

School Resources and Funding

Key Takeaways

- In Milwaukee, funding amounts vary significantly for students based on the type of school they attend, even though most of the city's students are funded with public dollars.
- The funding gap for publicly funded students in Milwaukee ranges from \$5,000 to \$7,000 per pupil, with a K-8 student in the Milwaukee Parental Choice Program (MPCP) averaging \$9,084 per pupil and a Milwaukee Public Schools student averaging \$15,647 per pupil.
- While students in public charter and private schools accepting MPCP vouchers have always received fewer dollars per pupil than MPS students, the funding gap has substantially increased over time.
- Milwaukee schools can receive funding from local property tax, the state general budget, and/or state and federal categorical aid or grants.
- Differences exist in each of these funding sources, across school sectors: in total, seven different funding constructs are currently operational for Milwaukee students.

Introduction

Every Wisconsin resident has a stake in the success of Milwaukee's children and youth. To ensure that success, all stakeholders need ready access to key information about the city's K3-12 schools. Over the past three decades, publicly funded school options in Milwaukee have evolved to offer a wide variety of choices for the city's families, resulting in considerable differences in how each student is funded.

This report provides an overview of funding for publicly funded students in Milwaukee and is intended to clarify the ways in which local, state, and federal funds flow to schools. It includes a summary of the types of funding available, a brief explanation of the state and federal policies that impact funding sources, and the average amounts of funding each sector receives.¹

Public Education Funding Overview

In Milwaukee, schools receive public funding from three main sources: local property tax, state aids, and federal grants. Different types of schools are funded different amounts from different sources depending on the sector and governance. Funding flows to schools in various ways: directly from the state, indirectly through a Local Education Agency (LEA), and retroactively through reimbursement (which does not always cover the full expense of the service or program). Changes to local, state, and federal policies can also affect the amount of funding schools receive, including the recent COVID-19 relief funding and the 2020 Milwaukee Public Schools (MPS) referendum.

Because of fragmented governance in Milwaukee's K-12 education system, these funding structures resource students differently based on the type of school they attend, and in some cases their demographic characteristics (such as economic or disability status). These differing funding structures yield dramatic differences in resources for Milwaukee students and schools, with disparities of between \$5,000-\$7,000 per pupil based on the sector.²

¹ Research assistance and preliminary graphics provided by Julia Smucker, Community Policy & Advocacy Fellow, 2020-2022.

² All funding data is sourced from the state budget and public data reported by the Wisconsin Department of Public Instruction (DPI).

The below table shows the amount of all public funding received by each sector³ in Milwaukee on a per-student basis, broken down into the different sources of funding

(local property taxes, funding from the state general fund, state categorical, and federal categorical aid).⁴

Per-Pupil Funding (all public sources), 2023

Milwaukee Public School students receive more funding than any other sector



Local and State Funding

Most public funding for K-12 education in Milwaukee comes from local property taxes and funding from the state’s general fund (general purpose revenue, or GPR) and together make up about 80% of funding. Schools are also eligible for state categorical aid, or funding that is designated for specific purposes. Funding from the state’s general fund is provided through a formula that is based on the relative fiscal capacity of each school district, and categorical aids represent specific program costs.⁵ The base of state and local funding is also referred to as the revenue limit.

Local property taxes are mostly controlled by Milwaukee Public Schools (MPS) and directed to traditional public schools and MPS-authorized charters. Independent Charter schools authorized by UW-Milwaukee or the

City of Milwaukee do not receive local funds. Likewise, local tax dollars cannot be directed to private schools, so a voucher program such as the Milwaukee Parental Choice Program (MPCP), which allows students to attend a private school using public dollars, is fully funded by the state.

Funding from the state’s general fund is available to all sectors. State categorical aid⁶ is available to MPS and charter schools. However, Independent Charter schools are ineligible for many aid categories, including transportation, and only receive 10-25% of the categorical aids received by MPS for district-operated schools. Meanwhile, private schools accepting MPCP vouchers are generally not eligible for state categorical aid.

³ A note on Milwaukee Public Schools and Public Charter schools: Our funding numbers include Instrumentality Charter schools with Milwaukee Public Schools, and Non-Instrumentality Charter (NIC) schools with Public Charter schools. While the funding flow is the same for both Instrumentality and NIC schools—funding is directed through MPS instead of directly from DPI—and both are authorized by MPS, funding levels per pupil are dissimilar due to differences in how the funds are passed down. Instrumentality Charters are treated like Traditional Public schools, while NIC’s receive similar amounts of funding as Independent Charters that receive their funding directly from the state.

