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*The Institute for Wisconsin's Future*



A School District in Crisis:  
*An Analysis of the Impact of  
Budget Cuts on Schools in the  
Racine Unified School District*

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A Report by

**THE INSTITUTE FOR  
WISCONSIN'S FUTURE**

## EXECUTIVE SUMMARY

### Background

The Racine Public Schools face serious financial and educational problems due to repeated budget reductions. With 22,000 students, the Racine Unified School District is the third largest district in the state and educates a larger percentage of low-income students than any urban district in Wisconsin, except Milwaukee. At the same time, Racine spends less per pupil than most other districts in the state. Racine also taxes its citizens less than most other districts to finance public education. The district's school tax for 1998-99 fell to \$8.64 per \$1,000 of equalized property value, the lowest tax rate since 1961 when the district was unified and well below the state average tax rate of \$11.29 per \$1,000 of property value. Most importantly, the district fares poorly on measures of student participation and performance. Compared to nine similar urban school districts in Wisconsin, the Racine Public Schools have low attendance, high truancy and high dropout rates. The standardized test scores of its students are below the state average at all grade levels tested, and rank close to last among the comparable urban districts.

Revenue limits imposed by the state legislature in 1994, combined with a decline in student enrollment, increased the financial difficulties confronting the Racine schools. The district was forced to enact a series of budget reductions in recent years averaging \$1 million per year. The \$4.8 million budget reduction for the 1998-99 school year had a particularly adverse impact on the district. It has resulted in:

- 1) The loss of 73 teaching positions, mostly at the secondary level, and the consolidation of several alternative high school programs.
- 2) The closure of an elementary school and cuts in staffing for special education.
- 3) Larger class sizes in many core subjects in the secondary schools and reduced services for special needs students.
- 4) Reductions in the budgets for extracurricular sports and non-sport activities.
- 5) Cuts in the capital improvement budget that led to reduced building maintenance and greater reliance on external funding for additional computer resources.

### Research Overview

To assess the impact of the recent budget cuts on individual schools, the Institute for Wisconsin's Future conducted a survey of Racine school principals in November, 1998. Of the 32 principals contacted, 30 (94%) completed the questionnaires. Their responses provided information on the effect of the budget cuts on instructional programs and services at 20 elementary, five middle, and five high schools.

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## Findings

Most schools had already cut their programs and services during prior budget reductions. However, the \$4.8 million cutback in 1998-99 caused substantial reductions in teaching and service staff as well as additional program cuts, especially in secondary schools. Of the 30 schools responding:

- 17 (57%) had reduced staffing levels
- 12 (40%) had fewer classroom teachers
- 10 (33%) reported increases in class size
- 20 (67%) had cut back programs in two or more areas.

The program areas most impacted were: services for at-risk students (47%); staff development and training (47%); music, art and theatre (43%); library and media centers (40%); and physical education (33%).

In addition, the survey asked principals to anticipate the severity of the impact upon their schools if an additional \$3 million is cut from the operating budget for the 1999-2000 school year. A large majority of the principals stated that the anticipated cuts would have a moderate to severe negative impact on virtually every aspect of their school's operation:

- 73% reported that this additional budget cut would have a significant impact upon school programs and services.
- 70% predicted a negative impact on equipment, material, and supply purchases.
- 67% foresaw problems in building maintenance and construction.
- 63% foresaw additional cuts in school staffing levels.

## Conclusion

The Racine Public Schools face a daunting challenge. The district has a high percentage of disadvantaged students, ranks poorly in measures of student participation and performance and spends less per pupil than most Wisconsin school districts. Since 1992, Racine has been forced to adjust to repeated and severe budget cuts. The \$4.8 million reduction in the 1998-99 school budget was the largest cut to date. It forced the district to eliminate 73 teaching positions, reduce academic programs, curtail at-risk interventions and extracurricular activities, and delay needed textbook purchases and building maintenance.

The survey of Racine principals found that the recent budget cuts had a disproportionate impact upon the district's secondary schools which have experienced increases in class size and reductions in services for at-risk students, those most in need of additional assistance. The survey also indicates that the history of budget reductions has affected all major aspects of school operations leaving little capacity to absorb additional budget cuts. Most principals anticipate problems in every area of school operations if \$3 million is cut from the 1999-2000 budget. Principals see further budget cuts having an immediate and negative impact upon staffing levels, instructional programs and maintenance of school facilities. The Racine school system, already struggling to cope with the effects of previous budget cuts over the past five years, will face serious financial crisis if forced to undergo additional reductions.

