WISCONSIN

Overall Market Rating: Acceptable; significant improvement in funding or conditions is unlikely.

Market Overview:

Wisconsin is home to three geographically distinct choice programs available to students in Milwaukee, Racine, and a statewide voucher program. Students living in the City of Milwaukee or the Racine Unified School District must apply to their city-specific program, although recent legislative changes allow for eligibility to transfer seamlessly across programs. Student eligibility requirements vary by program, but the two urban programs have some of the highest income limits in the country, allowing families up to 300% of the Federal Poverty Line (FPL) to participate. This creates a large pool of eligible families in these two urban markets.

The Wisconsin Parental Choice Program, for students outside of Milwaukee and Racine, is the most limited and least developed of the three programs. A recent legislative change has increased income limits in the statewide program to 220% of Federal Poverty. While there are no statewide enrollment caps or funding limits, private school enrollment in any given district cannot exceed 3% of the surrounding district’s previous year enrollment. While this cap increases by 1% each year for ten years when it expires, it makes new school development in new communities extremely difficult for the next several years.

Late in the 2017 Budget Cycle the Legislature improved the Special Needs Scholarship. Students are now allowed to take the actual cost of their education to the private or charter school of their choice, and the Legislature eliminated the requirement that the student attend a public school the year prior and be declined for open-enrollment in another public school. This is a significant expansion in student eligibility. There are no income eligibility limits or caps on the voucher amount. Local advocates expect the number of schools serving these students to increase dramatically in the next 3-5 years and expect the program to grow at a faster rate than any of the other programs in the state.

Base funding is the highest of any market in the country, and there are no insurmountable regulatory barriers that prevent new school growth or prevent schools from opening and running schools autonomously. Recent legislation further cleaned up some of the implementation and streamlined the eligibility and application process for the programs. However, there is no additional categorical funding available to schools, and there are some regulatory requirements that could be challenging for some schools.

Milwaukee and Racine have seen a great deal of new school growth and will accommodate the growth of additional schools. Income limit expansion will support the
growth of the statewide program, but district-based caps and restricted grade level enrollment remain a deterrent to school growth in the next few years. The state currently has 222 private schools registered to participate in the programs, with 48 new schools applying to participate in the statewide voucher program for the first time.

Milwaukee and Racine are highly competitive parent choice markets, with hundreds of schools competing with district and charter schools for students. These markets are best suited for operators with the systems and strategies to navigate a highly competitive environment or offering a unique or specific program model.

**Summary Statement**: Milwaukee and Racine will allow new school growth. Schools must have clear plans for market entry that allow time for both pre-approval and student recruitment, but can open and receive public funding relatively efficiently. The outcome of the 2018 elections may have an impact on private school choice policy, as the Democrat Governor-elect Tony Evers is opposed to private school choice. The legislature remains firmly in control of the Republicans, who strongly support private school choice, so major changes to the programs are unlikely.

**Demographic Analysis:**

**Enrollment Figures by Sector & City**

<table>
<thead>
<tr>
<th>Wisconsin (15-16)</th>
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</thead>
<tbody>
<tr>
<td>Total Public School</td>
</tr>
<tr>
<td>Enrollment (including</td>
</tr>
<tr>
<td>Charter Schools)</td>
</tr>
<tr>
<td>867,619</td>
</tr>
<tr>
<td>K-12 Private School</td>
</tr>
<tr>
<td>Enrollment</td>
</tr>
<tr>
<td>93,839</td>
</tr>
<tr>
<td>Charter School</td>
</tr>
<tr>
<td>Enrollment</td>
</tr>
<tr>
<td>44,162</td>
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</tbody>
</table>

**Eligibility by Program**

<table>
<thead>
<tr>
<th>Program</th>
<th>% Eligible Students</th>
<th>Current Enrollment (2017-18)</th>
<th>Eligibility Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milwaukee Parental Choice Program</td>
<td>75%</td>
<td>28,702</td>
<td>• Must reside in the City of Milwaukee.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Household income at or below 300% of FPL, married couples</td>
</tr>
</tbody>
</table>
allowed an additional $7,000 in income.
• “Once you’re in, you’re in” provision allows student to maintain eligibility even if household income increases.

