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Lawmakers Could Reduce Property Taxes Amid School Funding Crisis

By Dan Rossmiller

Several years ago, I had the honor and privilege of being appointed, along with various education experts, to serve on the 16-member Blue Ribbon Commission on School Funding created by Assembly Speaker Robin Vos and then-Senate Majority Leader (now Congressman) Scott Fitzgerald.

For more than a year, this commission held hearings across the state and heard from school leaders, parents, community members and national experts on ways to "fix" our state's "broken" school funding system.

Among the key recommendations to come out of that commission were that the Wisconsin Legislature should: a) "provide future increases in resources for school districts through increases in the per pupil adjustment under revenue limits;" b) "annually index any per pupil adjustment provided under revenue limits by inflation;" and c) "provide future increases in state support through the general school aid formula rather than through school levy tax credit."

In a nutshell, these recommendations can be summed up as follows: school district revenue limits imposed by the Legislature should be increased annually to keep pace with inflation.

Fast forward to 2026. Every single year since these recommendations were released in 2019, the Legislature has failed to increase revenue limits by an amount that would keep pace with inflation. It has utterly ignored these recommendations.

As a result, school district finances are in crisis.

At the same time, the state finds itself with a $2.5 billion surplus.

As lawmakers debate what to do with that surplus, it is especially ironic to hear them argue that putting money into school aids is not property tax relief. It belies their claim that they understand the funding formula they created.

Revenue limits restrict the amount school districts can spend from a combination of general aid received from the state and property taxes received from local taxpayers.

Mathematically, this formula can be expressed as:

Revenue limit = State general aid + Property taxes

For those of you who remember your high school algebra, another way to express this is:

Revenue limit - State general aid = Property taxes

Under this equation, if revenue limits remain the same, an increase in state general aid lowers property taxes.

Similarly, if revenue limits increase, property taxes can be held constant or even lowered if the state provides enough additional state aid to offset the increase in revenue limits.

But this is precisely what the Legislature has **not** done lately. It has held state general aid to schools steady while revenue limits increased.

Contrary to what many lawmakers believe, adding additional state aid does not necessarily fuel additional spending by school districts. That is because the revenue limit (and **not** state aid) controls school district spending. At any given level of revenue limit, additional state aid reduces property taxes.

Lawmakers could choose to reduce property taxes by providing additional state general aid for schools. They could also reduce property taxes by providing additional funding for state property tax credits (called school levy tax credits) that appear on property tax bills.

Because the state general aid formula attempts to equalize tax bases, money provided as additional state general aid tends to reduce property taxes the most in districts with lower per pupil property values. Providing additional school levy tax credits tends to reduce property taxes more in districts with higher per pupil property values.

Either approach will work to reduce property taxes statewide; the difference is where the relief is channeled. Ultimately, it will be up to the Legislature and the governor to decide how best to reduce property taxes.

The argument that putting money into school aids does not produce property tax relief just doesn't fly. Lawmakers would do well to remember the recommendations of their own Blue Ribbon Commission.

Dan Rossmiller is the executive director of the Wisconsin Association of School Boards.