

WISCONSIN'S RANKS IN SCHOOL SPENDING, TAX BURDEN FALL TOGETHER

The latest per-pupil school spending data show Wisconsin's ranking relative to other states continuing to fall. By no coincidence, the comparative drop in education spending – the single largest expense for state and local taxpayers – has occurred alongside a drop in Wisconsin's tax burden. As always, voters and state and local leaders must weigh the tradeoffs between taxes paid and public services provided.

Recently released [data from the U.S. Census Bureau](#) show that in 2020 Wisconsin spent \$12,740 per pupil on elementary and secondary education, or 5.6% below the national average.

Wisconsin's spending ranked it 25th highest among the 50 states in 2020, down from 24th the previous year and 11th in 2002 (the earliest year in the available data on the Census Bureau website). The caps on school revenues in the 2021-23 state budget may drive additional drops in Wisconsin's ranking in upcoming years.

The state's rank in PreK-12 spending has declined or remained the same each year with one exception (23rd in 2016 to 22nd in 2017) as other states increased their education expenditures more rapidly. This relative decline correlates with a drop in Wisconsin's state and local tax burden and national tax ranking as state elected officials have sought to limit property and income taxes.

STATE SPENDING LAGS NATION

Per-pupil spending on public PreK-12 schooling in Wisconsin grew from \$8,574 per pupil in 2002 to \$12,740 in 2020, an increase of 48.6% that was the third smallest rise of any state (after Idaho and Indiana). Over the same time period, the nation's per-pupil spending grew by 75.2%, from \$7,701 to \$13,494 (see Figure 1). These figures are not adjusted for inflation, which rose 43.9% over those years, or somewhat less than the increase in Wisconsin's per-pupil spending.

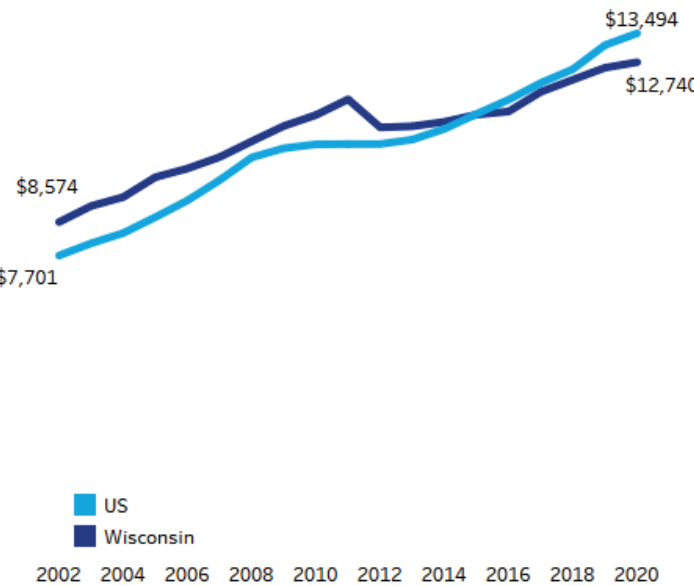
[Previous Forum research](#) has tied Wisconsin's smaller spending increase in part to a decline in benefits spending for school staff in the wake of Act 10. This

2011 state law limited collective bargaining for teachers and other school staff, which permitted some districts at that time to reduce their health care spending and increase employees' contributions toward their pension and health benefits.

Changes in student enrollment also can affect the spending numbers per pupil. Even if statewide spending is constant from one year to the next, the per-pupil amount for a state will rise if enrollment falls and drop if enrollment rises.

From 2002 to 2020, public PreK-12 school enrollment across the country increased by 1.8%. In comparison, Wisconsin's enrollment *declined* by 3.8%. The state's

Figure 1: Wisconsin Per-Pupil Spending Falls Below Nation
Average public* PreK-12 spending per pupil, unadjusted for inflation



Source: U.S. Census Bureau. *Does not include capital projects, debt, private schools, or charter schools operated by private entities.



loss of students means that Wisconsin's current per-pupil spending figures look better than they would if both state and national enrollment had held steady since 2002.

The next releases of per-pupil spending data not only will reflect further enrollment changes but will also show the effect of Wisconsin's 2021-23 state budget. The two-year budget froze state per-pupil revenue limits on schools, capping what districts could take in from state general school aids and local property taxes. Those limits could further slow growth in school spending here relative to the rest of the country, although the spending of one-time federal pandemic relief funds makes that outcome more difficult to predict.

OTHER SCHOOL SPENDING TRENDS

The per-pupil figures cited thus far include spending financed by federal, state, and local revenues on operations such as instruction, general administration, transportation, building maintenance, curriculum development, staff training, and other functions.

The data exclude private schools and charter schools operated by private entities. The per-pupil amounts also exclude debt payments and capital spending, but these figures are available elsewhere in the Census Bureau data set. Between 2002 and 2015, Wisconsin's education capital outlay, which encompasses spending on major construction and renovation projects, lagged the national average on a per-pupil basis. The state's capital expenditures since 2016 have oscillated above and below the rising national average, perhaps reflecting the volatility of such spending from year to year.

