

The State of School Finance in Wisconsin: 2024 Edition

Vital signs | Current developments | Emerging issues

WASBO Accounting Conference

March 20, 2024

WASBO: Who we are and what we do



Mission

To provide professional development, foster a network of support, and advocate for funding that ensures **outstanding educational opportunities for all children in Wisconsin**

We carry out our mission through **nonpartisan, fact-based** research, analysis, and advocacy

The State of School Finance in Wisconsin

2024 Edition

Education in Wisconsin

Size, scope, and outcomes: 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

Size & Scope

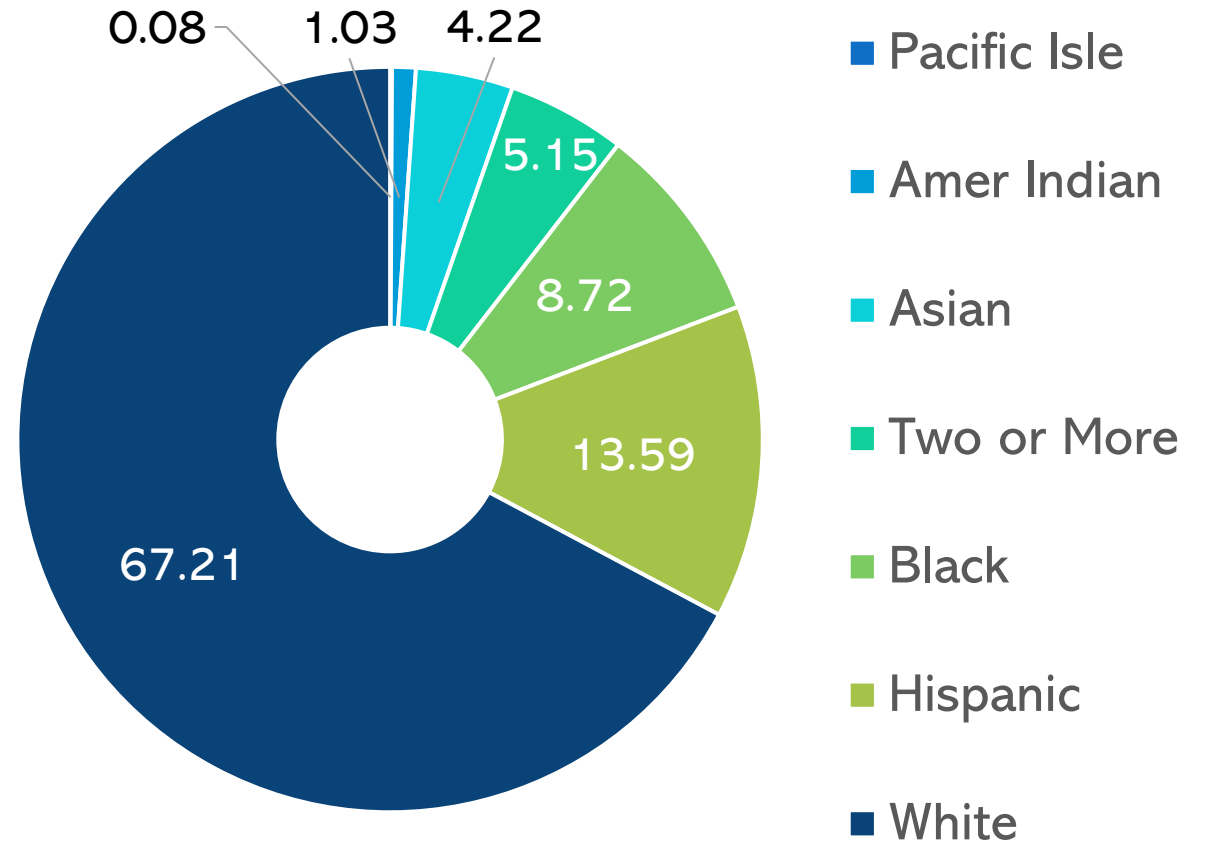
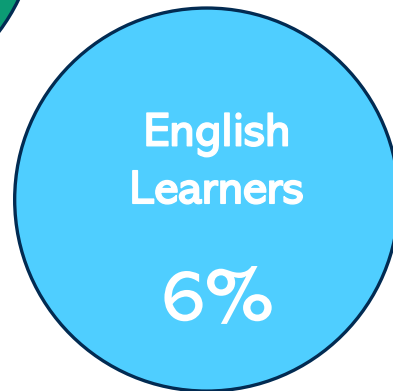
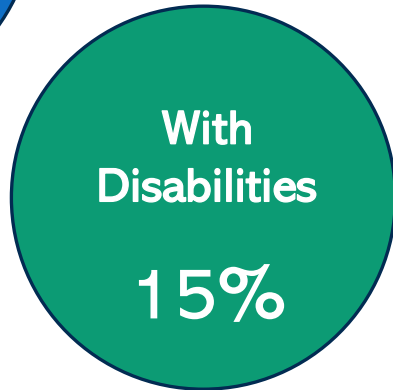
Over 800,00 students in 421 school districts and 2,300 schools across the state

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

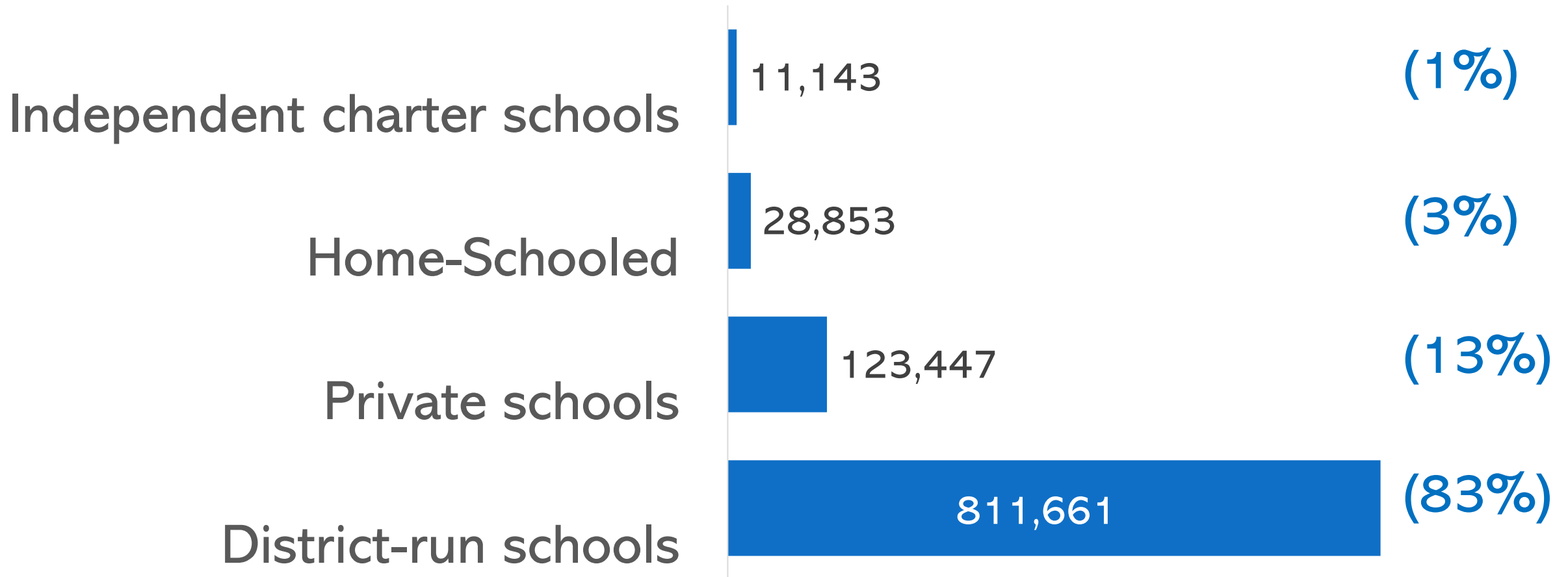
Primarily a small school district state: Median size – 920 students (average 1,928)

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

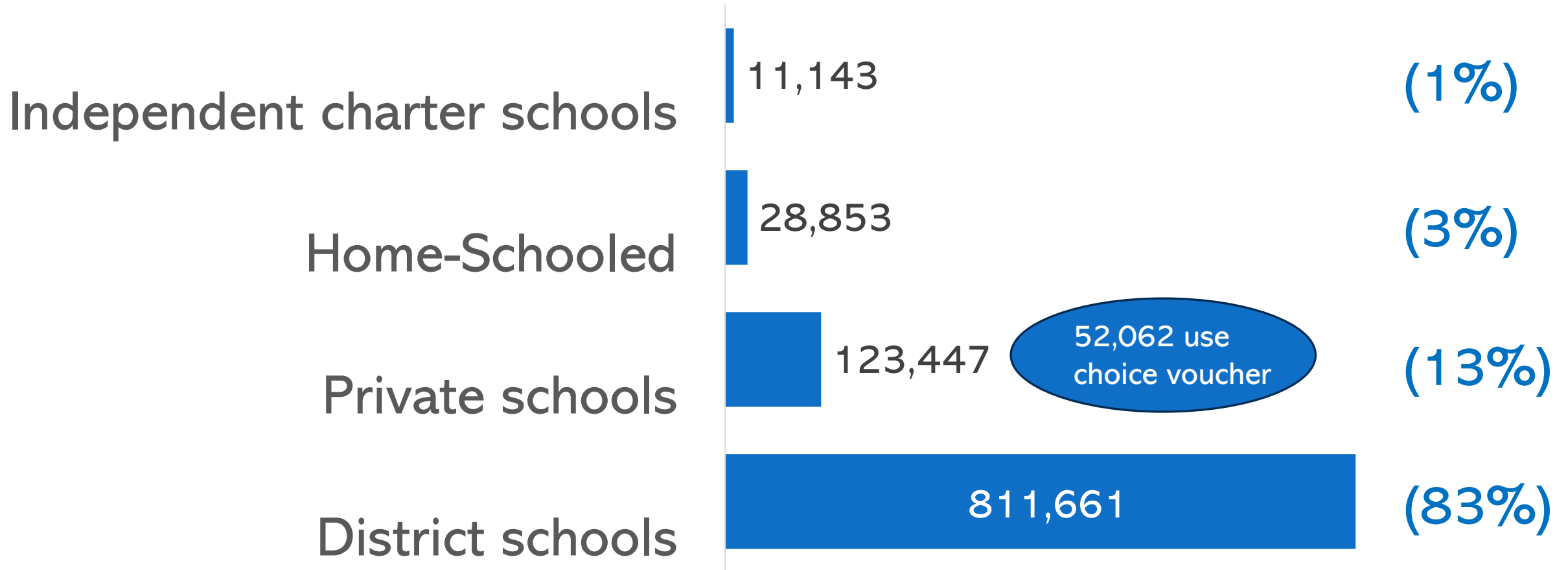
Education in Wisconsin: Public school student demographics (2022-23)



Education in Wisconsin: Enrollment by school type (2022-23)

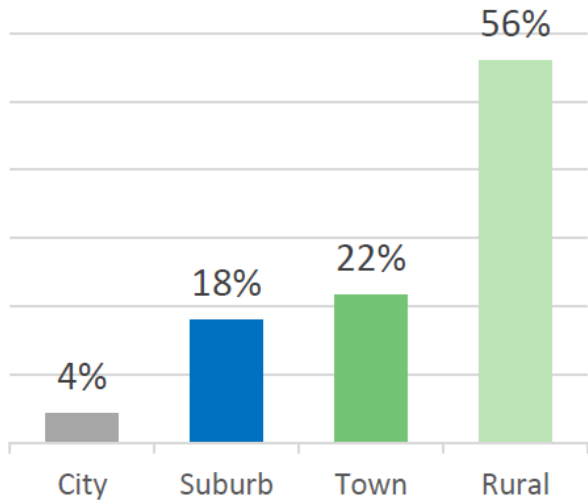


Education in Wisconsin: Enrollment by school type (2022-23)

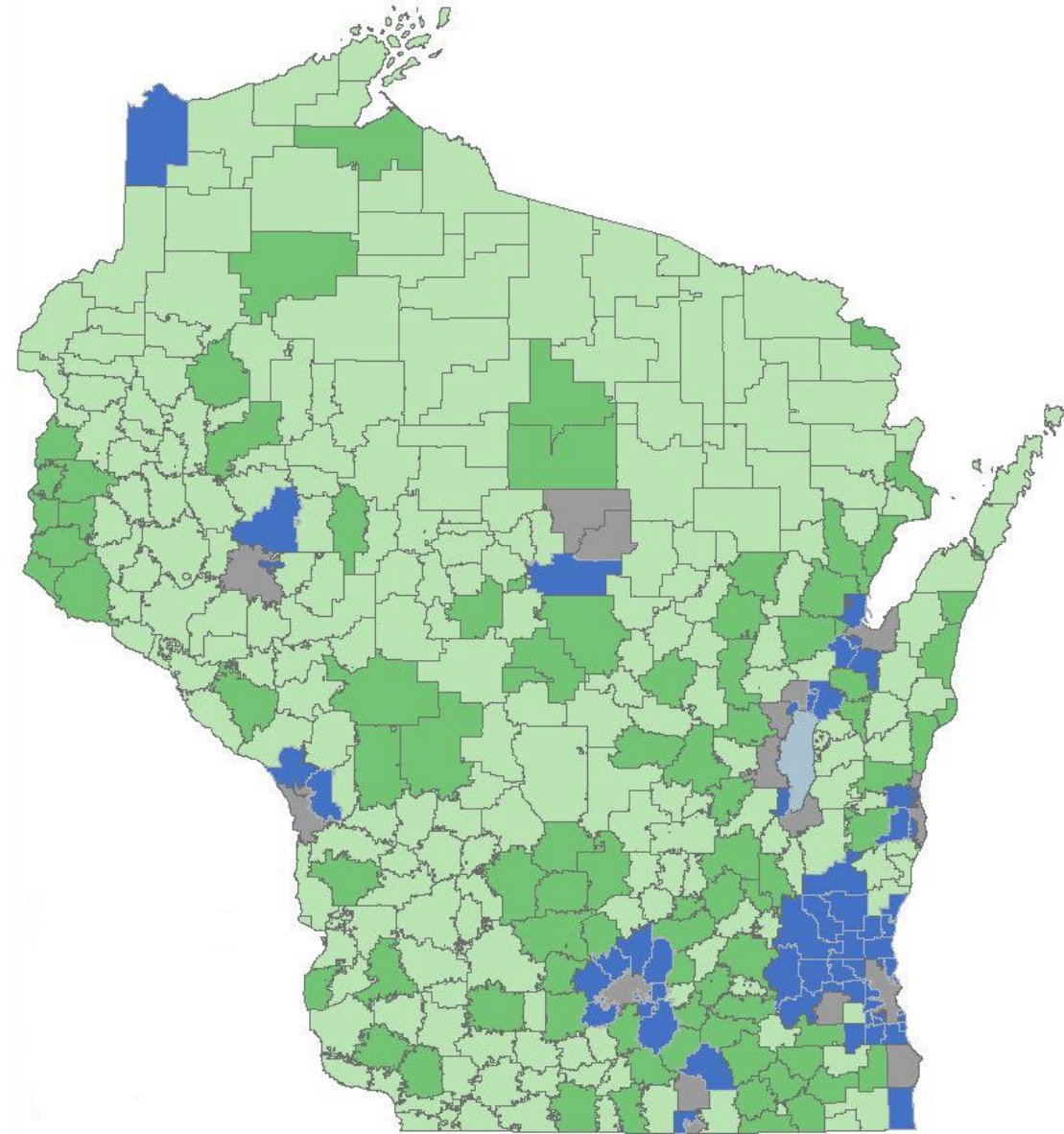
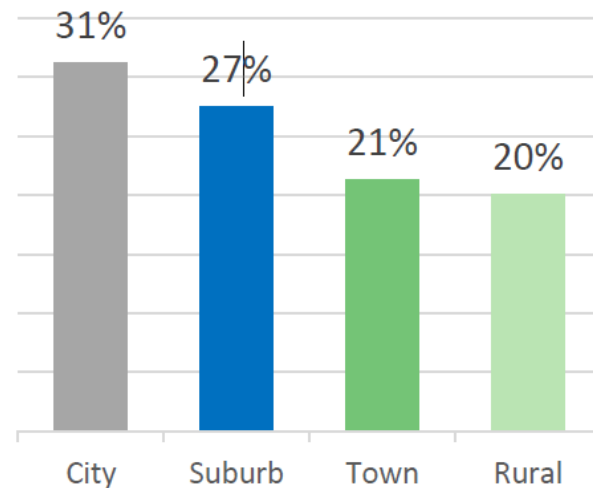


Education in Wisconsin: School districts by locale

School Districts (2022)



Enrollment (2022-23)



Education in Wisconsin: How are our kids doing?



