

FY2003	FY2007	FY2011
F	D	F
Grade based on % of Weighted Funding Disparity		

Wisconsin

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Introduction

This chapter compares district and charter school revenues statewide and for Milwaukee for fiscal year 2011 (FY11).¹ Comparisons are made to previous research for FY03 and FY07, based on the same methodology. Funding disparities

between districts and charter schools for the same matched geographic area are explored. The per pupil funding values in the analysis are weighted to compare districts and charter schools as though they served the same proportions of urban and suburban students (see Methodology for details). Additional research and insights not included in this chapter appear in the monograph at the beginning of this report. Also included in the monograph is a state-by-state Return on Investment (ROI) analysis, which combines the analysis of revenues with student performance data.

Highlights of the FY11 Analysis

- Wisconsin's 246 charter schools received 34.0 percent less funding than district schools: \$9,870 vs. \$14,956 per pupil, respectively, a difference of \$5,085 per pupil (Figures 1 & 3).
- The 48 charter schools in Milwaukee received 45.2 percent less funding than district schools: \$10,582 vs. \$19,313 per pupil, a difference of \$8,731 per pupil (Figure 3).
- Wisconsin's charter schools received \$9,870 per pupil, but district schools would have received more money to educate the same students, an estimated \$16,757, a difference of \$6,887 or 41.1 percent. The weighted district per pupil revenue therefore increases the funding disparity by \$1,802 per pupil from the unweighted statewide difference above (Figure 3).
- Charter schools in Wisconsin educate 4.1 percent of the state's public school students but receive 2.8 percent of total revenue (Figures 2 & 3).
- Magnitude of Disparity: If all Wisconsin districts received the same level of per pupil funding as charter schools, they would have received \$4,007,508,455 less in total funding (Figure 3).

Probable Causes of the Disparities

- The funding formula for Wisconsin's independent charter schools, referred to as (2Rs), provides charters with a flat rate per pupil, \$7,775, which is significantly less than the formula funding provided to district school pupils.
- Charter schools in Wisconsin sign contracts with their authorizing districts that determine the level of funding the schools will receive. Most of these schools, called Instrumentality charters, receive access to a school facilities as part of the contract.
- A higher percentage of Wisconsin's district schools qualify for Title I schoolwide status, which would generate some additional federal revenue.

Where the Money Comes From²

The majority of funding (99%) originating from the state in FY11 comes from general purpose revenues, while the remaining State funds come from segregated and program revenues. In FY11, school aid represented approximately 38% of the state's total general fund budget. Localities

