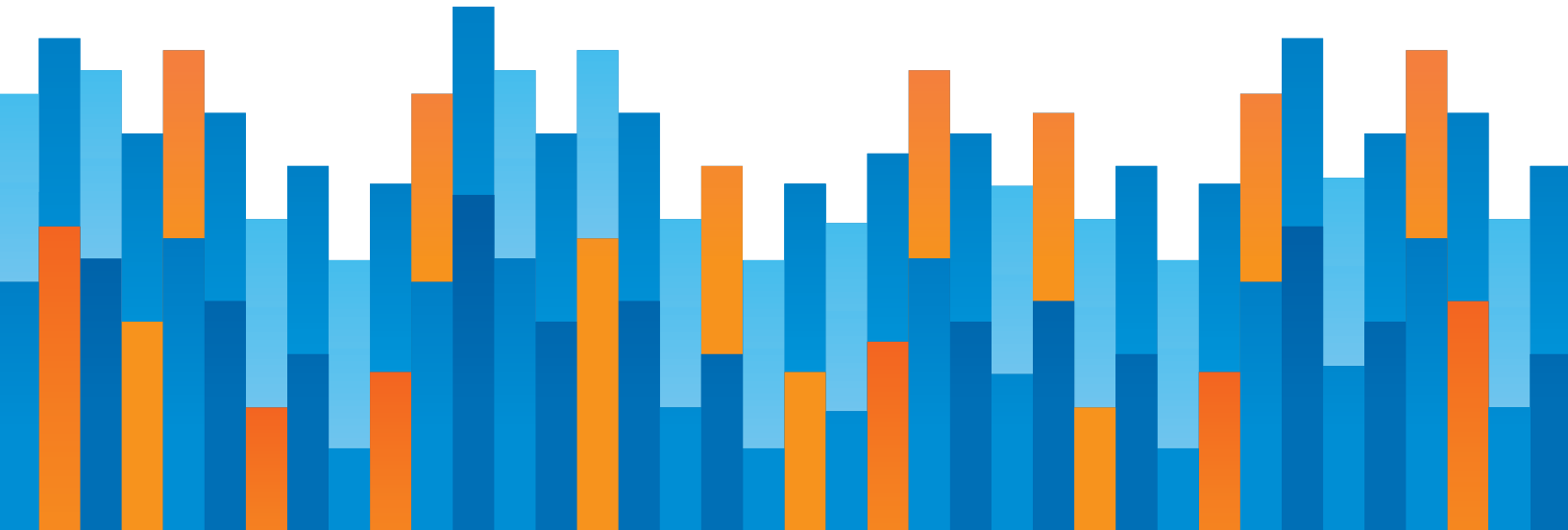
reason FOUNDATION

K-12 OPEN ENROLLMENT IN WISCONSIN: KEY LESSONS FOR OTHER STATES

by Will Flanders
Project Director: Aaron Garth Smith

February 2023



Reason Foundation's mission is to advance a free society by developing, applying, and promoting libertarian principles, including individual liberty, free markets, and the rule of law. We use journalism and public policy research to influence the frameworks and actions of policymakers, journalists, and opinion leaders.

Reason Foundation's nonpartisan public policy research promotes choice, competition, and a dynamic market economy as the foundation for human dignity and progress. Reason produces rigorous, peer-reviewed research and directly engages the policy process, seeking strategies that emphasize cooperation, flexibility, local knowledge, and results. Through practical and innovative approaches to complex problems, Reason seeks to change the way people think about issues, and promote policies that allow and encourage individuals and voluntary institutions to flourish.

EXECUTIVE SUMMARY

In recent years, providing families with more educational options has become an important policy for state legislatures around the nation. But while learning pods, charter schools, and education savings accounts dominate the discussion, cross-district open enrollment as a form of school choice shouldn't be overlooked. Wisconsin provides a best practices model for states looking to improve their student transfer policies.

