WISCONSIN

**Summary:** This 2019-20 profile of Wisconsin's public K-12 school finance system focuses on three core indicators from the School Finance Indicators Database: fiscal effort, statewide adequacy, and equal opportunity. On a weighted average of these three measures (see back), Wisconsin scores 52 out of 100, which ranks 21st out of the 48 states with possible ratings.

### Fiscal Effort

**Fiscal effort** is a measure of how much states devote to their schools as a share of their economic capacity (i.e., ability to raise revenue). Effort is calculated by dividing direct state and local K-12 expenditures in each state by its gross state product (GSP).

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<thead>
<tr>
<th></th>
<th>Wisconsin</th>
<th>U.S. average</th>
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<tbody>
<tr>
<td>Wisconsin effort</td>
<td>3.71 %</td>
<td>3.61 %</td>
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- **WI is a medium effort state.**
- In FY 2020, WI spent 3.71 percent of its economic capacity (GSP) on its K-12 public schools.
- This was 0.10 percentage points higher than the unweighted national average of 3.61 percent.
- WI's effort level ranks #19 in the nation (out of 50).

### Statewide Adequacy

**Statewide adequacy** compares actual per-pupil (PP) spending in each state to district-level cost model estimates of the amount required to achieve the modest goal of U.S. average test scores. The graphs to the right indicate the percentage of students in districts where spending is below adequate and the funding gap (% above/below) in the typical student's district. The graphs include regional and national averages.

- **Overall adequacy in WI is relatively moderate.**
  - By the modest standard of U.S. average scores, 19.6 percent of WI students attend inadequately funded districts, which ranks #15 in the nation (out of 49).
  - The typical WI student's district spends 21.6 percent above adequate levels, which ranks #18 in the nation.

### Equal Opportunity

**Equal opportunity** is the comparison of adequacy between each state’s higher- and lower-poverty districts. The graph to the right presents adequate funding gaps by district poverty quintile (the blue diamonds are U.S. averages). The difference (in pct. points) between the lowest- and highest-poverty groups is a state’s “opportunity gap.”

- **Educational opportunity in WI is severely unequal.**
- Spending in WI’s highest-poverty districts is 20.6 percent ($3,630 PP) below the estimated adequate level, compared with 91.9 percent ($5,666 PP) above adequate in the state’s most affluent districts.
- This opportunity gap of -12.5 percentage points is ranked #38 in the nation (out of 48).

**Net change by period (% pts.)**

<table>
<thead>
<tr>
<th>Period</th>
<th>WI</th>
<th>U.S.</th>
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<tbody>
<tr>
<td>K-12 recession (2006-12)</td>
<td>-0.30</td>
<td>-0.13</td>
</tr>
<tr>
<td>Post-recession (2012-20)</td>
<td>0.00</td>
<td>0.01</td>
</tr>
<tr>
<td>Full period (2006-20)</td>
<td>-0.30</td>
<td>-0.12</td>
</tr>
</tbody>
</table>

- WI’s effort was lower than its 2006 level in 5 of 5 years between 2016-2020; had effort recovered to its 2006 level during these years, total 2016-20 spending would have been $5.91 billion (9.9 percent) higher.
- WI is a relatively medium capacity state, with a GSP per capita ranked #29 in the nation.

**Adequacy gaps by outcome gaps**

- WI’s opportunity gap contributes to a student outcome gap: the state’s highest-poverty districts (pink dot) score 0.93 s.d. below its lowest-poverty districts (blue dot).
NOTES ON DATA AND MEASURES
State School Finance Measures 2019-20 (publ. 2022)