Figure 1

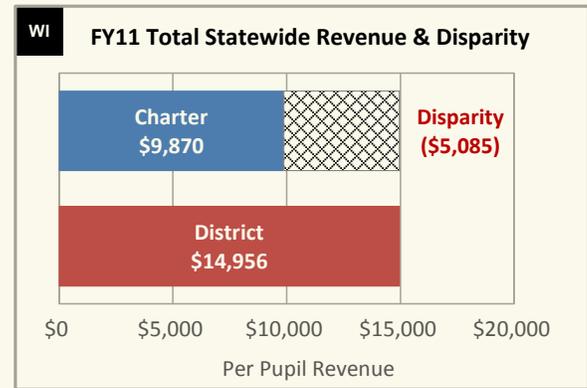


Figure 2

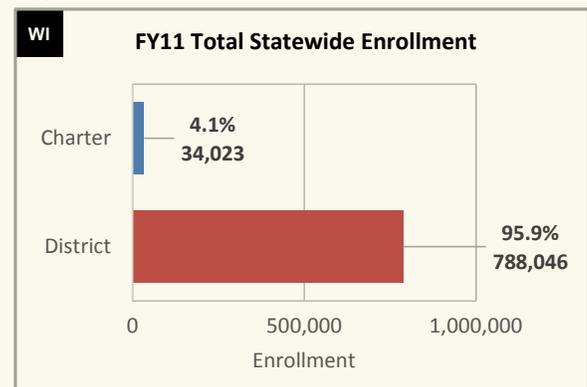


Figure 4

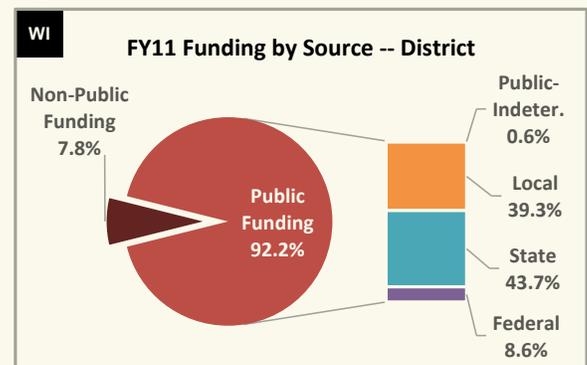
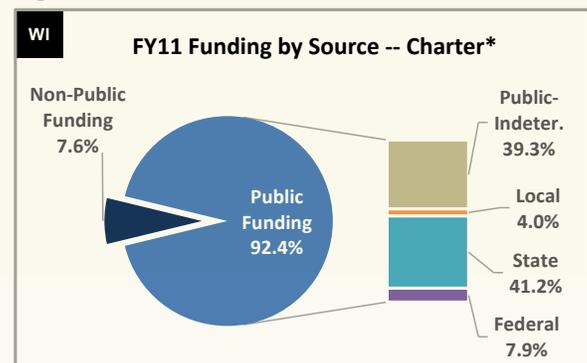


Figure 5



derive their share of education funding from local property taxes, which accounted for approximately 41 percent of total funding. Additional local funds come from fees, returns on investments, gate receipts from athletic events, and open enrollment transfer payments.

How Wisconsin Funds Its Districts³

Wisconsin relies on a three-tiered funding formula that assigns a guaranteed tax base to every pupil from which a per-pupil allotment is then calculated.

The primary aid level assures each district state aid up to \$1,000 per pupil, which covers shared costs (defined as operating expenses, capital outlay, and debt service as determined from the previous year). The \$1,000 per pupil is based on a local property tax evaluation of \$1.93 million per student, which is considered the state guarantee. The primary aid level is determined based on the variance between the state guaranteed tax valuation (\$1.93 million) and the actual local property valuation. The actual local property tax valuation helps to determine one of the components of Wisconsin's total annual contribution to a school district. As an example, a district's local property tax valuation of \$289,613 would represent 15.01 percent of the \$1.93 million, meaning that local revenue would comprise \$150.10 of the primary aid level, with the remainder originating from state funds. This formula applies to the secondary and tertiary aid levels, as well.

Figure 3

WI Summary Data Table						
FY2010-11	Statewide		Statewide Weighted by Charter Enrollment		Milwaukee	
Per Pupil Revenue						
District	\$14,956		\$16,757		\$19,313	
Charter	\$9,870		\$9,870		\$10,582	
Difference	(\$5,085)		(\$6,887)		(\$8,731)	
% of District	(34.0%)		(41.1%)		(45.2%)	
Per Pupil Revenue by Source	District	Charter*	District	Charter*	District	Charter
Federal	\$1,308	N/A	\$2,506	N/A	\$4,207	\$831
State	\$6,615	N/A	\$8,463	N/A	\$11,086	\$4,361
Local	\$5,950	N/A	\$5,488	N/A	\$4,831	\$426
Other	\$1,187	N/A	\$878	N/A	\$439	\$687
Public-Indeter.	(\$98)	N/A	(\$574)	N/A	(\$1,250)	\$4,157
Indeterminate	(\$7)	N/A	(\$4)	N/A	\$0	\$119
Total	\$14,956	\$9,870	\$16,757	\$9,870	\$19,313	\$10,582
Enrollment						
District	788,046 95.9%		Focus Area Districts Educate 8.1% of All District Students		63,690 80.2%	
Charter	34,023 4.1%		Focus Area Charters Educate 46.1% of All Charter Students		15,677 19.8%	
Total Enrollment	822,069		N/A		79,367	
Charter Schools*	246		N/A		48	
Revenue						
District	\$11,785,788,492 97.2%		N/A N/A		\$1,230,043,332 88.1%	
Charter	\$335,818,495 2.8%		N/A N/A		\$165,886,425 11.9%	
Total Revenue	\$12,121,606,987		N/A		\$1,395,929,757	
Percentage of Revenue by Source	District	Charter	District	Charter	District	Charter
Federal	8.7%	N/A	15.0%	N/A	21.8%	7.9%
State	44.2%	N/A	50.5%	N/A	57.4%	41.2%
Local	39.8%	N/A	32.7%	N/A	25.0%	4.0%
Other	7.9%	N/A	5.2%	N/A	2.3%	6.5%
Public-Indeter.	-0.7%	N/A	-3.4%	N/A	-6.5%	39.3%
Indeterminate	0.0%	N/A	0.0%	N/A	0.0%	1.1%
Magnitude of Disparity = Total Funding Difference x District Enrollment (see above)						
	\$ (4,007,508,455)				\$ (556,106,583)	

