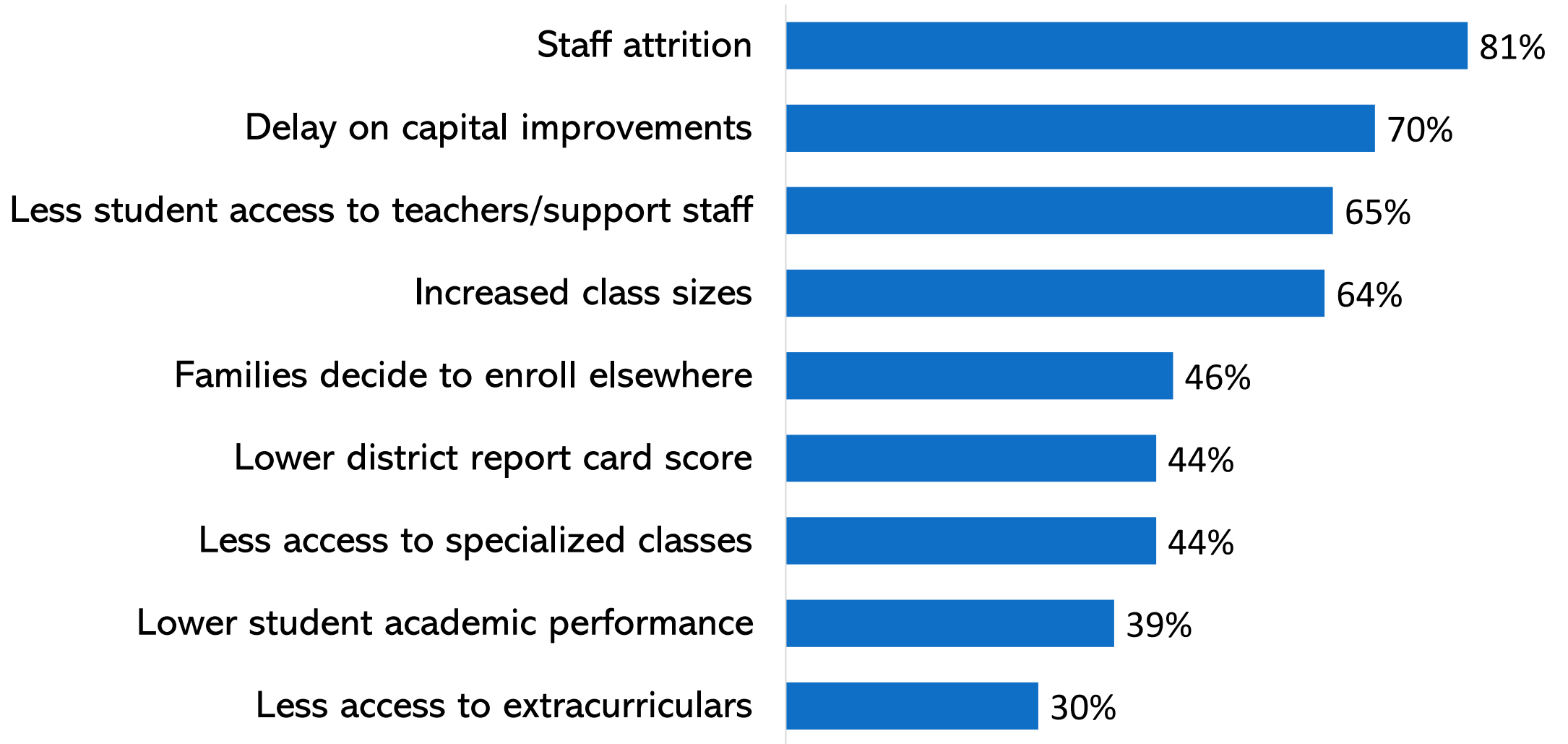
● Passed ● Failed

# Percent of respondents indicating they employed the following budget strategies for 2023-24





# Percent of respondents indicating the following are likely impacts on students as a result of budget challenges over the next two years







## Emerging issues

What is ahead? What will shape future K-12 priorities?



# Declining Enrollment:

Under WI revenue limit formula:

