

Wisconsin

by Larry Maloney

Summary and Highlights

This snapshot analyzes the revenue and funding levels of district public schools and charter schools in Milwaukee during FY 2006-07 (Figure 1)¹.

In the following figures, the statewide values show how much per pupil funding districts in the state received compared to how much charter schools received per pupil. The statewide values weighted for charter enrollment adjust these figures to

account for the fact that some districts enroll more charter students than others and the district PPR varies between districts. The weighted values estimate how much more or less per pupil funding charter schools received compared to the funding district schools would have received to educate the same students. (See Methodology for details.)

Highlights of Our Findings

- Milwaukee's 52 charter schools received 21.6 percent less funding than district schools: \$11,448 vs. \$14,602 per pupil, a difference of \$3,154.

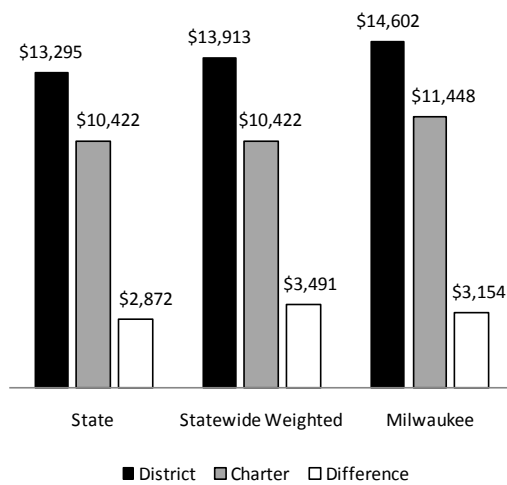
Figure 1: District and Charter School Revenues and Enrollments

Wisconsin (2006-07)	Statewide		Statewide Weighted for Charter Enrollment		Milwaukee	
Per pupil Revenue						
District	\$13,295		\$13,913		\$14,602	
Charter	est. \$10,422		est. \$10,422		\$11,448	
Difference	est. (\$2,872)		est. (\$3,491)		(\$3,154)	
	est. (21.6%)		est. (25.1%)		(21.6%)	
Per pupil Revenue by Source	District	Charter	District	Charter	District	Charter
Federal	\$715	N/A	\$1,358	N/A	\$2,073	\$1,063
State	\$6,147	N/A	\$7,501	N/A	\$9,007	\$6,669
Local	\$4,926	N/A	\$3,984	N/A	\$2,935	\$2,167
Other	\$1,286	N/A	\$1,012	N/A	\$707	\$976
Indeterminate	\$220	N/A	\$59	N/A	-\$120	\$573
Total	\$13,295	est. \$10,422	\$13,913	est. \$10,422	\$14,602	\$11,448
Enrollment						
District	848,587		N/A		72,226	
	96.8%		N/A		83.2%	
Charter	28,113		N/A		14,565	
	3.2%		N/A		16.8%	
Charter Schools	188		N/A		52	
Total Revenue						
District	\$11,281,713,747		N/A		\$1,055,386,835	
	97.4%		N/A		85.3%	
Charter	est. \$292,993,686		N/A		\$181,630,584	
	2.6%		N/A		14.7%	
Total	est. \$11,324,589,197		N/A		\$1,237,017,419	
Percentage of Revenue by Source	District	Charter	District	Charter	District	Charter
Federal	5.4%	N/A	9.8%	N/A	14.2%	9.3%
State	46.2%	N/A	53.9%	N/A	61.7%	58.3%
Local	37.1%	N/A	28.6%	N/A	20.1%	18.9%
Other	9.7%	N/A	7.3%	N/A	4.8%	8.5%
Indeterminate	1.7%	N/A	0.4%	N/A	-0.8%	5.0%
Change in district school funding if subjected to charter funding structure						
						(\$153.9 million)

- Wisconsin charter schools received \$10,422 per pupil, but district schools would have received an estimated, \$13,913 to educate the same students – a difference of \$3,491 or 25.1 percent. Weighting the district PPR for charter enrollment therefore increases the funding disparity by \$619 from the statewide difference above.

Figure 2: Per Pupil Total Revenue for Wisconsin District vs. Charter Schools, FY 2006-07

(Note: statewide charter figures extrapolated from district figures)



- Milwaukee’s charter schools provided services to 16.8 percent of the city’s student population. However, the charters received 14.7 percent of the total available education revenue.
- The state of Wisconsin does not collect financial information on any charter school that has been authorized by a school district, which represents 92 percent of the charters in the state. Therefore, the statewide charter data here represent an extrapolation based on Milwaukee per pupil revenue patterns. We extrapolate that charter schools in Wisconsin received approximately 21.6 percent less revenue than district public schools statewide, resulting in a gap of \$2,872.²

Primary Reason for Funding Disparities

- The funding formula for Wisconsin charter schools provides charters with a flat rate per pupil that is significantly less than formula funding provided to district school pupils.

How Wisconsin Funds Its District Schools

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.

