



The 3 Legged Stool Has Tipped Over

In response to discussion about school finance litigation in the early and mid 1990's state policy makers built what they named the 3 Legged Stool. The three legs consisted of:

- (1) revenue limits on school districts to curtail school district spending and make per pupil spending more equal;
- (2) a qualified economic offer on school district contract costs to tie pay teacher increases to the rate of inflation and avoid arbitration; and
- (3) a promise to provide 2/3 state funding to insure that increased school costs would not be shifted to the property tax.

Today the stool has been tipped over as spending disparities have widened, the qualified economic offer is gone and the state no longer provides school funding to cover 2/3 of school costs.

Even though the revenue limits have allowed the same per pupil increase each year in every district the spending differences among districts have widened. Specifically, in 1995-96 there were 88 districts in which per pupil spending was more than \$1000 from the state average as 33 districts were more than \$1000 below and 55 were more than \$1000 above. By 1999-2000 when the Supreme Court set its equal educational opportunity standard per pupil spending in 103 districts was more than \$1000 from the average as 36 were below and 67 were above. By 2008-09 the number of districts where spending was more than \$1000 from the average had increased to 155 as 63 were below and 92 were above.

While such unequal access to revenues for the education of students is bad, the effect of recent state actions has been worse for property taxpayers. In 1995-96 school property tax rates ranged from a low of 5.48/M to a high of 26.52/M and the average was 15.37/M. Taxpayers in 4 districts paid a school tax rate of 4 or more times the rate paid by taxpayers in the low tax rate district. By 1999-2000 the number of high tax burden (4 or more times the low tax rate) districts had increased to 21. By 2008-09 the number of high tax burden districts (4 or more times the low tax rate) had grown to 49.

The major factor contributing to the increase in unequal treatment for both students and taxpayers was the huge increase in the school property tax credit over the past 5 years and the failure to provide proportionate increases in general equalization aid. Since 2005-06 the school tax credit has been increased by 91.1% while general equalization aid has increased only 1.2%. In every year cited above the low tax district (which is both high spending and high value) received a larger property tax credit/pupil than any of the high tax burden districts.

During the past 3 years the revenue limits have allowed a total increase in per pupil spending of \$721. In the same period the increase in the school tax credit given to taxpayers in 48 districts was more than \$721/pupil. All of those 48 had above average property values and spent more

than the average amount on each student. At a time when the state has had to deal with structural budget deficits the per pupil increase in property tax credits to taxpayers in these high spending, high value districts was more than the revenue limits allowed those districts to raise. What kind of logic can support such a state policy?

It has long been clear that increases in the school tax credit have supported high spending, high value districts; and do not support average or low property value districts. At best these increases are a questionable state policy as the result has been a widening in the tax burden taxpayers must bear to finance the state constitutional responsibility of providing a free public education.

The conclusion is obvious. Our system treats both students and taxpayers less equally than it did when the last school finance suit was filed and when the Supreme Court set our new educational standard. More and more people have concluded that our current system is not an appropriate way to fund the state obligation of public education. And more and more people are beginning to talk about another school finance suit in the near future.

If we expect to make any significant changes in the school finance system we must change our approach. Now is the time for AEF to broaden its membership base and build a larger more politically effective organization than we have had before. The specific issues AEF promotes clearly benefit the vast majority of school districts, students and taxpayers throughout Wisconsin. Therefore, we should be able to strengthen the public and political influence of the organization through increased membership. To that end, we need your help. Please share the kind of information provided in this newsletter with your colleagues and invite them to join AEF so that we can all have a larger, more effective voice in upcoming discussions about public school finance.

School finance expert Bambi Statz will become AEF Executive Director on July 1. Give her your complete support and together you will be positioned to bring about some changes that will provide more equal funding for students and fairer treatment for taxpayers.

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