* Funding by Source for Wisconsin's charter schools cannot be calculated given that the state does not collect financial data on the majority of charters in the state. The percentages portrayed in Figure 5 reflect the data from the source used to calculate the state estimate – Milwaukee.

The secondary aid level provides funding for costs above the \$1,000 provided in the primary aid level up to a second ceiling, which is adjusted annually for inflation. In the FY11 school year, the secondary aid level could be as much as \$9,092 minus the distribution from the primary aid level. (State statutes do not assign a specific amount to the secondary aid level so that it can be adjusted in order to distribute all available state aid.) In 2006–07, the secondary aid level provided an additional \$1,075,490 in property valuation per pupil.

The tertiary aid level cost ceiling is again distributed between local and state revenue based on the total guarantee for the level and the local property tax valuation. The estimate for tertiary aid for FY11 was \$536,530 in property valuation per pupil.

Provisions also are made for what is known as “negative aid,” or cases in which a district’s property tax value per pupil exceeds the state guarantee (in the secondary and tertiary levels only). These districts use more of their local property tax revenue to fund educational services.

Lastly, the state applies a deduction to total state revenue available for school districts equal to the amount of revenue provided to the independent charter schools in the Milwaukee area. In FY11, these dollars totaled \$55.6 million. Districts, however, can increase the property tax levy as an offset to the state aid deduction.

How Wisconsin Funds Its Charter Schools

Funding for Wisconsin charter schools can vary based on the contracts signed with individual authorizers. Every contract must specify the amount of revenue to be provided by the authorizer to the charter. (The pupils are counted as part of the district’s enrollment for eligible funding using the criteria described above.) The contracts also must specify if the charter can receive any of the district’s categorical school aid or grants.

Charters that are independent of school districts, specifically those authorized by the City of Milwaukee, the University of Wisconsin-Milwaukee and the University of Wisconsin-Racine, have a different funding formula. The Department of Public Instruction pays these charter schools a sum equal to the per-pupil revenue provided in the previous school year plus an additional amount determined by state law. This figure is then multiplied by the number of pupils attending the charter school. For FY 2010–11 the Department of Public Instruction funded total expenditures for these independent charters of \$7,775 per pupil.

Funding for Public School Facilities

Wisconsin law provides that charter schools are eligible to receive tax-exempt financing from the Wisconsin Health and Educational Facilities Authority, as long as they are accredited by the authority, and from various city redevelopment agencies.

