

Forward Institute Report

Education Budget Will Place Heavier Education Funding Burden on Local Property Taxpayers

The Education Budget adopted by the Joint Finance Committee in the early dawn hours Wednesday, June 5 has yet to receive a complete fiscal estimate by the Legislative Fiscal Bureau. Based on the reported provisions of the education budget and state fiscal data, Forward Institute analysis shows that local property taxpayers will shoulder an increasing share of public education funding. This is potentially a violation of Wisconsin State Statutes regarding school finance.

Wisconsin Statute 121.01 regarding school finance, general aid:

“It is declared to be the policy of this state that education is a state function and that some relief should be afforded from the local general property tax as a source of public school revenue where such tax is excessive, and that other sources of revenue should contribute a larger percentage of the total funds needed.”¹

The education budget as adopted by Joint Finance would have the following impacts:²

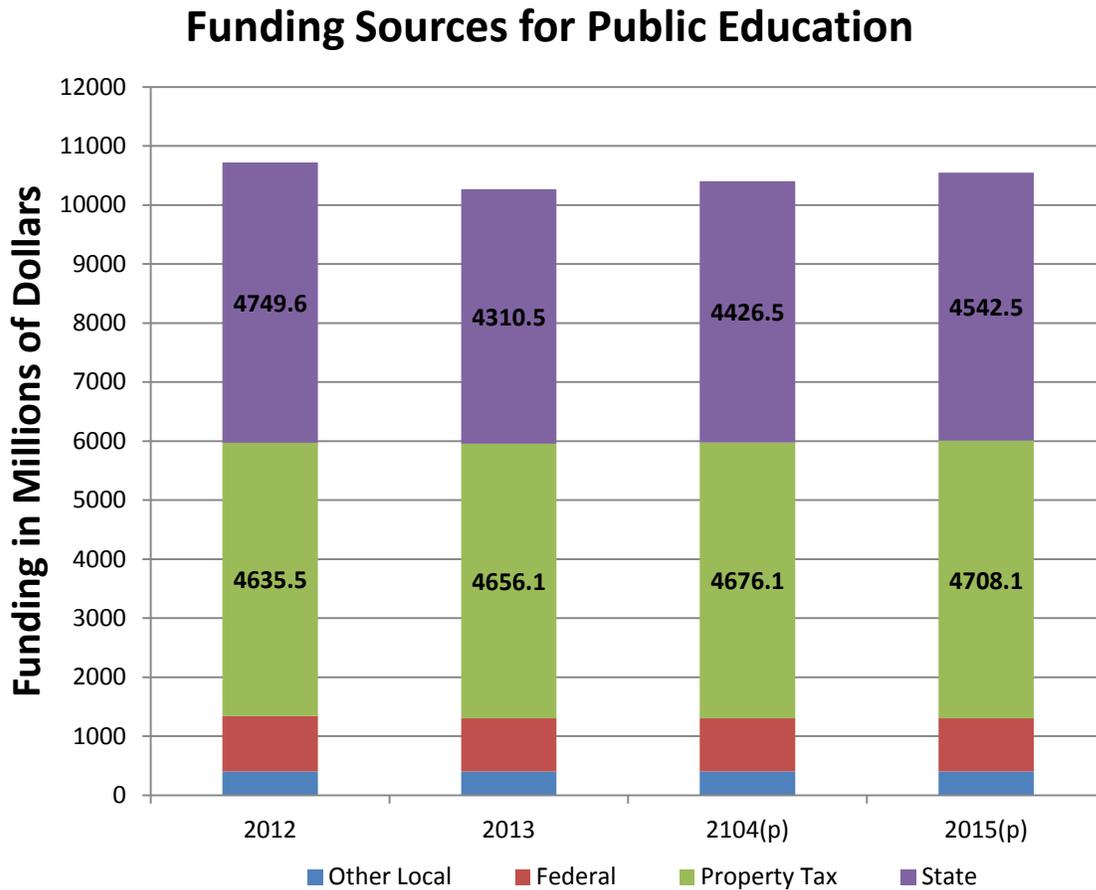
1. Increase public school per pupil spending by \$150 in each year of the biennium.
2. Increase State aids to public education by \$231.5 million over the biennium.
3. Increase the School Property Tax levy by \$20 million in 2013-14, and \$32 million in 2014-15.
4. The private school voucher program would expand to allow for no more than 500 additional students (beyond Milwaukee and Racine) in 2013-14, and no more than 1,000 additional students (beyond Milwaukee and Racine) in 2014-15 statewide.
5. Increase voucher program per pupil spending by \$768 for K-8 students (to \$7210), and by \$1,414 for high school students (to \$7856) for the biennium.
6. While the income cap will be lowered to 185% of poverty level (currently 300%), a private school tuition tax credit was included in the budget in the amount of \$30 million per year. This would subsidize private school tuition beyond the voucher program.

