



School Administrators Alliance

Representing the Interests of Wisconsin School Children

TO: Blue Ribbon Commission on School Funding
FROM: John Forester, Executive Director
DATE: June 4, 2017
RE: Testimony

Good morning. Representative Kitchens, Senator Olsen and members of the Blue Ribbon Commission, thank you for the opportunity to testify before you today. While I understand that most of you know me well, for the benefit of our audience and those watching on Wisconsin Eye today I'll introduce myself.

My name is John Forester. I am the Executive Director of the School Administrators Alliance (SAA). In that capacity, I represent virtually all of the public school administrators in Wisconsin, including the superintendents, business officials, principals and assistant principal, special education directors and personnel administrators. The SAA also provides lobbying services for the more than 10,000 members of the Wisconsin Retired Educators' Association (WREA).

The Commission has heard testimony from more than 30 SAA members at the previous seven public hearings. My testimony will be similar in many respects, but there will also be some differences. Some Commission members may wonder, "Why would that be the case?" Let me explain.

An important part of the job of every school administrator is to advocate for the interests of the students and parents they serve as well as the district's taxpayers. The SAA's role is to advocate for the collective interest of all SAA members in every Wisconsin school district. But that's not all. We also advocate for the long-term interests of public education as well.

The charge most commonly associated with the work of the Blue Ribbon Commission is to enhance equity in the distribution of available state resources for schools. And while I think we all believe that is a vitally important objective, I think it is also clear that the conversation at the previous hearings has drifted far beyond that objective. The SAA believes the Commission should also work to reduce disparities in educational opportunities for all children, no matter their zip code or their educational needs. Finally, we believe our school finance system is really a tool with which to facilitate the attainment of our larger education policy objectives in Wisconsin. Therefore, we believe the Commission should also concern itself with investing in policy to improve student achievement for all students and close our stubborn achievement gaps here in Wisconsin.

In the remainder of my testimony, I will raise a number of practical policy considerations, highlight what we consider to be the areas of greatest inequity in our school finance system, and suggest some evidence-based policies to improve student achievement and attack our achievement gaps. Finally, I will share a few thoughts about an issue that generated considerable attention at the previous hearings – school consolidation.

Practical Policy Considerations

1. **Predictable & Sustainable Increase in School Revenues**

The SAA supports indexing school revenue growth to the consumer price index (CPI) to align allowable revenue growth with school cost increases and the investments necessary to meet student needs. Predictable, sustainable funding is critical for school districts to plan strategically and to produce a timely, and balanced budget.

2. **Increase the Secondary Cost Ceiling**

The SAA has long supported increasing the secondary cost ceiling from its current 90 percent of the statewide average shared cost per pupil to at least 100 percent of the state average. It makes no sense from a policy standpoint for the state to begin penalizing school districts as “high-spenders” under the equalization aid formula for spending at 90 percent of the state average. In order to manage this change and mitigate the effects of aid redistribution, you will need to increase equalization aid and probably phase the change in over several years.

3. **The Future of Equalization Aid**

The SAA has long supported a school equalization aid formula as the primary distribution mechanism for state and school aid. And we fully recognize that equalization aid cannot be spent to support student needs unless you have the revenue cap authority to do so. Given the increasing state support for school levy credits and per pupil categorical aid in the past eight years, I think it is fair to say that Wisconsin is clearly moving away from equalization as that primary distribution mechanism. We think the future of equalization merits serious discussion by the Blue Ribbon Commission.

4. **Increase Frequency of Aid Distribution**

This past legislative session, the SAA supported Senate Bill 383 which would change the timing of state general aid payments to school districts to roughly 12 equal monthly payments. The SAA supported this bill because it would improve cash flow and lower short-term borrowing costs for most Wisconsin school districts.

The current school revenue distribution schedule in Wisconsin is end-loaded, with most of a school districts revenue arriving, in the form of local property taxes and state aid, more than six months after the beginning of the fiscal year (July 1). For example, under current law, a school district receives 15 percent of its state general aid in September, 25 percent in December, 25 percent in March, and 35 percent in June after the conclusion of the school year and close to the end of the fiscal year.

Another bill, Assembly Bill 77, would simply even out the four general aid payments to 25 percent each. We believe this bill would have less of a state fiscal impact than SB 383.

The impact to the state could be lessened even more by phasing the bill in over several years.