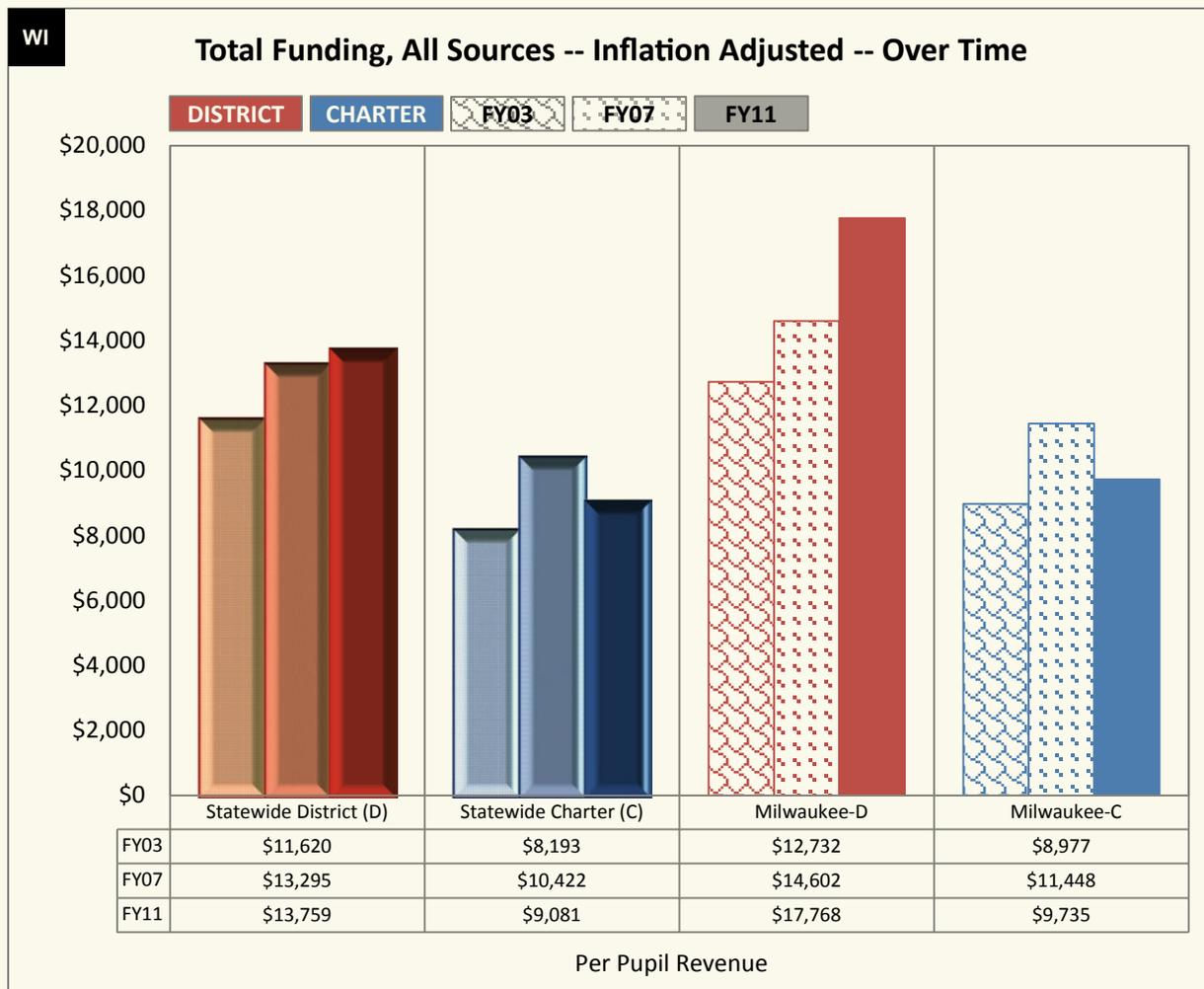
Wisconsin law requires the City of Milwaukee to make decisions about leasing and selling surplus buildings in the Milwaukee Public Schools (MPS). This law also makes the City party to any lease between MPS and a non-instrumentality charter school and provides that the City may negotiate with the charter school to modify the terms of the lease when the lease is modified, extended, or renewed.⁴

Long-Term Funding Patterns

For Wisconsin, we now have three point-in-time snapshots of public education funding for FY03, FY07, and FY11.⁵ Please note that in the presentation and discussion of longitudinal data that follow, the figures used are inflation-adjusted to 2007 dollars and differ from figures presented in Figure 3, which include actual and weighted per pupil revenues representing FY11 only. The inflation-adjusted per pupil revenues in Figures 6–8 are for comparative purposes only. Refer to the Methodology section for more on inflation adjustments.

Total Funding

Figure 6



Total funding for Wisconsin districts rose 18.4 percent since FY03, rising from \$11,620 to \$13,759 per pupil in FY11 (Figure 6). The rate of revenue growth for the state’s districts slowed during the economic downturn from FY07 to FY11, to 3.5 percent. The state’s charter schools recorded a 10.8 percent increase in funding between FY03 and FY11, from \$8,193 in FY03 to \$9,081 in FY11, or \$888 per pupil. Funding retrenched, however, during the economic downturn, with charters statewide facing a loss of 12.9 percent of their FY07 funding level, or \$1,341 per pupil.

