

Equal Funding for Milwaukee's Students

Key Takeaways

THE CHALLENGE

- ▶ Milwaukee's students are in academic crisis—fewer than 1 in 5 are on grade level in Reading and Math, including fewer than 1 in 7 Hispanic students and fewer than 1 in 10 Black students.
- ▶ Yet, Milwaukee's charter and private schools, which serve close to half of the city's students, are facing existential threats due to unequal funding. Students attending these schools receive \$5000–\$7000 less than their peers; in total, unequal funding costs Milwaukee's schools upwards of \$275–\$300 million per year.
- ▶ Unequal funding forces charter and private schools to rely on philanthropic giving to make up for budgetary shortfalls, and it presents an additional hurdle for high-performing schools to expand and serve more students.

THE OPPORTUNITY

- ▶ As Milwaukee becomes a city where the majority of families exercise school choices, we have a historic opportunity and obligation to fix unequal student funding.
- ▶ Moreover, the state's strong fiscal health means we have the means to make a gap-closing investment in providing equal funding to all of Milwaukee's students.

OUR SOLUTION

1. Close the funding gap by increasing per-pupil funding for charter and private school students.
2. Fix the piecemeal approach to categorical aids by ensuring all charter and private school students are eligible for all 30+ types of categorical aids.
3. Provide additional resources for our most vulnerable students by increasing special education funding to provide a 50 percent reimbursement rate for both charter and district-run schools.
4. Restore a predictable annual increase in K12 state aids to provide all schools with ongoing budgeting clarity and address economic conditions.

Unequal Funding Harms Milwaukee's Students & Schools

Every Milwaukee child has equal worth and limitless potential. The job of our city's K12 schools is to educate all our city's students, preparing them to thrive by unlocking their inherent talents and gifts. The funding that schools receive from a variety of sources plays a critical role in determining the quality of educational experiences that our city's schools can deliver to students.

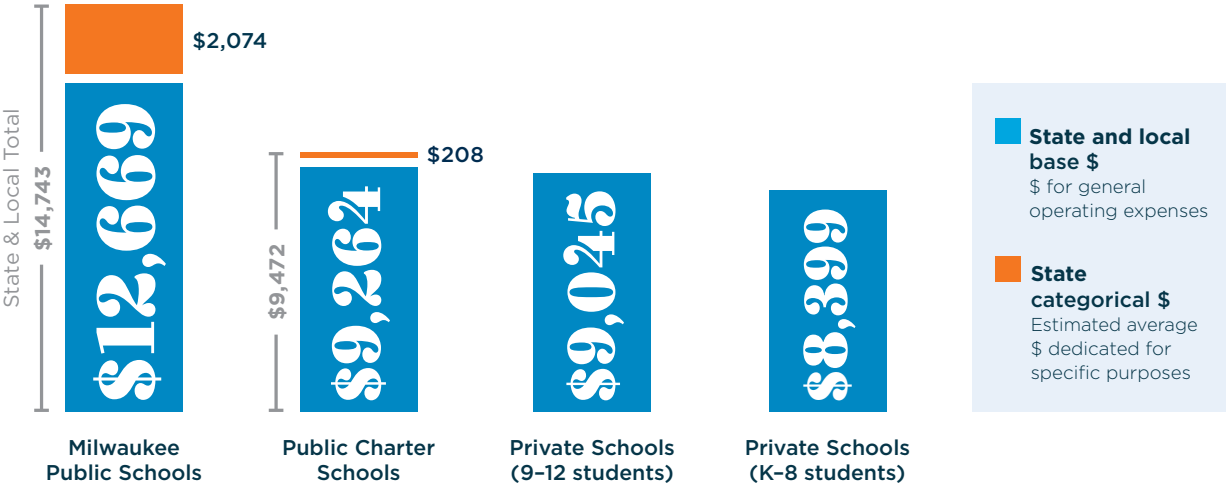
The Milwaukee education system suffers from unequal funding between publicly funded school sectors. The amount of public funding from state and local sources for a child's education depends on the type of school in which the child enrolls.¹

¹ While the Department of Public Instruction provides various resources on how school funding works, our preferred resource for understanding this complicated process is this information paper created by the Legislative Fiscal Bureau: https://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2021/0027_state_aid_to_school_districts_informational_paper_27.pdf.