⁴ Federal categorical funds are calculated using current-year preliminary reports and include Title I, Title II and Title IV funds for Milwaukee Public Schools students, excluding amounts reserved for services provided to private school students, and does not include special education or pandemic relief funding. This amount is significantly different than federal categorical funds reported elsewhere, such as district comparison data, which include additional aids.

⁵ <https://dpi.wi.gov/sfs/aid/overview>

⁶ https://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2021/0027_state_aid_to_school_districts_informational_paper_27.pdf

Per-Pupil Funding in Milwaukee

The per-pupil funding breakdown further reveals the disparities in funding between school sectors, which is based on the type of school a student attends (rather than the same amount following a student). Over the past five years, these funding gaps have increased.

Traditional Public Schools (MPS)

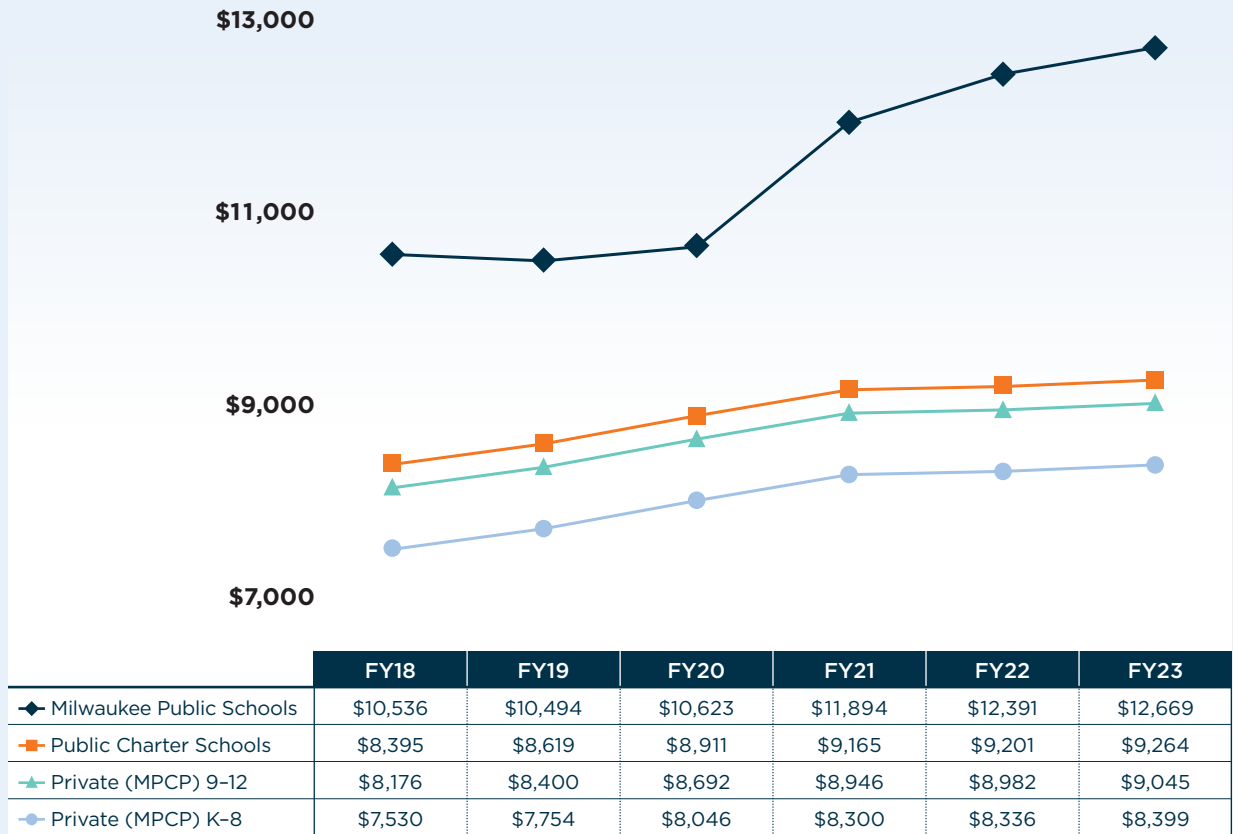
The MPS district is funded by a mixture of federal and state aids, local property taxes, local sources, categorical aid, and loans. As is the case with all public school districts statewide, the Wisconsin legislature imposes an annual per-pupil “revenue limit” that caps the amount MPS can raise in combined local property taxes and state aid. The MPS per-pupil revenue number is based on the revenue limit with all exemptions and the

membership reported in the state’s revenue limit worksheets. For example, the revenue limit with all exemptions for fiscal year 2023 was \$880,077,952, and the current membership average was 69,604, resulting in a per-pupil revenue of \$12,669.⁷

In federal education law, school districts are referred to as Local Education Agencies (LEA) and designated to receive state and federal funds appropriated for students in their geographic jurisdiction. MPS serves as the Local Education Agency (LEA) for the Instrumentality and Non-Instrumentality Charter schools it authorizes, as well as for certain students attending private schools.