Milwaukee Public Schools (MPS) recorded a 39.6 percent increase in funding from FY03 to FY11, rising from \$12,732 to \$17,768 per pupil. MPS continued to receive strong financial support during the downturn in the economy, with revenue growing 21.7 percent between FY07 and FY11, or \$3,166 per pupil. The city’s charters recorded modest growth in total funding during the eight-year period, rising 8.4 percent, from \$8,977 per pupil in FY03 to \$9,735 per pupil in FY11. The downturn in the economy caused a funding decline for Milwaukee’s charter schools, with total revenues falling 15.0 percent from the FY07 total of \$11,448 per pupil, or \$1,713 per pupil (Figure 6).

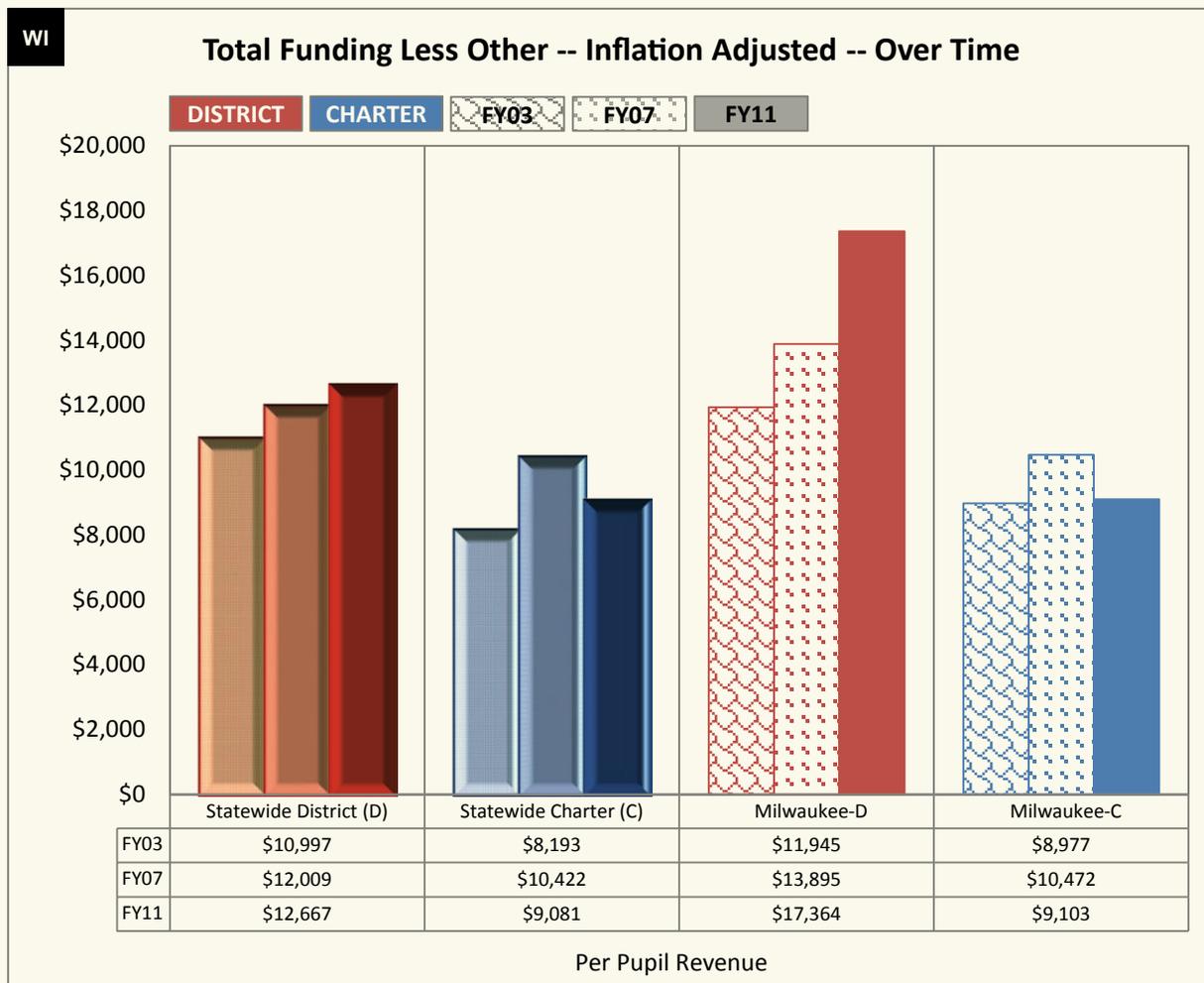
Total Funding Less Other

Our study includes total funding whether the funds originate from public or private sources. The “Other” category

is comprised primarily of philanthropic dollars, which can play a significant role in the financing of charter schools. Therefore, we have removed Other dollars from this level of analysis to determine if funding from public sources is distributed equitably to districts and to charter schools. Public includes Local, State, Federal, Indeterminate-Public, and where we cannot determine the source, Indeterminate.

Wisconsin districts recorded a 15.2 percent increase in public funding since FY03, rising from \$10,997 to \$12,667 per pupil in FY11 (Figure 7). The rate of revenue growth for the state’s districts slowed during the economic downturn from FY07 to FY11, to 5.5 percent. Since we do not have detailed data for charters statewide, we cannot determine the portion of total revenue that originates from public sources. Milwaukee Public Schools recorded a 45.4 percent increase in public funding from FY03 to FY11, rising from \$11,945 to \$17,364 per pupil. The city’s charters recorded relatively flat public funding during the eight-year period, rising only 1.4 percent, from \$8,977 per pupil in FY03 to \$9,103 per pupil in FY11. The downturn in the economy hit Milwaukee’s charter schools particularly hard, stripping most of the gains achieved in funding since FY07. In that year, charters recorded public revenue of \$10,472 per pupil, but funding fell \$1,369 per pupil by FY11 (Figure 7).