**Reduces resources  
faster than costs**

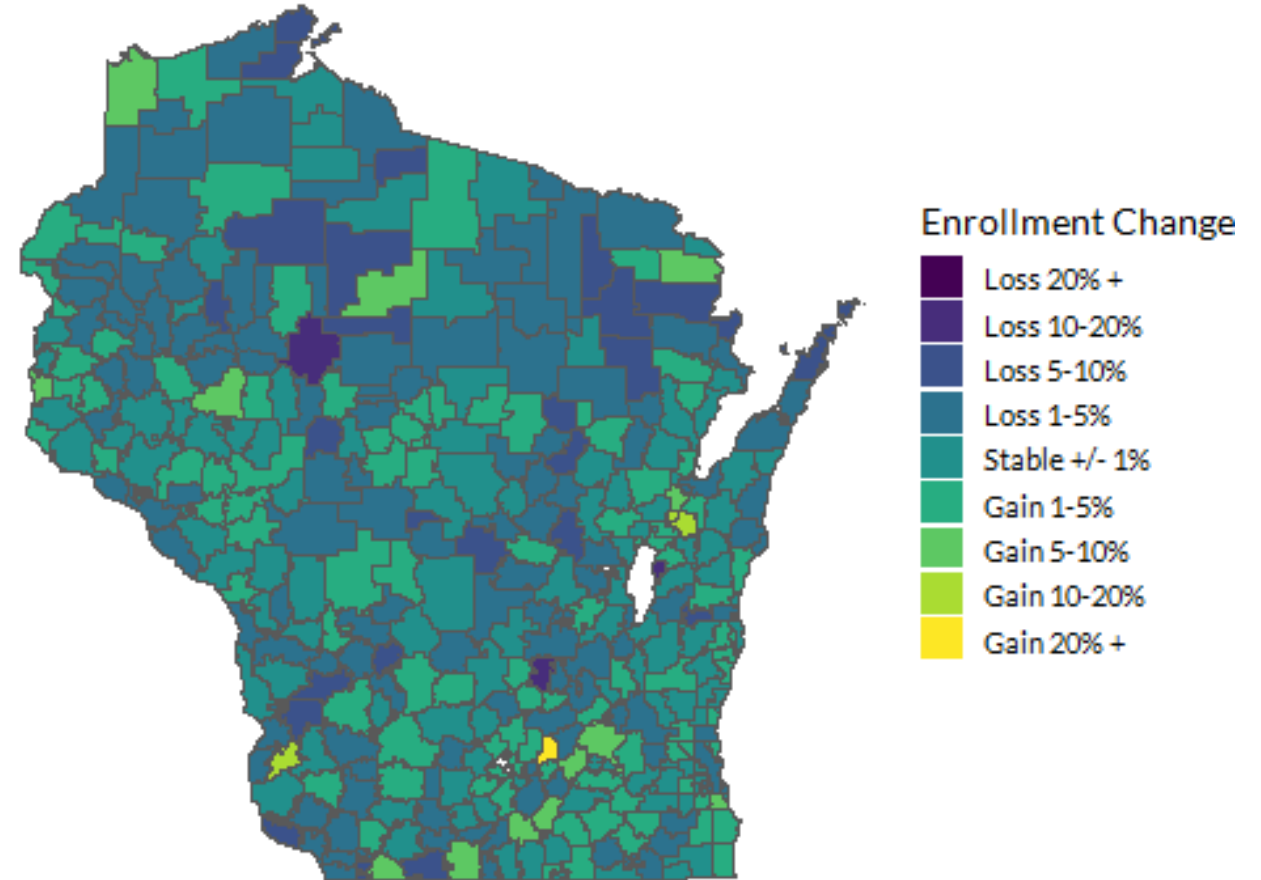
71% of districts were in declining enrollment 2022-23  
(55% in 2006-07)

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

**Public school enrollment projected to decline by over 10,000 students annually over the next 5 years**

# Percentage change in enrollment over previous year

School Year 2006-07



# 400 years of \$325/pupil?

Headlines can be head spinning...

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## POLITICS

### **Tony Evers uses veto powers to extend annual increases for public schools for the next four centuries**

[Molly Beck](#) and [Jessie Opoien](#) Milwaukee Journal Sentinel

Published 11:58 a.m. CT July 5, 2023 | Updated 9:18 a.m. CT July 6, 2023

## NEWS, POLITICS, SUPREME COURT

### **Business group sues over Evers' partial veto that extended school funding bump for 400 years**

Evers extended an end date by centuries when he crossed out a hyphen and some numbers

What could affect this?

- Future legislative/court challenges
- Effect of new maps on future elections

Nonetheless...resets current law to \$325 for future legislatures – **it becomes the starting point (instead of ZERO)**

# Growth in operating referendums?

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82% of school districts in the state have called for a referendum since revenue limits were imposed (1994)

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Trend on track to continue: Takes risk, time, resources, political capital – away from the work of educating students

% of educational costs that were funded by referendums (2022):

- Statewide: 5%
- For 100 districts: 10%
- For 14 districts: 25%

Small, rural, declining enrollment districts – especially vulnerable

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“Is it good public policy to fund a significant portion of school revenues by referendum? It is unlikely that the creators of the revenue limit law anticipated such widespread use of the referendum option.”

*[Forward Analytics](#)*

# **“Decoupling” voucher and ICS funding from school district aid/school levy**

Proposals to phase out current funding methods for vouchers/ICS – replaces school district aid reductions/property tax levies with state GPR

**Current estimated total cost of all programs (2023-24):  
~\$700 million**

**Program costs likely to grow**

- **Enrollment caps come off in 2026-27**
- **Voucher supporters favor also removing income caps – would move program toward universal access**

Relieves school districts from levying for private schools

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Could divert significant state GPR to parallel K-12 systems

**Patterns in other states: Diverting state funding to private schools decreases share of resources for public schools**

**...especially when voucher programs grow**

# Political uncertainty

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We have had **divided government** (Democratic Governor, Republican legislature for four years) – **a lot in play now**

**Redistricting:** Based on adoption of new maps by Governor and lawmakers, impact on makeup and functioning of legislature likely will change

**Wisconsin Supreme Court:** Race in April 2025. Court could shift back to a conservative majority

**State superintendent** of public instruction election: 2025



# The road ahead...

## Questions to consider



How might these emerging issues affect K-12 public schools and their communities?

What are the **disparate impacts** for different districts? How are even those with comparatively more advantage struggling? And what does that mean for all other districts?

What **messaging and communications strategies** will be effective to reach voters, policymakers?

What **priorities** float to the top for public schools and their communities to unite around for the next state budget (2025-2027)?



# Wisconsin Association of School Business Officials

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