

The Effects of Revenue Controls on the Programs and Services Offered by Wisconsin's Public Schools, 2007-08 School Year

Fifteenth Annual Study

A Study by the Wisconsin Association of School District Administrators and the Wisconsin Education Association Council

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The Current Study

For 15 consecutive years the Wisconsin Association of School District Administrators (WASDA) and the Wisconsin Education Association Council (WEAC) have worked together to monitor the effects of the revenue controls law on the programs and services offered by Wisconsin's public schools. Each year a survey has been developed and sent to the state's school superintendents. This year's survey was returned by 315 superintendents (74% response rate). On average, about two-thirds of superintendents have participated in this study during each of the past 15 years.

Highlights of this study

This study differs from earlier ones because it includes 39 new questions about steps that districts have taken in order to reduce expenditures in seven categories:

1. Reducing energy consumption
2. Reducing health care costs
3. Using CESA services
4. Combining job responsibilities
5. Sharing staff with other districts
6. Subcontracting services
7. Purchasing consortia or cooperatives

Results show that the vast majority of districts are taking extraordinary measures to control spending. Ninety-nine percent of districts have taken significant steps to reduce energy costs; 94% have changed health care in some fashion; and 86% are combining jobs within districts. These types of cost-saving strategies have not been previously documented, and it is doubtful that policy makers or the public are aware what districts are doing in order to remain solvent.

It is important to note that while some of these practices are driven by innovation, most are due to necessity. Responses from this and previous surveys show that increased workload and doubling job responsibilities, for example, are not perceived as improving the quality of education.

Longitudinal effects

When the revenue controls were first passed, districts tended to make cuts in areas that were not related directly to the academic program (facilities maintenance or improvement). This has all changed; with each passing year, programs and services that directly benefit students were more likely to have been cut.

Examples from 2007-08 follow:

- Delayed/reduced purchase of curricular materials (79% of districts)
- Increased class sizes (69%)
- Increased student fees (68%)
- Offered fewer courses (63%)
- Reduced number of academic courses offered to students (61%)
- Reduced programs for gifted and talented students (59%)
- Reduced programs for students who are at risk (54%)
- Reduced extracurricular programs (53%)
- Reduced courses in art, music, theater, vocational, etc. (52%)

Ten years of increasing cuts

Table 1 shows the percent of districts taking action in the 27 program and service areas over the past ten years. The final two columns on the right show the percent difference between the base year (1998-99) and 2007-08 and the percent increase between 1998-99 and 2007-2008.

For example, in 1998-99 30% of districts laid off administrators. By 2007-08, this figure increased to 54%. This is a difference of +24% over the decade (54% - 30%) and a percent increase of 80% (24%/30% = 80%)

There are five areas with increases of 60% or more: layoffs of administrators/supervisors, layoffs of teachers, fewer field trips for students, layoffs of teacher aides/support staff, and offer fewer courses.

In 2007-08, 74% of districts did not replace departing staff. Nonetheless, this action showed the smallest percent increase over the decade—only 21%. This increase is relatively low because the percent of districts taking action in the in 2000-01 (61%) was already high.

Table 1
Percent of Districts Taking Action in Twenty-Seven Areas: 1998-1999 to 2007-2008