Figure 7

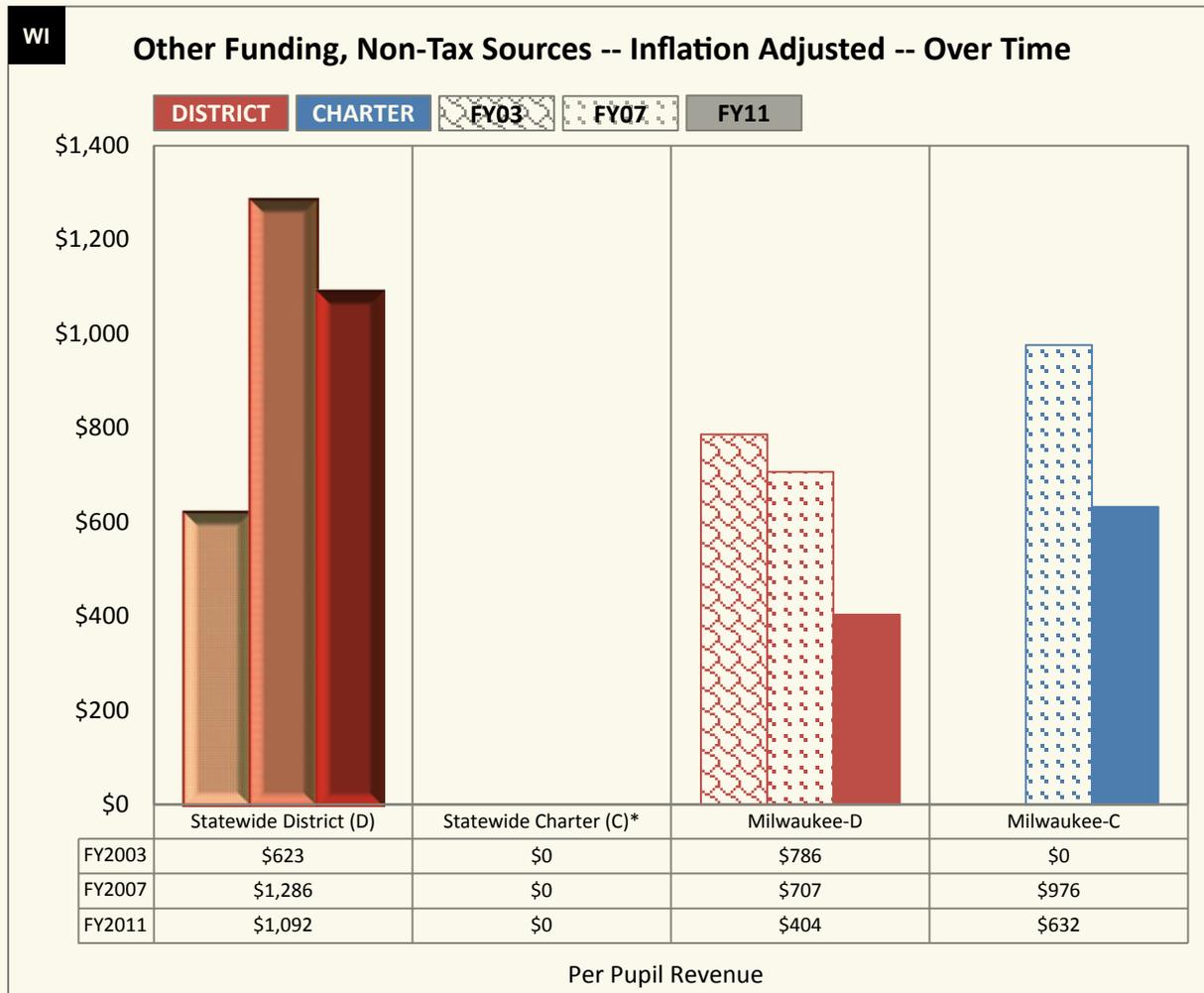


Other Funding

Other revenue encompasses all forms of revenue not originating from public revenue sources, such as returns on investments, charges for facility rentals, and philanthropy. Of all the sources included in Other revenue,

philanthropy has often served an important role in charter school financing to narrow the equity gap, and it is the largest source of funding in this category. As seen in Figure 8, revenue from Other sources declined significantly for all schools during the economic crisis.

Figure 8



* Detailed revenue data for charter schools statewide does not exist.

Statewide, district revenue from Other sources actually rose from FY03 to FY11, from \$623 per pupil to \$1,092 per pupil (Figure 8). This figure includes the impact of a 15.1 percent decline in FY11, when revenue from this source fell \$194 per pupil.

Other revenues for both districts and charters in Milwaukee declined significantly between FY07 and FY11 (we do not have data for Milwaukee charters in FY03). MPS recorded a 42.9 percent loss in Other revenue during this period, with the per pupil amount falling from \$707 to \$404. Charter schools in the city also lost Other revenue during the economic downturn from FY07 to FY11, declining 35.2 percent, or \$344 per pupil.

Changes in Funding Results

Figure 9 shows the percentage increase/decrease in funding between FY03 and FY11 by each type of revenue stream. Because of the complications and changes in data availability and reporting quality for many states in this study for charter schools, the data reported in this figure may be somewhat misleading. The large percentile