General

The data in this state profile are from the School Finance Indicators Database (SFID), a collection of public K-12 school finance and resource allocation indicators published annually by researchers from the Albert Shanker Institute, University of Miami School of Education and Human Development, and Rutgers University Graduate School of Education. The primary product of the SFID is the State Indicators Database (SID), a state-level dataset containing roughly 125 variables. This profile focuses on three types of measures included in the SID: fiscal effort, statewide adequacy, and equal opportunity. The full SID dataset, along with accessible documentation of and data sources for all the measures presented in this profile, as well other SFID datasets, tools, and reports, are freely available to download at: SchoolFinanceData.org. The following are some general notes about the profiles, followed by descriptions pertaining to the three types of measures they present:

- The years in the profile refer to the spring semester of the school year (e.g., 2020 is 2019-20).
- Estimates may differ slightly from previous profiles, as some measures are changed or improved each year, and all years are recalculated annually with updated data.
- Due to rounding errors, some figures from users' manual calculations may not exactly match the estimates on the front side.
- The total number of states assigned rankings varies slightly by measure, as not all measures are available in all states.

Overall state scores: The overall scores reported at the top of the profile provide a very simple summary of states’ combined “performance” on the three core indicators featured in the profiles. They do not represent comprehensive evaluations of states’ school finance systems. Each state is scored entirely relative to other states (i.e., rather than based on some absolute standard of “good” or “bad”), and the selection of components entails subjective judgments on the part of the SFID research team.

- The scores are calculated as a weighted average of z-scores (final averages expressed as percentile-equivalents, with a score of 50 = z-score of 0) of the following measures (weights in parentheses): 1) percent of students in districts with above adequate funding (22.5%); 2) statewide (%) adequacy gap (22.5%); 3) GSP-based fiscal effort (15%); 4) personal income-based fiscal effort (15%); and 5) equal opportunity gap (Q5/Q1 difference in adequacy gap, in percentage points) (25%). State rankings may reflect differences in unreported underreporting.
- D.C., Hawaii, and Vermont are not assigned scores, as one or more of the measures that constitute the scores cannot be calculated for these states.

- Non-SFID data sources ("Contextual State" table): 1) Child (5-17 year old) poverty (2020) from the U.S. Census Bureau's Small Area Income and Poverty Estimates (SAIPE) program; 2) see SID documentation for sources used for public school coverage estimates; 3) percent of total (FY 2020) revenue from state sources from the U.S. Census Bureau Annual Survey of School System Finances; 4) total state public elementary and secondary school enrollment (Fall 2019) from the 2020 Digest of Education Statistics, published by the National Center for Education Statistics.

Fiscal effort

Fiscal effort indicates how much of a state’s total economic capacity goes toward K-12 schools. It is calculated in the SFID by dividing direct state and local K-12 expenditures by either Gross State Product (GSP) or aggregate state personal income. Both of these are measures of a state’s economic capacity. In this sense, effort measures how much each state contributes as a percentage of how much it might contribute. The former denominator (GSP) is used in these profiles, but the two are highly correlated, and the income-based effort indicator is available in the SID. Bear in mind that high-capacity states with larger economies, such as New York and California, can put forth lower effort than lower capacity states, such as Mississippi and Alabama, but still spend an adequate amount of money based on their economic capacity; or conversely, states might spend significantly more than their economic capacity suggests (due to a combination of larger-than-normal state populations, below average test scores, and other factors). We use effort here because it is typically defined as the extent to which the amount of funding for schools is sufficient for students to reach a minimum adequacy level.

- The SFID datasets, tools, and reports, are freely available to download at: SchoolFinanceData.org.
- The average per-pupil spending for the U.S. was $12,838 in 2016-17. This is approximately $5,000 more per pupil than the average for OECD countries, though much of this difference can be explained by state and local government spending patterns and unequal state economic capacities.
- The years in the profile refer to the spring semester of the school year (e.g., 2020 is 2019-20).