| Racine Parental Choice Program | 60 percent of families with children income-eligible districtwide | 3,007 participating students | • Reside in the boundaries of the Racine Unified School District.
• Household income at or below 300% of FPL w/ $7,000 marriage allowance.
• Students must be entering K, 1, 9th grade, have attended public school the previous year, not attended any school the previous year, or participated in the RPCP the previous year.

| Wisconsin Parental Choice Program | 26 percent of families with children income-eligible outside of Milwaukee or Racine | 4,540 participating students | • Household income at or below 220% FPL.
• Students must be entering K, 1, 9th grade, have attended public school the previous year, not attended any school the previous year, or been enrolled in the WPCP the previous year.

While the increased income limits dramatically increase the number of eligible students in the Milwaukee and Racine programs, student recruitment in Milwaukee has become increasingly competitive given the number of private schools already participating in the program and the growing charter school market. Racine is a smaller community, but the market is less saturated and there is a single charter school with no mechanism for new charter schools to open. Student recruitment is far less competitive and there is more room for new entrants to that market.

The local district enrollment caps strongly limit the statewide program to new entrants. While the current law makes existing private school seats available to students, new
schools could not open in a new city unless they were willing and able to recruit tuition paying students to fill the majority of their seats. This will change as the local district cap slowly increases over the course of the next several years.

**Funding:**

**Assessment:** Adequate. Stable.

**Assets:**
- Funding is constant, bifurcated to cover increased costs of high school, and set in statute.
- Funded directly by the State of Wisconsin; scholarship funds do not have to be raised.
- Payments are made directly to the school quarterly in September, November, January, and May.
- There are no funding caps.
- High schools can charge tuition in excess of the voucher for families over 220% of FPL.
- Funding is now linked to district funding levels; the voucher increases with general school aid and categorical aid increases.

**Challenges:**
- Private schools are not eligible for most categorical aids, and special education funding does not follow the student.

**WI Parental Choice Programs:**

|---------------|-----------------------|-----|--------------|
| $7,530 (4K Students receive a 50% or 60% voucher) | $8,176 | No Funding Caps | - Schools must verify eligibility requirements are met.  
- Schools receive quarterly payments based on two count dates (3rd Friday in September and 2nd Friday in January). |

**Trend:** Per pupil funding increased dramatically, and was bifurcated to increase high school funding in 2015. Student per pupil will increase by roughly $200/pupil in 2018 and 2019.
Policy & Regulatory Environment:
Assessment: Acceptable; consistent or improving slightly.

Assets:
- Private school teachers are required to hold a bachelor’s degree or higher, but they do not need to be licensed or credentialed.
- Participating schools must administer state assessments.
- Growth, improvement, and gap closing are heavily weighted on the statewide report cards.
- There is currently no sanction for low performing schools.

Considerations:
- Schools must participate in the statewide report card system.
- Schools must administer and students must pass a Civics Exam (equivalent to the U.S. Citizenship Exam) before they can graduate from high school.
- Schools must provide 1,050 instructional hours in grades K-6, and 1,137 instructional hours for grades 7-12.
- Wisconsin has extensive accreditation requirements. Schools that are new or new to a Parental Choice Program must be pre-accredited by August 1st of their first year of participation. This process requires schools to identify an accreditor and gain acceptance into their program. It is a fairly straightforward process that takes weeks to months depending on the accreditor. Once a school is admitted to a Parental Choice Program, it has three years to complete the full accreditation process. There is a statutorily prescribed list of acceptable accreditors. Also, many of the permissible accrediting agencies require teacher licensure, even though private school statutes do not.
- Schools must also pass a series of financial viability screens and secure a certificate of occupancy for their facility (if applicable) prior to participation, including board member affirmations and disclosures.

Summary: There are numerous statutory and regulatory controls on private schools that elect to participate in Parental Choice Programs. Some are minor and easily navigable, but some are more complicated and require private schools to adhere to policies and practices they otherwise would not elect to follow.

Schools entering a choice program for the first time must pay particular attention to the new school application, financial screening, and pre-accreditation procedures as many of the deadlines are earlier for newly formed schools than they are for existing schools entering a program for the first time.