School funding has a direct impact on the resources available to students and schools: high-quality curriculum, access to instructional technology, facilities and maintenance costs, athletics and other extracurriculars, and transportation. Funding directly impacts the pay received by teachers and other school staff and discourages disruptive turnover. For public charter schools and private schools that participate in the voucher program, between 60 and 80 percent of a school’s budget is spent on teachers.

Per-Pupil Funding By Sector

Schools receive public funding for each student they enroll, but the amounts differ by school sector.



The Challenge

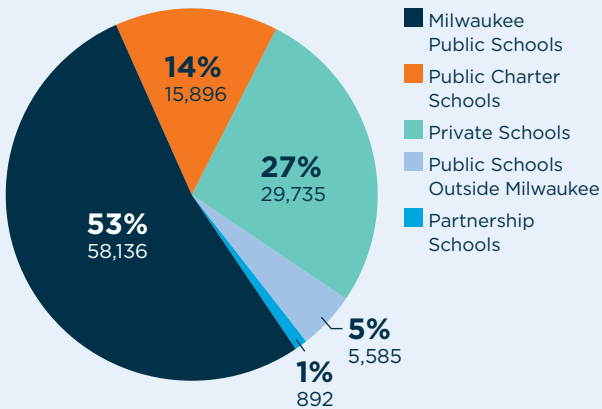
School enrollment trends in Milwaukee has been shifting for decades as parents exercise school choice. Currently, just under half of Milwaukee’s students attend a school not operated by MPS, including more than 45,000 students attending charter and private schools. Taken altogether, this is a larger enrollment than any school district in the state except for MPS; by comparison, the state’s second-largest school district, Madison Metropolitan School District, only serves about 25,000 students.

Moreover, the proportion of Milwaukee’s students attending schools not operated by the traditional school district continues to grow. MPS’ share of citywide enrollment has continued to decline by an average 1-2 percentage points per year. If current trends hold, we expect that more than half of Milwaukee’s students to be served by non-district schools within the next 2-4 years.

Yet, despite these significant shifts in Milwaukee families’ school choices, our K12 school funding structures have not kept up. Students enrolled in traditional public schools receive more than \$14,000 per student in combined state and local funding

Preliminary 2022-2023 Enrollment by Sector

In 2022-23, MPS served a slight majority of all 110,244 publicly funded students



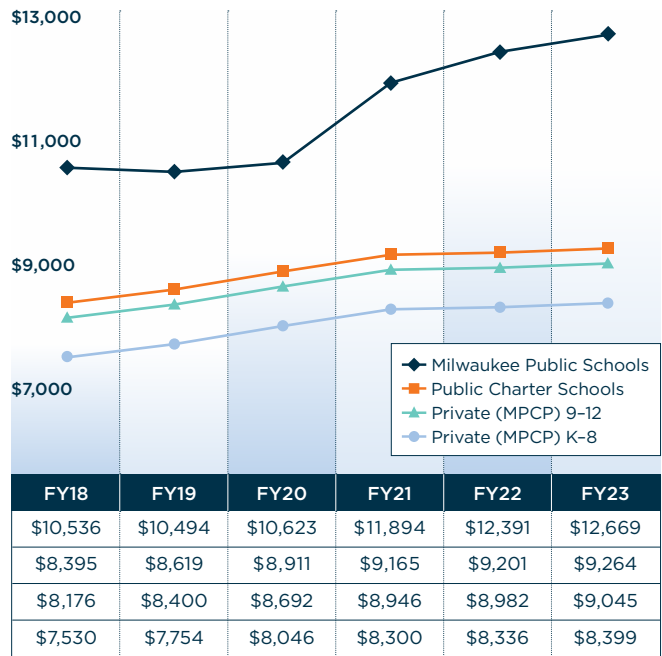
while students enrolled in independent charter or private schools participating in the voucher program receive, on average, \$5,000-\$7,000 less.^{2,3} Unequal base funding levels are compounded by dramatic differences in access to categorical aids.

In particular, Milwaukee’s funding gap jumped after the April 2020 approval of a \$87 million, MPS-specific referendum.⁴ Even as MPS enrollment declines, the referendum proceeds are directed only to students attending MPS’ district-operated campuses, further widening per-pupil funding gaps.

In total, unequal funding for charter and private schools is costing Milwaukee’s students upwards of \$275M to \$300M each year, depriving our city’s students of critical resources needed to sustain the high-quality schools that every Milwaukee family deserves. As it stands, private and charter schools must scramble to raise philanthropic contributions simply to meet their operating budget needs, along with investing in facilities. Without equal funding, it is incredibly difficult for high-performing schools to expand and serve more students.