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.



⁷ Membership counts are different than enrollment due to differences in how students are counted under each system; membership counts are based on the three-year average membership. <https://dpi.wi.gov/wisedata/schools/membershipvsenrollment>

Instrumentality and Non-Instrumentality Charters (authorized by MPS)

Students enrolled in MPS charter schools are counted as MPS students and included in district enrollment totals; accordingly, funds flow from the Wisconsin Department of Public Instruction (DPI) to MPS, and then to district charters. Instrumentality Charter schools are funded the same way as MPS. Because MPS counts Non-Instrumentality Charter (NIC) students toward its enrollment, it receives the full amount of per-pupil revenue for these students (\$12,669 in FY23). However, the district passes on to NIC schools only the portion of funding equivalent to the state per-pupil funding amount for Independent Charter schools (\$9,264 in FY23) and retains the remainder (\$3,405 in FY23).

Because MPS acts as the LEA for its NIC schools, the charter contract between the district and each school outlines exactly how various sources of state and federal funding will flow through the district to the schools, and how much the district will retain. MPS can reimburse NIC schools for federal categorical aids, such as Title I funding, and special education costs, provided this is spelled out in the charter agreement.⁸

Independent Charters (authorized by City of Milwaukee or UWM)

Independent (also called 2r/2x) Charter schools in Milwaukee are authorized by entities other than Milwaukee Public Schools—either the University of Wisconsin–Milwaukee, or the City of Milwaukee Common Council, although there are additional charter authorization agencies statewide. Students enrolled at Independent Charter schools are not included in district enrollment counts or included in the calculation for district state aid or revenue limits. Because Independent Charter Schools do not currently receive local property tax dollars, a large proportion of their funding comes from the state general budget.

Independent Charter schools are also eligible for categorical aid, such as state special education, public transportation, school lunch, and other grants, in addition to per pupil revenue.⁹ Independent Charter schools must submit a funding application to the federal government for federal categorical aids, and if approved, they are directly reimbursed.¹⁰ The amount of funding that comes from state and federal categorical aids is generally more limited than MPS schools.

In Wisconsin, Independent Charter schools are their own LEA, and therefore receive funding directly from DPI.

Private/Parental Choice Program

The Milwaukee Parental Choice Program (MPCP) is the country's longest-running private school voucher program. MPCP is directly funded by General Purpose Revenue (GPR) from the state, as local revenues cannot by law be redirected to private schools; however, state funding (general aid) to MPS are reduced to offset a portion of this state funding (currently, 9.6%). To help further offset the MPCP levy, MPS receives additional High Poverty aid from the state. State statute^{11,12} dictates that voucher values cannot decrease year to year, and state funding for vouchers continues to increase in parallel with public school funding.¹³

The funding formula for MPCP has changed over time to address what is sometimes called the “funding flaw,” and the burden on both MPS and Milwaukee taxpayers. Under the 2013 Wisconsin Act 20, MPS's contribution to MPCP funding will reduce by 3.2% each year until the 2025–26 school year, when the program will shift to being fully funded by the state through general purpose revenue (GPR), thus ending the “funding flaw” entirely.¹⁴

Chapter 220 (Integration Aid)

The Integration Aid program through the state was enacted by Chapter 220, which is a state-funded voluntary racial desegregation program that funds transportation for students to attend schools in neighboring districts. Receiving districts receive Integration Aid from the state and sending districts could count students as 0.75 membership. The incoming Integration Aid offsets some local property tax revenue within the revenue limit of the receiving district, the net effect being tax relief for property owners in the receiving district. While Chapter 220 is being phased out, the biennial budget does have a hold harmless provision funding guarantee for the program that will be reduced by 12.5% until 2022–23.¹⁵ In 2013, funding for Chapter 220 was the fourth largest category of state funding at \$63.2 million and a significant source of funding for the district—however, this funding source has considerably dwindled and will no longer be available to MPS in 2022–2023.¹⁶

