

# WISCONSIN LEGISLATURE

P. O. Box 7882 Madison, WI 53707-7882

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August 30, 2007

The Honorable Scott Fitzgerald, Senate Republican Leader  
Wisconsin State Senate  
Room 202 South, State Capitol  
Madison, WI

The Honorable Michael Huebsch, Speaker  
Wisconsin State Assembly  
Room 211 West, State Capitol  
Madison, WI

Dear Scott and Mike,

With the 2007-08 school year about to begin next week, we are asking for immediate action on funding K-12 schools. While we understand there are significant differences between the Senate and Assembly positions on the entire state budget, we believe education should be a common budget priority in Wisconsin.

Therefore, we are asking that the legislature adopt separate legislation to fund K-12 schools during our next scheduled Floor Period in the week of September 13.

Our proposal is simple: provide sufficient increases to state general equalization aids to maintain the current level of state support for schools while allowing the scheduled revenue control adjustments to occur. In other words, the per-pupil allowable increases of \$264 per student in 2007-08 and \$270 per student in 2008-09 would be funded by an increase in general aids of \$174 million in 2007-08 and \$187 million (\$361 million over base) in 2008-09.

We believe this is the fairest solution to school funding, one which balances the needs of schoolchildren and taxpayers all over Wisconsin. Our proposal to increase general aids to maintain the current level of state support for K-12 education would allow schools to keep up with inflation while keeping property tax increases at a minimum.

Unfortunately, Governor Doyle has been using scare tactics and is misleading the public with his recent calls for a speedy budget resolution this week. According to the governor, if no budget is passed, schools will receive less money and will be forced to endure large budget cuts.

That's simply not true and the governor should understand state revenue controls well enough to understand this. The fact is, if no budget is passed, school revenue controls will still be adjusted for inflation in each year. If the state aid level is not set by the legislature, however, state aid will remain at 2006-07 levels, meaning that school boards will make up the difference in the property tax levy. In either event, schools will have more money to spend; the only question is whether the state will maintain its level of support or whether property tax payers will be required to bear more of the burden.

Yes, there is immediacy to the issue of funding schools, but the governor ought not to resort to scare tactics and misinformation to make that point. School districts need to know by mid-October what their general aid amount will be so that their boards will know where they can set their property tax levies under the revenue controls.

Our proposal is fair to schools and taxpayers alike. It provides the maximum of state aid to all children in Wisconsin, and allows the revenue controls to operate as they have since their inception in 1993. That is, as a mechanism that establishes a shared relationship between state and local support, provides property tax relief and is an effective control on the growth of school spending that still allows adjustments for inflation.

Furthermore, our proposal is fiscally sound for the state of Wisconsin. It would fund schools with available state revenues and not push \$100 million or more onto the school levy credit and into the next budget, which ultimately has the effect of increasing our structural deficit. As noted earlier, the cost would be \$174 million in the first year of the biennium and an additional \$187 million in the second year. That is well within the projected revenue growth of \$398 million in 2007-08 and \$457.6 million in 2008-09.

We believe this a reasonable, affordable solution that would not only bring certainty to school boards working to build budgets for the current school year but would also confirm that funding education is a priority item for the legislature.

Thank you for your consideration.

Sincerely,



MICHAEL G. ELLIS  
State Senator



DEAN R. KAUFERT  
State Assemblyman

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FOR IMMEDIATE RELEASE

August 30, 2007

## **ELLIS, KAUFERT: PASS SCHOOL FUNDING SEPARATELY NOW**

The state Legislature should immediately pass legislation that would fund K-12 schools and maintain the current level of state support for public schools, state Senator Michael Ellis and state representative Dean Kaufert said today.

In a letter to Republican leaders in the Assembly and Senate, the two Fox Valley legislators urged that separate legislation to fund schools be adopted in the upcoming September Floor Period. Their proposal would be to fully fund general equalization aids at a level that would maintain the current level of state support of K-12 education at approximately 66 percent.

"It is important for students and property taxpayers alike that we agree to a funding level for schools," said Kaufert. "School opens next week and school boards need to know how much state aid they will receive so that they will know what they can levy under school revenue controls."