Local + State Base Per Pupil Funding by Sector, 2018-23

Milwaukee Public School students receive more funding from local and state sources than all other Milwaukee students.



The Opportunity

We are at a historic inflection point, both in the state budget and with Milwaukee’s evolving K12 educational landscape, that presents us with the opportunity to take bold action for all of our city’s students and families.

First, there is bipartisan recognition of the issues at hand. During the campaign and in his proposed budget, Governor Evers included the most significant per-pupil funding increase since revenue limits were imposed, including linked increases to per-pupil funding for both independent charter and private schools participating in the voucher programs.⁵ Shortly after the recent elections last November, Assembly Speaker Robin Vos indicated willingness to “find some middle ground” with Governor Evers regarding school funding.⁶ More recently, he indicated support for funding increases: “Do I think that we should have some kind of an inflationary increase so that teacher salaries are competitive? Yeah, of course I do.”⁷

Second, our state has an unprecedented opportunity to address these challenges. This budget surplus has put Wisconsin in the strongest starting position for the state’s budget in history. While not all these funds will be spent on K12 education, there are sufficient resources available to make a meaningful investment in closing per-pupil funding gaps. As a comparison point: on an annual basis, it would take less than 5% of the state’s total projected surplus to fully close the funding gap for Milwaukee’s students that we’ve outlined in this report.

² https://dpi.wi.gov/sites/default/files/imce/policy-budget/pdf/2021_23_DPI_Budget_Final_2021_Act_58_short_summary_publish.pdf

³ https://dpi.wi.gov/sites/default/files/imce/sfs/xls/multiyear_rl_1112_to_current.xls

⁴ FY21-FY23 figures for the district include additional revenues from the April 2020 MPS referendum.

⁵ <https://content.govdelivery.com/accounts/WIGOV/bulletins/34896a0>

⁶ <https://www.badgerinstitute.org/this-is-not-four-years-ago>

⁷ <https://captimes.com/1099f741-29c7-5b8b-836f-ce4ccf555514.html>

Our Solution

As the Governor and Legislature negotiate the next state budget, they should take the following four steps to ensure every child in Milwaukee receives the same resources for his or her public education:

1. Close the funding gap by increasing per-pupil funding levels for charter and private school students.

All of Milwaukee's students and schools deserve the funding they need to educate students and serve their families. Right now, unequal funding is depriving tens of thousands of students of the quality education they deserve, threatening high-quality schools with financial insolvency and requiring an unsustainable \$40M+ annual fundraising lift just to keep the doors open and teachers paid. The state should use a portion of its historic surplus to fix unequal funding so that every child is equally valued, regardless of the school their family chooses for them to attend. This can, and should, be accomplished without taking any resources away from MPS students.

2. Fix the piecemeal approach to categorical aids by ensuring all charter and private school students are eligible for all 30+ types of categorical aids.

Wisconsin provides more than 30 different types of categorical aids for various groups of students or schools. These pay for expenses like transportation, libraries, and instructional technology. However, many of these funding pots are only accessible to students enrolled in district-operated schools. As Milwaukee's students—the vast majority of whom are Black or Hispanic—continue to choose schools outside of the traditional district, the state should ensure that these resources are equally available to all students.

3. Provide additional resources for our most vulnerable students by increasing special education funding to provide a 50 percent reimbursement rate for both charter and district-run schools.

Wisconsin's special education funding system is broken. At 30 percent, we have one of the lowest funding levels in the country, and because our system is reimbursement-based, schools must first spend dollars that they do not have. This is especially challenging for charter and private schools, which do not operate with significant reserve fund balances to pay for these expenses. Our most vulnerable students deserve high-quality education, and we support efforts to increase special education funding levels so they can grow in school and thrive in the workplace.

4. Restore a predictable annual increase in K12 state aids to provide all schools with ongoing budgeting clarity and address economic conditions.

The longstanding practice of granting schools an increase in base per-pupil revenues was not continued in the 2021–23 state budget due to the influx of one-time federal COVID-19 recovery funds. These recovery funds will expire over the next two years, and schools of all types now face the same inflationary pressures as households and businesses across the economy. There has been bipartisan support from the Governor and legislative leadership for restoring some form of increase in base funding. We support and encourage this to be included in the next state budget.

Milwaukee's families are already forging a new future for our city's students—a system of diverse options, where parents are empowered to select the school that best meets each child's needs. It's past time for our elected officials to modernize how we fund students and meet families at the schools they have chosen.