

# PARENT GUIDE TO SCHOOL FUNDING AND THIS YEAR'S STATE BUDGET

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## THE BASICS OF SCHOOL FINANCE

**How are schools funded?** Schools are funded mainly by taxes: 48.1% from local property taxes, 39.3% from the state income and sales tax collection, and the rest from the federal government (3%), other local sources, user fees, and grants (9.6%).<sup>1</sup>

**What are the main costs in the Wauwatosa district budget?** Employee salary and benefits make up 83% of the budget. The other 17% covers buildings, utilities, books, technology, and office supplies.<sup>2</sup>

**How much do I pay for schools?** The school tax levy for 2006-2007 was \$6.68 per \$1000 of the full market value of your home. That means school taxes on a \$250,000<sup>3</sup> home were \$1670. Schools were about 29% of the property tax bill for 2006<sup>4</sup>. The other 71% of the property tax bill goes to the state general fund, local city or town, county, MATC, and the Metro Sewerage district.

**What causes school costs to increase?** Costs increase due to annual minimum staff compensation increase of 3.8% dictated by state QEO (Qualified Economic Officer) law, increases in utility costs, health care costs for some support staff, and inflation on purchased items.

**Why has Wauwatosa made budget cuts in recent years?** The current revenue limit law, passed in 1992, only allows school districts to increase revenue by about 2.7%. Inflation for schools has been running closer to 4% (due in large part to increases in benefits and utility costs). That means each year the school district must cut about 1.3% to balance the budget. In addition, Wauwatosa is experiencing declining enrollment (as are a majority of school districts in the state). The district receives money from the state based mainly on the number of students enrolled. When enrollment starts to decline, the district receives less money, however its main costs (labor and building costs) do not decline as quickly as the enrollment. For example, if a school has 2 sections of 4<sup>th</sup> grade with 21 students each, but loses 5 students, it will maintain the two sections (to avoid a section with 42 students), but will have lost the revenue of the 5 students.

There was an increase of \$700 million in state spending on public schools in the 2005-2007 state budget. How much did this help our schools? The increase in state spending on public education in the 2005-2007 budget *did not change the existing revenue limit law* for schools and therefore *did not allow schools to raise more money to keep up with their inflationary costs*. With more money from the state, schools needed to raise less money from local property taxes, but the total amount they could spend remained capped (as legislated in the 1992 revenue cap law). Therefore, the extra state spending lessened the burden of funding schools for property tax payers but did not help schools balance their budgets.

## HOW COULD THE STATE BUDGET AFFECT MY CHILD?

Will Wauwatosa have to make budget cuts next year? Probably. It depends in large part on what is passed in the State budget. The new budget will determine how much districts can increase their revenues to keep up with inflation. Current school board projections estimate \$775,000 in budget cuts for the 2007-2008 school year. This estimate is based on the fact that the revenue cap is expected to increase \$257 dollars per member in the '07-'08 state budget - this would allow the district to increase spending by \$1.4 million in '07-'08 under the revenue cap. However, if total district salaries and benefits (currently at approximately \$58 million) rise by the QEO required 3.8%, the result would be a \$2.2 million increase and create a deficit of around \$800,000. This assumes all contracts were settled at the QEO level of 3.8%. The actual teacher's contract was settled at 4.5%.<sup>5</sup>

What will be cut? The school board has not made a decision on this yet. The current budget proposal already has 4 teaching positions cut and another \$775,000 in cuts needs to be found. The district has been cutting the budget regularly since revenue caps were put in place in 1992 and each year of cuts makes it more difficult for the district to avoid programs that are vital to our children. Parents must let legislators know what is important to them.

**What can parents do to help? (over)**

<sup>1</sup> DPI website "Comparative Revenue Per Member"  
<http://dpi.state.wi.us/sfs/cmprvcst.html>

<sup>2</sup> Wauwatosa Schools Business Services Department

<sup>3</sup> Wauwatosa News Time article, 11/3/06

<sup>4</sup> <http://www.wauwatosanow.com/story/index.aspx?id=525755>

<sup>5</sup> Wauwatosa City Assessor webpage

<sup>5</sup> Wauwatosa Schools Business Service Department

## WHAT CAN A PARENT DO ?

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**Now is the time to write and call your the governor and legislators!** They keep careful track of how many people contact them in support of schools! When you contact them, let them know:

1. That you are a parent of children in the Wauwatosa Public schools and you are worried about your child's education (*give specific examples of programs that have been cut or that you fear may be cut*).
  2. Wauwatosa has made many budget cuts since the present school finance law was put in place in 1992. While our district has worked hard to minimize the impact of these cuts on children, it is becoming increasingly difficult to do so.
  3. In the short term, revenue cap increases must keep pace with the 3.8% increase called for by the QEO law.
  4. In the long term, the state must fix a school funding system that requires most schools to cut their budgets year after year.
- ✓ If you voted for the elected officials, make sure they know it and that you want them to stand up for children regardless of their party affiliation.
- ✓ Remember – legislators are normal people, just like you – therefore:
- Don't be afraid to talk to them.
  - Be courteous - even if you disagree.

## TIMELINE OF THE BUDGET PROCESS\*

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**Here's what happens before the budget becomes law:**

1. March and April: The joint finance committee holds hearings on the proposed budget.
2. May: The full Senate and Assembly vote to approve the budget with whatever modifications they have made.
3. May or June: The Governor may apply the line item veto
4. June or July: The legislature votes to override any vetoes, requiring 2/3 majority of each chamber .
5. The budget becomes law

\*The exact months in which any given step occurs are approximate and can change based on many variables – the order, however does not change.

## CONTACT INFO

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### **Don't know who your elected officials are?**

Find out at:  
1-800-362-9472 OR  
[www.wisconsin.gov](http://www.wisconsin.gov)

### **Questions?**

You can reach the Tosa PTA Legislative Liaison at [lzahorodny@tds.net](mailto:lzahorodny@tds.net) or go to the Tosa PTA website: [www.orgsites.com/wi/wauwatosa](http://www.orgsites.com/wi/wauwatosa)