"Our proposal would establish that education is a priority in Wisconsin," said Ellis. "Our plan also uses general aids because it provides state aid directly to all schools and because it provides the greatest control on property tax levies."

Ellis and Kaufert said they were disappointed at recent comments by Governor Doyle saying that failure to pass a state budget will result in less money for schools and massive budget cuts.

"That's simply not true and if the governor understands revenue controls, he understands that," Ellis said. "Absent a state budget, school districts will still have the same amount of revenue available. The only question is how much the state will share and how much the property taxpayer will have to pay."

Kaufert and Ellis said school district revenue controls have been the most effective means of relief for property taxpayers since they were first enacted in 1993.

The Ellis/Kaufert proposal would increase general equalization aids by \$173.6 million in 2007-08 and \$187.5 million more in 2008-09. According to the nonpartisan Legislative Fiscal Bureau, school property taxes would be lower under that plan than they would be under either plan adopted by the Senate and Assembly in their respective budgets.

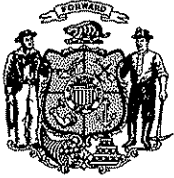
According to the Fiscal Bureau, school property taxes would rise by \$199 million under the governors' and senate budget and \$187 million under the assembly budget. Under their plan, the school levy would amount to less than half of either competing plan -- \$94 million in 2007-08, according to the Fiscal Bureau.

"This is a win-win for students and taxpayers alike," said Kaufert. "The time to act is now. Schools need to know by October what their state aid will be."

"Yes, there is immediacy to the issue of funding schools, but the governor ought not to resort to scare tactics and misinformation to make that point," Ellis said.

"We believe this is the fairest solution to school funding, one which balances the needs of schoolchildren and taxpayers all over Wisconsin. Our proposal to increase general aids to maintain the current level of state support for K-12 education would allow schools to keep up with inflation while keeping property tax increases at a minimum," Ellis and Kaufert wrote

They also noted that their plan is fiscally sound for the state of Wisconsin. It would fund schools with available state revenues and not push \$100 million or more onto the school levy credit and into the next budget, which ultimately has the effect of increasing the structural deficit.



## Legislative Fiscal Bureau

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August 30, 2007

TO: Senator Michael Ellis  
Room 7 South, State Capitol

FROM: Russ Kava, Fiscal Analyst

SUBJECT: Information on K-12 Funding Proposals for the 2007-09 Biennium

At your request, I am providing you with information on the changes to K-12 funding in the 2007-09 biennium under the budget as proposed by the Governor, the budget as passed by the Assembly, and under a separate school funding proposal.

Under the separate school funding proposal, sufficient general school aid would be appropriated to maintain the 2006-07 statewide level of support for K-12 education (66.1%), no additional funding would be provided for categorical aids other than reestimates, and no changes would be made to current law revenue limits (thus maintaining the current law per pupil adjustments of \$264 in 2007-08 and an estimated \$270 in 2008-09).

The following table shows the change to the prior year in general aid funding and gross school levies under the Governor, the Assembly, and the proposal. Both general aid and levy are included under revenue limits, although certain levies are exempt. The table also shows the change to the prior year in categorical aids, which are outside of revenue limits, under each of the plans. Finally, the change to the prior year in the total of general and categorical aids and gross levies under each is shown.

**K-12 Funding Under Governor, Assembly, and Proposal -- Change to Prior Year  
(\$ in Millions)**

<u>Type of Funding</u>	<u>Governor</u>		<u>Assembly</u>		<u>Proposal</u>	
	<u>2007-08</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2008-09</u>
Gross Levy	\$199.2	\$242.0	\$187.2	\$222.0	\$94.0	\$107.6
General Aid	<u>79.3</u>	<u>76.8</u>	<u>60.0</u>	<u>30.0</u>	<u>173.6</u>	<u>187.5</u>
Total--General Aid and Levy	\$278.5	\$318.8	\$247.2	\$252.0	\$267.6	\$295.1
Categorical Aid	\$38.1	\$34.3	\$44.1	\$24.0	\$2.5	\$5.0
Total -- All Aid and Levy	\$316.6	\$353.1	\$291.3	\$276.0	\$270.1	\$300.1

I hope this information is helpful. Please contact me if you have additional questions.

RK/sas