



PERSPECTIVES ON SCHOOL FUNDING

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When people across Wisconsin opened their property tax bills in January, they saw increases on average by about 8 percent – the largest jump in decades – largely due to increased school district property taxes.

Wisconsinites have always been proud and supportive of their public schools, and with good reason. Wisconsin set the standard nationally for excellence in public education.

The following explores Wisconsin K-12 public schools funding and what's at stake.

Legislative leaders would have us believe that increased school property taxes are the fault of the Governor, who used a creative line-item veto to give every one of the 421 school districts in Wisconsin authority to increase their funding by \$325 per pupil in each of the next 400 years.

The Governor and his legislative allies would have us believe that increases in school property taxes are the fault of the Legislature, due to cuts in state aid to school districts. In inflation-adjusted terms, state aid to public schools in Wisconsin was \$2 billion lower last year than 20 years earlier.

Let's examine how we got to this point.

In the 1993-95 state budget, Wisconsin adopted a new idea: revenue limits that capped the total amount that each school district could raise in a given year from state general aid and local property taxes combined. The state promised to provide two-thirds of that capped amount, and it required that any district seeking additional local property taxes to exceed the cap – for, say, construction of a new school building – would need to secure approval of local taxpayers through a referendum.

Then, in 2003, the state repealed the two-thirds guarantee. And several years later (under Governor Doyle), the state stopped increasing revenue limits annually to keep pace with inflation. In 2010 (under Governor Walker), the state significantly reduced the revenue limits. Revenue limits have since increased in fits and starts, but, in inflation-adjusted dollars, per-pupil expenditures remain lower than they were in 2011. The most recent biennial budget contained no increase in general state aid for Wisconsin's public schools.

School districts have struggled mightily to meet their budgets, and they have increasingly resorted to referendums to keep pace. In the last decade, Wisconsin averaged 48 referenda per year; in the first five years of this decade, the state averaged 78 referenda per year.

Every year, it seems more and more districts go to referendum seeking to increase local property taxes beyond the revenue limit. Increasingly, these referenda are not just for large capital expenditures but also to cover operational expenses. And the referenda do not always pass.

Local districts' frequent recourse to referenda is driven by decreased state funding. Over the past two decades, the ratio of state general aid to local funding has dropped precipitously from the 2:1 promised in 1993; in 2024, state funding to school districts barely outpaced local funding. Wisconsin is operating under an outdated system created decades ago, partially dismantled across time, and only just holding together at this point.

At the same time, public school districts are required to accept all kids with special needs. It is a federal mandate, which the federal government only partially funds. The state provides about 30-35 percent of the cost of special needs education, and the local school districts must absorb the remainder of those costs, further depleting their budgets. Schools also face additional costs to educate a growing number of English-language learners, students living in poverty, and other students with exceptional needs; state funding for these categories of students has also not kept pace with expenses.

All of this is coupled with the expansion of Wisconsin's private-school voucher program. Wisconsin was the first state in the nation to adopt vouchers, which began as an experiment available only to Milwaukee families in financial need. Today, vouchers are available state-wide. This year, Wisconsin's voucher program is estimated to consume more than \$700 million in general state aid funds.

Partially due to vouchers and partially due to larger demographic changes, student enrollment in Wisconsin's public schools is generally declining. This, too, challenges

district budgets, as fixed costs (like building maintenance, utilities, and debt service) remain relatively constant, while state aid is based entirely on the number of students enrolled in schools.

A solid education system affects the quality of education our kids receive and is the very foundation of a strong democracy. United Wisconsin believes that when we come together around our shared commitment to education, we can bridge divides and strengthen our democracy.