

## **Testimony in Support of Assembly Bill 900**

February 7, 2024

Chairman Kitchens and Members of the Assembly Committee on Education,

Thank you for the opportunity to testify today in support of Assembly Bill 900 as presented with Assembly Substitute Amendment 1. My name is Kyle Koenen and I am the Policy Director for the Wisconsin Institute for Law & Liberty, a non-partisan, non-profit law and policy center based out of Milwaukee. It is our belief that this legislation is a win for everyone, including taxpayers, public schools, choice schools and charter schools.

When Wisconsin became the first state to implement a voucher program in 1990, everything that was tried was new because there were simply no other models out there to replicate. Over time, that original Milwaukee program has grown dramatically, and new programs in Racine and statewide have been implemented. But the financing system that was originally put in place in Milwaukee has not been updated to keep up with changing circumstances in other parts of the state. While intuitively it makes sense for school districts to have their aid reduced for students they are no longer educating, the implementation of this provision has become problematic for both public schools and schools in choice programs.

No other state that has implemented a school choice program funds their program in this way. With a few exceptions for school choice programs funded by private philanthropy, most school choice programs around the nation are funded through a state-level appropriation. While there may be reductions to the school district due to the disenrollment of choice students, there are not flat reductions that, in some instances, exceed the state aid that students generated for the district.

We already have a model within Wisconsin for moving away from the current funding system: the Milwaukee Parental Choice Program. After years of debate on what was known as the “funding flaw,” legislators have put a phase-out of local funding into law that will see the MPCP fully funded by GPR by the upcoming 2024-25 school year. There is little reason to deny taxpayers in other parts of the state the same benefit that has already been provided in Milwaukee.

Decoupling public school funding from choice funding is a win-win from the perspective of both public-school districts and choice/charter schools. School districts will no longer face the uncertainty of voucher enrollment numbers when crafting their budgets for the upcoming school year. In an era of declining enrollment across Wisconsin, this additional stability is important. In most cases, school districts will have access to more state aid than they did before—essentially offering a modest budget boost at a time when many districts are worried about their fiscal reality. And a recent memo from the Legislative Fiscal Bureau confirms that *no* school district will be left with less funding under this legislation.

Because school districts have the ability to raise property taxes to make up for lost revenue from school choice, this legislation will also result in property tax cuts for most Wisconsin families.

Full implementation of decoupling has been estimated by LFB to lead to a property tax cut up to \$293 million. The substitute amendment creates a one-time recurring revenue limit adjustment in 2024-25 based on 25% of the levy impact of decoupling for each school district. If all districts fully utilized this adjustment, net property tax savings would still be nearly \$220 million. This will be helpful to participating schools because routinely, we see school districts casting the blame for budget shortfalls on what is often a small number of choice students. Because fiscal policy is complex, it is challenging for the average taxpayer to understand the truth. Under this bill, districts will no longer be able to make such claims with any legitimacy. Simplifying school choice funding would have benefits for transparency as well. The general public will have a far easier time understanding the funding that goes to school choice and the funding that goes to public schools.

Because of the benefits across the board, decoupling has historically been a bipartisan idea. While serving as State Superintendent of DPI, Governor Evers once said, “It’s a state program. If we’re going to have vouchers, it should be paid for by the state.” Just this legislative session, Democratic lawmakers proposed a similar bill that would decouple school funding while allowing local taxpayers to vote on whether they wanted to finance school choice through the old system. This is the rare bill that ought to satisfy all but the most ardent opponents of giving families educational options.

I thank you again for the opportunity to speak today. I ask that you support Assembly Bill 900, as amended and would welcome any questions.