Schools also need to follow closely the requirements to verify income and residency as improperly completed forms can result in delayed, withheld, or recalled payments.
**Human Capital:**

**Assessment:** Insufficient, but improving.

**Assets:**
- Unique partnerships exist across sectors to recruit and develop talent (including through cross-sector support organizations, Schools That Can Milwaukee and the Center for Urban Teaching).
- TFA is active in the region and will place corps members in private schools that accept voucher students.
- Multiple teacher and leader development programs work specifically with private school operators. These included: The Center for Urban Teaching, Alverno College, Mount Mary College, Concordia Lutheran, Milwaukee School of Engineering (MSOE) School Leadership/Woodrow Wilson Fellowship, to name a few.
- This is one of the most well developed human capital markets for private schools.
- Certification is not necessarily required.

**Considerations:**
- Schools of all types still list scarce talent as a significant barrier to growth.
- Accreditation requirement often translates into a need for licensed teachers, and Wisconsin does not have a robust set of licensure options, although progress has been made in this area in the last few legislative sessions.

**Summary:** Private schools are a part of the conversation around talent identification and development in a unique way in Wisconsin. While this has not solved the talent issue, it definitely creates many additional options and pathways that private schools do not have access to in other markets.

**Local Champions & Climate:**

**Assessment:** Strong and consistent.

**Assets:**
- Coordinated advocacy, including civic, political, and grassroots leadership.
- Multiple organizations (School Choice WI, American Federation for Children, Metropolitan Milwaukee Chamber of Commerce, Wisconsin Institute for Law and Liberty) are focused on shared objectives.
- Stable political support and leadership from elected officials.
- Well-funded political and issue advocacy capacities to pass, improve, and protect choice programs.
- The business community in Milwaukee remains strongly engaged with the Milwaukee program both for advocacy and philanthropic purposes.

**Considerations:**
- Advocacy is more operator focused than in many markets, but is not focused on growth of the private school market or entrant of new operators.
- Advocacy has been largely focused on the statewide program in recent years.
Summary: The school choice advocacy community is strong and reasonably well funded. 2-3 organizations lead all advocacy, political and community engagement for all four choice programs. Additionally, there are several allied civic organizations in Milwaukee that work to improve and protect the schools in that program. Choice opponents, traditional districts, teachers’ unions, etc. remain vocally opposed. While their power has waned in recent years, they still influence the local politics around these programs. Given the recent election of Democratic gubernatorial candidate, Tony Evers, current head of the Department of Public Instruction, which has historically been opposed to school choice, this will likely embolden private school choice opponents and could require new advocacy tactics and capacity. Advocates are poised to mobilize against any threats to the various state programs and are optimistic that continued legislative support will leave the programs protected.

Facilities:

Assessment: Not adequate to meet the needs of new entrants to the market, no major changes.

Assets:
- Legislation passed to make surplus district school facilities available to private (as well as charter) school operators in the City of Milwaukee.
- Lending and philanthropic community is accustomed to supporting school facility needs.
- Advocacy is aligned around solving the facilities shortage for charter and private schools in Milwaukee.
- IFF has invested in several Wisconsin projects.

Considerations:
- Facilities law has not been followed or enforced by City of Milwaukee officials.
- There is no public source of facilities funding, and any additional mechanism to move public money into private schools would likely be challenged in court.
- There is not adequate capital support for facilities in either the charter or private school market at this time.
- Local city politics is often more hostile to private school choice, and many facilities acquisition and zoning decisions are made at the city level.
- There is no facility solution being considered outside of the City of Milwaukee.

Summary: The work to achieve a facilities solution has been a centerpiece of the advocacy in support of the Milwaukee Parental Choice Program for the last five years. While legislation has been passed multiple times to make surplus Milwaukee Public Schools facilities available to charter and private school choice operators, it has never been followed by City officials nor enforced by the State.
There are not adequate facility options in the City of Milwaukee, either traditional school facilities or repurposed commercial properties. Moreover, when schools attempt to move into non-traditional properties they often face significant community and political resistance at the City level.

City zoning and land acquisition processes have limited the growth of several quality private school operators in the last several years. Since the statewide program is not currently set up to encourage new school growth, facilities availability is not an issue in these markets. The Racine market is not sufficiently saturated to create a facilities shortage at this time, however, all markets would likely benefit from additional financing options for private school facilities.