Compiling data from the Department of Public Instruction³ and Legislative Fiscal Bureau⁴ shows that for the first time since the adoption of Wisconsin Statute 121.01, local property taxes will fund a greater portion of the public education budget than state aid (see Figure 1).

¹ Wisconsin Statutes on School Financing, accessed on 6/6/13 at <http://docs.legis.wisconsin.gov/statutes/statutes/121/II/01>

² Education Budget proposal memo accessed on 6/6/13 at <http://budget.wispolitics.com/>

Figure 1.

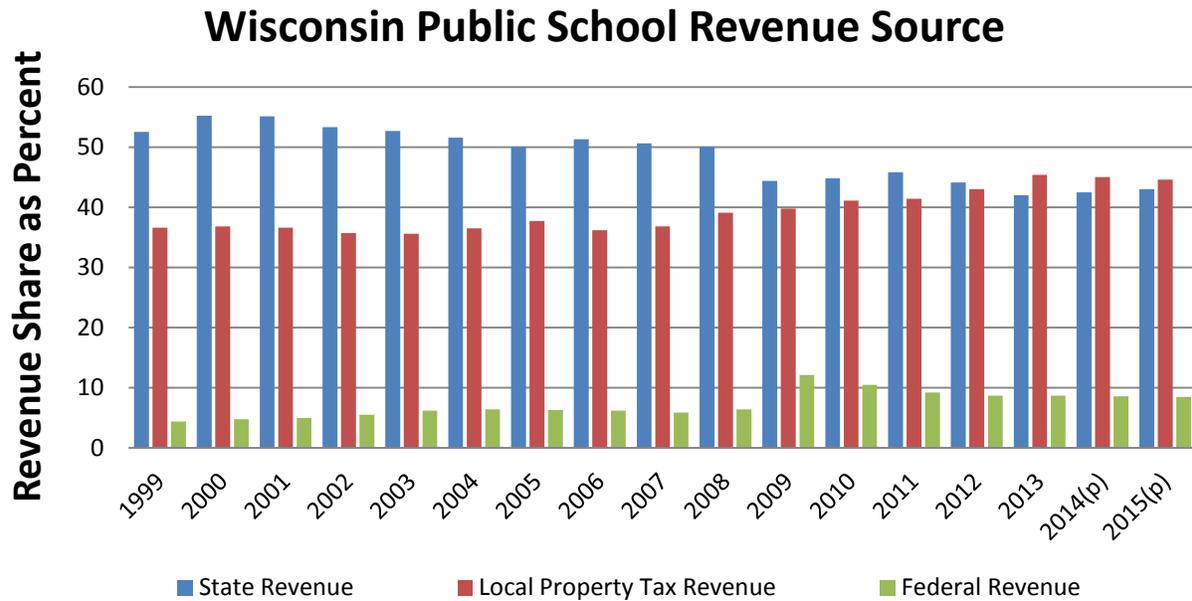


This raises a significant question for “fiscally conservative” Republicans who campaign on property tax relief, as well as whether this education budget complies with statute 121.01. Wisconsin has been placing a greater education funding burden on local property taxpayers for a decade, accelerating since 2008 (see Figure 2).

³ Statewide Revenue per Member, DPI WINSS website accessed on 6/6/13 at <http://data.dpi.state.wi.us/data/MoneyPage.aspx?GraphFile=BlankPageUrl&SCounty=47&SAthleticConf=45&SCESA=05&OrgLevel=st&Qquad=offerings.aspx>