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



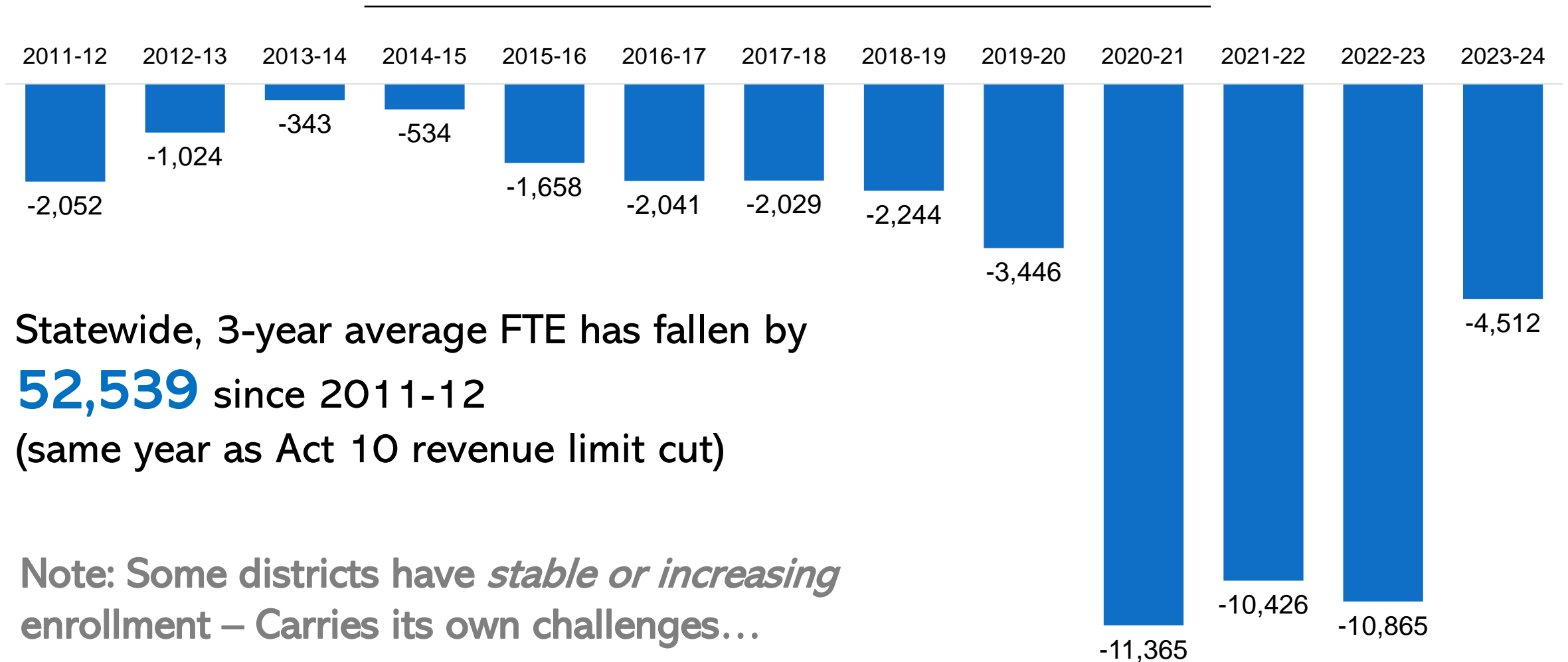
Stressor/warning



Neutral or
unknown impact

Declining enrollment (2012-12 to 2023-24)

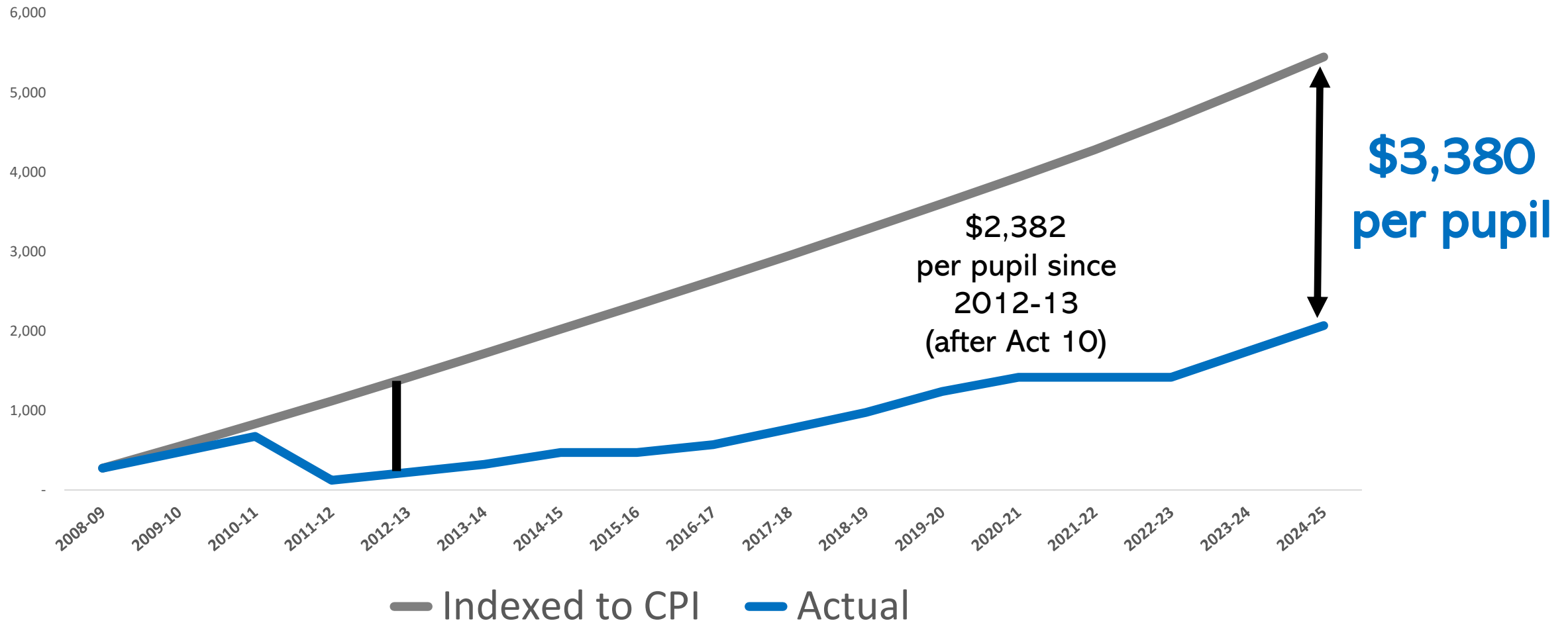
Statewide revenue limit 3-year average FTE decline



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...

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**

11th in 2002
11% above national average



25th in 2021
5.2% below national average

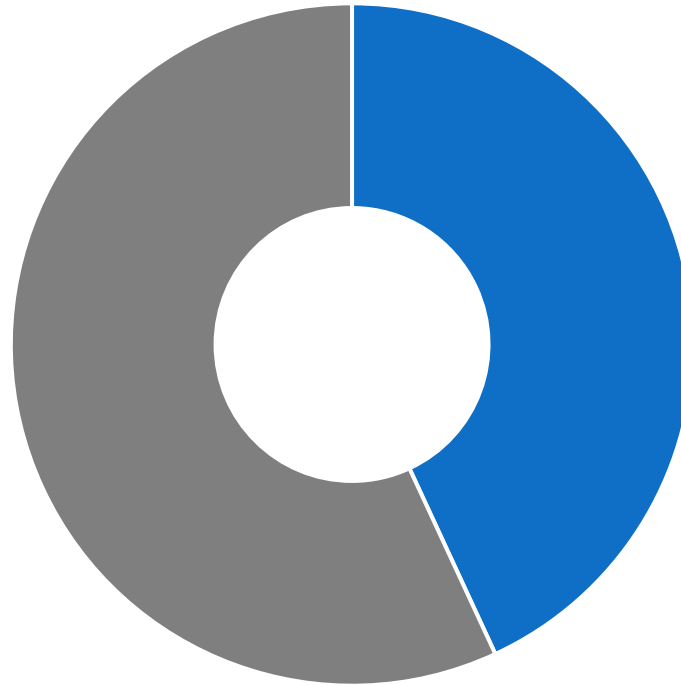
Wisconsin provides **disproportionately less funding to rural districts: 11th lowest** in the nation on state revenue to schools per local dollar (\$.82 versus \$1.18 nationally)



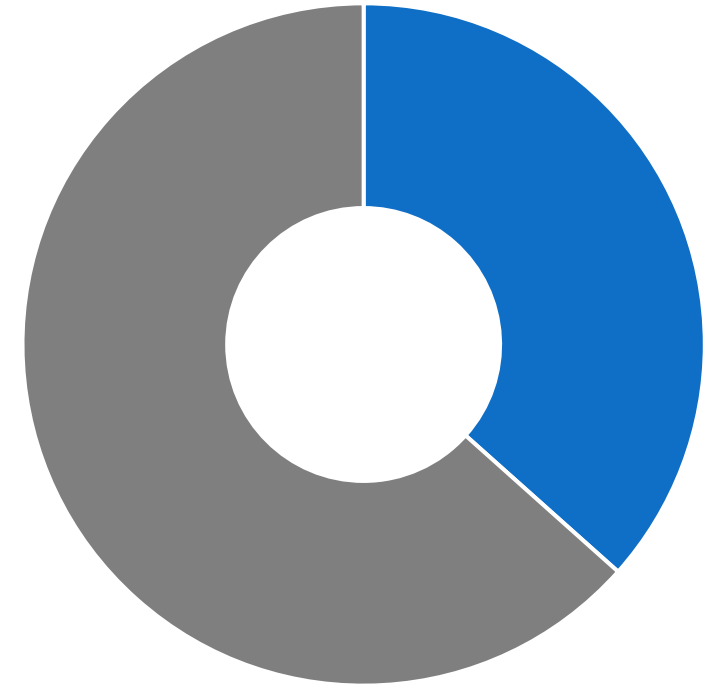
K-12 school aids as a share of state GPR

Education has fallen as a state budget priority

2003
43.1%



2023
36.6%



Voucher program expansion:

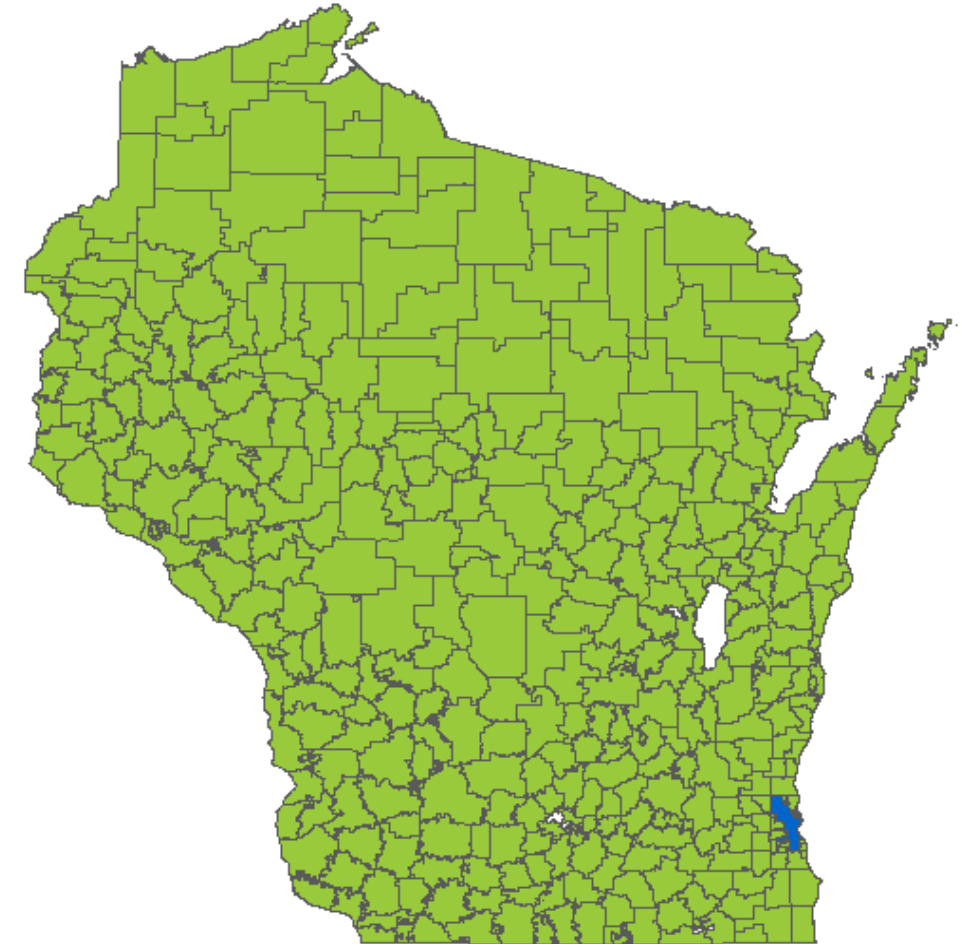
2009-10 to 2022-23

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



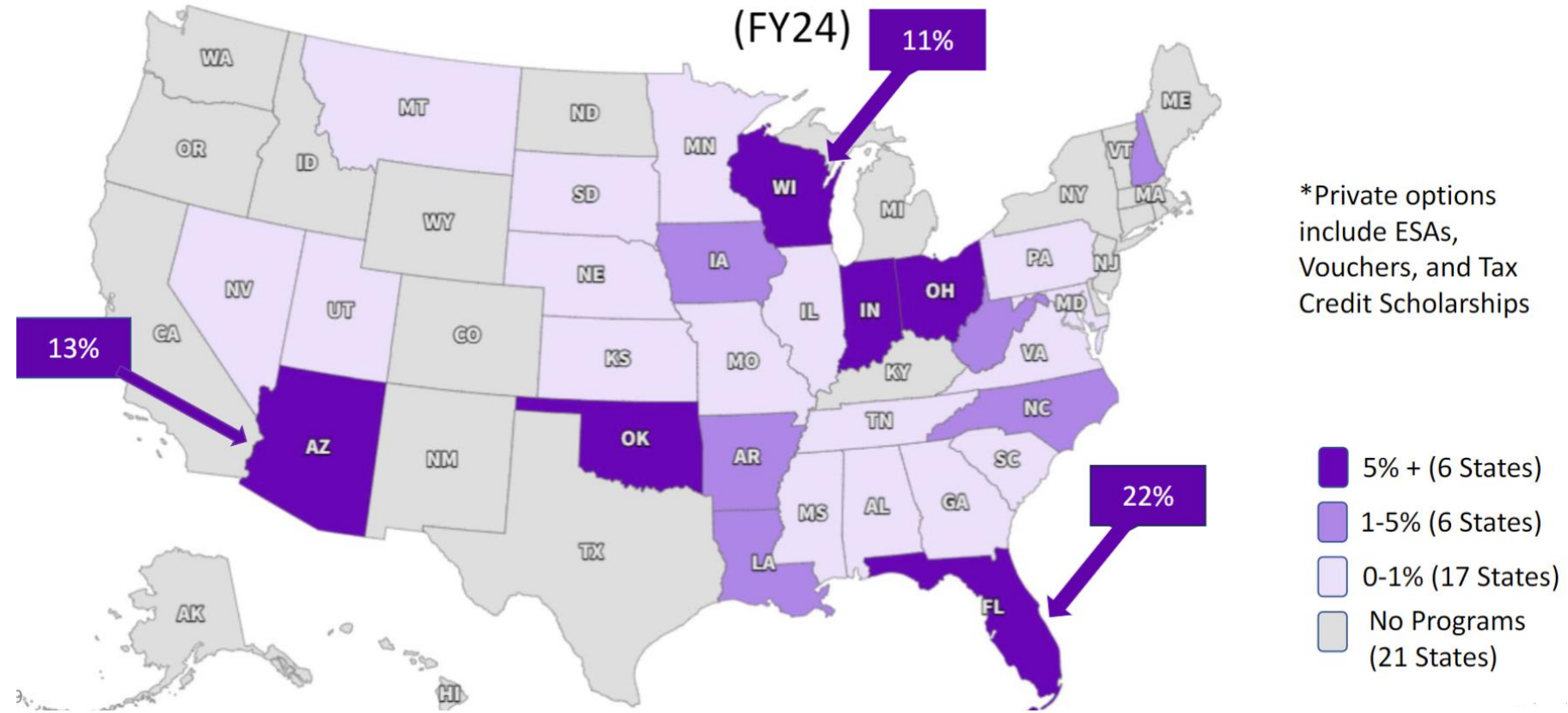
■ No Choice Students ■ Choice Students





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



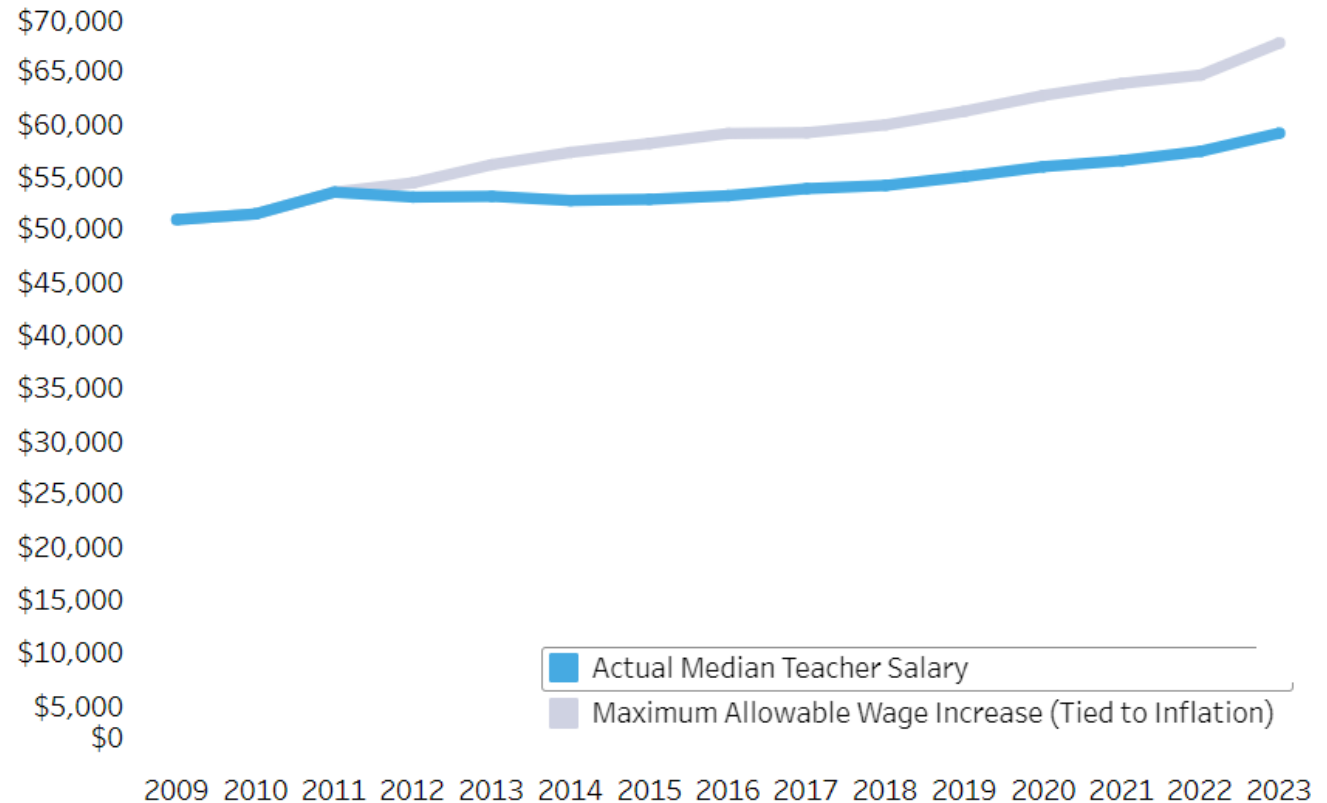


Teacher pay has fallen 12% relative to inflation since 2009

Educator Workforce

Value of median teacher pay has fallen by \$8,286 since 2009

Figure 2: Median Teacher Salary Did Not Rise As Quickly As Act 10 Allowed
Median gross salary in Wisconsin, actual wages versus what wages would have been if they increased by the maximum allowable under Act 10 since 2012



Sources: U.S. Bureau of Labor Statistics, Wisconsin Department of Public Instruction, and Wisconsin Policy Forum analysis. *Milwaukee Public Schools excluded from 2015 data due to possible clerical error.

Educator Workforce

Use of emergency teaching licenses has tripled in past decade

Forces districts into difficult tradeoffs:

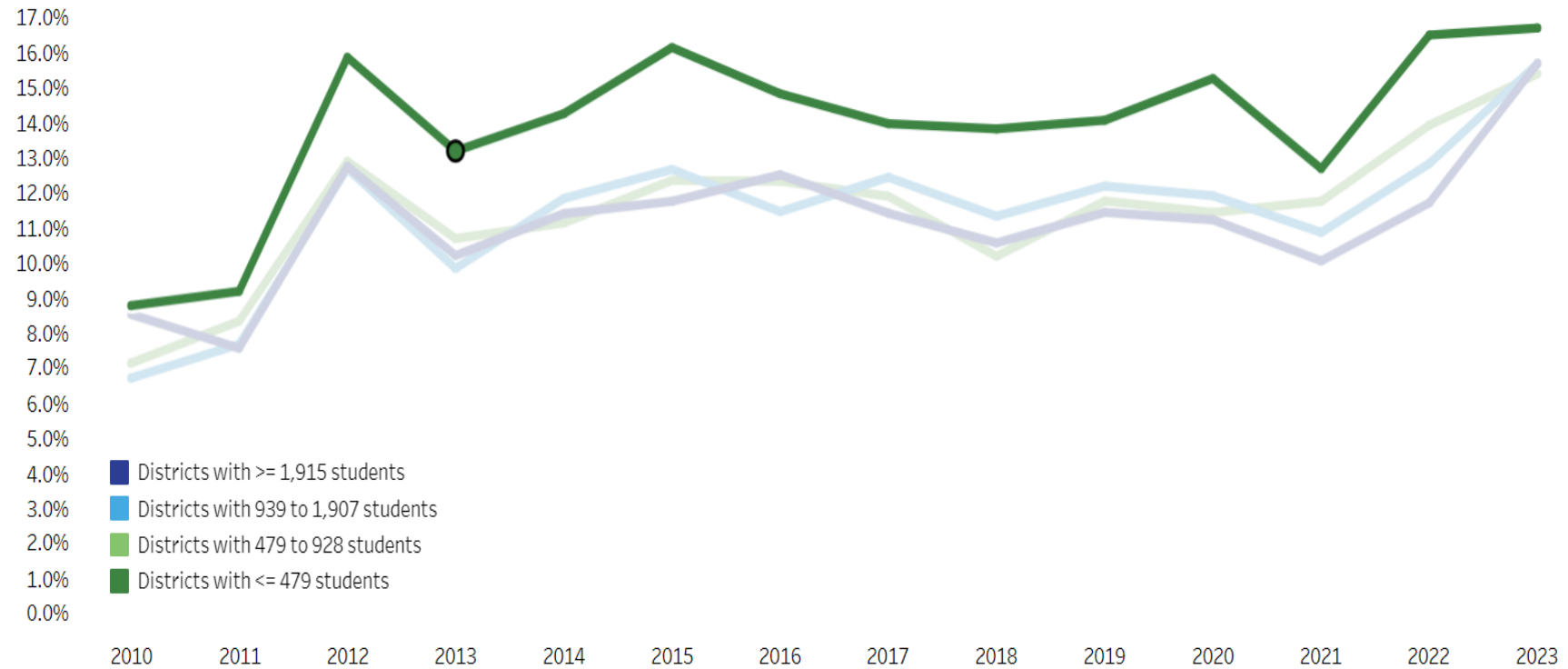
Balance budget, lose teachers, increase class size?

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



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.

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

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*



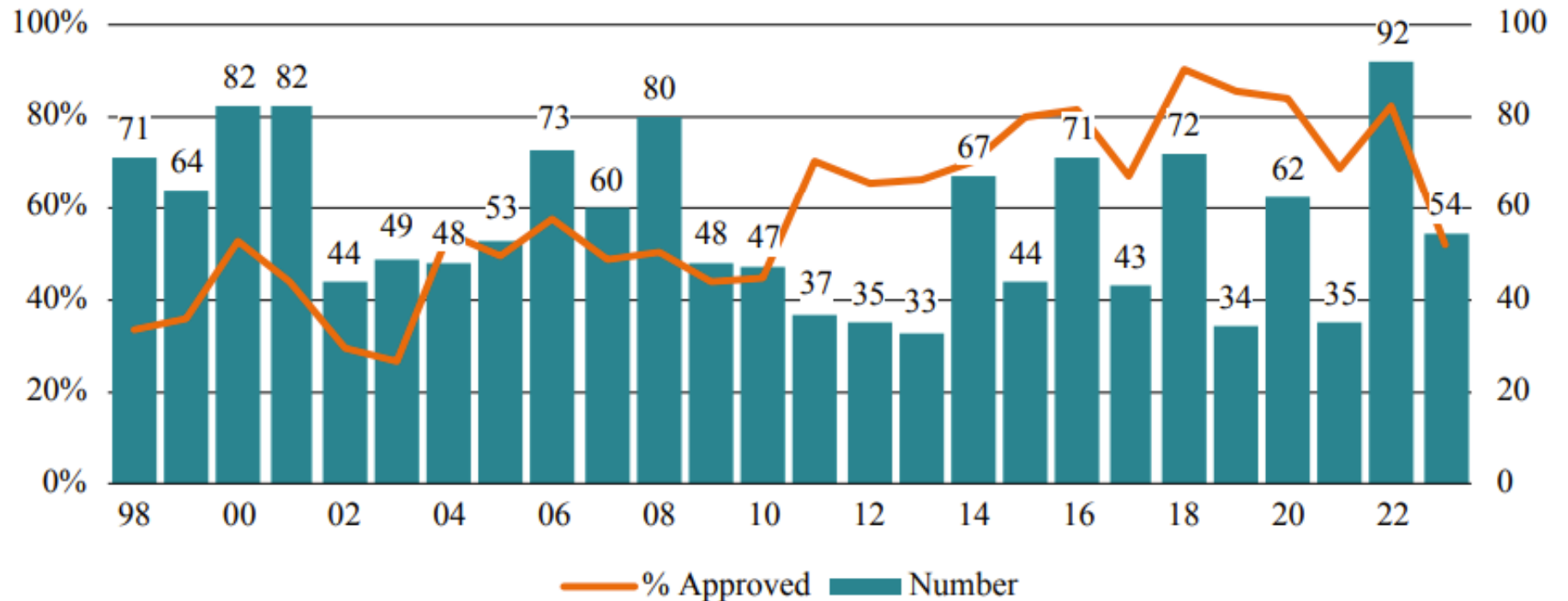
How are districts coping?