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 2006-07 school year, the Secondary Aid Level could be as much as \$8,252 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 \$1,291,886 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 2006-07 was \$483,017 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 FY 2006-07, these dollars totaled \$39.6 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 2006-07 the Department of Public Instruction funded total expenditures for these independent charters of \$39.6 million, or \$7,669 per pupil.

Figure 3: State Charter School Policies

State Policies	Yes	No	Partial
Charter schools receive their funding directly from the state			X ³
Charter schools are eligible for local funding		X ⁴	
Cap on funding a charter school can receive		X	
District public schools receive differential funding (e.g. more funding for 9-12 vs. K-8 schools)		X	
Charter schools receive differential funding		X ⁵	
State allows district to withhold funding from charter schools for providing administrative services		X ⁶	
State "holds harmless" district funding for charter enrollment			X ⁷
School is considered LEA if authorized by non-district organization	X		
School is considered LEA if authorized by district		X	
Cap on number of charter schools			X ⁸
Cap on number of charter schools authorized per year		X	
Cap on number of students attending charter schools			X ⁹
Charter schools have an open enrollment policy	X		

Facility Funding

Wisconsin charter schools can access tax-exempt facility funding through the Wisconsin Health and Educational Facilities Authority as long as they are accredited by the authority. Charters also can access tax-exempt financing through city redevelopment authorities, which act as conduit issuers. Finally, charters may participate in QZAB bond issuance.

Primary Revenue Sources for Wisconsin's Public Schools

Most Wisconsin charter schools receive their authorization from public school districts (172 of the 188 charters in the state), and, for data collection and revenue distribution purposes, are not LEAs. Therefore, the state has no records of revenues provided to district-authorized charters.

The Department of Public Instruction collects selected information through an annual reporting process that captures state and federal payments distributed to the state's 10 independent charters—those authorized by the City of Milwaukee, the University of Wisconsin-Milwaukee, and the University of Wisconsin-Parkside.

Milwaukee Public Schools (MPS) maintains records on the revenue the district passes to the charters for which it is accountable. We counted these dollars as charter revenue in this study and provided an offsetting reduction to the district's revenues to account for these pass-throughs.

The only data not included in this analysis for Milwaukee's district charters are for "Other" revenue sources, which is defined as fundraising, interest received, activity fund revenues and additional revenue sources that cannot be categorized as local, state or federal. MPS does not maintain these data in its database and they could not be collected directly from the charters.¹⁰

The majority of funding for school districts in Wisconsin originates from state sources (46.2 percent) with 37.1 percent from local sources. In Milwaukee, MPS received 61.7 percent of its funding from state sources and 20.1 percent of its funding from local sources. The funding pattern for charters in Milwaukee shows a similar pattern to the district; 58.3 percent of the funding originates from state sources and 18.9 percent from local sources.

Figure 4: Per Pupil Revenue by Source for Wisconsin District vs. Charter Schools, FY 2006-07

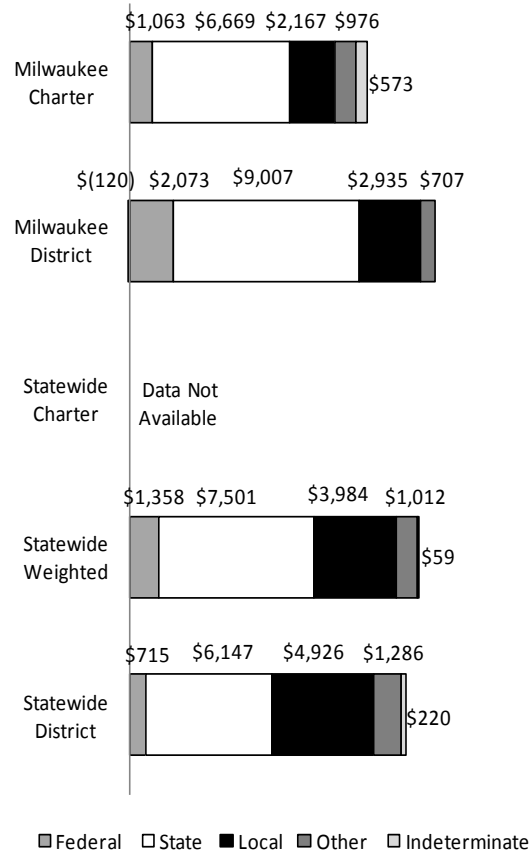


Figure 1 shows that charters represented 16.8 percent of Milwaukee's total student population in 2006-07, but they received only 14.7 percent of the total revenue expended on education in Milwaukee. The school district accounts for 83.2 percent of the public school population yet received 85.3 percent of the revenue.

Student populations and grade levels served (Figure 5) do not vary significantly between charter and district schools in Milwaukee and thus are unlikely to contribute to the funding gap.

Figure 5: School Characteristics

Wisconsin (2006-07)	Statewide District	Statewide Charters
Percentage of students eligible for free or reduced price lunch	30.3%	49.5%
Percentage of schools eligible for Title I	50.0%	38.7%
Percentage of students by school type:		
Primary (K-5)	46.6%	56.5%
Middle (6-8)	18.5%	13.1%
High (9-12)	32.9%	20.7%
Other (K-12, K-8, etc.)	2.0%	9.7%

State Scorecard

We have assigned ratings to each state based on the quality of data available, as well as the extent to which charter schools have access to specific streams of revenue (Figure 6).