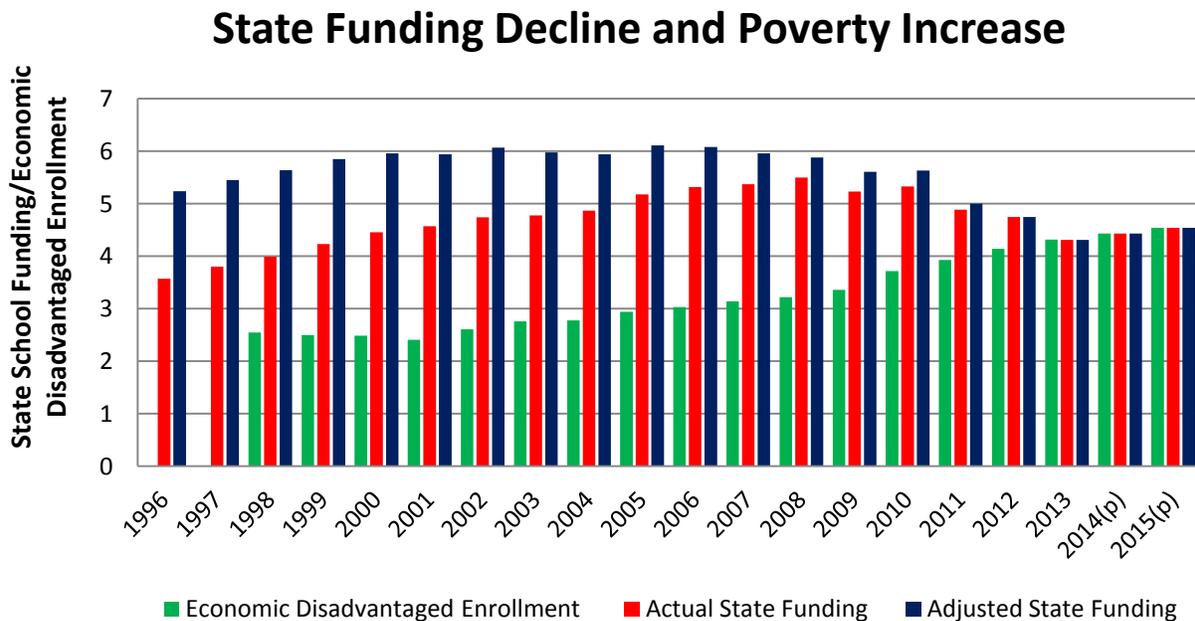
⁴ Legislative Fiscal Bureau Budget Paper 505, accessed on 6/6/13 at <http://legis.wisconsin.gov/lfb/publications/budget/2013-15%20Budget/Documents/Budget%20Papers/505.pdf>

Figure 2.



Again, looking at long-term trends in state public education funding, it is clear that education austerity has been in practice since early 2000, as student poverty has risen at an alarming rate. When adjusting for inflation, Wisconsin will spend less state funds on public education in 2015 than it did in 1996, and the poverty rate in schools is almost 50% statewide (see Figure 3).

Figure 3.



The proposal emerging from Joint Finance, meanwhile, greatly increases state support of the private voucher program (see Figure 4). This projected increase is based on the per pupil spending increase, average enrollment increases in the Milwaukee and Racine programs, and newly proposed tuition tax credit (which increases state support of private school tuition regardless of income level or need).

Figure 4.