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

Increased use of operating referendums

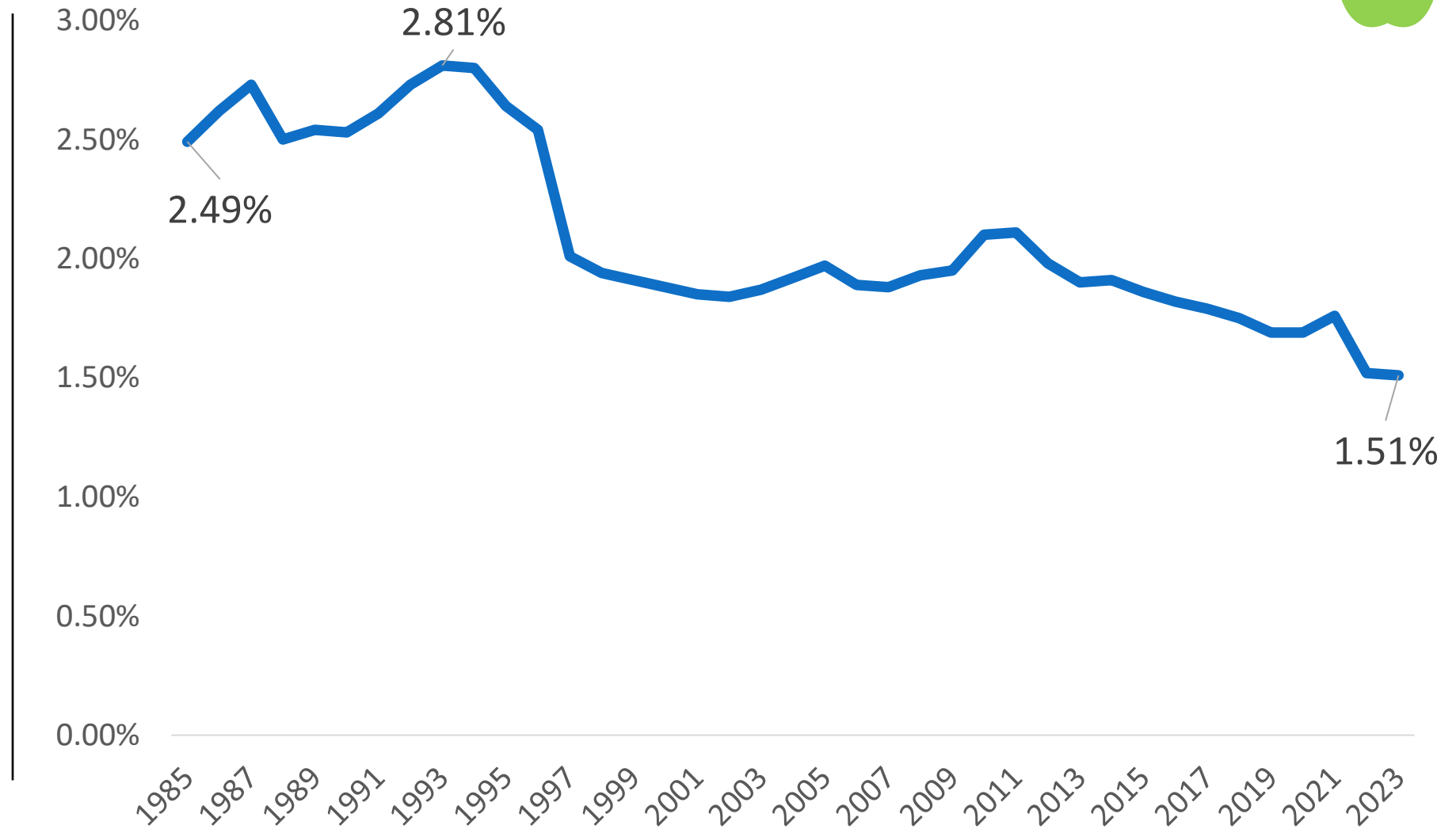
2022 had highest number of operating referendums since at least 1998

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





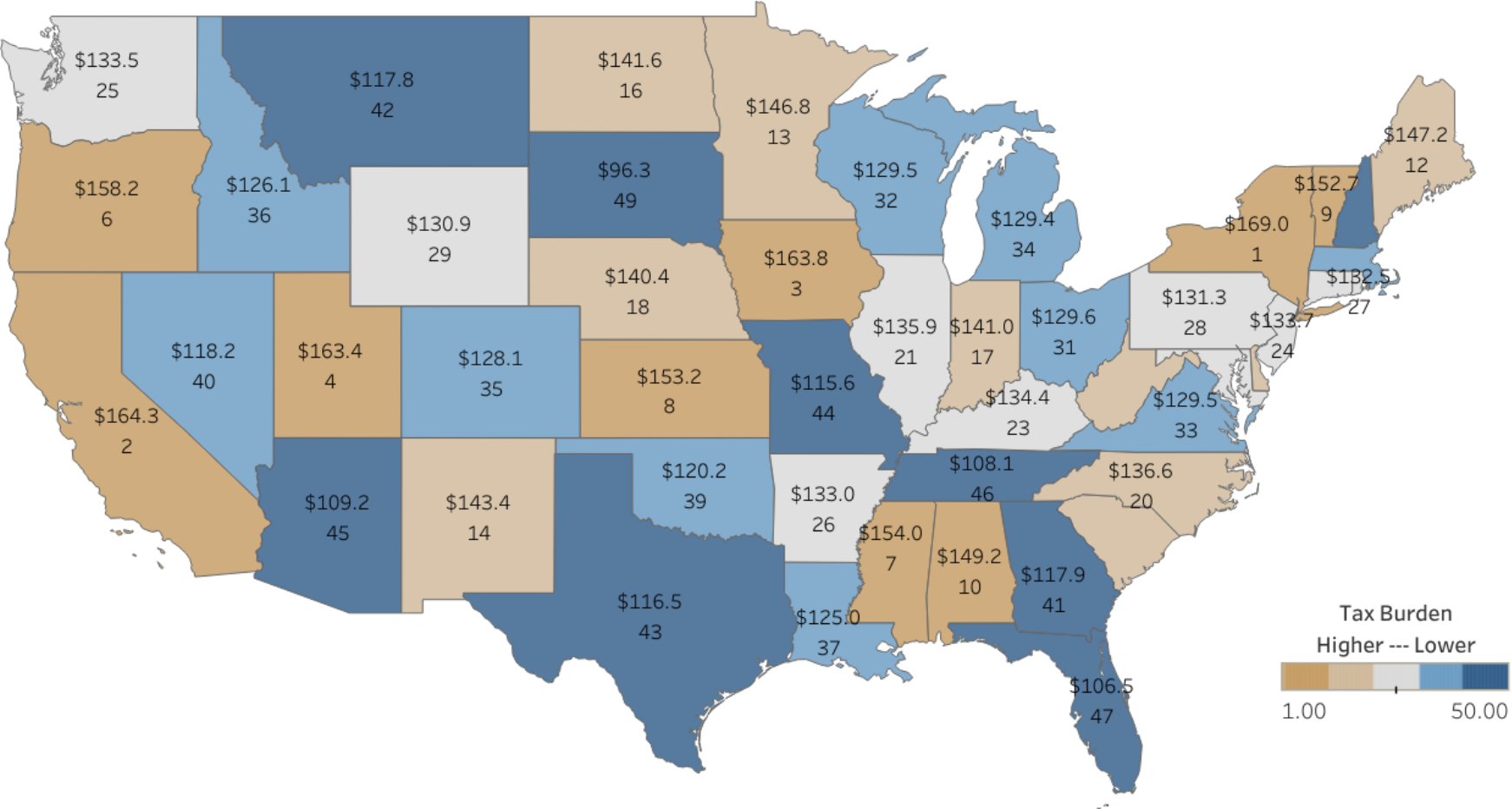
School property tax levy as % of personal income (tax burden)



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

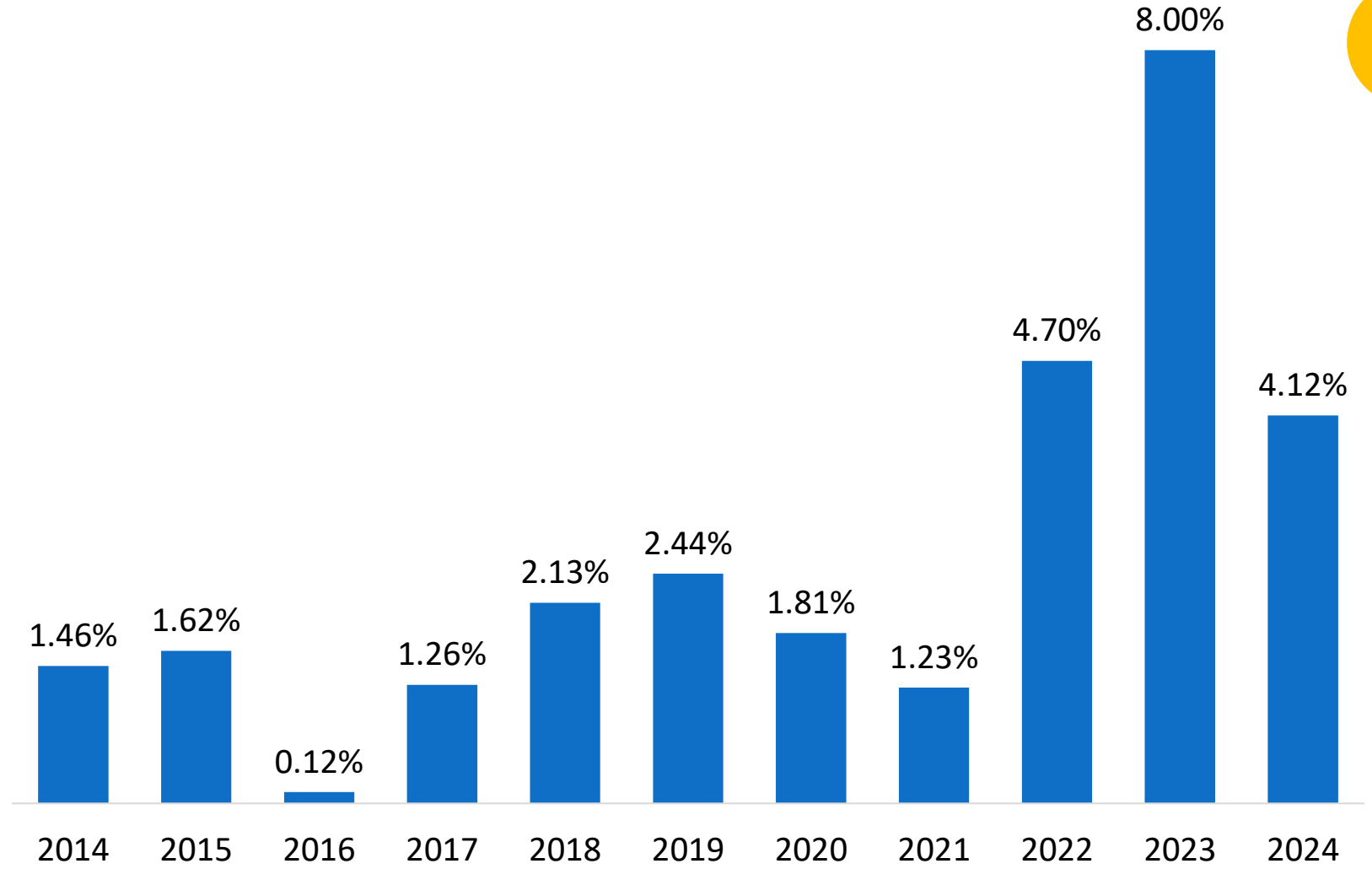
Iowa: \$163.8

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

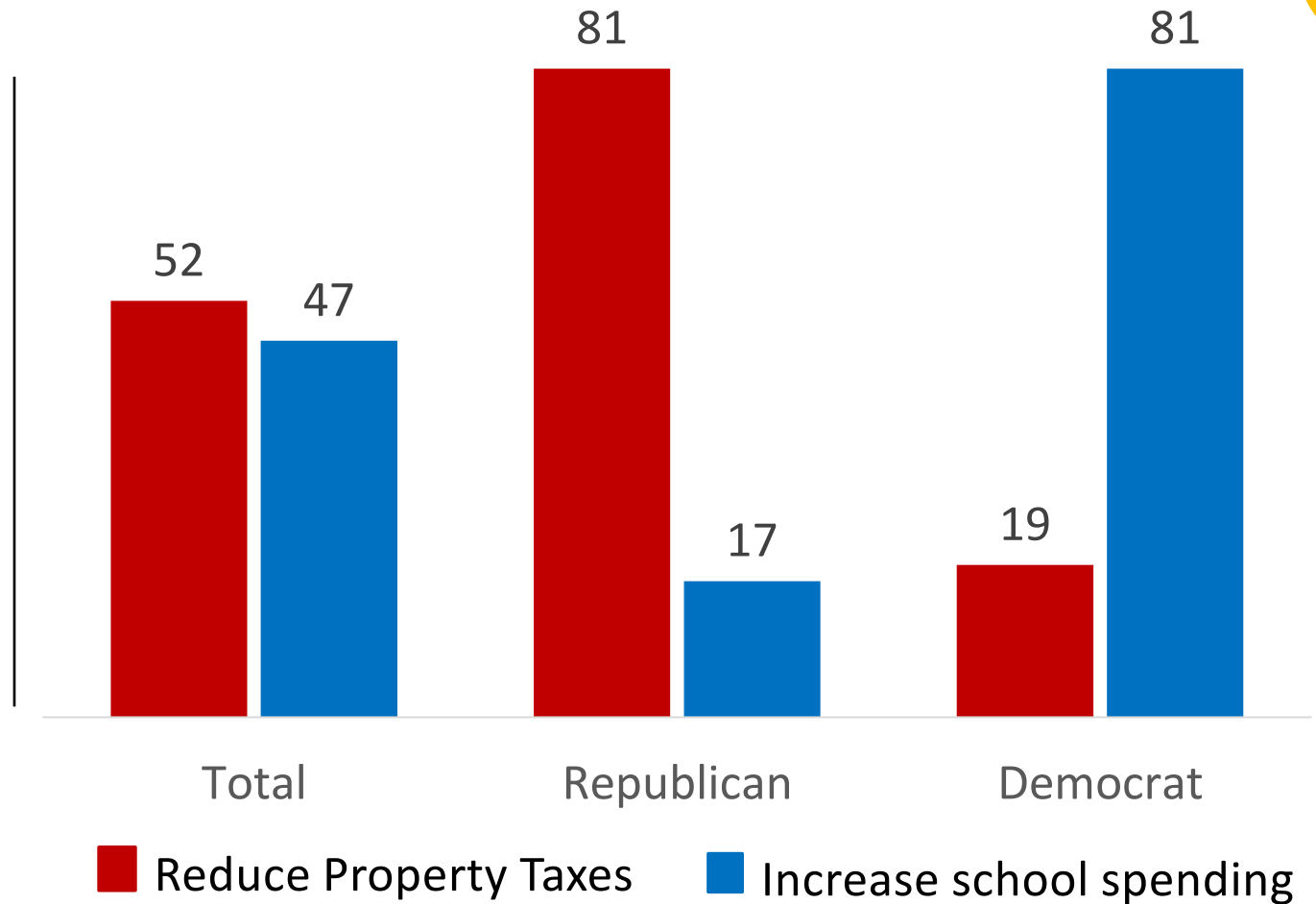


October 26 – November 2, 2023 (% of registered voters)

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 –

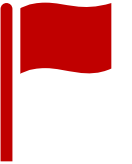
Opportunity to support needs of both taxpayers and students in public schools – if not now, when?

