WISCONSIN EDUCATION ASSOCIATION COUNCIL an NEA affiliate

RESEARCH PAPER

The Effects of Revenue Controls on the Programs and Services Offered by Wisconsin's Public Schools, 2003-04 School Year

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

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Overview

In 1993, Wisconsin passed legislation to control school costs and reduce property taxes. To accomplish these purposes, the amount of revenue that districts can raise from one year to the next is limited. Districts are allowed to increase per pupil expenditures from year-to-year by a specified amount. This amount was $241 in 2003-04.

The revenue controls were to last for a five-year period; however, in 1995 the controls were made permanent, and the State of Wisconsin committed to fund two-thirds of the total costs of public education statewide in order to provide property tax relief. The two-thirds obligation was rescinded in early 2004.

Since 1994, the Wisconsin Association of School District Administrators (WASDA) and the Wisconsin Education Association Council (WEAC) have reported on the impact of the revenue controls on districts. In each of the past eleven years, Wisconsin's school superintendents were mailed questionnaires asking them about the impact of the caps on programs and services. Since 1993, an average of 70% of superintendents have returned completed questionnaires. This year, 299 of 426 superintendents (also 70%) participated in the study. The confidence interval for responses to questions in this study is approximately +/- 3%.

Each study includes a core set of questions (the first twenty-seven in this study), as well as some unique questions. In the current study, special attention is given to cuts in curricular programs.

Significant Findings from Previous Studies

- On several occasions during the past eleven years, superintendents have been asked about the long-term effects of the revenue controls on educational quality. Nearly all have said the effect has been "Very Negative" or "Negative." This negative perception is not unexpected because this legislation was enacted in order to reduce and control property taxes. It was not promoted as a way to improve schools. When asked about the effects of the revenue controls on the quality of education, the percent saying "Negative" or "Very Negative" grew from 63% in 2000, to 72% in 2001, to 81% in 2002. Superintendents were not asked about the long-term effects of the revenue controls in this study.

- The vast majority (91%) of superintendents want significant changes in the current revenue controls law. In a previous study, 83% of superintendents favored changing the revenue caps law to allow school boards greater

flexibility to exceed the caps. Likewise, 90% favored allowing districts to increase spending by 1-2% without having to pass a referendum.

- Superintendents report that the revenue controls have caused cuts in programs and services, resulting in conflicts or disagreements between regular and special education teachers over the use of resources. In their written comments, many superintendents criticized the state and national governments for failing to adequately fund special needs programs. This is an especially important issue because the percent of students with special needs has increased significantly in recent years (from approximately 8.5% in 1990 to 12.4% in 2003).

- The revenue controls law allows school districts to exceed the revenue limits by passing a referendum. Most superintendents in 2001 said that the referendum option is too time-consuming and burdensome and should not be required in order to meet what they say are reasonable and necessary operating expenses.

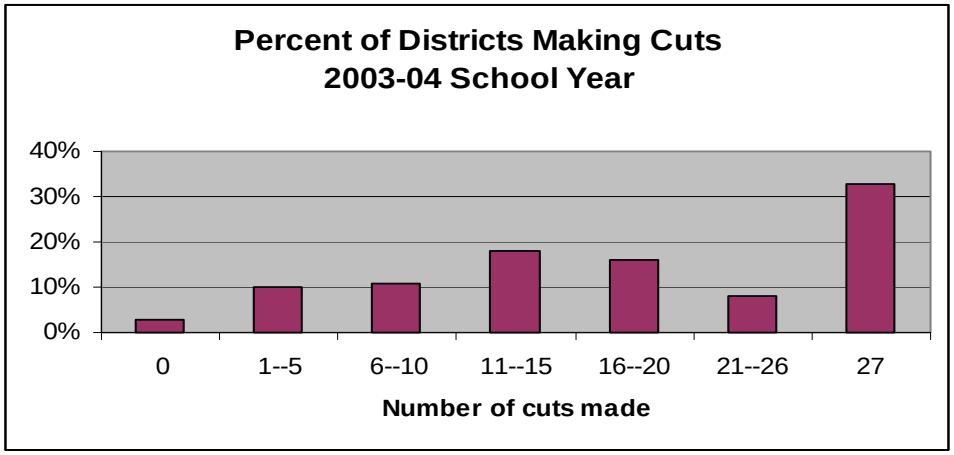
- Previous studies have shown no significant differences among rural/small town, suburban, and urban school districts as to the number of cost-cutting actions taken. Further, the number of cuts is unrelated to per pupil spending amounts. This does not mean, however, that cuts have the same impact in poor and rich districts, or that all cuts impact students in the same way.