## INTRODUCTION

Like many school districts in Wisconsin, the Racine Unified School District faces a financial crisis. The imposition of statewide revenue limits in 1994-95, combined with a decline in the district's student membership, have forced the district to enact a series of budget reductions in order to bring expenditures in line with slower revenue growth. The district budget was cut by \$4.8 million for the 1998-99 school year alone, and the district faces an additional \$3 million budget reduction if it is to stay within the revenue limits for the coming school year. As a result, programs have been dismantled, class size has increased, and support services and staff development have been curtailed.

This past fall the Racine Interfaith Coalition commissioned the Institute for Wisconsin's Future (IWF) to conduct a survey of school principals to determine what effect the 1998-99 budget reduction has had upon the district's schools. This report presents some background information on the Racine public schools and the challenges they face. It also describes the recent \$4.8 million budget reduction and the specific cutbacks that were made. Finally, this report summarizes the findings of a recent IWF survey of Racine school principals. Their responses to that survey shed light on how the recent budget reduction is affecting the programs and services of individual schools.

## BACKGROUND

The Racine Unified School District is the third largest district in the state, with an enrollment of approximately 22,000 students. According to a recent study by the Public Policy Forum, the district educates a larger proportion of low-income and minority children than any other urban district except Milwaukee. Nearly 37% of the student population is minority, and 40% qualify for free or reduced price lunch.<sup>1</sup> The relatively large proportion of students from low-income families inevitably imposes higher instructional costs upon a district in which the average property value per student is below the state average.

The cost of educating students in an urban district with a large proportion of low-income families is high, yet Racine ranks below the state average in terms of per pupil spending. The district's total per pupil expenditures for the 1996-97 school year amounted to \$7,760, compared to an average expenditure of \$8,732 for the state as a whole. The Racine Public Schools also fall below the state average in spending on instruction, support services, and administration.<sup>2</sup> This below-average spending level cannot be explained solely in terms of the city's relatively low property value. It also reflects a limited educational effort. Racine taxes its citizens less than most other districts to finance

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public education. The district's school tax rate was 9.55 mills (i.e., \$9.55 per \$1,000 of equalized property value) for the 1997-98 school year, well below the state average of 11.30. The district's tax rate decreased further to 8.64 mills for the current school year, while the state average remained nearly constant at 11.29 mills. Because property values per pupil are low, and because the district serves a large proportion of low-income students, state and federal aids account for a relatively large share of the district's per pupil expenditures. For the 1996-97 school year, less than 32% of the district's total operating revenue was generated locally (i.e., through property taxes).<sup>3</sup> State and federal aid accounted for more than two-thirds of the revenue total.

The problems confronting the Racine Public Schools help to explain the district's comparatively low rank on measures of student participation, discipline, and performance. Compared to Wisconsin's nine other urban school districts with enrollments between 10,000 and 26,000 students:

- The Racine Public Schools have the lowest attendance rate, and high truancy and dropout rates. During the 1996-97 school year, the attendance rate was 91.7%, more than 2.5 percentage points below the state average and lowest among the ten comparison districts. The rate of habitual truancy (i.e., unexcused absences for five consecutive days or for ten days a semester) was 13.1%, more than double the state average and higher than the truancy rate in all but one of the comparison districts. Finally, the high school dropout rate was 8.4%, by far the highest among the ten urban districts.
- The Racine schools have very strict disciplinary policies. The rates for student retention (in grade) and suspension during the 1996-97 school year were among the highest of the ten comparable urban districts, and the expulsion rate was far greater than that of any district in Wisconsin.
- The Racine schools rank low on measures of student performance. The average standardized test scores of Racine's 3<sup>rd</sup>, 4<sup>th</sup>, and 8<sup>th</sup> grade students were below the state average and ranked last among the ten comparison districts. The scores of the district's 10<sup>th</sup> graders ranked next to last.<sup>4</sup>