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



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



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



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 st 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
2013-14	3rd	\$100	\$1,395	21st	Statewide voucher program established
2015-16	5 th	\$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	NA	Revenue limits are frozen, no increases for two years
2022-23	12th	\$0	\$3,235	NA	Graduation! 2 nd 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)

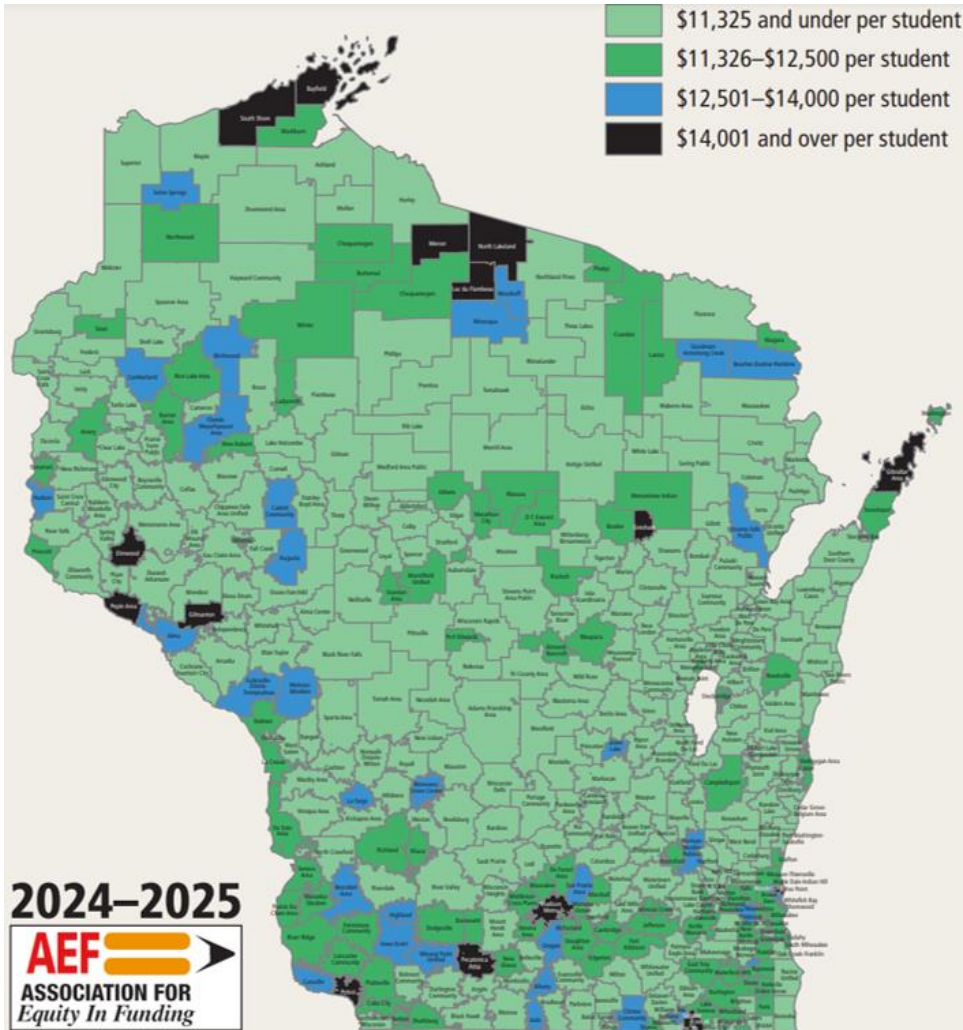
Still below LFB estimated inflationary per pupil adjustment (\$393 in 2023-24; \$403 in 2024-25)

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 up \$1,000 to \$11,000



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

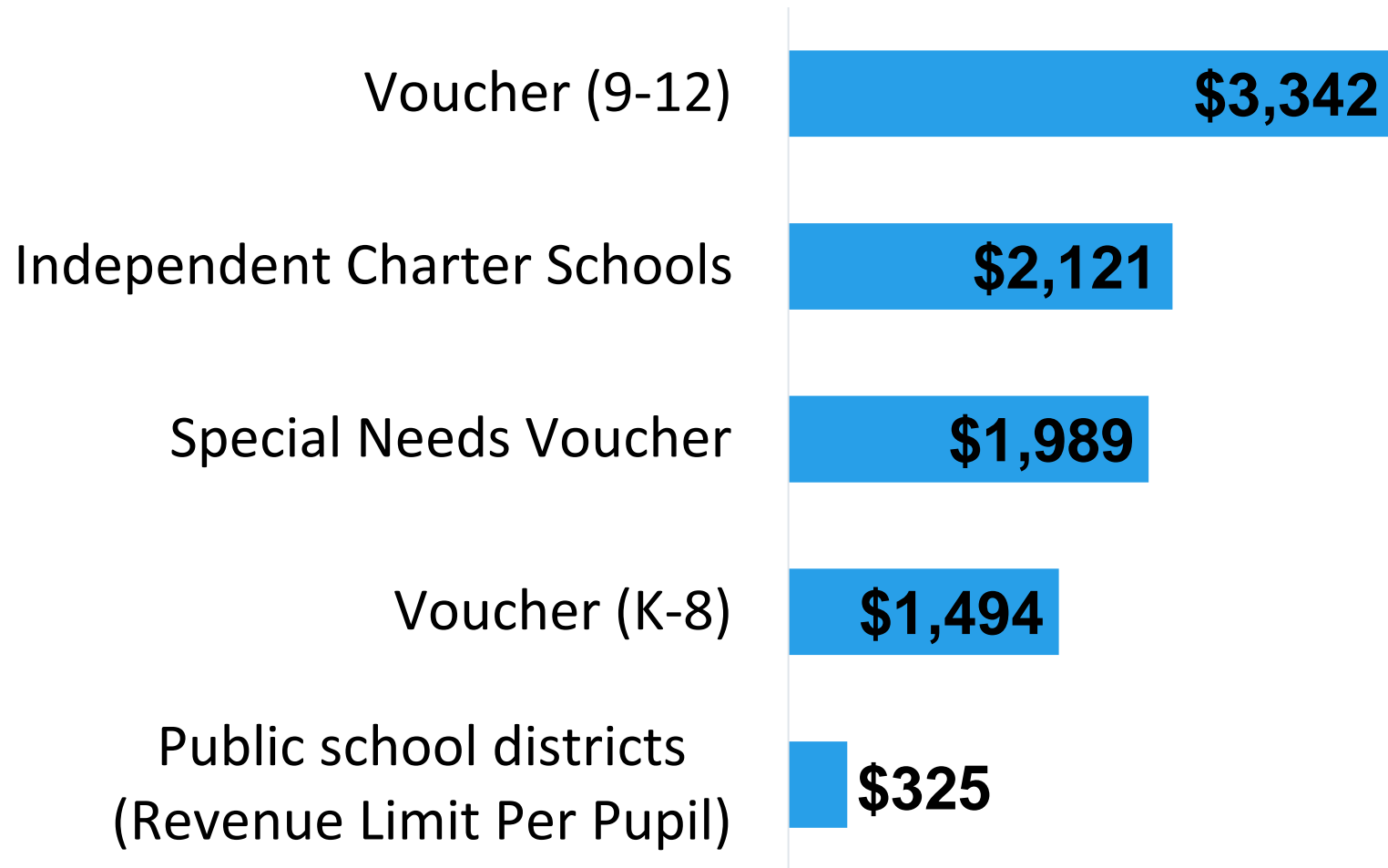
2023-25 state budget provided a \$1,000 per pupil increase in the **low revenue ceiling** – Helped reduce disparities between districts: **85% of districts will be within 10% of the new LRC of \$11,000**

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
TOTAL (Choice)	\$ 278.47	\$ 291.94	\$ 569.73
ICS			\$ -
Legacy		\$ 109.16	\$ 109.16
New Authorizer and OEO	\$ 28.10		\$ 28.10
TOTAL (ICS)	\$ 28.10	\$ 109.16	\$ 137.26
GRAND TOTAL	\$ 306.57	\$ 401.09	\$ 706.99

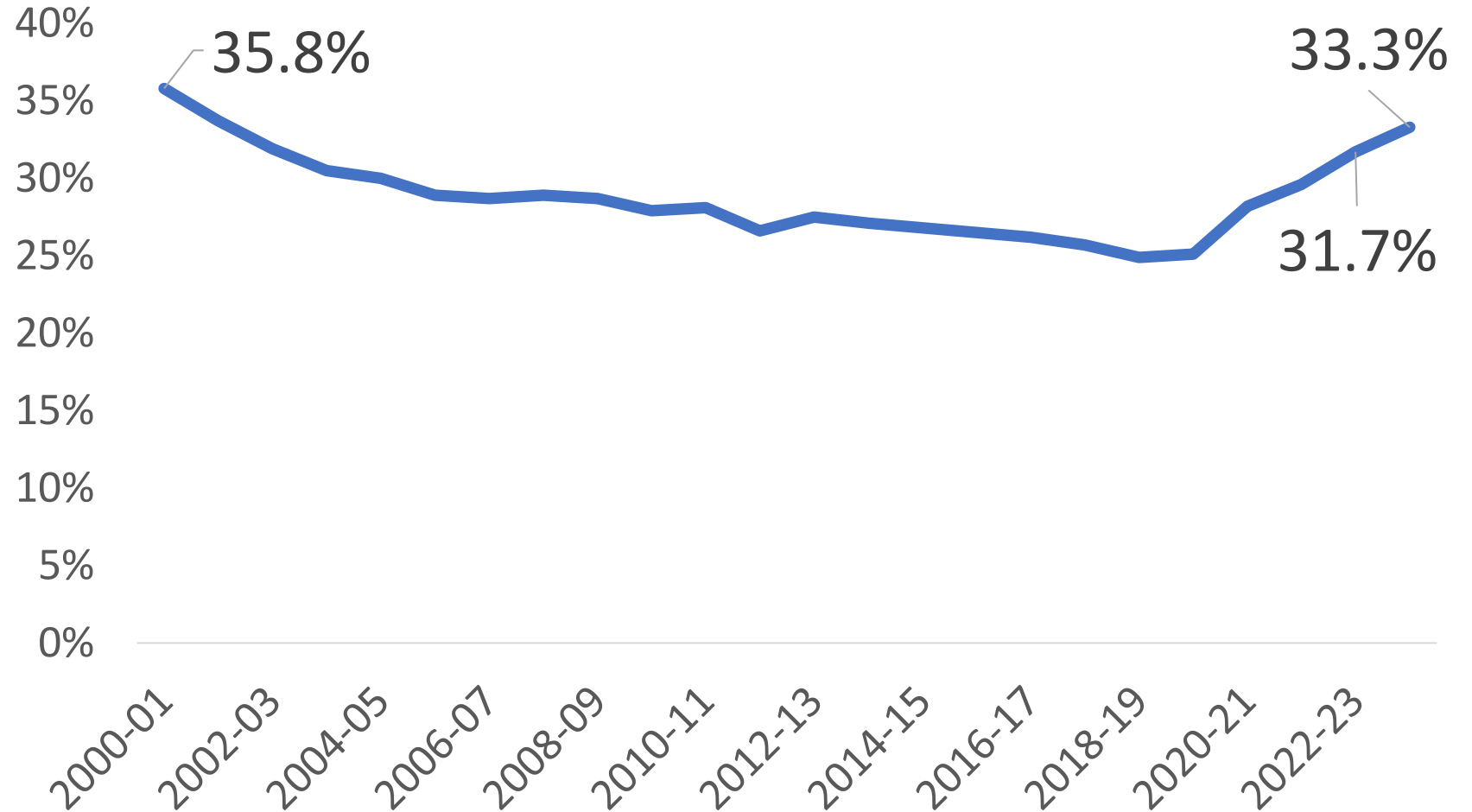
Special education categorical aid

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

Minimal increase to mental health aids

Small increase in equalization aid

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)

Equalization Aid vs. School Levy Tax Credit

EQ Aid: benefits
taxpayers in property
poor/low spending
districts

SLTC: benefits
taxpayers in property
wealthy/high spending
districts

Legislature appropriated more in SLTC (\$590 M) than
Equalization Aids (\$500 M)

2023-24: \$1,090 million

2024-25: \$1,345 million

SLTC had been flat at \$940 M since 2017-18

Likely reason? To blunt the property tax impact of
voucher/ICS payments and low revenue ceiling increase

School district levy goes down with Equalization Aid
District budget/levy not affected by SLTC

Applied by municipality after school district certifies its levy
– Most taxpayers will see it reduce their taxes

After budget...

resource-intensive challenges remain for schools

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

**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

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

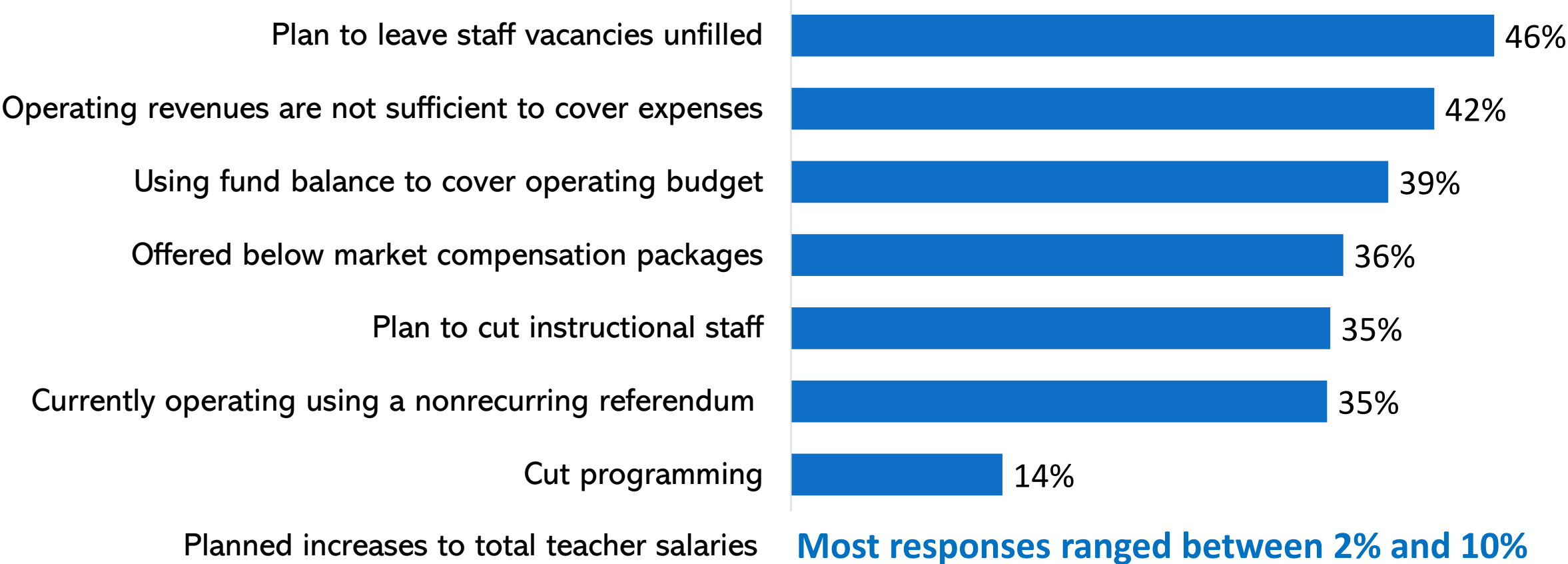
So far in 2024...

