

RESEARCH BRIEFS

Brief #26

January 2016

What's happened to school funding?

Wisconsin public schools receive funding from three major sources: federal aid, state aid, and local support. State aid for public education has declined the last five years harming our ability to maintain strong public schools and provide all children with the opportunities they need to get ahead.

State aid comes in two forms: categorical aid, which is targeted to specific programs such as transportation and special education; and general or equalized aid, which can be used as districts best see fit. Revenue controls, another state law, set overall limits on district-level per pupil funding.

Categorical aid comprises 14 percent of state funding, and special education is the largest categorical aid program. Public schools serve the needs of all children including those with medical and cognitive challenges.

Wisconsin reimbursed 34 percent of district costs for special education in 2000. The amount declined to 27 percent by 2012. The last three State Budgets froze funding for special education, except a small rise for a unique category of high-cost students. State aid for special education will be the same *next* school year as it was in 2010, a six year freeze in funding. With no increases for special education, school districts must use more money from the general budget to offset costs once covered by the state.

Equalized aid constitutes the bulk of state support for school districts. The Legislature cut funding in 2011 and has yet to fully restore it. General equalized aid will be less in the 2016-17 school year than it was in 2010. When adjusted for inflation, the Center on Budget and Policy Priorities found that Wisconsin cut 12.5 percent in general support per pupil, the *fourth largest cut in the nation* since 2008.

Revenue controls determine annual allowable increases in school district per pupil revenue. Revenue amounts are calculated by multiplying enrollment with per pupil increases allowed by the Legislature. Annual per pupil increases were once tied to inflation and rose to \$275 per pupil. This schedule was broken in 2011 when the Legislature *cut* per pupil funding by \$550, and then offered a \$50 and \$75 increases the three following

years. Per pupil increases under revenue controls were *eliminated altogether* in the 2015-17 State Budget.

If a district spent \$10,000 per pupil and received \$275 per pupil increases each of the last five years, for example, it could spend \$11,375 per pupil today. With legislative changes, however, that \$10,000 was reduced to \$9,650 per pupil—less funding than what kids received five years ago. The difference between the old law and the new is a net loss in funding of \$1,725 per child.

School districts can receive revenue control exemptions for declining enrollment and successful referenda which affect their final per pupil amounts, but many districts receive no such exemptions. This example portrays the net effect on one child unaffected by district-specific exemptions.

Per pupil categorical aid is a new form of state aid enacted in 2013-14 that provided \$75 per student outside of revenue controls. This funding, however, does not compound each year and the legislature set the amount at \$150 for the current 2015-16 school year. Thus, even with this new \$150 in categorical aid added to the per pupil amount, students are still receiving fewer actual dollars than they did in 2010—and far less than needed to keep up with the cost of living.

An examination of major school funding sources and mechanisms in Wisconsin tells a tale of across-the-board atrophy and loss. Support for education needs to improve if we are to maintain our state's tradition of strong public schools.

Since 2010, funding for special education is flat, equalized aid decreased, and per pupil revenue—even with the new per pupil aid—is down, not keeping up with inflation, and not providing our children with the opportunities they need to succeed. We shouldn't be cutting funding from public education. This results in fewer resources for children. We should invest in education to prepare all children with the skills they need for good jobs in the years ahead.

Sources

Wisconsin Department of Public Instruction, "Final 2011-13 Budget with Vetoes," June 2011.

Wisconsin Department of Public Instruction, "Final 2013-15 Budget with Vetoes," July 2013.

Wisconsin Department of Public Instruction, "Final 2015-17 Budget with Vetoes," July 2015.