- Districts with declining enrollments reported more cost-cutting actions than districts with increasing or stable student populations. Superintendents from declining enrollment districts also have been more critical of the revenue caps than superintendents from districts in which the student population was stable or increasing.

Districts Continue to Cut Programs and Services

Since 1994, superintendents have been given a list of programs and services and asked to identify where their district took actions. During 2003-04, the average district acted in 17 of the 27 listed program and service areas. At the extremes, 3% of districts avoided taking any actions, while 33% acted in all 27 areas (see Figure 1).

Figure 1



Cuts in Specific Programs and Services

Table 1 shows the percent of districts taking action during the past five years in each of 27 program and service areas. For example, in 2003-04, 73% of districts delayed building maintenance or improvement projects. The figures for the four previous years were as follows: 66% in 1999-00, 69% in 2000-01, 73% in 2001-02, and 78% in 2002-03. Without exception, the percent of districts making cuts in all of the 27 areas is greater in 2003-04 than was true five years earlier. <u>It also is important to recognize that most districts have made cuts in the same areas for several consecutive years; the cuts reported in 2003-04 are not a first-time occurrence.</u>

Superintendents also were asked to describe the effects of each cut by selecting one of five choices: "Very Negative," "Negative," "No Difference," Positive," or "Very Positive." The column on the far right in Table 1 shows the percent of superintendents reporting that the effects of the cut were "Negative" or "Very Negative." Across the 27 areas, an average of 60% report that the cuts had an adverse effect. Fewer than 1% of superintendents said the effects were "Positive" or "Very Positive."

Table 1
Percent of Districts Taking Action in Twenty-Seven Programs and Services, 1999-2000 to 2003-2004

	Program or Service Area	1999-00	2000-01	2001-02	2002-03	2003-04	% Saying Cuts Had Negative/Very Negative Effects in '03-04
1.	Delayed building maintenance or improvement projects	66%	69%	73%	78%	73%	80%
2.	Spent less for maintenance of buildings and grounds	69	75	79	83	77	81
3.	Spent less for improvements of buildings and grounds	70	73	79	84	79	81
4.	Delayed/reduced purchase of curricular materials	62	66	73	77	74	66
5.	Reduced purchase of consumable supplies, such as paper	62	66	71	75	73	54
6.	Delayed/reduced purchase of computers, other technology	67	73	75	80	78	79
7.	Offered fewer staff development opportunities for teachers	60	72	71	74	73	64
8.	Laid off teachers	42	50	67	69	69	71
9.	Laid off teacher aides or other support staff	45	54	66	71	69	71
10.	Laid off administrators/supervisors	37	42	47	56	49	51
11.	Reduced counseling or similar services	38	45	49	53	53	45
12.	Delayed hiring new staff	57	64	62	65	64	60
13.	Reduced extracurricular programs	39	46	48	55	51	45
14.	Reduced programs for students who are at risk	45	48	51	51	49	38
15.	Reduced programs for gifted and talented students	53	53	55	60	55	54
16.	Offered fewer courses	45	49	55	57	60	57
17.	Reduced transportation services for students	41	48	50	56	52	35
18.	Reduced summer school programs	40	43	44	49	54	27
19.	Offered fewer field trips for students	48	60	59	61	64	61
20.	Increased class sizes	50	56	64	68	68	70
21.	Increased teacher workload	49	56	61	70	68	65
22.	Increased administrator workload	63	66	74	78	79	81
23.	Increased student fees	56	59	65	75	73	70
24.	Used fund balance to support budget	53	57	64	69	64	64
25.	Reduced number of academic courses offered to students	NA*	41	50	52	52	45

26. Reduced courses in art, music, theater, vocational, etc.	NA*	38	48	54	53	41
27. Did not replace departing staff	NA*	61	61	79	72	68
Average	**52%**	**56%**	**61%**	**66%**	**65%**	**60%**

* Questions 25-27 were added in 2000-01.

