

Investing in Rural Schools

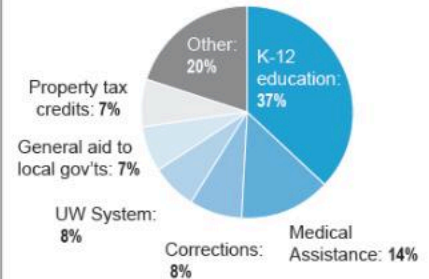
Historically, funding for Public Education has been the top spending priority in the state's budget – and rightly so.

Investing in our children's education is an investment in our future. Studies show that states with strong educational attainment perform better economically long-term.¹

Education is also good for the state's bottom line. Well-educated citizens will obtain better jobs, have more disposable income, pay more in sales and income taxes and rely less on state assistance programs. As a study by the Economic Policy Institute Concluded: "Education investments are good not only for a state's economy and residents, but also for a state's budget in the long run."²

Top Programs in GPR Spending

For fiscal year 2012.



Source: DOA
WISCONSIN BUDGET PROJECT



Elementary, Middle, and High Schools are especially important to Wisconsin's rural communities. Rural schools often serve as the center of community life.

Despite the importance of education to the economy and rural communities, state aid to schools has been on the decline for a number of years. For example, data from the rural School District of Rhinelander shows the declining percentage of state aid: In that district, state aid has dropped from 52% of school spending in 2000-01 to 17% in 2012-13.

Declines in state aid must be made up with local property taxes. This can result in divisive fights over local referenda. Cuts in state education funding hit rural schools especially hard, because property values in rural areas might be high even though incomes are low. **In the past 20 years, 80% of the referenda asking taxpayers for more money to keep the school doors open have been in rural school districts.**

Declining State Aid: Rhinelander School District

Property Taxes and State Aid

Property Taxes Include Revenue Limit Exemption for Operational Purposes and Energy Exemption

Year	Total Revenue Limit	Property Taxes	Percentage of Property Taxes	State Aid	Percentage of State Aid
2000-01	\$ 25,284,736	\$ 12,035,267	48%	\$ 13,249,469	52%
2001-02	\$ 25,848,349	\$ 13,460,627	52%	\$ 12,387,722	48%
2002-03	\$ 26,269,657	\$ 14,124,546	48%	\$ 12,145,111	46%
2003-04	\$ 26,689,149	\$ 15,351,872	58%	\$ 11,337,277	42%
2004-05	\$ 27,101,253	\$ 17,012,020	63%	\$ 10,089,233	37%
2005-06	\$ 27,307,195	\$ 15,613,885	57%	\$ 11,693,310	43%
2006-07	\$ 27,420,167	\$ 16,560,823	60%	\$ 10,859,344	40%
2007-08	\$ 27,914,896	\$ 18,600,885	67%	\$ 9,314,011	33%
2008-09	\$ 27,597,076	\$ 19,875,455	72%	\$ 7,721,621	28%
2009-10	\$ 28,041,214	\$ 21,412,770	76%	\$ 6,628,444	24%
2010-11	\$ 28,695,570	\$ 23,074,295	80%	\$ 5,621,275	20%
2011-12	\$ 26,147,462	\$ 21,087,157	81%	\$ 5,060,305	19%
2012-13	\$ 25,085,239	\$ 20,788,835	83%	\$ 4,296,404	17%

1 "State Growth Empirics: The Long-Run Determinants of State Income Growth," Paul W. Bauer, Mark E. Schweitzer, and Scott Shane, Federal Reserve Bank Working Paper 06-06, May 2006, www.clevelandfed.org/research.

2 "A Well-Educated Workforce Is Key to State Prosperity," Noah Berger and Peter Fisher, Economic Analysis and Research Network Report, August 22, 2013, <http://www.epi.org/publication/states-education-productivity-growth-foundations/>.

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Rural Schools: What can the state do?

Rural schools face a unique set of challenges:

- **High Transportation Costs**

– State transportation aids are not keeping pace with transportation costs. For example, the Arcadia School District spends \$550,000 on transportation per year and receives \$62,000 in state transportation aids.

Solution: Increase sparsity aid for rural districts.

- **Slow, Unreliable Internet** –

Rural schools lack access to fast, reliable Internet services. As recently as 2012, the Antigo School District was limping along with Internet speeds of 1.5 mega-bits per second (Mbps), whereas urban school counterparts have Internet speeds as high as 100 Mbps.

Solution: Reinstitute the TEACH program, started in 1997, that would increase funding for broadband expansion to allow more access to digital learning and provide funding for technological infrastructure improvements so schools can keep up with advancements in technology.

- **Inability to attract and retain teachers** – Rural schools spend more on transportation, and have fewer options (such as increasing class sizes) for cutting costs. With fewer resources, teacher compensation in rural schools is lagging. As a result, rural schools have a hard time recruiting new teachers, and when they do recruit new teachers, they often lose the best ones to higher-paying urban school districts just a few years later.

Solution: Establish student loan forgiveness for teachers in rural districts, similar to the program for health care professionals who serve rural areas.

Rural schools have implemented all of the creative solutions they can for making do with less:

Discontinuing holiday parties, deferring maintenance, charging higher fees for extracurricular activities and sports, eliminating administrative positions, reducing teaching positions to part-time, making use of distance education and e-learning, cutting foreign language, arts, music, and vocational/technical programs, and closing schools. Despite attempts to minimize the impact on the classroom, cuts to education funding are eliminating education opportunities for rural students.

Without additional funding, educational quality in rural schools will continue to decline. State general purpose revenue, rather than local property taxes, is the most fair and equitable source for school funding.

Solution: Increase state funding for public schools back to the two-thirds level and increase categorical aids for rural schools in the next state budget.