Program or Service Area	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	% Diff	% Increase
<u>Percent Increase of 60% or More</u>												
Laid off administrators/supervisors	30	37	42	47	56	49	55	51	54	54	+24%	80%
Laid off teachers	36	42	50	67	69	69	70	62	62	64	+28%	78%
Offered fewer field trips for students	41	48	60	59	61	64	66	66	69	69	+28%	68%
Laid off teacher aides or other support staff	40	45	54	66	71	69	66	63	63	66	+26%	65%
Offered fewer courses	39	45	49	55	57	60	62	60	62	63	+24%	62%
<u>Percent Increase of 50% - 59%</u>												
Reduced extracurricular programs	34	39	46	48	55	51	53	54	56	53	+19%	55%
Increased teacher workload	46	49	56	61	70	68	70	73	73	69	+25%	54%
Reduced courses in art, music, theater, vocational, etc.	NA*	NA*	38	48	54	53	56	55	58	58	+20%	53%
Increased student fees	45	56	59	65	75	73	65	67	67	68	+23%	51%
Reduced counseling or similar services	35	38	45	49	53	53	56	54	55	53	+18%	51%
Offered fewer staff development opportunities for teachers	52	60	72	71	74	73	72	74	75	78	+26%	50%
<u>Percent Increase of 30% - 49%</u>												
Reduced number of academic courses offered to students	NA*	NA*	41	50	52	52	57	54	57	61	+20%	49%
Reduced transportation services for students	39	41	48	50	56	52	55	52	57	57	+18%	46%
Increased class sizes	48	50	56	64	68	68	70	74	75	69	+21%	44%
Reduced purchase of consumable supplies, such as paper	54	62	66	71	75	73	75	73	76	75	+21%	39%
Increased administrator workload	56	63	66	74	78	79	81	78	81	77	+21%	38%
Delayed/reduced purchase of curricular materials	56	62	66	73	77	74	74	75	79	77	+21%	38%
Spent less for maintenance of buildings and grounds	62	69	75	79	83	77	80	81	82	83	+21%	34%
Reduced summer school programs	41	40	43	44	49	54	52	49	45	54	+13%	31%
Delayed building maintenance or improvement projects	60	69	69	73	78	73	76	76	77	78	+18%	30%
<u>Percent Gain of 20% - 29%</u>												
Delayed/reduced purchase of computers, other technology	59	67	73	75	80	78	77	76	76	80	+17%	29%
Used fund balance to support budget	51	53	57	64	69	64	65	65	66	74	+15%	29%
Spent less for improvements of buildings and grounds	64	70	73	79	84	81	82	79	82	82	+18%	28%
Reduced programs for gifted and talented students	47	53	53	55	60	55	61	60	63	59	+12%	26%
Reduced programs for students who are at risk	42	45	48	51	51	49	53	59	59	54	+12%	25%
Delayed hiring of new staff	52	57	64	62	65	64	63	64	64	63	+11%	21%
Did not replace departing staff	NA*	NA*	61	61	79	72	74	71	73	74	+13%	21%

* Three questions were added in 2000-2001. This explains the NA for the first two years.

Many of those who supported the original revenue controls legislation in 1993 believed that school districts were wasteful and inefficient. After 15 years of revenue controls, it is difficult to document where “waste or inefficiency” remain. Today, an increasing number of Wisconsin’s educational and governmental leaders recognize that the current system of funding public schools is not working. If this law should continue unchanged, two outcomes are certain: the negative effects of the revenue controls will continue, and those negative effects only will be compounded.

The revenue controls law

In 1993, Wisconsin’s Governor Tommy Thompson signed a law designed to control school costs and reduce property taxes. Under this law, districts cannot increase revenues from one year to the next by more than a specific amount. For 2007-08, the figure is \$264 per student. In 2008-9, the figure increases to \$274 per pupil.

The original law stipulated that the revenue controls were to last for a period of five years; however, the controls were made permanent in the 1995-97 budget. That same year the State of Wisconsin committed to fund two-thirds of the total costs of public education statewide.

Critics point to at least two significant problems with the revenue controls:

1. The law mandates the same cost increase for all students, even though many require significantly more services (and resources) than others.
2. The law establishes a one-to-one relationship between school district costs and enrollment. This makes it difficult for districts with declining enrollment to meet their expenses. For example, when students leave a district, revenue is reduced even though fixed costs (such as heating, transportation, and maintenance) are increasing. Declining revenues in combination with increasing costs produce budget shortfalls.

Enrollment trends in Wisconsin

The revenue controls law makes districts with declining enrollment especially vulnerable to program and service cuts. When asked about their district’s enrollment patterns over the past few years, only 20% of superintendents reported an increase. This compares with 57% saying there has been a decrease and 23% reporting that enrollment has stayed about the same.

Enrollment Patterns in Wisconsin’s Public Schools

	Increase	Decrease	Stayed about the Same
Trend over the Past 2-3 years	20%	57%	23%

Questions on Business Efficiency

1. Reducing energy consumption

One of the most effective ways for any business, household, government agency, or school district to save money is to lower energy consumption. This study shows that more than 99% of districts have taken at least one of the seven energy-saving steps listed in Table 2. The top-ranked steps were (1) making changes in lighting, (2) analyzing energy use, and (3) educating staff and students about conserving energy.

Interestingly, 61% of superintendents say that fiscal constraints prevented their district from taking all steps they would have preferred in order to save money on energy.