A closer look at figures in Table 1 follows. For purposes of discussion, the service and program areas have been placed into one of four categories. However, numbers 23 (increased student fees) and 24 (used fund balance) are not included in the categories below because they are not a good fit.

(1) Academic Programs/Curricular Offerings
(2) Facilities Maintenance and Improvement
(3) Educational Resources and Services
(4) Personnel

1. Actions Related to Academic Programs/Curricular Offerings

When the revenue controls were first implemented, academic programs were the least likely targets for spending cuts. For example, five years ago an average of 46% of districts made cuts in the programs/curricular offerings listed below. By 2003-04, the average across all districts rose to 56%.

- 68% of districts increased class sizes
- 64% of districts offered fewer field trips for students
- 60% of districts offered fewer courses
- 55% of districts reduced programs for gifted and talented students
- 54% of districts reduced summer school programs
- 53% of districts reduced courses in art, music, theater, vocational, etc.
- 52% of districts reduced the number of academic courses
- 51% of districts reduced extracurricular programs
- 49% of districts reduced programs for students who are at risk

In separate questions, superintendents were asked to identify the specific courses or sections of courses that were eliminated in 2003-04 due to budget constraints. They were asked not to include courses or sections of courses that were eliminated as a result of a decline in enrollment or drop in student interest (see Table 2).

Table 2
Percent of Districts Reporting Cuts in Courses or Course Sections, 2003-04 School Year

Percent of Districts Reporting that Sections of Courses were Eliminated			Percent of Districts Reporting that Entire Courses in the Content Area were Eliminated	
English/Language Arts	11%		7%	
Mathematics	9%	**Avg. of 4 areas=9%**	4%	**Avg. of 4 areas=5%**
Science	9%		3%	
Social Studies	8%		3%	
Business Education	13%		11%	
Family and Consumer Ed.	13%		16%	
Foreign Languages	17%	**Avg. of 7 areas=13%**	15%	**Avg. of 7 areas=12%**
Music, Art, Band/Orchestra	13%		14%	
Physical Education/Health	12%		9%	
Technology (Vocational Ed)	15%		13%	
Other	6%		6%	

Those questions asking about cuts in courses required respondents first to check the content area and then to write the name of the course(s) that was eliminated. In some cases, a single course was listed, while in others, entire programs were identified. These two extremes are dramatically different even though each is counted simply as the district making a cut in courses.

Analysis of the results in Table 2 shows that the most vulnerable content areas were Foreign Languages, Family and Consumer Education, and Business Education. Music-Art-Band-Orchestra and Technology (Vocational Education) followed closely behind.

In contrast, cuts were least likely to be made in the core subjects of English/Language Arts, Mathematics, Science, and Social Studies. This pattern is to be expected for several reasons:

(1) most persons believe that these contents areas are at the heart of education,
(2) state law requires students to obtain a minimum number of credits in each of these subjects in order to graduate, and
(3) students are tested annually in these content areas by the Department of Public Instruction.[1]

Left uncut were classes for special needs children. Not a single district reported cuts in special education programs which are mandated by state and federal law.

While districts eliminated courses and sections of courses, approximately one-half of districts also added courses over the past two or three years (an average of 1.5 courses per district). The majority of these courses (58%) were in the core subject areas of English/Language Arts, Mathematics, Science, and Social Studies, as well as in those involving computers. This means that core academic subjects were least likely to be cut while also the most likely to gain new offerings. It is noteworthy that approximately 25% of the new classes were labeled Advanced Placement.