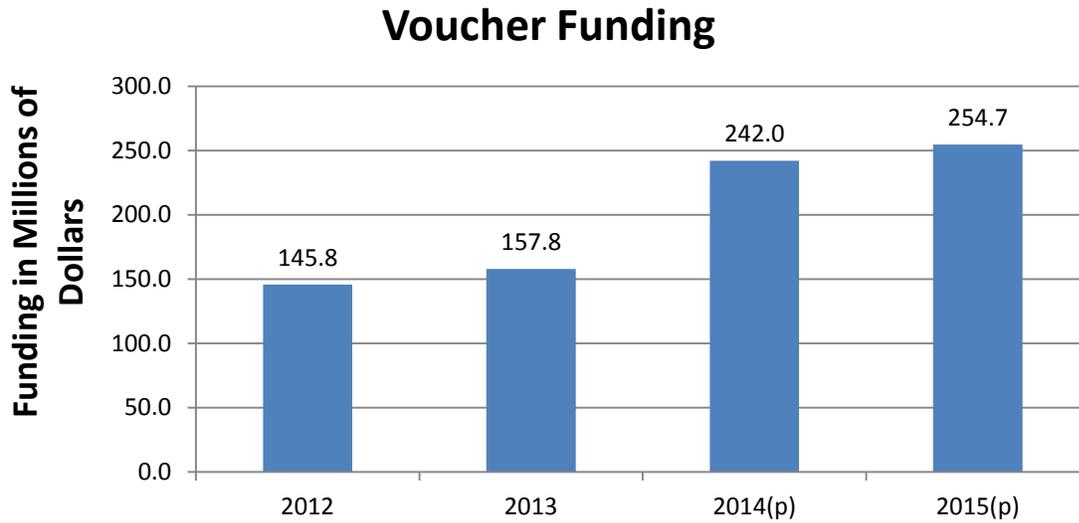
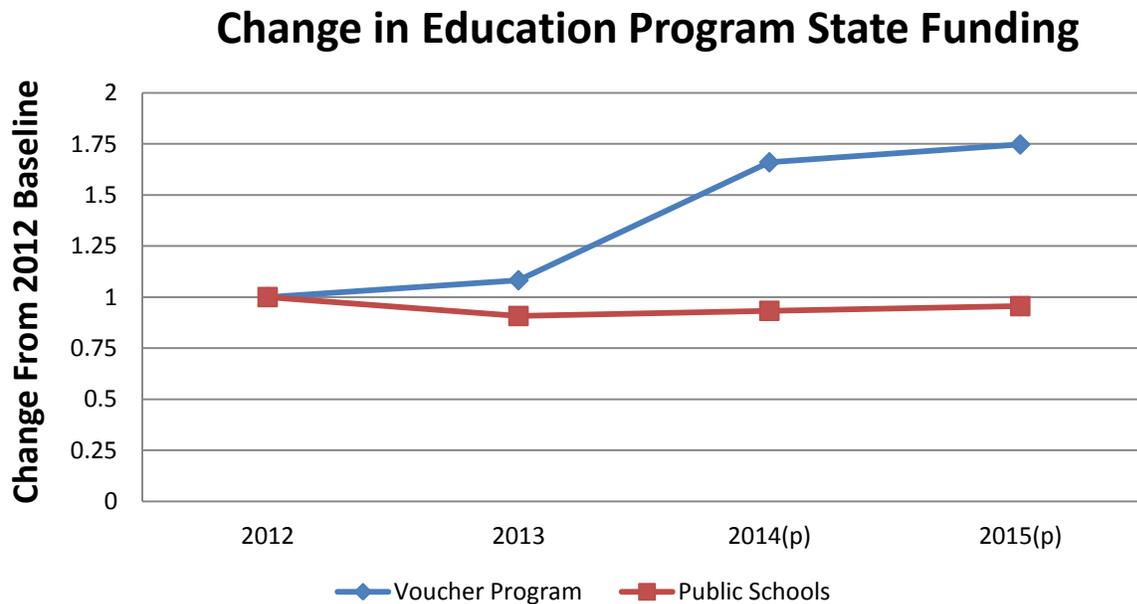


Figure 5 clearly shows that for the 4-year period from 2012-2015 projected, the state funding of private voucher schools will increase by 75%, while public funding actually decreases.

Figure 5.



Noteworthy is that if state funds in the voucher program (\$242 million year one, \$255 million year two) were to be invested instead into the public schools, the local property tax burden could be reduced and maintain the same funding levels. More importantly, is that as of 2015, Wisconsin will still be spending less on public education than it did 5 years ago.

There is now strong, peer-reviewed evidence that the voucher program has had no positive effects on student outcome.⁵ There is also strong evidence that the voucher program is really an underperforming, expensive state subsidy of private, religious education at the expense of public schools, particularly those serving children of poverty.⁶ It is also clear that the local property taxpayers are shouldering the burden.

Hastily written, behind-the-scenes political deals never result in good public policy. This budget proposal is no different. Not only does it potentially violate state education funding statute 121.01 and place a greater burden on local property taxpayers, but it has opened the door for Governor Scott Walker to use the line item veto to simply eliminate the student enrollment limit on the voucher program. The result, as is clear from the above analysis, would continue Wisconsin down a fiscally irresponsible path for public education.

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June 6, 2013

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“Forward Institute is a non-partisan, non-profit think tank for public policy issues in Wisconsin. The Institute combines original, government, and academic research with original message and communication methods to educate and inform the public on critical progressive policies.”

⁵ Wisconsin DPI, 2013-15 Budget Issue Paper Recent Research and the Milwaukee Parental Choice Program, accessed on 6/6/13 at <http://news.dpi.wi.gov/files/eis/pdf/vrsch.pdf>

⁶ Forward Institute, Wisconsin Budget Policy and Poverty in Education, accessed 6/6/13 at <http://forwardinstitutewi.org/2013/05/15/wisconsin-budget-policy-and-poverty-in-education/>