Table 2
Percent of Districts Taking Action in Seven Areas to Reduce Energy Costs

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- 91% of districts changed lighting in order to reduce electricity use
 - 89% of districts analyzed energy use and practices, either formally on their own or with an independent consultant
 - 86% of districts educated staff and students about conserving energy (e.g., turning off lights and computers when not in use)
 - 74% of districts replaced or renovated energy sensitive equipment or energy monitoring software (for example, for HVAC or lighting)
 - 67% of districts developed base line data and record keeping to monitor energy use
 - 62% of districts changed transportation practices in order to reduce costs
 - 58% of districts made significant changes in their buildings' infrastructure (such as new windows, a new roof, etc.)
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2. Reducing health care costs

Rising health care costs have been one of the most significant challenges facing citizens of Wisconsin over the past several years. School districts, of course, have not been exempt. Nearly all Wisconsin districts (94%) report taking at least one of the five steps shown in Table 3 in order to reduce health care costs. The greatest percent of districts (74%) changed health care plans or plan design, while over one half increased out-of-pocket expenses for office visits or other medical services.

Table 3
Percent of Districts Taking Action to Reduce Health Care Costs in Five Selected Areas

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- 74% Changed health care plans and/or plan design
 - 70% Adopted wellness programs
 - 54% Increased out-of-pocket expenses for office visits or other medical services
 - 32% Changed health care carriers
 - 31% Offered some type of health savings account (HSA or HRA)*
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*Although 31% of districts "offered" health savings accounts, this does not mean it was implemented in 31% of districts.

3. Using CESA services

In 1965, the Wisconsin state legislature created the statewide network of Cooperative Educational Service Agencies (CESAs). CESAs were intended to act as a link among school districts and between districts and the Wisconsin Department of Public Instruction. More specifically, they were designed to provide leadership and facilitate communication and cooperation among all public and private schools, agencies, and organizations that provide services to pupils.

Superintendents were asked to indicate whether or not they used any of five services from their local CESA. Nearly eight in ten districts use CESAs for staff development, while 73% use special education services or staff. The smallest proportion (one-fourth) use regular education services or regular education staff.

Eighty-seven percent of districts have used at least one of the CESA services listed in Table 4.

Table 4
Percent of Using Selected CESA Services

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- 79% of districts use CESAs for staff development
 - 73% of districts use special education services or staff
 - 56% of districts use CESAs for licensure support (PI 34)
 - 45% of districts use CESAs for technology support
 - 24% of districts use CESAs for regular education services or staff
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4. Combining job responsibilities

On average, districts spend between 70% and 80% of their budget on personnel. Thus, it is not surprising to find that in order to reduce spending, districts continue to make cuts related to staffing. For example, during the 2007-08 school year, nearly one-half of districts say that they have combined the responsibilities of superintendent or principal and director of curriculum. In addition, 46% report employing part-time teachers, while 34% assigned principals to two or more buildings in a district.

Overall, 86% of districts took action in at least one of the eight areas listed in Table 5.

Table 5
Percent of Districts Taking Action to Reduce Personnel Costs in Eight Areas

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- 48% of districts have individuals serve as both superintendent and curriculum director/curriculum supervisor, or serve as principal and curriculum director/curriculum supervisor
 - 46% of districts employ more part-time teachers
 - 40% of districts increasingly combine teaching and non-teaching duties
 - 34% of districts have principals serve in two or more buildings
 - 29% of districts have individuals serve as both superintendent and business manager
 - 28% of districts have individuals serve as both principal and teacher
 - 27% of districts combine support staff functions, such as custodial and transportation
 - 19% of districts have individuals serve as both superintendent and principal
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5. Sharing staff with other districts

Another strategy adopted by many districts to reduce costs has been to share staff with other districts. Forty-three percent of districts share a nurse, guidance counselor, psychologist, therapist, or social worker with another district. In addition, 29% share teachers, while 11% share support staff.

Overall, 57% of districts share staff with another district. Table 6 shows the percent of districts engaging in each of seven examples of staff sharing.

Table 6
Percent of Districts Sharing Staff with Other Districts to Reduce Costs

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- 43% of districts share a nurse, guidance counselor, psychologist, therapist, or social worker with another district
 - 29% of districts share teachers with another district
 - 11% of districts share support staff (e.g., for transportation services)
 - 8% of districts share the director of curriculum and instruction with another school district
 - 1.3% of districts share a business manager with another school district
 - .3% of districts share a superintendent with another school district
 - 0% of districts share a principal with another school district
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6. Subcontracting services

Superintendents were asked whether or not they subcontracted with outside agencies for services. Overall, 56% did at least one of the three actions listed in Table 7. The greatest proportion of districts (37%) purchased services, such as police protection or snow removal, from another governmental unit.