2. Actions Related to Facilities Maintenance and Improvement

As has been the case since 1993, the vast majority of districts continue to spend less for improvements and maintenance of buildings and grounds:

- 79% of districts spent less for improvements of buildings and grounds
- 77% of districts spent less for maintenance of buildings and grounds
- 73% of districts delayed building maintenance or improvement projects

On average, 80% of superintendents say the effects of these actions have been "Negative" or "Very Negative

3. Actions Related to Educational Resources and Services

Districts continue to reduce spending in the area of educational resources and services. The greatest proportion (78%) spent less for computers and other technology. Nearly three-in-four increased student fees, spent less on curricular materials and consumables (such as paper), and delayed /reduced purchase of curricular materials.

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1. Research by Amrein and Berliner at Arizona State University has found that one of the effects of high stakes testing programs is to narrow the curriculum to the content areas that are tested. See High-Stakes Testing, Uncertainty, and Student Learning. Available online: http://epaa.asu.edu/epaa/v10n18/.

- 78% of districts reduced purchase of computers, other technology
- 74% of districts delayed/reduced purchase of curricular materials
- 73% of districts reduced purchase of consumable supplies, such as paper
- 52% of districts reduced transportation services for students

On average, 61% of superintendents say the effects of these actions have been "Negative" or "Very Negative."

4. Actions Related to Personnel

Significant numbers of districts took actions in 2003-04 to reduce personnel costs:

- 79% of districts increased administrator workload
- 73% of districts offered fewer staff development opportunities for teachers
- 72% of districts did not replace departing staff
- 69% of districts laid off teachers
- 69% of districts laid off teacher aides or other support staff
- 68% of districts increased teacher workload
- 64% of districts delayed hiring of new staff
- 53% of districts reduced counseling or similar services
- 49% of districts laid off administrators/supervisors

Budget Shortfalls

Superintendents were asked if their district experienced a budget shortfall in the 2003-04 school year. Slightly more than one-third (37%) answered "yes." For these districts, the median shortfall was approximately 3% or $200,000 (mean = $440,000).[2] One-fourth had a shortfall of 1% or less. At the other extreme, 21% had a shortfall greater than 4%.

The Majority of Districts Continue to Lose Students

Under the revenue controls law, the amount of money that a district can raise is a function of student enrollment. If a district loses or gains students, the amount of revenues are decreased or increased accordingly.

A decline in student enrollment represents a serious challenge for most school districts. For example, if a district were to lose an average of two students at each grade level (K-12, for a total of 26 students), this does not mean that the district can eliminate one teaching position. Further, many of the costs of operating a school system, such as heat, electricity, transportation, maintenance, or administration, cannot be reduced simply because there are one or two fewer students in each classroom.

Over the past 2-3 years, 54% of school districts declined in enrollment, compared with 22% that increased and 25% that had stable enrollment (Table 3). Conditions are not likely to change in the near future, for 52% of superintendents say that their district will have fewer students over the next several years (Table 4).

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2. The mean is the arithmetic average for participating districts, whereas the median is the mid-point when budget shortfalls are ranked from low to high.

For those districts projecting fewer students in the next two to three years, the average drop in enrollment will be 4.5% (median = 3%). Only 20% of superintendents say that enrollment is expected to increase.

Although moderate growth is beneficial under the revenue controls, too much growth can be a problem. If a district is fast-growing, it may require passage of a referendum to construct new buildings, along with a separate referendum to operate the school, including funds for staff, curricular materials, and maintenance and utilities.

Table 3
Changes in Enrollment Experienced During the Past Two or Three Years*

Change in Enrollment	Number of Districts	Percentage of Districts
Increase	64	22%
Decrease	160	54%
About the Same	73	25%
Total	267	

* Two superintendents did not answer the question.

Table 4
Projected Changes in Student Enrollment Over the Next Two to Three Years*

Change in Enrollment	Number of Districts	Percentage of Districts	Percent Change	
			Mean	Median
Increase	57	20%	5%	3%
Decrease	154	52%	5%	3%
About the Same	80	27%	-	-
Not Sure	7	2%	-	-
Total	298			

* One superintendent did not answer the question.