increases in Federal funding represent the attempt by the federal government to compensate for the decline in Local and State funding during the downturn in the economy. However, Milwaukee’s charters recorded considerably less growth in Federal funding than the district, 23.0 percent versus 124.5 percent, respectively. Wisconsin school districts recorded a 1.1 percent decline in State funding from FY03 to FY11. MPS State revenue grew by 17.4 percent during the same period, while Milwaukee’s charter schools received 41.4 percent less State funding by FY11. Local funding also rose for districts statewide and in Milwaukee, while charter schools lost 73.9 percent of their Local funding by FY11.

Figure 9

WI Per Pupil Revenue -- Inflation Adjusted -- Over Time Percentage Increase / Decrease (black shading)					
From/To: FY2003 / FY2011	Federal	State	Local	Other	Total
Statewide District (D)	80.2%	-1.1%	31.2%	75.5%	18.4%
Statewide Charter (C)	N/A	N/A	N/A	N/A	10.8%
Milwaukee-D	124.5%	17.4%	189.9%	-48.7%	39.6%
Milwaukee-C	23.0%	-41.4%	-73.9%	N/A	8.4%

Finally, Figure 10 shows changes to the variance in funding between Wisconsin’s districts and charter schools for FY03, FY07 and FY11. The variance represents the difference in funding between a district and the charters located within the boundaries of the district. When the percentage nears or is at zero, the district and the charters are being funded equitably. Statewide, the variance has widened between districts and charters from 29.5 percent in FY03 to 34.0 percent in FY11. The disparity for Milwaukee broadened the most, from 29.5 percent to 45.2 percent.

