



"Leadership in Public School Governance"

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TO: Members, Senate Committee on Education
FROM: Dan Rossmiller, Legislative Services Director
DATE: November 15, 2007
RE: **Senate Joint Resolution 27**, relating to: calling for changes to the state's public school funding formula to be enacted by July 1, 2009.

In Wisconsin, as in many other states, public education is a statewide function governed by locally elected school boards. School board members are ultimately accountable to the citizens and taxpayers of each community. For those reasons, school boards have a different role than many of the other groups (and individuals) you will hear from today.

The governance of public education is a partnership between the state and local school boards. That partnership was eroded during the protracted 2007-09 state budget process. It will take continuing dialogue between state lawmakers and local school board members to move forward.

The Wisconsin Association of School Boards (WASB) is very concerned that the Legislature moved away from the principle of equalization when it increased the school levy credit by 26 percent and increased general equalization aid by less than one percent in the recently enacted 2007-09 state budget. We hope this is an aberration and does not reflect a trend in future school funding.

You will hear testimony today that school boards, through the WASB, are working as part of a coalition effort to come up with a school funding plan, which is certainly true.

However, it is also true that because school boards fill a unique combination of roles—as advocates for children, managers of teachers and staff, and stewards of public funds—school boards have a global set of concerns. School boards are the locally elected body ultimately responsible for budget decisions at the local level, including decisions about raising local revenues necessary to support the educational program of each district, and they are ultimately accountable to the voters for those decisions.

School boards see a strong need to both maintain appropriate local control and to contain school rising costs, where possible, and seek efficiencies with regard to:

- health care benefits for teachers and staff;
- transportation and energy costs; and
- pupil services needed to enable all children, including especially those identified in the *Vincent v. Voight* decision (those needing special education or ELL services and those who are from impoverished households) to meet state and federal accountability standards.

Revenue limits and the major costs of operating schools (particularly personnel costs) are not aligned under the current funding system. Eighty percent or more of a typical school district's costs are associated with personnel costs—salaries and fringe benefits. Two thirds or more of overall costs are associated with teacher compensation, yet the Legislature has tied teacher salary and benefit cost increases to a different rate than the rate at which it allows district revenues to be adjusted under the revenue limits. This misalignment, ties the hands of school officials who are trying to meet the high expectations we set for public education in our state. Consider:

- The qualified economic offer (QEO) law allows districts to avoid interest arbitration if the board offers at least a 3.8 percent increase in salary and benefits, and maintains the existing package of benefits including health insurance coverage. Because of legislative changes to the QEO, the actual increased cost of implementing a QEO is not 3.8 percent, but is closer to 4.3 percent.
- The average annual rate of inflation between 1993-94, when the QEO and revenue limits were first implemented, and 2005-06 was 2.6 percent, which is well below 3.8 percent, let alone 4.3 percent.

The WASB believes that to be successful and sustainable, school funding reform must take these concerns into account.

The joint resolution before you today calls mainly for changes to be made to the resource or revenue side of the school funding equation. School boards are interested in the total package—both revenues and costs.

School boards need to have the tools available to address the items that drive up the costs of educating children if there is to be a comprehensive answer to the school funding question.

School boards recognize that we do not have all the answers. We are willing to work collaboratively with others—such as the members of the School Finance Network—to find answers. But school board members also recognize that unless we also look at both sides of the ledger—at controlling costs as well as providing necessary resources—the goal of school funding reform will remain elusive.