Statewide adequacy

Adequacy is typically defined as the extent to which the amount of funding for schools is sufficient for students to reach a minimum/acceptable level of educational outcomes. Our adequacy estimates compare each district’s actual spending levels to estimates from cost models of how much that district would have to spend in order to achieve national average test scores (i.e., “required” or “adequate”) spending. We express statewide adequacy in terms of either: 1) the proportion of students in each state in districts with actual funding below estimated adequate levels; and 2) the adequacy gap (percentage difference between actual and estimated adequate spending) for the typical student in each state. All these estimates are from the National Education Cost Model (NECM), which is part of the SFID. The NECM calculates required spending based on the relationship between outcomes and cost factors such as regional wage variation, district size, and student characteristics. Note that this model and the data it uses are necessarily imperfect, and estimates should be viewed with appropriate caution. For more information about the NECM, see the SID user’s guide. Some of the estimates presented in this section of the profile can be calculated using SID variables, whereas others (e.g., the district-by-district estimates in the right panel) require the use of the SFID’s Cost Data Base (CDB); many but not all SID adequacy measures (all of which have variable name beginning with necm_) are aggregations of DCD estimates. The full DCD dataset (going back to 2009) is also publicly available at the SFID website (2020 estimates will be released in early 2023).

- Statewide adequacy: The SFID estimates are based on analyses of data in all states, including some that did not report financial data in all years. For example, in 2016-17, 28 states were used for the analysis, whereas 30 states were used in 2018.
- The regional groupings in the chart are U.S. Census divisions (9 groups). WI’s division is East North Central. Axis ranges for the bottom graph may vary by state.
- The equal opportunity gap measures the distribution of funding across districts in a state. The SFID estimates are based on analyses of data in all states, including some that did not report financial data in all years. For example, in 2016-17, 28 states were used for the analysis, whereas 30 states were used in 2018.
- The first bullet directly below the table presents the number of districts with below adequate funding as well as the total number of districts in this state with valid estimates. The SFID estimates are based on analyses of data in all states, including some that did not report financial data in all years. For example, in 2016-17, 28 states were used for the analysis, whereas 30 states were used in 2018.

Equal opportunity

Equal educational opportunity is achieved in a state when none of that state’s districts are substantially further above or below adequate spending levels than are other districts. In the SFID, we measure equal opportunity (EO) with the same NECM estimates used for statewide adequacy (see above), but in this case by comparing adequacy gaps (percentage difference between actual and estimated adequate spending) between the highest- and lowest-poverty districts in each state. That is, each state’s “opportunity gap” is the difference (in percentage points) between these two groups (district poverty groups are defined in terms of quintiles—e.g., the 20 percent highest-poverty districts compared with the 20 percent lowest-poverty districts in each state). Note that EO is conceptually independent of economic capacity (e.g., a hypothetical state in which all districts are below adequate funding levels might still exhibit EO, so long as high- and low-poverty districts are inadequate by roughly the same proportions, whereas highly unequal opportunity might exist in a state in which funding is universally adequate, if high-poverty districts are more adequately funded than lower-poverty districts.

- EO estimates are not available for Vermont and Hawaii (adequacy estimates not available), and cannot be calculated for D.C. (single government-run district state).
- In the first bullet of the left panel, we characterize EO in each state as follows: severely unequal (EO gap less than -75 points); highly unequal (EO gap between -30 and -75 points); moderately unequal (-30 to -5 points); nearly equal (5 to 30 points); and nearly equal (30 to 75 points).
- The center panel figure presents average funding gaps for all five quintiles in each state (although opportunity gaps as we define them for the purposes of this profile use only the highest- and lowest-poverty groups, this graph permits comparison of gaps between different combinations of groups). The state (bars) and U.S. (blue diamonds) estimates in the graph are average differences between actual and required spending (weighted by enrollment), by district poverty quintile. Note, however, that poverty quintiles are defined by state, and so the average performance (and poverty quintile composition) across states is not equivalent to the national average.
- The SFID’s equal opportunity estimates are presented in the first bullet, below the plot, and can be interpreted as a poverty-based student achievement gap in this state.