66 school districts have operating referendum ballot questions in 2024 (already surpasses 2023)

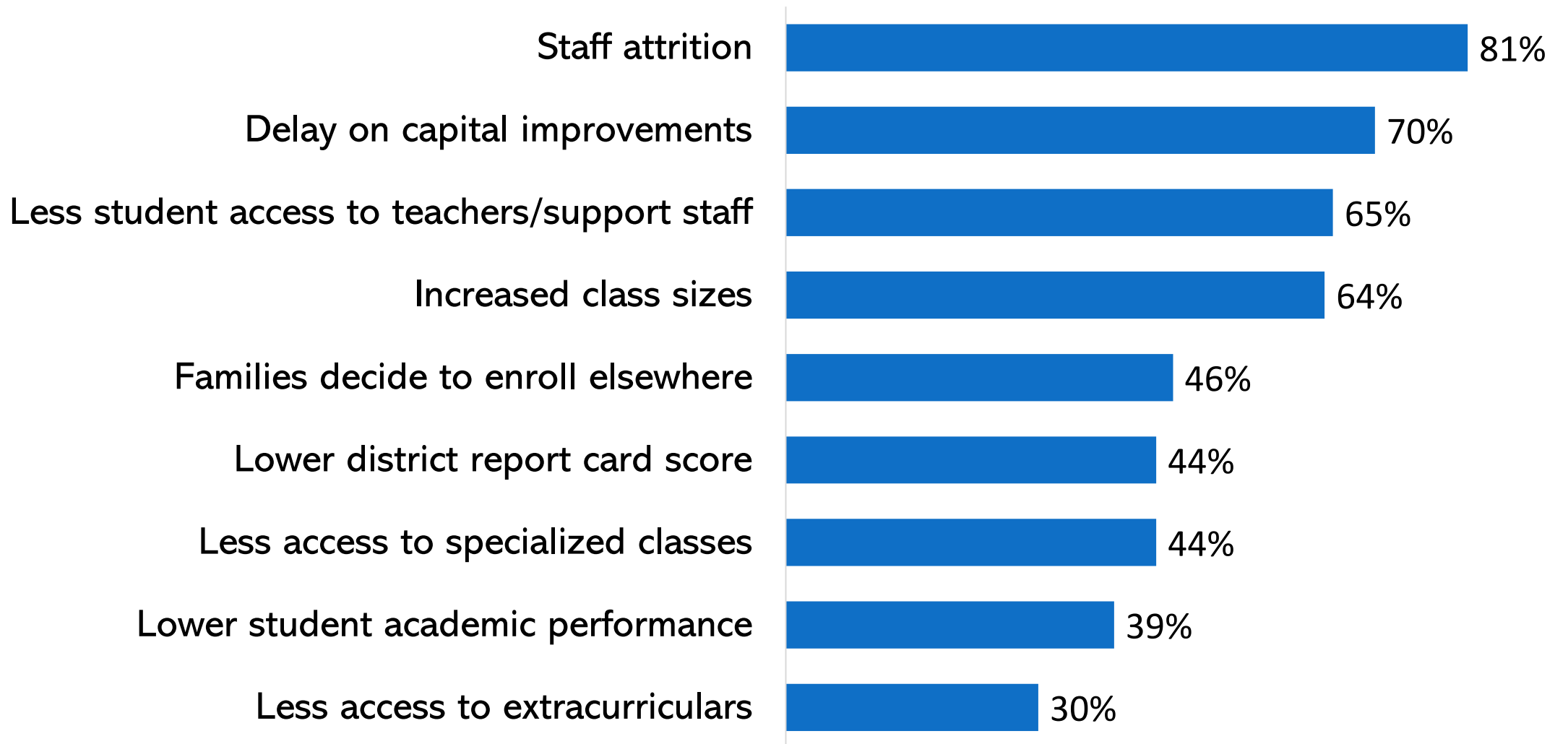
Mixed results for 5 in February – 3 passed, 2 failed

Expect many more this fall (that's the pattern)

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 as treated under our revenue limit formula:

Reduces resources faster than costs

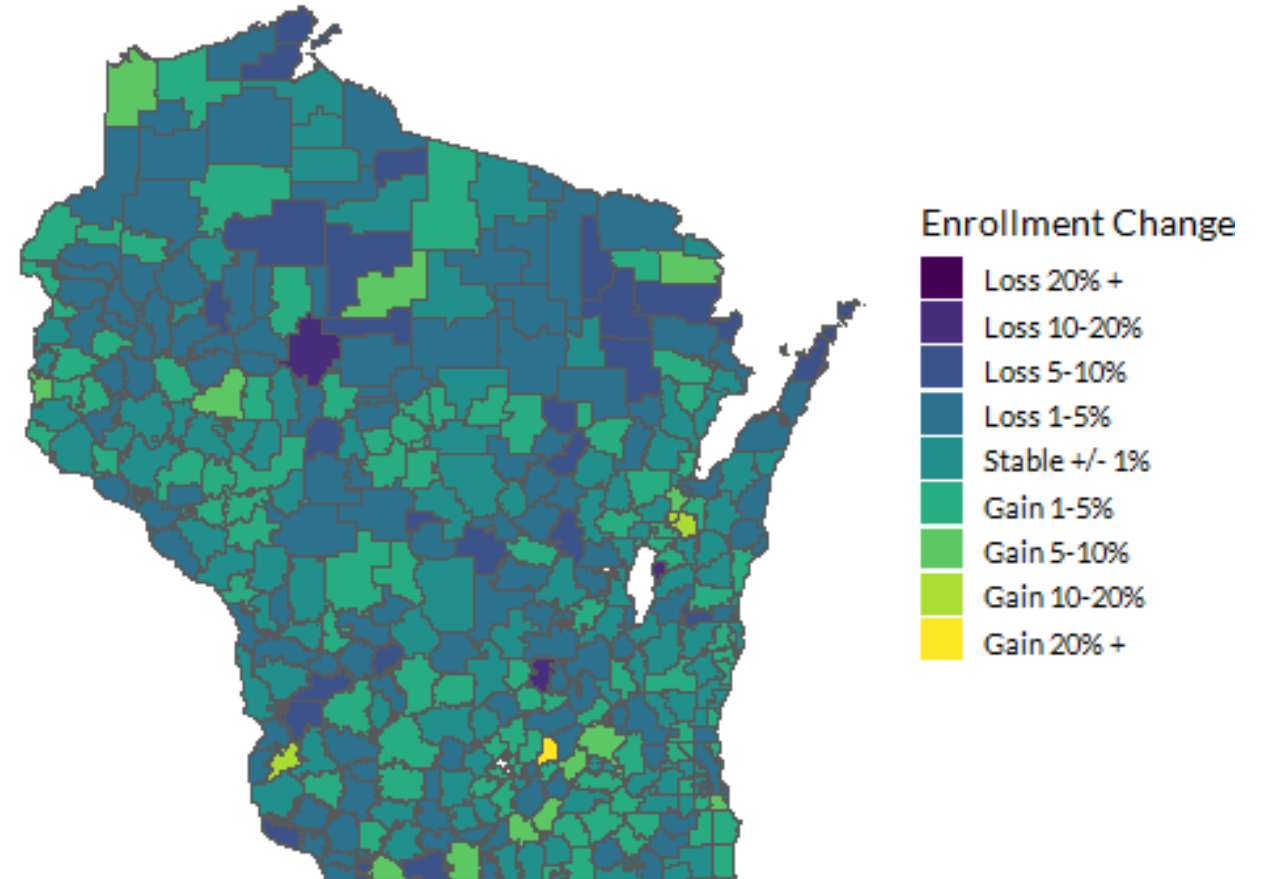
71% of districts are in declining enrollment (55% in 2006-07)

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

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
misleading...

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

BUT...as with any state budget, legislature can try to change that in 2025-2027 budget and beyond

Challenge likely? Depends on how new maps affect elections, makeup of legislature...

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

Operating referendums

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

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

“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

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



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?

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 reach voters, policymakers?

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



Wisconsin Association of School Business Officials

Contact Us

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**Rooted in
WASBO's mission:
Support FOR the
public schools that
serve all Wisconsin
children.**

Wisconsin has a long history of creating schooling options in K-12 education – that continues today...

Goals of WASBO's advocacy work (what is our lane?)

Inform, educate, advocate for K-12 education stakeholders and policymakers to think beyond election cycles –

Shine light on data, trends, and policy questions that foster understanding of long-term fiscal impacts of policy decisions on K-12 education in general, public schools specifically

Shape the conversation around public values:
Transparency, accountability, efficient use of taxpayer resources, fiscal sustainability, equity

Voucher program expansion:

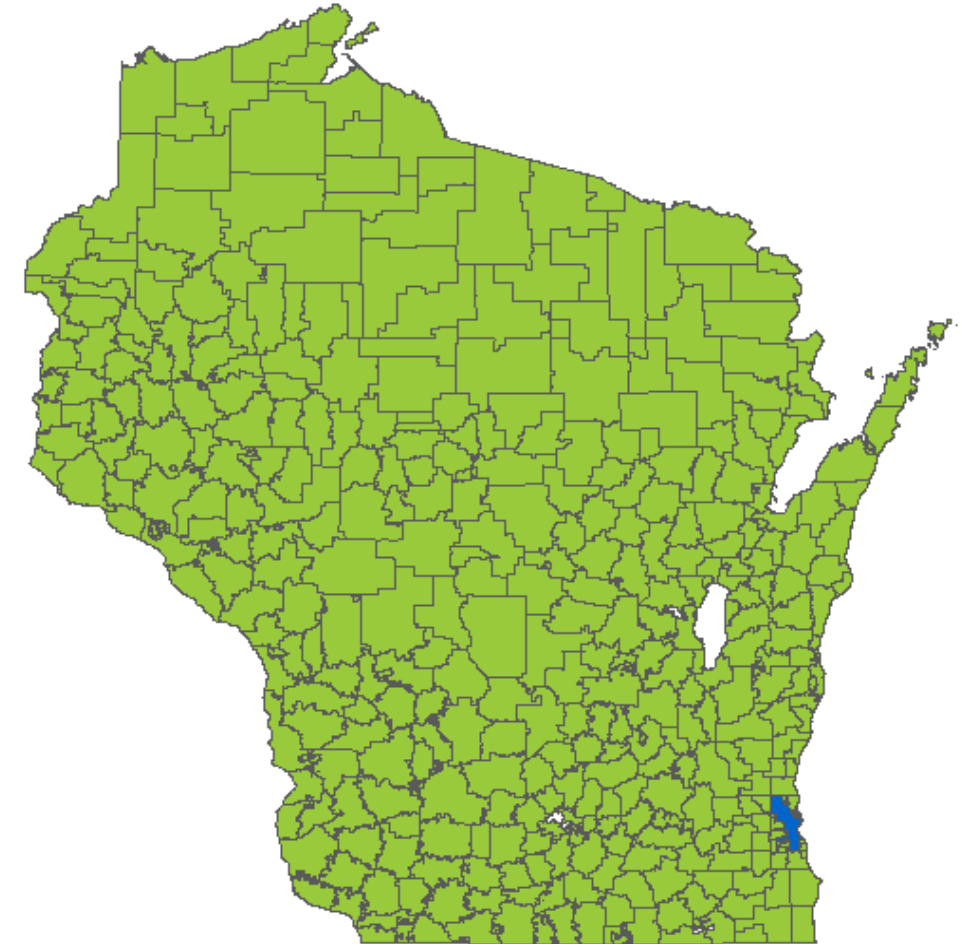
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School Year 2009-10



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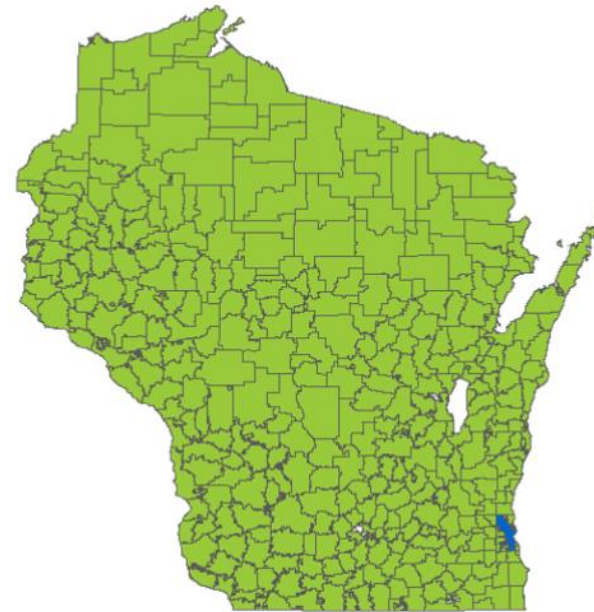
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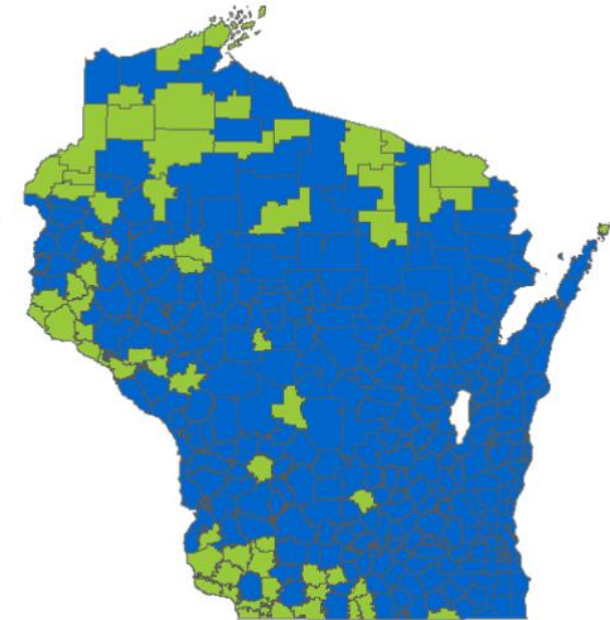
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2009-10
(1 district)