⁸ https://wispolicyforum.org/wp-content/uploads/2018/08/TeachableMoment_Full.pdf

⁹ https://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2019/0027_charter_schools_informational_paper_27.pdf

¹⁰ https://wispolicyforum.org/wp-content/uploads/2018/08/TeachableMoment_Full.pdf

¹¹ Wis. Stat. § 119.23

¹² Wis. Stat. § 118.60

¹³ <https://www.ncsl.org/research/education/voucher-law-comparison.aspx>

¹⁴ <https://files.eric.ed.gov/fulltext/ED574825.pdf>

¹⁵ <https://dpi.wi.gov/sfs/aid/general/integration-220/overview>

¹⁶ https://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2003/0028_school_integration_chapter_220_aid_informational_paper_28.pdf

Federal Funding

Federal funding primarily comes from Title funds for disadvantaged student groups and IDEA funding for students with disabilities and makes up the remaining 20% of public funding (which is also disproportionately controlled by MPS). These are funded through the federal Elementary and Secondary Education Act (ESEA), now called the Every Student Succeeds Acts (ESSA) as well as the Individuals with Disabilities Education Act of 2004 (IDEA).

Independent Charter schools on average receive 40–60% of the federal funding that MPS receives for district-operated schools. However, federal law restricts private schools, including those in the MPCP, from directly receiving federal funding. MPS instead receives these funds on behalf of eligible students attending private schools, and then acts as a fiscal agent for these funds, using a portion of its federal funding to contract (about 25%) with third-party service providers for a limited set of in-kind services at the direction of the private school enrolling the students.

Specific legal requirements govern how MPS as the geographical LEA can work with private schools (called “nonpublic” schools in federal law) in its jurisdiction, both to determine who is eligible to receive funding, and to manage how those funds are spent through the “equitable services” requirements in federal law.¹⁹ Importantly, however, federal K-12 education dollars cannot be directly provided to nonpublic schools—instead, a public entity (e.g. MPS) must receive and expend those funds on behalf of eligible students in the nonpublic school.²⁰

Types of Federal Categorical Funding ¹⁷	
Program	Purpose
Title I-A	Aids for economically disadvantaged students
Title II-A	Aids for professional development to teachers
Title III-A	Aids for English language learners
Title IV-A	Supports well-rounded educational opportunities, safe and healthy students, and effective use of technology ¹⁸
IDEA	Aids in providing a free appropriate public education for children with disabilities (IEPs)

¹⁷ <https://mps.milwaukee.k12.wi.us/MPS-English/CFO/Budget--Finance/Financial.pdf>

¹⁸ <https://dpi.wi.gov/titleiva/allowable-activities>

¹⁹ For more details on the requirements for private schools, see <https://dpi.wi.gov/esea/equitable-services-private-school-students>

²⁰ 20 U.S.C. § 7881(d)

Appendix

FUNDING DEFINITIONS	
Revenue Limit	The annual per pupil limit that caps the amount MPS is allowed to raise from a mixture of property taxes and state aid (including general, high poverty, and computer aid). This amount does not include state categorical aid, federal aid, debt service tax levies, and local sources. The cap can be increased through a local referendum. ²¹
General Equalization Aid	State aid that is combined with local property taxes to create the revenue limit. The two are inversely related, so districts with lower revenue from property taxes receive more equalization aid. This aid may be used for any purpose.
High Poverty Aid	A general school aid for districts with at least 50% economically disadvantaged students. This is included in the revenue limit.
Computer Aid	State aid for computers, software, and equipment that is automatically provided to all districts. This is included in the revenue limit. ²²
Categorical Aid	Funding from federal, state, or private grants that reimburses specific spending categories, such as Title I funding. This aid is outside of the revenue limit.
Local sources	Local sources not from property taxes, which includes revenue from school meals, interest earned, mobile home fees, driver education fees, rental income and tuition.
Per Pupil Funding	The base amount of funding per pupil. The sources of this base funding vary depending on the school type: <ul style="list-style-type: none"> • Public district: property taxes + state aid • Independent charter: appropriation of general school aid • MPCP: General Purpose Revenue (GRP) + MPS state general aid
Per Pupil Aid	Additional state categorical aid that is automatically provided to districts. Specific types of schools (charter and voucher) are excluded from this aid.
General Purpose Revenue (GPR)	State aid raised through taxes that can be used for any purpose approved by the Legislature. ²³
Referendum	A general vote on a specific issue
“Funding Flaw”	The initial funding formula of the MPCP voucher program that was a burden on both MPS and taxpayers. The flaw is being phased out through Wisconsin Act 20, which aims to decrease the burden on MPS completely by 2025-26. ²⁴