The challenges facing the Racine schools clearly predate the recent budget shortfalls. A large proportion of the student population is from low-income families, and educating disadvantaged students inevitably imposes higher costs upon school districts. Yet the level of per pupil spending is comparatively low. The imposition of revenue limits in 1994 and increased state aid have reduced the school tax levy to its lowest rate since 1961, when the district was unified. But the revenue limits, combined with a small decline in student enrollment, have also reduced revenue growth. Faced with the need to bring rising expenditures in line with revenues, the district has been forced to enact a series of budget reductions in recent years. It is unlikely that the district can maintain, let alone improve, the quality of instruction at the same time that it is forced to make substantial cuts in staffing and programs.

## RECENT BUDGET CUTS

The \$4.8 million budget reduction for the 1998-99 school year is the largest and most recent of a series of budget cutbacks that began in 1991-92. For the past eight years, the Racine Unified School District has been forced to curtail or eliminate programs and services each year in order to keep expenditures in balance with revenues. These budget reductions have averaged more than \$1 million a year and have had a negative impact on a wide range of instructional programs and services.<sup>5</sup>

The \$4.8 million reduction in the current school year budget has had a particularly adverse effect upon the district. It has resulted in the loss of 73 teaching positions. Most of the staffing cuts were at the secondary level and included 40 classroom teachers and nine reading teachers offering courses primarily to upper-level students. This decrease in the number of teaching positions means that pupil-teacher ratios and class sizes have increased. In some core subject areas, the increase in class size at individual schools has been substantial. For example, the 7<sup>th</sup> grade math classes at McKinley Middle School averaged 21.9 students last year and 28.5 students this year, and the second year algebra classes at Park High School increased from an average of 21.2 students last year to 26.3 students this year.<sup>6</sup> A number of staff positions were also eliminated when three alternative programs for high school students were consolidated. The loss of reading teachers and the consolidation of the three alternative high school programs has forced the district to cutback on the services provided to many students with special learning needs. Staff reductions at the elementary level resulted primarily from the closure of the Caddy Vista School and the loss of several positions for special education teachers.

Because salaries and benefits account for 82% of the district's operating costs, the impact of any large budget reduction will be felt primarily through the loss of staff positions. However, the recent budget cutback affected more than staffing levels. It included a 5% reduction in the overall activity budget, which may curtail some extra-curricular sports and other activities. It caused the district to defer payments on textbooks, to reduce its capital improvement budget, and to rely more on external funding for additional computer resources. The immediate effects of these cutbacks upon instructional programs and services are difficult to separate from the cumulative impact of previous budget reductions. One thing is clear, however. The recent budget shortfall has contributed to the deteriorating financial and educational situation of the Racine Public Schools.

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## SURVEY METHODOLOGY

To obtain information on the impact of the 1998-99 budget reduction on individual schools, a questionnaire was mailed to the principals of the Racine Public Schools in early November 1998. The survey consisted of a series of questions on the impact of the budget cuts on specific programs and services, on equipment and supply purchases, and on building maintenance and construction. There were also questions on the impact of the cutbacks on staffing levels and school personnel. Finally, each principal was asked to assess the severity of the impact in each of these areas if the district budget is cut by an additional \$3 million for the 1999-2000 school year, as anticipated. Those wishing to self-administer the survey and return it by mail were encouraged to do so. Most of the respondents were mailed the survey and then contacted by a staff person from the Institute for Wisconsin's Future, and the interviews were conducted by telephone.

Of the 32 principals contacted, 30 (94%) completed the questionnaires. Their responses provided information on 20 elementary, five middle, and five high school programs (See Appendix). The information on the Walden School, which is a combined middle and high school program, was included among the high school programs, as were the responses for the Mack Achievement Center. The responses of the school principals to many of the survey questions are summarized in the tables below.

## SURVEY FINDINGS

### Staff Reductions

Many of the problems that the principals attributed to the 1998-99 budget cuts (e.g., deteriorating physical facilities) reflect the cumulative impact of the budget reductions over the past decade. Although it is sometimes difficult to distinguish between the immediate and the cumulative effects of funding cuts, the principals' assessment of how the 1998-99 budget reduction has affected staffing and school programs is consistent with the actual budget cuts described above.