2022-23
(82% of districts)



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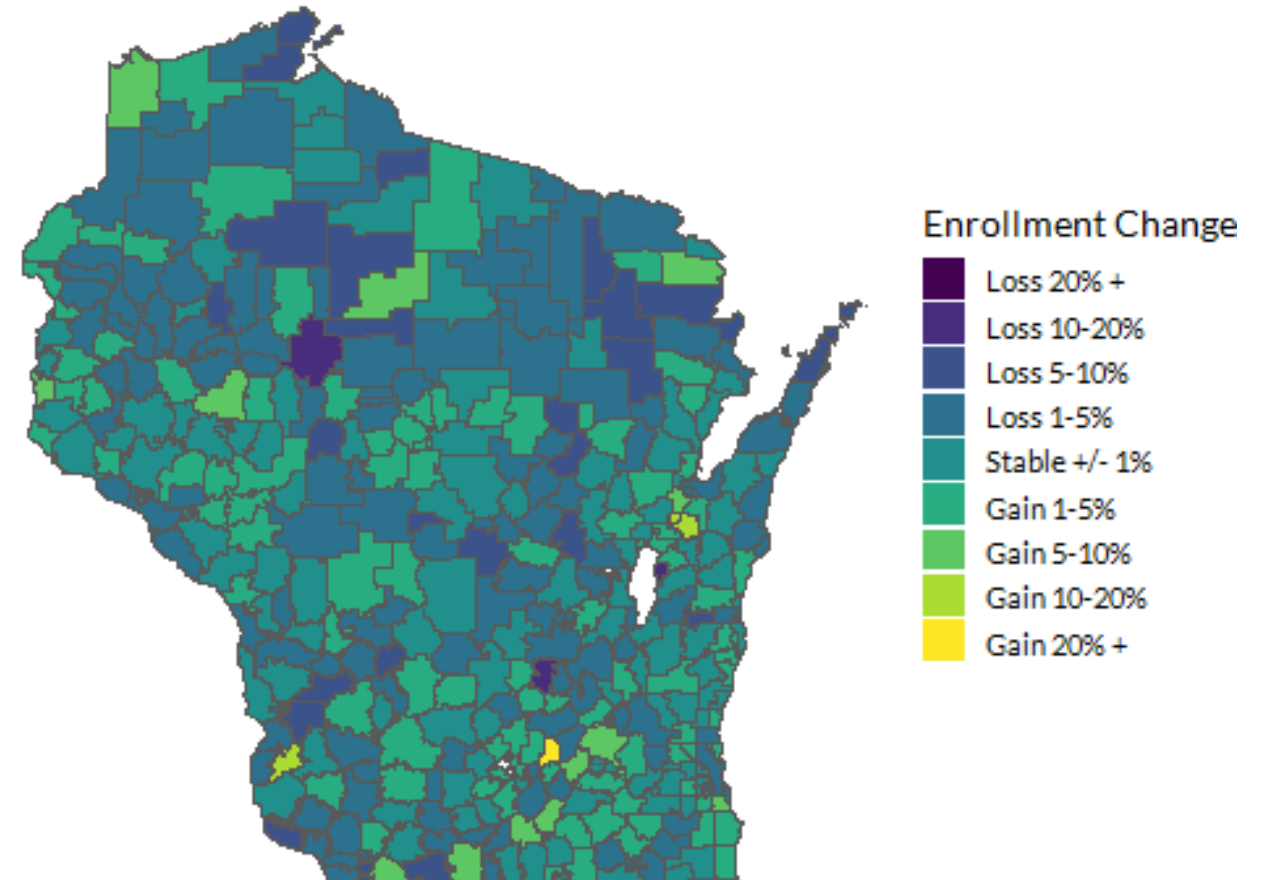
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faster than costs**

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

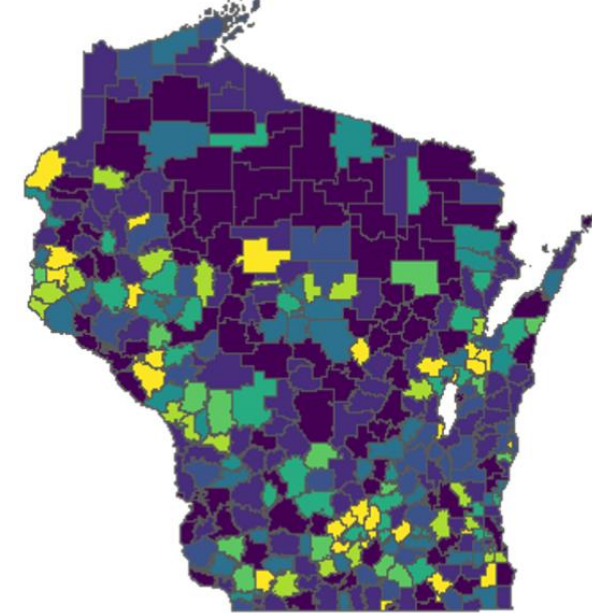
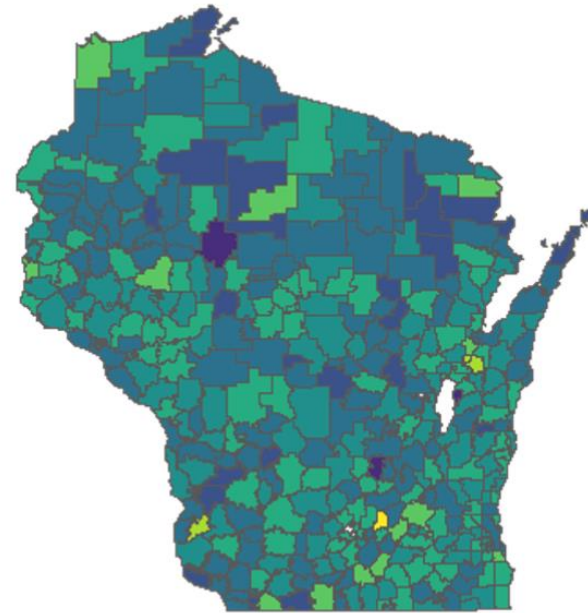
75% of students are located in just 30% of districts

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

Percentage change in enrollment over previous year

2006-07

2022-23



Constitutional standard for state's fiscal responsibility to school districts

Wisconsin supreme court gave us a constitutional standard for adequate and equitable school funding almost 25 years ago:

An equal opportunity for a sound basic education acknowledges that students and districts are not fungible and **takes into account districts with disproportionate numbers of disabled students, economically disadvantaged students, and students with limited English language skills.**

So long as the legislature is providing sufficient resources so that school districts offer students the equal opportunity for a sound basic education as required by the constitution, the state school finance system will pass constitutional muster.”

Justice Patrick Crooks – Vincent v. Voight, July 11, 2000

**Public schools
serve the needs
of all students:
SCOW pointed
to three groups**

Wisconsin supreme court gave us a constitutional standard for adequate and equitable school funding almost 25 years ago:

Wisconsin students have a right to an **equal opportunity for a sound basic education**...[which] acknowledges that students and districts are not fungible and **takes into account districts with disproportionate numbers of:**

- **disabled students,**
- **economically disadvantaged students, and**
- **students with limited English language skills**

So long as the legislature is providing sufficient resources so that school districts offer students the equal opportunity for a sound basic education as required by the constitution, the state school finance system will pass constitutional muster.”

Justice Patrick Crooks – Vincent v. Voight, July 11, 2000

2019 Blue Ribbon Commission on School Funding still salient, five years later

Key recommendations (and estimated costs) related to constitutional standard for a “sound basic education”:

- Inflation-adjusted revenue limit
- 60% special ed – Two-year phase in: \$460.0 million
- 1.2 membership weight for ELs (aid and revenue limit): Three-year phase-in: \$120 million
- 1.2 membership weight for low-income pupils (aid and revenue limit): Three-year phase-in: \$780 million

**\$1.36 billion (plus inflationary revenue limit adjustment)
= Amount state falls short of these four provisions alone**

Could a policy window be opening? Robust state surplus? New balance on SCOW? New legislative maps?

Economically disadvantaged students

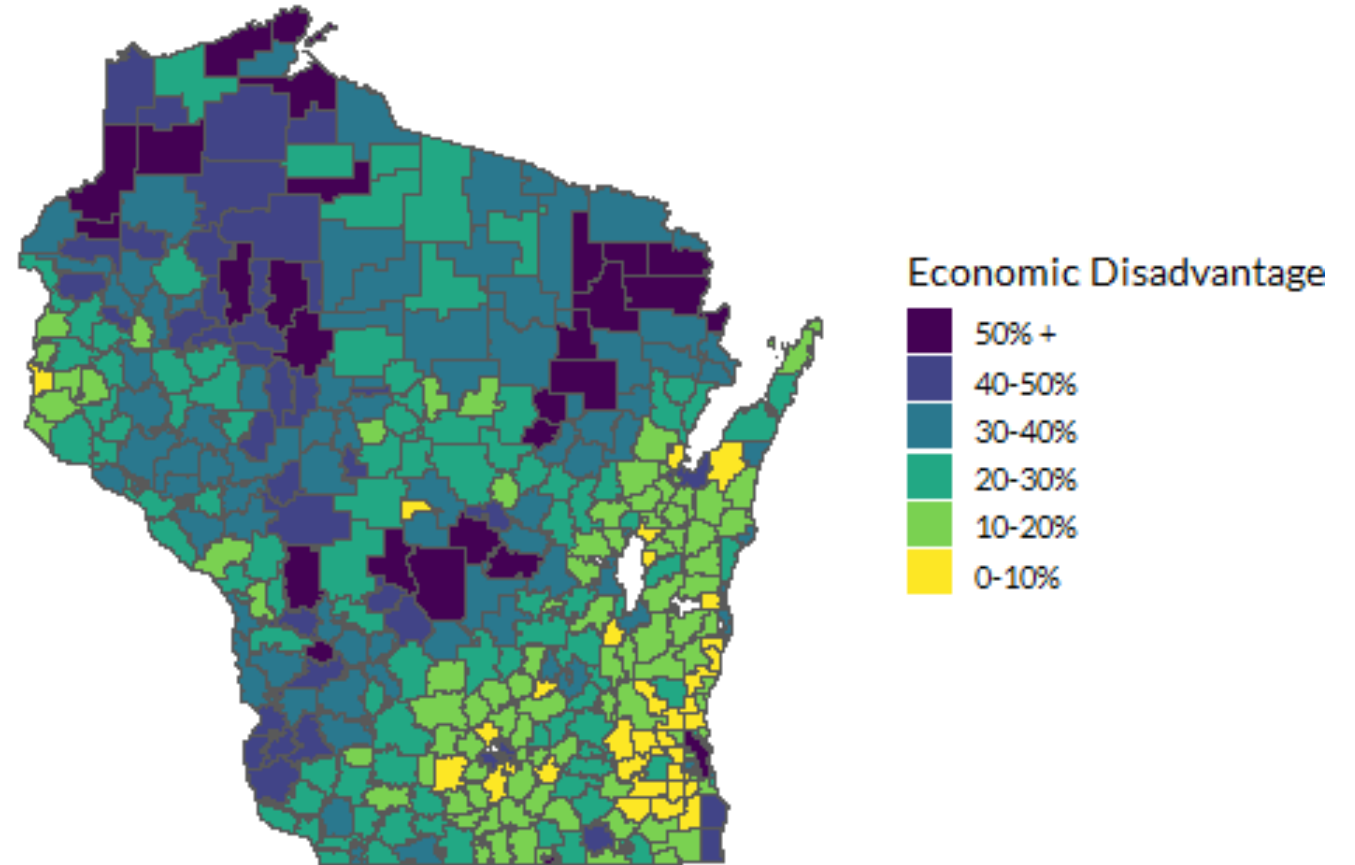
2022-23

About 1 in 5 districts have a majority of students who are economically disadvantaged

Federal Title funds support the needs of these student. **No dedicated state funding source**

Poverty is growing in Wisconsin

Percent of Economically Disadvantaged Students
School Year 2006-07



Economically disadvantaged students

2022-23

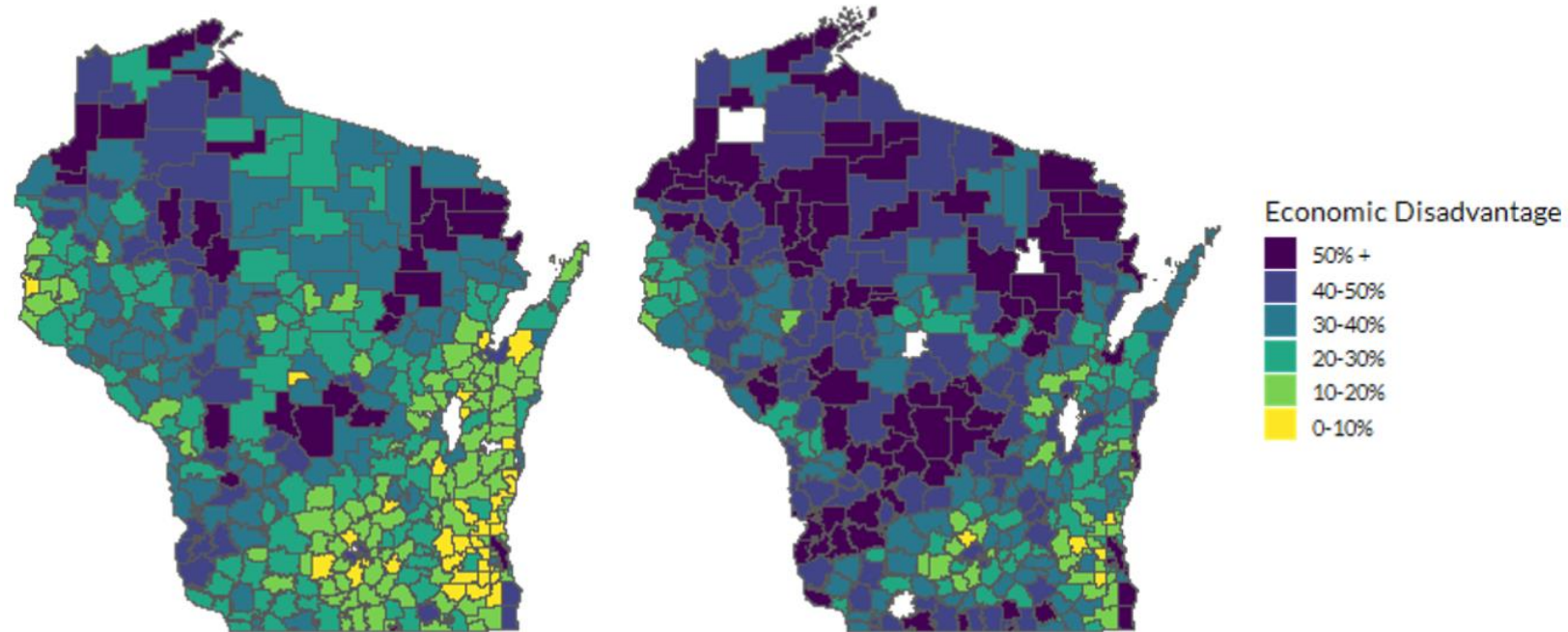
About 1 in 5 districts have a majority of students who are economically disadvantaged

