**Fiscal Facts: Uncertainty ahead for school finances in the face of COVID-19**

Wisconsin school districts face extraordinary uncertainty in drafting next year’s budgets amid the COVID-19 pandemic. Key questions include whether and how schools will open this fall and whether the drop in state tax collections will mean a cut in state school aids.

Any impact to state aid could hit districts particularly hard given that they rely on state assistance more than other local governments in Wisconsin. Districts here also depend more on state aid and less on property taxes and other local revenues than districts nationally. U.S. Census Bureau data shows state payments make up 53% of the total revenues for Wisconsin districts, compared to just 47.1% for districts in the country as a whole.

This comes as districts are taking on added costs for computers, virtual learning platforms, software licenses and other technology, and old-fashioned copier costs as they seek to provide students with what they need to learn at home and online. Some schools have also had to spend money to ensure hotspots or other forms of internet access are available to students living in poverty or in regions where it is not available. High-poverty districts may also be incurring unanticipated and unreimbursed costs to provide meals to students and their families during school shutdowns.

In one bright spot, the most recent available statewide data from the Wisconsin Department of Public Instruction shows that as of June 30, 2018, the state’s 421 districts had $1.78 billion in total instructional fund balances that were unassigned, or not restricted or set aside for specific purposes. This amounted to 17% of the $10.48 billion in spending out of these funds by districts statewide during the 2017-18 school year.

However, these fund balances should not be seen as cash resting in place in districts’ bank accounts. They represent assets minus liabilities at a given point in time and many districts will see lower balances at other points in the year such as the fall.

Finally, it’s important to note these balances represent a one-time source of funds. By their nature, they cannot offset an ongoing loss in revenue or increase in costs.

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