5. **Voucher Transparency**

Under current law, the state deducts aid from school districts to finance tuition for private school students under vouchers. Districts can then replace the lost aid under revenue caps by levying for it. This funding mechanism is, in our estimation, misleading taxpayers into believing we can add thousands of private school students to a publicly-funded model without it costing anything. At the very least, we should provide taxpayers with transparency regarding voucher costs. The SAA recommends that Wisconsin revise its property tax bill to clearly identify for taxpayers the portion of the school tax levied to finance private school tuition.

6. **Special Needs Voucher “Blank Check”**

The passage of the 2017-19 State Budget created an opportunity under the Special Needs Scholarship Program (SNSP) for the private school and the parent to agree to provide the student with services in addition to those specified in the child’s most recent Individualized Education Plan (IEP). Under the law, these additional expenditures will be reimbursed by the resident school district and the state. We believe the provision lacks accountability to both the resident school district and to state taxpayers. We recommend that the law be changed to remove the resident district’s responsibility for these additional, unaccountable expenditures.

Areas of Greatest Inequity in Wisconsin’s School Finance System

The SAA believes that some of the areas of greatest inequity in our school finance system have arisen because of significant under-funding of certain categorical aids, coupled with the impact of that under-funding on districts with disproportionately high populations of high needs students or disproportionately high expenditures for certain required services like pupil transportation.

Funding for students with high needs played a significant role in the debate over the constitutionality of the Wisconsin school finance system. In *Vincent v. Voight (2000)*, the State Supreme Court found the Wisconsin school finance system constitutional, so long as the legislature provided sufficient resources to ensure that all students are offered an equal opportunity for a sound, basic education. The court specifically enumerated three classes of students to which the state has a special obligation for ensuring equitable opportunities: economically disadvantaged students, students with disabilities and English language learners. Today, maintaining flat high-needs funding while costs are rising to serve each of these enumerated classes of students challenges the abilities of local school districts to meet the court’s standard.

1. **Special Education Categorical Aid**

The current special education categorical aid appropriation of about \$369 million has been flat since 2008-09 and will remain at this level through at least 2019. The state reimbursement rate for special education costs has fallen below 26 percent. Maintaining flat categorical aid funding while special education costs continue to rise effectively forces Wisconsin school districts to take more money annually from general aids and property taxes to pay for special education programming. The SAA supports gradually increasing

special education categorical aid funding until the state level of reimbursement reaches at least 33 percent of prior year aidable costs.

2. **English Learners**

Wisconsin requires school districts to establish a bilingual-bicultural (BLBC) program if they meet the following thresholds of English Learner (EL) students from the same language group within a given school:

- 10 or more pupils in grades K-3
- 20 or more pupils in grades 4-8
- 20 or more pupils in grades 9-12

The state reimbursement rate for these BLBC programs has fallen to under 8 percent of approved prior year cost. Between EL students attending districts that do not meet the above thresholds and EL students not covered by their districts BLBC program, the majority of EL students in Wisconsin do not have any targeted BLBC resources behind them to assist with the additional costs of educating these students to English proficiency. It is also reasonable to assume that, absent sufficient BLBC categorical aid, most district BLBC expenditures are being funded from general aids and property taxes. The SAA believes the state should start by doubling the current \$8.59 million annual BLBC program appropriation. Also, we support creation of a new categorical aid appropriation to provide up to \$100 per EL student currently not covered by BLBC categorical aid. Finally, we also support an effort to restructure Wisconsin's program requirements, funding and overall approach to educating EL students in general.

3. **Students in Poverty**

The student poverty rate has climbed significantly in Wisconsin since *Vincent v. Voight* was handed down. American researchers have consistently confirmed for at least four decades that more resources are needed to lift an impoverished child to proficiency. Despite this, Wisconsin has no comprehensive program that targets additional resources to raise achievement among economically disadvantaged students. The Achievement Gap Reduction (AGR) Program is one of the only state programs that targets funding for economically disadvantaged students. The AGR program serves less than 15 percent of the state's K-12 public school pupils eligible for free and reduced-price meals.

About the only other proposal dealing with this issue in recent years is the Fair Funding for Our Future Plan, which includes additional formula "weighting" in the equalization aid formula for students eligible for free and reduced-price meals. In our estimation, this proposal would require per-pupil revenue limit increases and increases in general aid to offset the effects of aid redistribution and provide districts with real spending authority.

