



# An Overview of Education Issues in the 2013-15 Budget

The budget makes significant changes to public education in Wisconsin, particularly by expanding the voucher program statewide. The budget bill includes a small boost in spending for public schools, but the increase is small enough that schools will continue to lose ground to inflation.

The bill increases total state support for K-12 education funding by about \$411 million in General Purpose Revenue (GPR) over two years – an average growth of less than 2% per year. A little over a fifth (21%) of the increase is for choice and charter schools, and 7% is for assessment of students and schools. The chart below shows how the net growth in spending of \$411 million is allocated in the budget.

## A Small Increase for Public Schools

The budget includes a modest increase in state aid to public schools, but one that will not be enough for school funding to keep pace with inflation. The increase in school aid is \$289 million over two years, which amounts to a 1.5% increase in 2014 and a 2.8% increase in 2015.

Each district's revenue cap, which limits the amount of revenue a district can generate from the combination of general aid and property taxes, will increase by \$75 in 2014 and another \$75 in 2015. This represents an increase of 0.8% in the revenue cap in each year of the budget.

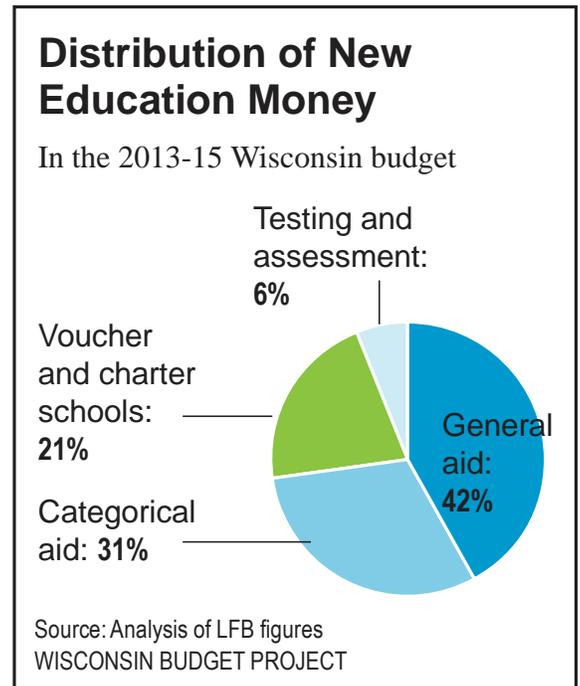
In contrast to the usual way of using the bulk of a school aid increase to boost equalization aid (targeted more towards districts with lower property tax bases), this budget uses most of the increased aid for a \$190 million appropriation to increase categorical aid for all districts by \$75 per student in 2014 and another \$75 in 2015.

Putting much of the aid increase in a categorical appropriation means that the state is diminishing its efforts to help poorer districts (with weaker property tax bases). On the other hand, the less progressive approach not only has broader political support, it also has the advantage that categorical aid does not count against the revenue cap.

Partly as a result of changes to education funding, property taxes will increase slightly. For a median-valued home, the Legislative Fiscal Bureau estimates that property taxes will increase by \$29 each year of the budget.

## New Resources for Voucher and Charter Schools

The budget significantly expands the state's school choice program, which allows students from low and moderate income families to attend private schools using publicly-funded vouchers. State spending on vouchers will increase by \$77 million over the next two years.



The budget expands the school choice program statewide. Currently, only the Milwaukee and Racine districts are included in the program. The budget includes several limitations on the number and type of students who may participate in the program, outside of the Milwaukee and Racine districts.

- A maximum of 500 students may participate in 2014, and a maximum of 1,000 students in 2015.
- To be eligible to participate, a student's family income could not exceed 185% of the federal poverty line; for a family of four that is about \$44,000 a year.
- No more than 1% of the students in a district could participate in the school choice program.

Some advocates for public education think it is likely the limitations put on the school voucher program will be lifted by the Legislatures in the near future, similar to the way past limitations on the school voucher program have been rolled back.

The budget recommends substantial increases in the tuition voucher amount, which is currently set at \$6,442 per student. Starting in 2015, the payments will be raised to \$7,210 for students in grades K-8, an increase of 12%, and to \$7,856 for students in grades 9 through 12, an increase of 22%.

Under current law, when a student leaves a public school to attend a private school using a tuition voucher, aid to that school district is decreased. The budget includes a plan to phase out the aid reduction to the Milwaukee and Racine districts over the next 12 years, and does not include an aid reduction for districts new to the voucher program.

Independent charter schools – those not associated with any school district – will receive a \$150 increase in their per pupil payment in each year of the budget.

#### A Generous New Tax Break for Private School Tuition

The budget includes an income tax deduction for tuition in private schools, which is expected to reduce state tax revenue by \$30 million in 2015. Filers may deduct tuition expenses of up to \$4,000 per year per student enrolled in kindergarten through 8th grade, and \$10,000 per year for students in grades nine through twelve. Anyone paying private school tuition is eligible to receive this benefit, regardless of income. Wisconsin will be one of only six states that offer similar direct tax benefits for families paying private school tuition.

The new tax break for private school tuition is generous, especially considering that in tax year 2012, the maximum deduction per student per year for college tuition and fees was \$6,543, and eligibility phases out at higher incomes.

#### Assessment and Data Systems

The budget includes recommendations for spending on student assessment, teacher evaluations, and data systems, including:

- \$14 million in state funds for a system to evaluate teacher practice and student outcomes.
- \$7 million for a multi-vendor statewide student information system.
- \$12 million for new student assessment programs.
- \$7 million in state money for a longitudinal data system at the Department of Public Instruction.
- \$3 million for early reading assessments

Tamarine Cornelius and Jon Peacock