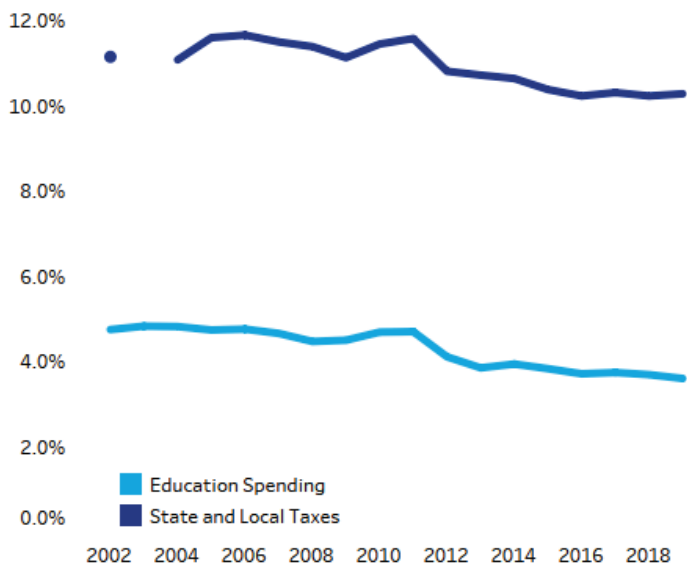
Wisconsin school systems' debt outstanding on a per-pupil basis fell in relation to the national average from 2002 to 2020. School debt per student in the state increased from \$6,261 in 2002 to \$9,816 in 2020, a 46.7% increase that was only modestly greater than the rate of inflation. Over those years, debt per pupil nationally more than doubled, rising from \$4,801 to \$10,723 and overtaking Wisconsin.

SCHOOL SPENDING TIED TO TAX BURDEN

The drop in the state's per-pupil spending rank occurred over the same years that Wisconsin was reducing its tax burden, or the [share of residents' income paid in state and local taxes](#). From 2002 to 2019 (national figures

Fig. 2: Drop in School Spending Mirrors Drop in Tax Burden

WI state-local taxes & PreK-12 public spending as % of personal income*



Sources: U.S. Census Bureau and Bureau of Economic Analysis. *Tax burden data does not exist for 2003. Education spending does not include capital projects, debt, private schools, or charter schools operated by private entities.

are not yet available for 2020), this percentage dropped from 11.2% to 10.3% (see Figure 2). This drop of 0.9 percentage points may seem relatively insignificant, but it amounted to \$2.59 billion less in state and local tax revenues collected in 2019 alone.

State and local taxes are the primary funding source for PreK-12 public education in Wisconsin and nationally. For example, in 2019, state and local revenues funded 93.4% of Wisconsin's school spending and 92.3% of the nation's. In addition, PreK-12 education is the largest expense for state and local governments combined, both in Wisconsin and across the country. That relationship makes it difficult to hold down taxes without consequently limiting education spending.

Comparing Wisconsin's [total tax ranking](#) among other states to its school spending ranking reinforces this point. From 2002 to 2019, Wisconsin dropped from collecting the fifth highest percentage of personal income in state and local taxes in the nation to collecting the 23rd highest. As noted above, Wisconsin dropped from spending the 11th highest amount on secondary and elementary education to spending the 24th highest over those same years.

Additional data from the Census Bureau's [school finance survey](#) provide further context. In 2002, 4.8% of state personal income went toward current spending on public PreK-12 education (compared to 4.2%



nationally). By 2019, that share had dropped by 1.15 percentage points to 3.6% of Wisconsinites' personal income, a hair below the national average. (The latter also rounded to 3.6%, a drop of only 0.6 points from 2002.) As Wisconsin has lowered its relative tax burden for residents, one consequence has been less spending on education compared to the rest of the country.

capacity of public school districts to serve and educate children.

DECISIONS AND TRADEOFFS

Public policy is always an exercise in tradeoffs, and elected officials often seek to weigh the potential benefits of lower taxes against those of additional services.

The results of school referenda in Wisconsin indicate that many voters in recent years may not be satisfied with the spending allowed by state revenue limits on local education. School districts seek and voters approve a referendum when they believe that their existing state and local revenues – which are capped by the state – are not sufficient to meet their needs. A [2020 Forum brief](#) reported that voter approval rates of school referenda generally increased from 2000 to 2020, indicating voters' appetite to increase funding for education beyond what their usual taxes would bankroll.

Yet so far at least, the local spending increase due to the referenda has not changed the long-term trends outlined here. Even with these additional dollars, Wisconsinites are still paying less of their income in taxes, and the growth in spending on elementary and secondary education has been slower in this state than nationally.

In upcoming elections, Wisconsin residents will once again have the opportunity to cast votes that reflect their priorities on both taxes and education spending, either indirectly through elections for governor and state legislators or directly through school referenda. Not long afterward, elected officials will begin negotiations on the next state budget. The budget starts in a strong position: given the state's [record levels of reserves](#), lawmakers may not have to choose between decreasing the tax burden and increasing education spending.

In their deliberations, voters and elected officials alike may wish to consider Wisconsin's PreK-12 spending compared to the nation as well as other available data such as how well the current resources are meeting student needs. Voters' and officials' decisions will ultimately impact both their own pocketbooks and the