Table 7
Percent of Districts Subcontracting Services

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- 37% purchase services, such as police protection or snow removal, from towns, villages, cities, or counties within their jurisdiction
 - 34% subcontract for non-instructional services from private vendors.
 - 18% subcontract for teaching services from private vendors (such as subcontracting with a hospital or clinic or subcontracting for four-year old kindergarten from a day care or pre-school provider, etc.)
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7. Belonging to a purchasing consortium or cooperative

Consortia exist to enable public bodies to benefit by purchasing services or products in large quantities, thereby achieving reduced costs as a consequence of economies of scale.

This study shows that 65% of districts belong to at least one type of consortium or purchasing cooperative: Cooperative Educational Service Agencies (54% of districts participate), other school districts (27%), municipalities (10%), and technical colleges (5%). An additional 10% of districts selected the category, “other.”

Table 8 shows the types of services or purchases made by school districts that belong to a cooperative or consortium. The greatest percent of districts (51%) buy items (including food and paper) that are needed to run schools on a day-to-day basis. Lesser numbers purchase the other items or services that are listed.

Table 8
Percent of Districts Purchasing Selected Products and Services and Products
Through a Cooperative or Consortium

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- 51% of districts purchase consumables, such as paper, cleaning agents, food, or other products needed to run schools on a day-to-day basis
 - 31% of districts purchase technology or internet services
 - 24% of districts purchase equipment (e.g., student and/or office furniture, textbooks, computers, etc.)
 - 16% of districts purchase energy (oil, natural gas, etc.)
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8. Actions taken in twenty-seven program and service areas

Since 1998-99, superintendents have been asked to indicate whether or not their district took action during the previous school year in 27 program and service areas. Table 9 shows the results in rank order for 2007-08. For every area listed, more than one-half of districts acted. The figures range from 83% (spent less for maintenance of buildings and grounds) to 52% (reduced counseling or similar services).

Table 9
Percent of Districts Taking Action in 2007-08 to Comply with the Revenue Controls

Program or Service	Action was taken and the effects were:						
	%Taking action	Very Neg.	Neg.	No Diff	Pos	Very Pos	DK
Spent less for maintenance of buildings and grounds	83	22	61	17	-	-	1
Spent less for improvements of buildings and grounds	82	20	63	16	-	-	-
Delayed/reduced purchase of computers, other technology	80	22	54	23	-	-	-
Delayed/reduced purchase of curricular materials	79	22	61	17	-	-	1
Offered fewer staff development opportunities for teachers	78	14	51	30	1	-	2
Delayed building maintenance or improvement projects	78	21	62	16	-	-	1
Increased administrator workload	77	28	52	17	2	-	1
Did not replace departing staff	74	21	47	29	1	-	1
Offered fewer field trips for students	69	12	53	35	1	-	1
Increased class sizes	69	20	47	31	-	1	1
Increased teacher workload	69	14	54	32	1	-	-
Reduced purchase of consumable supplies, such as paper	68	04	49	43	2	-	1
Increased student fees	68	17	48	34	1	-	-
Used fund balance to support budget	68	28	32	38	2	-	-
Laid off teacher aides or other support staff	66	28	34	36	1	1	1
Laid off teachers	64	33	33	33	1	0	0
Offered fewer courses	63	14	44	41	1	-	-
Delayed hiring of new staff	63	17	45	37	1	-	-
Reduced number of academic courses offered to students	61	15	35	48	2	-	1
Reduced programs for gifted and talented students	59	21	36	43	-	1	-
Reduced transportation services for students	57	11	36	51	2	-	-
Laid off administrators/supervisors	55	15	27	53	1	-	2
Reduced programs for students who are at risk	54	09	26	61	2	1	1
Reduced summer school programs	54	09	19	70	2	-	-
Reduced extracurricular programs	53	07	26	64	1	-	-
Reduced counseling or similar services	52	13	22	63	-	2	1
Reduced courses in art, music, theater, vocational, etc.	52	15	28	54	1	-	1