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DPI seeks changes to public school funding

Most districts would get more money under Evers' plan

By [Amy Hetzner](#) of the Journal Sentinel

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State schools Superintendent Tony Evers is proposing extensive changes to the way the state finances public schools, including a shift of nearly \$900 million a year from tax credits to school aid and guaranteed state funding of \$3,000 per student.

The state Department of Public Instruction's 2011-'13 budget proposal guarantees that almost every school district will get more state money and only a few would see no change from before, said Evers, who will publicly announce the plan Monday.

Milwaukee Public Schools would be the biggest winner dollar-wise, gaining an estimated \$32 million more in state aid - a 5% bump - under projections by the DPI. Among local school systems, the Pewaukee School District would see the biggest percentage increase from the proposal, according to state estimates, with a 36% surge in funding from the state.

"I think it's an absolute fairness issue and it's one we have to engage now," Evers said of his "Fair Funding for our Future" proposal.

But the plan also asks for \$420 million more over the next two years - a 2% increase in funding from the state for the 2011-'12 school year and 4% more for the following year - making it a tough sell in the Legislature.

State Sen. Alberta Darling (R-River Hills), who will co-chair the powerful Joint Finance Committee, said she considered the proposal pretty much dead on arrival in the state Legislature, which will be under Republican control next year, without further changes.

"I think those goals are very admirable," said Darling, who has been briefed on the plan. "But, you know, it's a \$6 billion budget just for education alone and we don't have the new money. I think we have to do better with less. That's just where we are."

On Friday, Governor-elect Scott Walker said his office had only recently received the proposal from the DPI and he had not had time to delve into its details or to speak with Evers. He said he hoped to use his budget to introduce proposals that would help school districts to control their costs, such as freeing them from state mandates and allowing school boards to switch their employees to the state health plan.

But he was pessimistic about the feasibility of more state funding in a biennial budget already in the red.

"With a \$3 billion deficit, it would be very difficult for any part of state government or state agency to see an increase," said Walker, who will be the official who proposes the DPI's budget to the Legislature.

Evers said he expected his request for increased funding would be the biggest hurdle to his proposal. In response, he pointed out that his department is asking for the lowest increases in the last decade.

"It's called prioritization, and it's been done before," he said.

Key provisions

In addition to the monetary increases, starting in the 2012-'13 school year, the "fair funding" plan forwarded by the DPI would:

- Shift \$897.4 million in money paid out in levy credits to reduce school property tax bills to the school equalization aid formula.
- Establish a minimum \$3,000 in state funding for the equivalent of every full-time student in a school district.
- Give school districts 20% more state aid for every enrolled student who qualifies for free or reduced-price lunch, a common indicator of poverty in school districts.
- Maintain an annual increase in state-imposed revenue limits of \$200 per student.
- End 10 small grant programs and target \$20 million a year to districts with persistent graduation and dropout issues.

Of those proposals, the plan to shift state money from the levy credits to the equalization aid formula could be the trickiest but also the most critical.

Because the levy credits are paid through municipalities, Evers and other school officials have complained that they artificially inflate the property tax levies passed by local school boards and confuse taxpayers.

But Todd Berry, president of the Wisconsin Taxpayers Alliance, pointed out that by funding the levy credit, the state has been able to claim the money as part of its effort to fund schools while delaying payments for an extra year. That's because the levy credit is paid out a year later than it appears on the tax bill.

The DPI's proposal to shift the credit to the equalization aid formula would perpetuate this "accounting game" by appropriating the nearly \$900 million for the 2012-'13 school year that would not be paid out until July 2013, or in the Legislature's next biennial budget, he said.

"We have not shown in the last decade or two much ability as a state to discipline ourselves fiscally so that we do things that are good public policy," Berry said. "And to increase the vulnerability of the school aid formula to the same kind of accounting tricks leaves me nervous."

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