In Figure 6, we judged “Data Availability” on the ease of access to the information needed for this study and others like it. A rating of “Yes” means that all information was available through web sources or that it was provided upon request by state departments of education. A rating of “Partial” means some but not all of the data for this study were available either through web sources or through state departments of education. A rating of “No” means the data were not available either through web sources or through state departments of education.

Separately, we judged “Funding Formula” based on whether or not charters were considered Local Education Agencies for purposes of funding. “Yes” means that charters in the state are always considered LEAs for all forms of funding. “Partial” means that charters are sometimes considered LEAs for specific streams of funding (such as federal revenue) or that only certain charters are considered to be LEAs. “No” means charters in the state are never considered an LEA for funding purposes. A state received a rating of fair and equitable funding if charters received fair and

Figure 6: State Scorecard

Findings		WI
Federal Funding	Charters have access to federal funds according to state statutes (Yes = black, No = white)	Y
	Percentage of federal revenue is <i>greater than</i> (> ; black), <i>equal to</i> (= ; black), or is <i>less than</i> (< ; white) that of total enrollment for charter schools	<
State Funding	Charters have access to state funds according to state statutes (Yes = black, No = white)	Y
	Percentage of state revenue is <i>greater than</i> (> ; black), <i>equal to</i> (= ; black), or is <i>less than</i> (< ; white) that of total enrollment for charter schools	>
Local Funding	Charters have access to local funds according to state statutes (Yes = black, No = white)	N
	Percentage of local revenue is <i>greater than</i> (> ; black), <i>equal to</i> (= ; black), or is <i>less than</i> (< ; white) that of total enrollment for charter schools	>
Facilities Funding	Charters have access to facilities funds according to state statutes (Yes = black, No = white)	N
	Percentage of facilities revenue is <i>greater than</i> (> ; black), <i>equal to</i> (= ; black), or is <i>less than</i> (< ; white) that of total enrollment for charter schools	<
Data Availability	State provides detailed, public data on federal, state, local, and other revenues for district schools (Yes = black, Partial = grey, No = white)	Y
	State provides detailed, public data on federal, state, local and other revenues for charter schools (Yes = black, Partial = grey, No = white)	P
Funding Formula	Charters are treated as LEAs for funding purposes (Yes = black, Partial = grey, No = white)	P
	State funds student (black) or the LEA (grey)	S
	State funding formula is fair and equitable (Yes = black, No = white)	N

equitable revenue in all four revenue streams listed.

Similar methods were applied to ratings for federal funding, state funding, local funding, and facilities funding.

Endnotes

¹ Milwaukee charter school revenue numbers for the instrumentality charters authorized by Milwaukee Public Schools (MPS) were provided by MPS. Revenue numbers for the non-instrumentality charters were compiled from audit documents provided by MPS. Revenue numbers for the 2R independent charters were provided by the City of Milwaukee and the University of Wisconsin – Milwaukee. The numbers from MPS for the Instrumentality Charters do not include any additional revenue generated by the charters independent of the district. Also not included are state reimbursements to charters, such as for Special Education.

² See the note three, below, for an explanation of this extrapolation.

³ Charters that have been authorized by a school district receive their funding through the district. Charters that have been authorized by the City of Milwaukee, the University of Wisconsin-Milwaukee, and the University of Wisconsin-Parkside receive their funding direct from the state.

⁴ Access to local funding would be negotiated in the contract with the school district. The independent charters do not have access to local funding.

⁵ There is no provision in the state charter statute. However, differential funding can be negotiated for those charters authorized by a school district.

⁶ State law is silent on this issue but it is a negotiated point in the contract between the charter school and the school district.

⁷ The Racine school district is the only district in the state with a hold harmless provision for the one charter school within its boundaries. Since 1985 though, the state has had a hold harmless for districts that generate less than 85 percent of the state aid from the previous year, known as Special Adjustment Aid. But almost all charter schools in Wisconsin are authorized by school districts, and the enrollments for those charters are counted as district enrollments for funding purposes. Therefore, for almost all districts in Wisconsin, district enrollment declines due to charter school growth do not result in Special Adjustment Aid. Racine and Milwaukee, however, are two districts with independent (2R) charter schools, and enrollment growth in independent charter schools could result in declines in state payments, leading to Special Adjustment Aid. Neither district received Special Adjustment Aid in FY 2006-07, however.

⁸ The University of Wisconsin-Parkside is allowed to authorize only one charter school.

⁹ A cap of 480 pupils exists for the one charter operated by the University of Wisconsin-Parkside. Additionally, Wisconsin law provides that the number of students attending virtual charters may not exceed 5,250.

¹⁰ Milwaukee Public Schools authorizes two types of charter schools, instrumentality and non-instrumentality. The instrumentality charter schools are not required to report revenues and expenditures to the district, while the non-instrumentality charters must do so. Therefore, other forms of nonpublic revenue for the non-instrumentality charter schools has been included in this analysis but not for the instrumentality charter schools.