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Percent of economically disadvantaged students

2006-07

2022-23



Students with disabilities

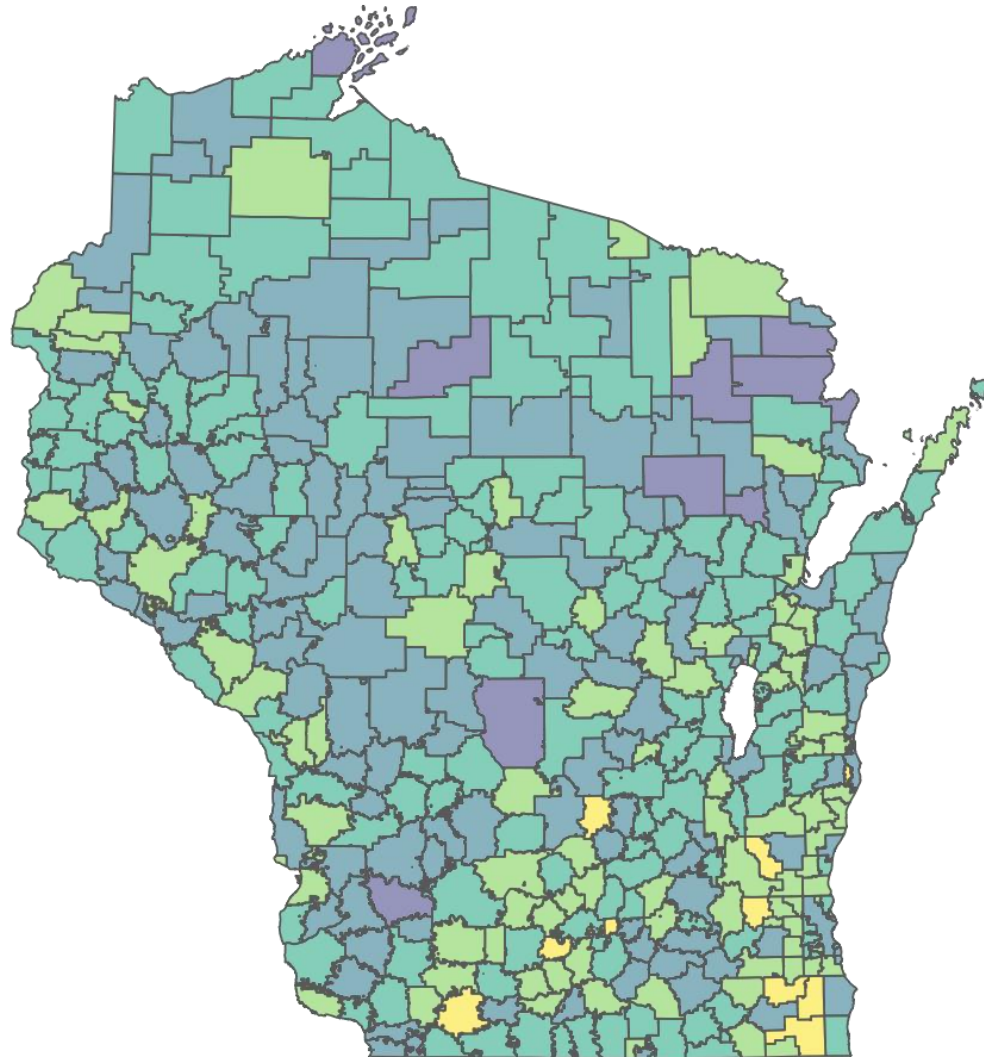
2022-23

2023-24 estimated reimbursement rate for mandated special education: **33.3%**

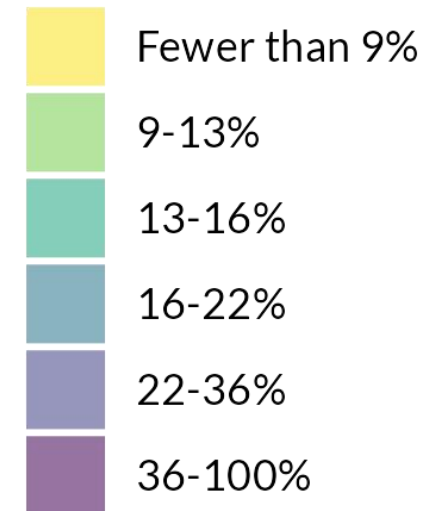
Most districts have at least 9% SwDs

Average: 15%

DASD: 12.3%



Students with Disabilities



English learners

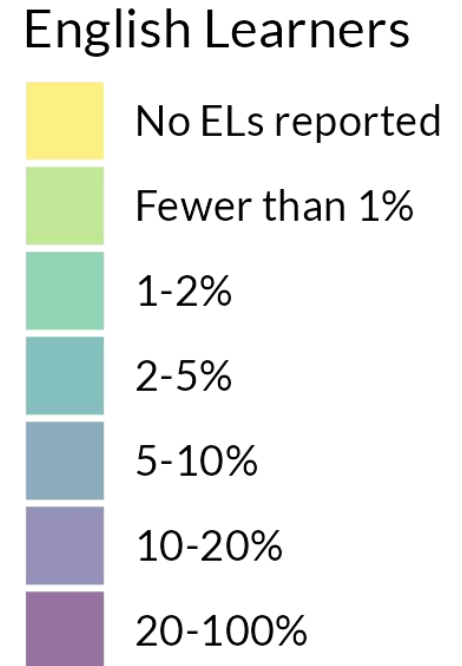
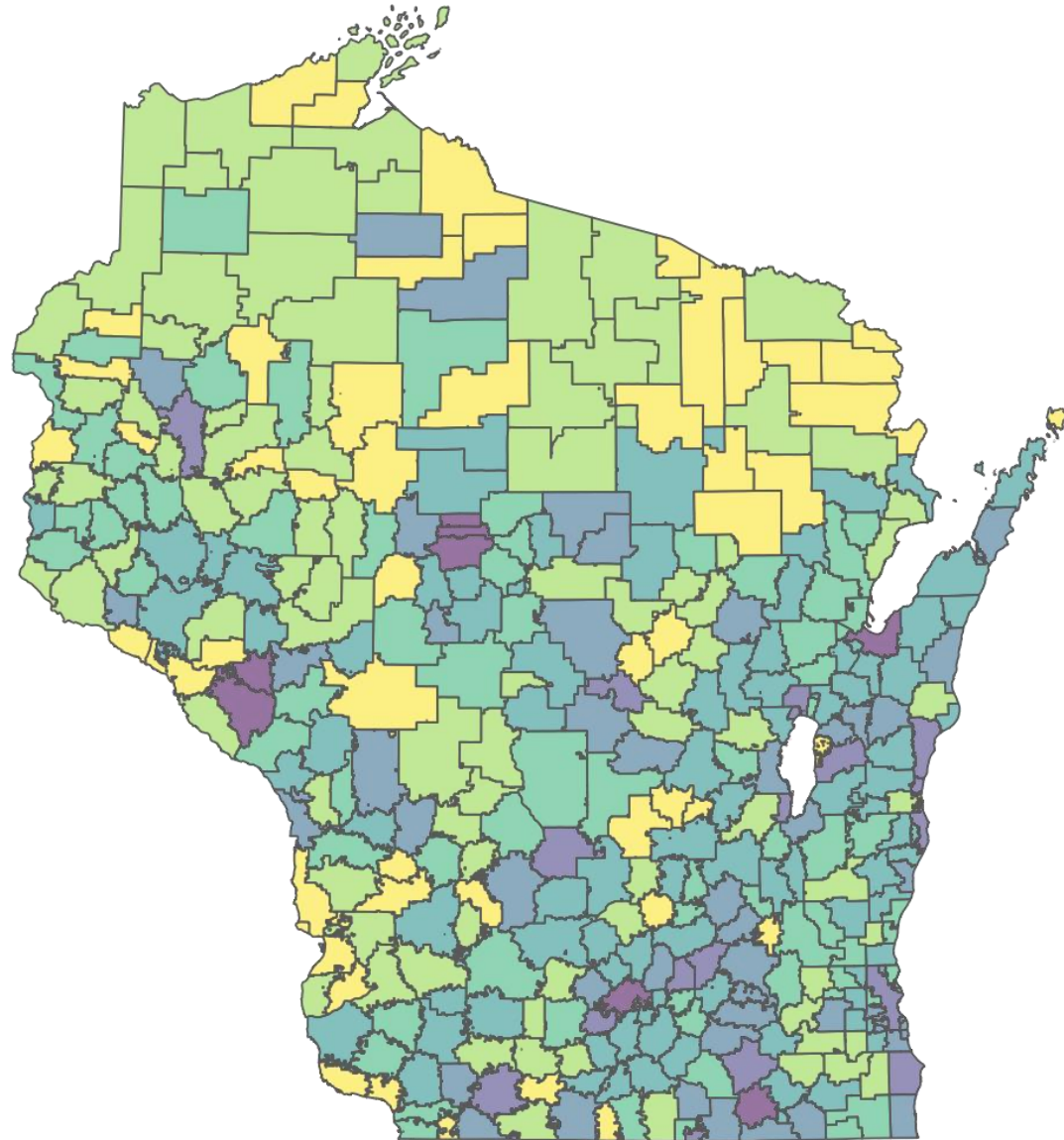
2022-23

No dedicated aid for all ELs

356 districts (84.6%) enroll ELs

Only 50 districts get Bilingual Bicultural Aid (est. 8.9% reimbursement rate in 2023-24)

DASD: 3%

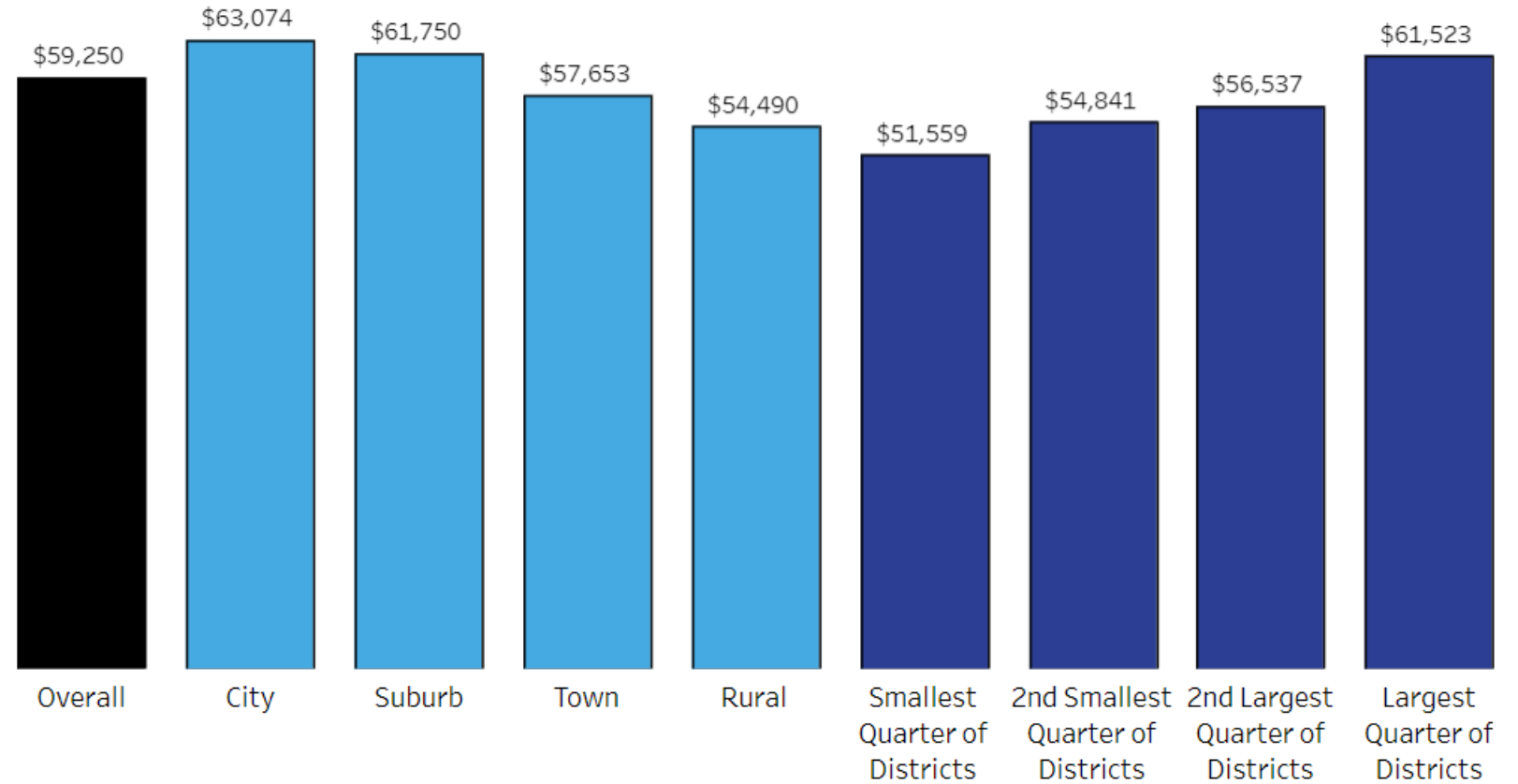


Educator Workforce

Rural and small districts especially vulnerable:

Teacher pay lower
AND
Teacher turnover higher

2023 median gross teacher salary by district type



Sources: National Center for Education Statistics, Wisconsin Department of Public Instruction, and Wisconsin Policy Forum analysis

Headlines can be misleading....

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



Insights from the field ground the **state data, budget policies,** and media stories in the **day-to-day experiences of students and the work school district leaders are doing to safeguard their students' educational opportunity amid fiscal pressures**

School boards, administrators: Well-positioned to educate policymakers – Connect your local insights into the statewide data and trends – be heard!