Concluding Remarks

This is the eleventh consecutive year that Wisconsin's superintendents have been surveyed about the impact of revenue controls on services and programs offered in the state's public schools. Three findings in the current study are especially salient.

First, the cuts reported in 2003-04 are not isolated occurrences. For many school districts, 2003-04 represents the eleventh consecutive year in which cuts have been made in one or more of the 27 areas studied.

Second, as has been as has been the case from the beginning, districts with declining enrollment are experiencing the most difficulty maintaining quality educational programs. This is a growing challenge because in this year's study 54% of districts reported a drop in enrollment over the past two or three years. To make matters worse, 52% also projected that enrollments will decline in the two or three years ahead. In comparison, during the three-year period between 1993 and 1995-96 when revenue controls first started, only 18% of districts lost students.

Third, data from the current study show that the breadth of curriculum being offered to Wisconsin's children continues to narrow. Of the districts reporting this year:

- 59% offered fewer courses
- 52% reduced the number of academic courses
- 52% reduced courses in art, music, theater, vocational, etc.
- 46% reduced summer school programs
- 51% reduced extracurricular programs

The reductions in courses and sections are not uniform across all subject areas. Instead, districts were most likely to eliminate courses and sections in non-core subjects such as Foreign Languages, Family and Consumer Education, Business Education, Music-Art-Band-Orchestra, and Vocational training. The core academic subjects were far less likely to be affected by cuts. These reductions are the result of budget shortfalls, and not a consequence of declines in enrollment or a drop in study interest.

This study suggests that the range of opportunity for Wisconsin children is diminishing as districts reduce and eliminate non-core subject areas while focusing more and more on simply funding the basics. For many students, the courses that are being eliminated are the very ones that are needed to meet their interests and needs. The goal of providing a comprehensive and appropriate education for all students appears to be increasingly difficult to realize.

Questionnaire Results

Effects of the Revenue Caps on Programs and Student Services: 2003-2004 School Year

Directions: Listed below are some actions that school districts have taken to comply with the state revenue caps during the past school year. If your district took no action in 2003-2004, circle "No Action." If your district took action, circle the number which best describes the effects: (1) "Very Negative," (2) "Negative," (3) "No Difference," (4) "Positive," or (5) "Very Positive." If you don't know the effects, circle (6) for "Don't Know." **The figures shown are the percent of districts.**

Please answer all questions on this survey.

Action was taken and the effects were:

		(1)	(2)	(3)	(4)	(5)	(6)
	No Action	**Very Neg**	**Neg**	**No Diff**	**Pos**	**Very Pos**	**DK**
1. Delayed building maintenance or improvement projects	26.8	16.0	63.9	18.3	1.4	.5	-
2. Spent less for maintenance of buildings and grounds	23.1	14.8	66.5	18.3	.4	-	-
3. Spent less for improvements of buildings and grounds	21.1	15.3	65.7	18.6	-	-	.4
4. Delayed/reduced purchase of curricular materials	26.4	14.5	51.8	32.7	.9	-	-
5. Reduced purchase of consumable supplies, such as paper	27.4	7.4	46.1	46.1	.5	-	-
6. Delayed/reduced purchase of computers, other technology	21.7	26.1	53.0	19.2	.9	.9	-
7. Offered fewer staff development opportunities for teachers	26.8	14.2	49.3	34.7	1.4	-	.5
8. Laid off teachers	30.8	34.8	35.7	29.5	-	-	-
9. Laid off teacher aids or other support staff	31.1	28.2	42.7	29.1	-	-	-
10. Laid off administrators/supervisors	45.2	20.7	30.5	48.8	-	-	-
11. Reduced counseling or similar services	46.8	18.2	26.4	55.3	-	-	-
12. Delayed hiring new staff	36.1	10.5	49.7	38.7	1.0	-	-
13. Reduced extracurricular programs	49.2	7.2	37.5	54.6	.7	-	-
14. Reduced programs for students who are at risk	51.2	9.6	28.1	61.6	.7	-	-
15. Reduced programs for gifted and talented students	45.5	17.2	36.8	45.4	.6	-	-
16. Offered fewer courses	40.5	14.6	42.1	43.3	-	-	-
17. Reduced transportation services for students	47.8	7.7	27.6	64.7	-	-	-
18. Reduced summer school programs	54.2	5.8	21.2	71.5	1.5	-	-
19. Offered fewer field trips for students	36.1	9.9	51.3	38.7	-	-	-
20. Increased class sizes	32.4	19.3	50.5	28.7	1.0	-	.5
21. Increased teacher workload	32.1	12.8	52.2	33.5	1.0	-	.5
22. Increased administrator workload	21.4	26.4	54.5	18.7	-	.4	-
23. Increased student fees	26.8	17.8	52.5	26.5	2.7	.5	-
24. Used fund balance to support budget	36.5	31.1	33.2	35.3	.5	-	-
25. Reduced number of academic courses offered to students	48.2	11.6	32.9	54.8	.6	-	-
26. Reduced courses in art, music, theater, vocational, etc.	47.5	11.5	29.3	58.0	-	-	1.3
27. Did not replace departing staff	27.8	20.8	46.8	30.1	2.3	-	-