4. **Pupil Transportation Aid**

Geographically large, sparsely populated rural school districts that transport students significant distances have been hardest hit by increasing transportation costs. Transportation costs may vary widely among school districts, from less than \$100 per pupil in some districts to more than \$1,800 per pupil in others. This variability in cost for this state mandated service speaks to the need for greater state financial support. Between the

state pupil transportation aid appropriation and the high-cost transportation categorical aid program, the state reimburses school districts about \$36.5 million annually, or roughly 10 percent of total school district transportation costs. The SAA supports gradually increasing pupil transportation aid until state reimbursement reaches 33 percent of prior year aidable costs. We also support creation of a second tier of support under the high-cost transportation aid program for districts with per pupil transportation costs between 125 percent and 150 percent of the state average.

We have included two other issues, revenue limit equity and declining enrollment, in this section because of their effect on the creation of disparities in educational opportunities for children.

5. **Declining Enrollment Relief**

Wisconsin's percentage of all school districts experiencing declining enrollment has hovered around the 60 percent mark for more than a decade. This compares to just 29.8 percent of districts that were in declining enrollment in 1997-98. Districts in declining enrollment, of course, lose general aid and revenue limit authority on students lost. Because of the lower enrollment, they also look wealthier in the equalization aid formula and will receive less equalization aid in the future. Declining enrollment districts have great difficulty in prudently cutting expenditures as fast as they are losing revenues.

The state provides declining enrollment relief through the three-year rolling average for student enrollment and the 100 percent revenue cap adjustment in the first year of an enrollment decline. For years, the SAA supported the recommendation of the 2006 Legislative Council Special Committee on Review of the School Aid Formula, which provided that, in addition to the nonrecurring 100 percent adjustment in the first year of the decline, the district would receive an adjustment equal to 75 percent of the first-year adjustment in the 2nd year and a 50 percent adjustment in the third year. Many SAA members have also advocated for a 5-year rolling average for declining enrollment districts. Whatever the mechanism, the SAA supports additional, effective declining enrollment relief.

6. **Revenue Cap Equity**

School revenue limits were imposed by the state in 1993-94 and have been in place for 25 years. Frugal, low spending districts were essentially "locked in" to low per pupil revenue limits at their inception. Some districts have passed referenda to increase their revenue limit authority, but many others have found it difficult to do so, resulting in a widening revenue limit gap among districts throughout the state.

The SAA has long supported an increasing low revenue ceiling as the policy mechanism for low spending districts to narrow the gap with higher spending districts in the state. That is why we were strong supporters of 2017 Wisconsin Act 141 that, among other things, increased the low revenue ceiling from its current \$9,100 per pupil to \$9,800 per pupil by 2022-23. The SAA supports building on this great work by placing low revenue ceiling increases on a more permanent footing, perhaps by setting the low revenue ceiling at a percentage of the statewide average revenue limit per pupil. A steadily improving low

revenue ceiling policy is an important part of ensuring equitable resources for all children no matter where they live.

Follow the Evidence

In 2014, and again in 2016, the SAA produced an evidence-based policy agenda. This effort really signaled a fundamental change in our approach to advocacy. Why? We sensed a new urgency for Wisconsin to improve its education performance. On the one hand, we knew we needed to improve our practice in the field, and we now have educators all over the state that are running 150 miles per hour in every direction trying to make that happen. But, that's not all we need. We need better policy coming from our State Capitol as well. For many years in Wisconsin and in this country, under policymakers of both political stripes, education policy has been developed based on ideology and political expediency; not based on what research says will move the needle for kids.

In August 2016, just as we were wrapping up the research for our 2016 agenda, the National Conference of State Legislatures (NCSL) released its *No Time to Lose* report. *No Time to Lose* is an extremely important piece of work. We felt validated in our efforts because of the significant alignment between *No Time to Lose* and our evidence-based agenda. In the past 14 months, the SAA has worked with Senator Olsen to bring NCSL researchers from the *No Time to Lose* team to Wisconsin on two separate occasions to promote the report with our members, other educators, state policymakers, business leaders and the media. We continue working to promote the *No Time to Lose* policy recommendations here in Wisconsin.

I would like to raise four policy issues that research suggests hold great promise for improving student achievement and closing achievement gaps in Wisconsin.

