

WISCONSIN

Overall Market Rating: **Growth Ready**

Milwaukee and Racine support new school growth. While caps no longer remain a significant barrier to new schools opening outside of these markets, a limited enrollment window is a challenge. Schools must have clear plans for market entry. With a plan for pre-approval and/or sponsorship, student recruitment is easier and schools can open and receive public funding relatively efficiently.

Market Overview:

Wisconsin is home to three geographically distinct choice programs available to students in Milwaukee, Racine, and elsewhere in the state. Students living in the city of Milwaukee or the Racine Unified School District must apply to their region-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 level (FPL) to participate—yielding a large pool of eligible families in the two cities.

The Wisconsin Parental Choice Program, for students outside of Milwaukee and Racine, is the newest of the three programs, and is available to families up to 220% of FPL. While there are no statewide enrollment caps or funding limits, private school enrollment in any given district cannot exceed 6% of the surrounding district's enrollment in the 2021-22 school year. This cap increases by one percentage point each year for 10 years—after which it goes away—and has now reached a threshold where it is unlikely to be a barrier to growth in many communities. The statewide program is now well established and is growing significantly each year. While school or network growth strategy would still need to be localized, it is likely now feasible to create a new school to serve eligible students in some regions of the state outside Milwaukee and Racine.

The Special Needs Scholarship has been expanded, and students are now allowed to take the actual cost of their education, up to a maximum of \$12,723, to the private school of their choice. The legislature eliminated the requirement that a scholarship recipient attend a public school the year prior and be declined for open enrollment in another public school. There are no income eligibility limits or caps on the voucher program amount. Local advocates expect the number of schools serving these students to increase dramatically in the next three to five years.

Base funding is among the highest of all markets across the country, and there are no insurmountable regulatory barriers that prevent schools from opening and running autonomously. Milwaukee and Racine are highly competitive parent choice markets, with hundreds of private 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.

Demographic Analysis:

ENROLLMENT FIGURES BY SECTOR & CITY

Wisconsin (2019-20)	
Total Public School Enrollment (including Charter Schools)	830,066
K-12 Private School Enrollment	128,987
Charter School Enrollment	44,729

ELIGIBILITY BY PROGRAM

Program	% Eligible Students	Current Enrollment (2020-21)	Eligibility Requirements
Milwaukee Parental Choice Program	93% of Milwaukee families with children are income-eligible citywide	28,770 participating students 129 participating schools	<ul style="list-style-type: none"> Students must reside in Milwaukee. Household income at or below 300% of FPL (\$83,250 for a family of four); married couples are 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	54% of families with children are income-eligible districtwide	3,940 participating students 27 participating schools	<ul style="list-style-type: none"> Students must reside within 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, 1st or 9th grade, have attended public school the previous year, not attended any school the previous year, or participated in the RPCP the previous year.

Program	% Eligible Students	Current Enrollment (2021-2022)	Eligibility Requirements
Wisconsin Parental Choice Program	27% of families with children are income-eligible outside of Milwaukee or Racine	14,452 participating students 301 participating schools	<ul style="list-style-type: none"> Household income at or below 220% FPL. Students must be entering K, 1st or 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. Enrollment cannot exceed 6% of any individual school district's enrollment.
Private School Tuition Deduction	14% of students are eligible statewide	35,320 participating students (2019-20)	<ul style="list-style-type: none"> All Wisconsin taxpayers with private school students.
Special Needs Scholarship	13% of students are eligible statewide	1,757 participating students 134 participating schools	<ul style="list-style-type: none"> Participating students must have an active Individualized Education Plan (IEP). Students may continue participating in the program as long as they have an IEP and attend an eligible school until they turn 21 or graduate high school, whichever comes first.

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. Student recruitment is far less competitive and there is more room for new entrants to that market.

A limited two-month enrollment window between February and April strongly hinders new entrants to the statewide program. Schools serving low-income students have found that recruiting students the summer prior to opening and during the course of the school year are critical to meeting enrollment targets. However, a recent legislative change allows for an existing school to expand or sponsor a newly opened school without that new school having to go through the new school entry process. This sponsorship or partnership among schools could mitigate the challenges of new school registration and the limiting enrollment window.

Funding:

Assessment: Adequate and stable

Assets:

- Funding is constant, bifurcated to cover the increased costs of high school, and set in statute
- Funded directly by the state of Wisconsin
- Payments are made directly to schools 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 percent 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

WI PARENTAL CHOICE PROGRAMS (MILWAUKEE, RACINE, STATEWIDE)

Maximum	Average (2020-21)	Program Cap	Disbursement
\$8,300 (K–8) \$8,946 (9–12)	Milwaukee: \$8,478 Racine: \$8,458 Statewide: \$8,339	No funding caps	- Schools must verify eligibility requirements are met. - Schools receive quarterly payments based on two count dates (3 rd Friday in September and 2 nd Friday in January).

Trend: Annually, voucher payments increase by an amount equal to the dollar amount increase in general school aid to Wisconsin public schools. The student per-pupil has increased annually by roughly \$200/pupil.

PRIVATE SCHOOL TUITION DEDUCTION

Maximum	Average (2020-21)	Program Cap	Disbursement
\$4,000 per child (K-8) \$10,000 per child (9-12)	\$4,912	No funding cap	- Claimed on family tax returns

Trend: Funding is consistent.

SPECIAL NEEDS SCHOLARSHIP

Maximum	Average (2020-21)	Program Cap	Disbursement
\$12,431	\$12,851	No funding caps	- The department shall pay 25% of the total amount in September, November, February, and May

Trend: A growing number of schools have begun to access a high-cost provision of the Special Needs Scholarship Program which allows for reimbursement of high-cost students.

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 (from a statutorily approved list) and gain acceptance into its 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 accreditation process. Many of the permissible accrediting agencies require teacher licensure although private school statutes do not.
- Schools must also pass a series of financial viability screens, secure a certificate of occupancy for their facility (if applicable) and provide certain board-member affirmations and disclosures prior to participation.

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 such as the City Forward Collective and the Center for Urban Teaching).
- Teach for America 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 include: The Center for Urban Teaching, Alverno College, Mount Mary College, Concordia Lutheran, Milwaukee School of Engineering (MSOE) School Leadership/Woodrow Wilson Fellowship and others.
- Wisconsin 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 requirements often translate 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 has created 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 and is less focused on growth of the private school market or the entrance 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. A few organizations lead 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, including traditional districts and teachers' unions, remain vocally opposed. While their power has waned in recent years, they still influence the local politics around these programs. With a Democratic governor, Tony Evers (the former head of the Department of Public Instruction), private school choice opponents have been emboldened but have not managed to pass legislation harming the programs, given strong Republican support for the programs in the legislature. However, opportunities to strengthen or expand existing programs have been rebuffed by the governor.

Facilities:

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

Assets:

- Legislation was passed to make surplus district school facilities available to private (as well as charter) school operators in the city of Milwaukee.
- The lending and philanthropic communities are 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 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 several 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.

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 outlying 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.