**Table 1: Number (Percent) of Schools Reporting Fewer Staff and Teachers, Increased Class Size, and Program Cutbacks, in 1998-99**

|                                       | All Schools<br>(n = 30) | Elementary<br>(n = 20) | Secondary<br>(n = 10) |
|---------------------------------------|-------------------------|------------------------|-----------------------|
| Decrease in Staff                     | 17 (57%)                | 8 (40%)                | 9 (90%)               |
| Decrease in Teachers                  | 12 (40%)                | 4 (20%)                | 8 (80%)               |
| Increase in Class Size                | 10 (33%)                | 3 (15%)                | 7 (70%)               |
| Program Cutbacks<br>(2 or more areas) | 20 (67%)                | 10 (50%)               | 10 (100%)             |

As we might expect, the reported impact of the 1998-99 budget reduction upon school staffing levels and average class size was much greater for secondary than for elementary schools. The figures in Table 1 show that 8 of the 20 elementary schools (40%) experienced a reduction in overall staffing and four elementary schools (20%) reported having fewer classroom teachers. In contrast, all of the middle schools reported a decrease in both the number of staff and the number of classroom teachers. Similarly, four high schools (80%) saw the number of staff decrease and three high school programs (60%) had fewer teachers than they had last year.

### **Class Size**

Increases in average class size can result from enrollment increases as well as from reductions in the number of teachers. Although most principals did not report changes in enrollment for their schools, they did report changes in average class size. The figures shown in Table 1 indicate that the loss of teaching positions for the current school year is resulting in larger average class sizes, especially at the secondary level. Only 3 of 20 (15%) elementary schools reported an increase in average class size, compared to 3 of 5 (60%) middle schools and 4 of 5 (80%) high schools. The differing impact of the recent budget cuts on staffing and class size at the elementary and secondary levels helps to explain why secondary school principals give a far more negative assessment of the effect of the budget cuts on programs and services.

### **Program Impacts**

The principals were asked whether the recent budget cut had a negative effect upon specific program and service areas. These program areas included: services for at-risk students; programs for gifted/talented students; foreign languages; music, art and theater; physical education; extra-curricular sports and nonsport activities; English as a Second Language (ESL) programs; guidance and social services; and staff development. As the bottom row in Table 1 shows, secondary school principals were far more likely to report a negative impact in two or more program areas as a result of the 1998-99 budget cut. All of the secondary school principals, compared to only half of the elementary school principals, reported negative impacts in two or more program areas.

The survey also found differences in the kind of program cutbacks most frequently mentioned. The figures in Table 2 indicate that the programs most frequently reported to have been cutback or eliminated at the elementary level were staff development (50%), music, art and theater (35%), and library/media centers (30%). The most frequently mentioned cutbacks at the secondary level included services for at-risk students (90%) and physical education programs (60%), as well as music, art and theater (60%) and library/media centers (60%). Many of the program areas mentioned have been negatively affected by the series of budget reductions that began during the 1991-92 school year, and not just by the most recent cutback. However, the greater frequency with which the secondary school principals reported specific program impacts, and the fact that they often linked these program impacts to staff reductions, indicate that the 1998-99 budget cut had an immediate and negative effect upon instructional programs and services.

**Table 2: Number (Percent) of Schools Reporting Cutbacks in Specific Program Areas as a Result of the 1998-99 Budget Reduction**

|                             | All Schools<br>(n=30) | Elementary<br>(n=20) | Secondary<br>(n=10) |
|-----------------------------|-----------------------|----------------------|---------------------|
| At-Risk Student Services    | 14 (47%)              | 5 (25%)              | 9 (90%)             |
| Staff Development           | 14 (47%)              | 10 (50%)             | 4 (40%)             |
| Music, Art, Theater         | 13 (43%)              | 7 (35%)              | 6 (60%)             |
| Library/Media Center        | 12 (40%)              | 6 (30%)              | 6 (60%)             |
| Physical Education          | 10 (33%)              | 4 (20%)              | 6 (60%)             |
| ESL Programs                | 8 (27%)               | 5 (25%)              | 3 (30%)             |
| Guidance/Social Services    | 6 (20%)               | 3 (15%)              | 3 (30%)             |
| Gifted/Talented Program     | 5 (17%)               | 1 (5%)               | 4 (40%)             |
| Foreign Languages           | 5 (17%)               | 2 (10%)              | 3 (30%)             |
| Extra-Curricular Activities | 3 (10%)               | 1 (5%)               | 2 (20%)             |

Most of the principals (60%) also reported cutbacks in purchases of equipment, materials, and supplies, and nearly half (47%) mentioned problems resulting from inadequate building maintenance and construction. These problems reflect the tight budget situation that has prevailed for some years, and are less likely to be the immediate consequence of the most recent budget reduction.