1. **Early Learning Opportunities**

Numerous studies have shown that improving early learning opportunities, especially for those in poverty, will help prepare children for their PK-12 experience and help reduce achievement gaps. In Wisconsin, the good news is families now have access to quality 4K programming in over 98 percent of our school districts. We simply need greater investment in high quality birth-to-three programming for those children who have a high probability of not being ready for school. The SAA supports increased state funding for the Wisconsin Shares program. We also support additional funding for quality improvement under YoungStar to increase the number of Wisconsin children in high quality child care and preschool programs.

2. **Children's Mental Health**

In Wisconsin, too many children have unmet mental health needs, with these unmet needs resulting in serious negative consequences for the individual, their families, our communities and the learning environment in our schools. Numerous school administrators, in their testimony before the Commission, have shared the difficulties they face in meeting the needs of their students with mental health challenges. While we greatly appreciate the school mental health investments made in the 2017-19 State Budget, we believe a stronger, long-term commitment from the state is required to meet this challenge.

3. Summer Learning

An important 2011 study by the Rand Education/Wallace Foundation found that the “summer slide” disproportionately affected low-income students, thereby exacerbating achievement gaps, particularly in reading. But, perhaps the study’s most disturbing conclusion is that it appears that summer learning loss is cumulative and that, over time, it contributes substantially to achievement gaps.

Wisconsin school administrators have cited inadequate resources – for transporting students (critical in rural areas), recruiting high-quality staff, offering engaging enrichment activities and partnering with community-based organizations to offer full-day programs (to meet the needs of working families) – as the major impediment to achieving the desired summer learning outcomes. The SAA supports allowing school districts to count summer school students at 1.0 FTE for revenue limit and state general aid purposes.

4. Educator Recruitment, Preparation, Development & Retention

There is a conflict between two key factors related to the recruitment, preparation, development and retention of effective educators. While the evidence suggests that more rigorous and selective educator preparation programs are connected to improved student outcomes; compensation, working conditions, personal satisfaction, morale and societal respect for the profession deter talent from entering and remaining in the profession. The problem is increasingly evident in Wisconsin, with district leaders reporting shortages of qualified candidates not only for typically hard-to-staff positions (e.g. math, science and special education), but also in other fields not usually associated with shortages.

The SAA supports easing the current restrictions in state law on school districts hiring retired educators. We also believe that educator recruitment, preparation, development and retention is vitally important to Wisconsin’s future and deserves a higher policy profile at the state level. We understand that this is a nationwide problem. We also believe we need a Wisconsin solution.

School Consolidation

Perhaps the biggest surprise of the previous seven Commission public hearings has been the attention that school consolidation has received. I wanted to add a few thoughts to the conversation.

First, I thought I’d share just a little Wisconsin school consolidation history. In 1938, Wisconsin had 7,777 school districts. Political controversy raged for four decades around the issue in Wisconsin. Legislation in 1947 and 1949 provided the template for school consolidation for several decades. The state approach could be described as some “stick” and mostly “carrot,” with a heavy dose of control in the hands of local committees and boards.

Since 1994, Wisconsin’s incentive-based school consolidation approach has resulted in five consolidations and a net reduction of six districts. However, we added a district in 2007-08 (Gresham), therefore the number of districts declined from 427 in 1994 to the current 422. Given the relatively low number of consolidations in this period, the question arises, “Are the fiscal incentives enough to overcome the barriers to school consolidation?”

The barrier most commonly associated with consolidation is the loss of community identity, but there are several others including potential disparities in tax rates or debt between the two (or more) districts considering consolidation. Another is the impact on taxpayers if the consolidation requires a new building. I don't recall any state policies in place specifically to help districts overcome these barriers.

I guess the final question has to do with the financial, economic development and educational impact of consolidation. Proponents of consolidation generally believe that a significant reduction in the number of districts in Wisconsin will yield millions of dollars in savings. I think it is fair to say research is mixed on the issue. I remain skeptical that if you combine two small, fiscally weak school districts that it will somehow result in a larger, fiscally stronger district.

Regarding economic development, some researchers have concluded that losing the community school district will compromise the viability of many small rural communities. Others suggest the impact is more modest.

Some researchers looking at the educational impact of school consolidation hold fast to the conclusion that small schools can be very good for kids. Still others emphasize that consolidations can yield more comprehensive educational opportunities for students.

The SAA supports incentive-based consolidation policy. We believe if districts have attractive incentives and organization flexibility at their disposal, they will organize their schools to best meet the needs of their students, parents, taxpayers and community.

Thank you for your consideration of our views. If you should have any questions or require additional information, please call me at 608-242-1370.