28. Did your district experience a budget shortfall this past year?

No=63% **Yes=37%**

If yes, what was the amount of the shortfall? **Mean=$444,000, Median=$200,000** What percent of your operating budget was the shortfall? **Mean=3.3%, Median=2.1%**

29. Are there cases over the past 2-3 years in which your district maintained course offerings, but due to budget constraints, was forced to offer fewer sections? For example, if your district reduced the number of sections in Algebra 2 because of budget considerations, you would check the space to left of Mathematics. Do not include sections that were eliminated

because of reduced enrollment or a decline in student interest.

- 13% Business Education
- 11% English/Language Arts
- 13% Family and Consumer Education
- 17% Foreign Language
- 9% Mathematics
- 13% Music, Art, Band/Orchestra
- 12% Physical Education/Health
- 9% Science
- 8% Social Studies
- 14% Technology (Vocational) Education
- 6% Other

30. Due to budget constraints, has your district eliminated any course offerings over the past 2-3 years in any of the subject matter areas listed below**?** For example, if your district eliminated Advanced Writing because of budget reasons (not because of a lack of student interest), you would check "Yes" for English/Language Arts and then write the name of the course (or courses) in the space that follows.

- 11% eliminated courses in Business Education
- 7% eliminated courses in English/Language Arts
- 15% eliminated courses in Family and Consumer Education
- 15% eliminated courses in Foreign Languages
- 4% eliminated courses in Mathematics
- 13% eliminated courses in Music, Art, Band/Orchestra]
- 9% eliminated courses in Physical Education/Health
- 3% eliminated courses in Science
- 3% eliminated courses in Social Studies
- 13% eliminated courses in Technology (Vocational) Education
- 10% indicated they had eliminated courses in "other" areas

31. During the past 2-3 years has your district added any new course offerings? **Yes=52%, No=48%**

Approximately one-half of districts added courses over the past two or three years. The majority of these courses (58%) were in the core subject areas of English/Language Arts, Mathematics, Science, and Social Studies, as well as in those involving computers. Furthermore, 25% of the new classes were labeled Advanced Placement.

32. Over the past 2-3 years has your district's enrollment increased, decreased, or stayed about the same?

21.5% increased **53.9% decreased** **24.6% stayed about the same**

33. Does your district's census project decreasing, increasing, or about the same enrollment over the next 2-3 years?

- **19.1% increase – If an increase, estimate the percent increase: 5.0%**
- **51.7% decrease – If a decrease, estimate the percent decrease: 4.9%**
- **26.8% approximately the same enrollment**
- **2.3% not sure**

34. What is the name of your district? (For accounting purposed only; information specific to any district will not be reported.) District name=_____