**The Impact of Additional Cutbacks**

Finally, the survey asked principals to anticipate the severity of the impact upon their schools if an additional \$3 million is cut from the operating budget for the 1999-2000 school year. Well over half of all principals reported that this additional budget cut would have a moderate or severe impact upon school programs and services, upon equipment, material, and supply purchases, upon building maintenance budgets, and upon school staff.

**Table 3: Number (Percent) of Schools Anticipating a Moderate or Severe Impact from an Additional \$3 Million Reduction in the Budget for 1999-2000**

|                                | All Schools<br>(n=30) | Elementary<br>(n=20) | Secondary<br>(n=10) |
|--------------------------------|-----------------------|----------------------|---------------------|
| Programs and Services          | 22 (73%)              | 13 (65%)             | 9 (90%)             |
| Equipment, Materials, Supplies | 21 (70%)              | 13 (65%)             | 8 (80%)             |
| Maintenance/Construction       | 20 (67%)              | 13 (65%)             | 7 (70%)             |
| School Personnel               | 19 (63%)              | 11 (55%)             | 8 (80%)             |

## CONCLUSIONS

The Racine Public Schools face a daunting challenge. The district includes a high percentage of disadvantaged students, and it ranks low on measures of student participation and performance. It also spends less per pupil than most Wisconsin school districts. In recent years it has had to adjust to very limited revenue growth, forcing it to repeatedly impose budget cuts. The 1998-99 budget reduction was the largest to date. It forced the district to eliminate 73 teaching positions, to consolidate alternative programs for at-risk students, and to reduce funding for extra-curricular activities, textbook purchases, and building maintenance.

The recent budget cuts had a disproportionate impact upon the district's secondary schools. The survey found that secondary school principals were much more likely to report programs being curtailed or eliminated in a number of areas. They were much more likely to report reduced services for at-risk students. Since these are the students most in need of additional assistance, this finding alone is troubling.

Unfortunately, the survey also reveals that the history of budget reductions has affected virtually every aspect of school operation, and that there is little capacity to absorb additional budget cuts. A clear majority of principals at both the elementary and secondary levels anticipate moderate or severe problems in every area of school operation if next year's budget is reduced as anticipated. In the opinion of the district's principals, that budget reduction will likely have immediate and negative impacts upon both the instructional programs and the physical maintenance of the public schools.

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## APPENDIX

### Schools Responding to Survey

*Elementary:* Fine Arts

Fratt

Garfield

Giese

Gifford

Goodland

Janes

Jefferson Lighthouse

Jerstad-Algerholm

Johnson

Jones

Knapp

Mitchell

North Park

O. Brown

Red Apple

Schulte

Wadewitz

Wind Point

Winslow

*Secondary:* Case High School

Gilmore Middle School

Horlick High School

Jerstad-Algerholm Middle School

Mack Achievement Center

McKinley Middle School

Mitchell Middle School

Park High School

Starbuck Middle School

Walden III

## ENDNOTES

<sup>1</sup> Public Policy Forum, "A Comparative Analysis of Racine Public Schools," August 1998, p. 7.

<sup>2</sup> Ibid., p. 8 and Table 3.

<sup>3</sup> Wisconsin Taxpayers Alliance, SchoolFacts98, 1998.

<sup>4</sup> Public Policy Forum, op. cit., p. 9 and Table 2.

<sup>5</sup> The information presented here on the size and composition of recent budget cuts is from Dennis McGoldrick, Superintendent of Schools, memo to the Ad Hoc Referendum Committee, Racine Unified School District, November 16, 1998.

<sup>6</sup> "Class Size as Determined by the Number of First Quarter Grades Issued," Research Department Memorandum, Racine Unified School District, December 8, 1998.