Figure 10

WI Disparity as Percent of District -- Over Time Negative Disparities Mean Districts Receive More (red text)			
Focus Area	FY2003	FY2007	FY2011
Statewide	-29.5%	-21.6%	-34.0%
Milwaukee	-29.5%	-21.6%	-45.2%

Figure 11: Select Enrollment Characteristics⁶

Figure 11 below shows data for both charter and district select student enrollments that often generate additional revenue. We include these data, if available, to look at possible differences in the types of students served to discern if high-need student populations may be resulting in higher levels of funding for either charters or district schools.

At the statewide level, more Wisconsin district schools were Title I eligible than Wisconsin charter schools, 70.2 percent versus 50.1 percent, respectively. The differences in the number of free and reduced-price lunch students indicates a higher percentage of those students attending charter schools, 54.9 percent to 44.7 percent.

Figure 11

WI		Select Enrollment Characteristics								
Student Group >>>	Year >>>	Percentage of Total Enrollment								
		Free & Reduced Lunch			Title I			Special Education		
		FY03	FY07	FY11	FY03	FY07	FY11	FY03	FY07	FY11
Statewide District		76.0%	30.3%	44.7%	74.6%	50.0%	70.2%	N/A	N/A	N/A
Statewide Charter		66.4%	49.5%	54.9%	66.5%	38.7%	59.1%	N/A	N/A	N/A

State Practices Scorecard

We have assigned ratings to each state based on the quality of the data available, as well as the extent to which charter schools have access to specific streams of revenue (Figure 12).

Figure 12

WI		Funding Practices Summary							
PURPOSE	GRADE			FUNDING				REF	
	FY2003	FY2007	FY2011	Federal Source	State Source	Local Source	Facilities Source		
<i>This table summarizes answers to key funding mechanism questions in context with a grade based on actual funding results.</i>		F	D					F	
		Grade based on % of Weighted Funding Disparity							
ACCESS TO FUNDING SOURCES									
Do charter schools have access to this funding source according to state statutes?					Y	Y	N	N	
In practice, do charter schools have at least as much access to this funding source as districts have?					UK	UK	UK	UK	
Do charter school students receive at least 95% as much per pupil in revenue for this source as district students?					UK	UK	UK	UK	
DATA AVAILABILITY									
Does the state provide reasonable access to detailed public data on federal, state, local, and other revenues for district schools?							Y		
Does the state provide reasonable access to detailed public data on federal, state, local, and other revenues for charter schools?							N		
FUNDING FORMULA									
Are charter schools treated as LEAs for funding purposes?							N	1	
Does the state provide funding for charter schools and districts based primarily on student enrollment?							Y		

1 The supermajority of charter schools in Wisconsin do not have LEA status. Only 18 of 246 charters have LEA status, specifically those authorized by the city of Milwaukee or the University of Wisconsin-Milwaukee or the University of Wisconsin - Parkside.

Endnotes

- 1 The Wisconsin Department of Public Instruction provided the 2010-11 district and charter revenue data used for this study.
- 2 State Aid to School Districts. Wisconsin Legislative Fiscal Bureau Information Paper 26. January 2011, and
- 3 Education Commission of the States. <http://schoolfinancesdav.files.wordpress.com/2013/08/50-state-survey-vol-iirevfinalbu>.
- 4 National Alliance for Public Charter Schools.
- 5 Data for FY03 compiled by the authors for the Thomas B. Fordham Institute report, Charter School Funding: Inequity's Next Frontier, 2005. Data for FY07 compiled by the authors for the Ball State University Report, Charter School Funding: Inequity Persists, 2010.
- 6 National Center for Educational Statistics (NCES). Common Core of Data, Table Generator, FY11: <http://nces.ed.gov/ccd/elsi/>.