²¹ https://cdn.ymaws.com/www.wasda.org/resource/resmgr/fall_conf_2017/17Fall-FinanceOverview.pdf

²² <https://dpi.wi.gov/sfs/limits/computer-aid>

²³ <http://www.wisconsinbudgetproject.org/budget-toolkit/revenue>

²⁴ <https://files.eric.ed.gov/fulltext/ED574825.pdf>

Appendix: Glossary of Terms

SOURCES OF CURRENT PER-PUPIL FUNDING LEVELS BY SCHOOL TYPE					
School Type		Local Property Tax	Funding from State General Fund	State Categorical Aid	Federal Categorical Aid (Title, IDEA)
MPS District-Run		Yes	Yes	Yes	Yes, directly from DPI
Public Charter	MPS Non-Instrumentality	Yes, payment at legislatively-determined rate for independent charter schools, from MPS' blended state and local funding pot		Some, indirectly through MPS	Some funding and some services, through MPS
	Independent 2r/2x (City/UWM)	No	Yes, at legislatively determined rate	Some, directly from DPI	Yes, directly from DPI
Private (Milwaukee Parental Choice Program—MPCP)		No	Yes, at legislatively determined rate	No	No, but eligible students receive services through MPS

DATA GROUPS	
Milwaukee Public Schools (MPS)	<p>Refers to schools operated by MPS staff. This includes Traditional Public Schools and Instrumentality Charter Schools. It does not include 2r/2x or Independent charters, Non-Instrumentality Charter Schools, or Partnership schools.</p> <p><i>For funding purposes, Partnership schools are included with MPS because Partnership students receive the same funding as MPS students.</i></p>
Public Charter Schools	<p>Includes autonomous charter schools (Independent and Non-Instrumentality). Does not include Instrumentality Charter schools, which are operated directly by MPS staff.</p> <p><i>For funding purposes, both Independent and Non-Instrumentality Charter schools receive similar levels of funding, despite differences in how these schools are authorized and funded.</i></p>
Public Schools Outside Milwaukee	Includes only Open Enrollment and Chapter 220 students enrolled in suburban school districts.
Private Schools	Includes students attending private schools using a state-funded tuition voucher through the Milwaukee Parental Choice Program (MPCP), Special Needs Scholarship Program (SNSP), or Wisconsin Parental Choice Program (WPCP).
Public Schools	Refers to all schools that are free for all children to attend and overseen by a governmental body (Traditional Public and all charter schools, including Independent Charters).

SCHOOL TYPES	
2r/2x or Independent Charter Schools	The terms “2r/2x” and “Independent Charter” are used interchangeably to indicate charter schools fully independent from a school district. In Milwaukee, these schools are authorized by either the University of Wisconsin-Milwaukee or the City of Milwaukee Common Council.
Instrumentality Charter Schools	A charter school authorized by the Milwaukee Board of School Directors, operated by MPS, and staffed by MPS employees.
Non-Instrumentality Charter Schools	A charter school authorized by the Milwaukee Board of School Directors but operated by an independent 501c3 nonprofit and staffed by employees of that nonprofit.
Partnership Schools	Refers to independent schools contracted by MPS to work with specific student populations, such as those identified by the district as at-risk of dropping out. These schools are operated by community organizations based on parameters of the contract with MPS.
Private Schools	Refers to independent schools that charge tuition, which may be paid by a tuition voucher through the state’s Choice programs.
Traditional Public Schools	Schools operated directly by MPS without a charter contract, e.g. excluding Instrumentality and other types of charter schools.

PROGRAMS	
Chapter 220	State-funded voluntary racial desegregation program that funded transportation for Milwaukee-area students to attend schools in neighboring districts.
Open Enrollment	State program which allows any Wisconsin student to apply to attend a traditional public school in a nonresident school district.
Milwaukee Parental Choice Program (MPCP)	State-funded program which allows students in households below a certain economic threshold (300% of the federal poverty limit) to obtain a tuition voucher to attend a participating private school. Students must live within the Milwaukee city limits to qualify for this program.
Special Needs Scholarship Program (SNSP)	Allows a student with an identified disability to obtain a tuition voucher from the state to attend a participating private school.
Wisconsin Parental Choice Program (WPCP)	State-funded program which allows students in households below a certain economic threshold (220% of federal poverty limit) to obtain a tuition voucher to attend a participating private school. Students must live in Wisconsin, but cannot live within the city limits of either Milwaukee or Racine to qualify for this program.