This study provides evidence that many of the measures incorporated in Wisconsin's system have been effective and have helped to make it the largest single school choice program in the state.

Among the key findings of this report:

#1 Increasing the window for program entry increases participation. Open enrollment jumped nearly 20% in one year when Wisconsin opened an alternative application procedure outside of the normal time frame.

#2 Students move to districts with better academics. Districts with better outcomes on state tests tend to gain more students in open enrollment, while districts that perform poorly tend to lose more students.

#3 "Donor" districts initially improve. Districts that lost students to open enrollment initially improved on state tests, although these effects dissipated over time.

#4 Increases in the transfer funding amount are correlated with greater district participation. As the amount of funding transferred to the receiving district has increased over time, districts have taken in more students through the program.

Policymakers in other states have much to learn from Wisconsin's open enrollment program. Specifically, its statewide funding amount, differentiated funding for students with disabilities, and robust transparency requirements have encouraged school district participation and increased educational opportunities for families, with more than 70,000 students now participating.

TABLE OF CONTENTS

PART 1

INTRODUCTION

The COVID-19 pandemic has seen more and more families seeking alternatives to assigned public schools. Many educational options—from private school choice to learning pods—have seen substantial increases in use over the past few years. One extremely popular, though often overlooked, form of school choice is public school open enrollment. Most states allow cross-district open enrollment—a policy that allows students to enroll in schools outside of their assigned school districts—but only nine have policies that are deferential to families. The rest give school districts broad discretion, allowing them to reject transfer requests for arbitrary reasons even if they have available seats.[1] Policymakers looking to expand access to educational options should focus on strong and effective open enrollment policies.

Open enrollment can serve the changing demographics within the United States well. In many parts of the country, public school enrollment is declining substantially.[2] While high-performing suburban school districts evaded this trend for a while, these districts are beginning to experience a shortage of students like their rural counterparts.[3] Suburban districts suffering from declining enrollment will likely be more receptive to accepting

1 Jude Schwalbach, "Public Schools Without Boundaries: Ranking Every State's K-12 Open Enrollment Policies," Reason Foundation, 2022. https://reason.org/policy-brief/public-schools-without-boundaries-a-50-state-ranking-of-k-12-open-enrollment/ (20 Dec 2022).

2 "Census Bureau Data Reveal Decline in School Enrollment," Census Bureau, *www.census.gov,* 21 Oct 2021. https://www.census.gov/newsroom/press-releases/2021/decline-school-enrollment.html#:~:text=Census%20Bureau%20Data%20Reveal%20Decline%20in%20School%20Enrollment,and%20Secondary%20Enrollment%20...%203%20College%20Enrollment%20 (2 Nov 2022).

3 Matt Ladner, "A Bright Future for Open Enrollment," Fordham Institute, 2021. https://fordhaminstitute.org/national/commentary/bright-future-open-enrollment (2 Nov 2022).

students from other districts than they have been in the past, and state policymakers should work to cultivate that interest.

> *Suburban districts suffering from declining enrollment will likely be more receptive to accepting students from other districts than they have been in the past, and state policymakers should work to cultivate that interest.*

Wisconsin provides a model for successfully implementing an effective open enrollment program. Although it has room for improvement, its relative openness, high transfer funding amount, and provisions for students with special needs have made it into Wisconsin's largest school choice program.

This analysis examines how open enrollment works in Wisconsin and uses comprehensive data to assess how open enrollment can provide educational options for students and help forge improvement through market forces. It then gives policymakers recommendations on keys to replicating Wisconsin's successful program in other parts of the nation.

PART 2

HISTORY OF OPEN ENROLLMENT IN WISCONSIN

Open enrollment began in Wisconsin in the 1998-1999 school year,[4] about a decade after the first open enrollment programs in the nation began in 1988 in Minnesota.[5] The program enjoyed bipartisan support at the time of its passage.[6]

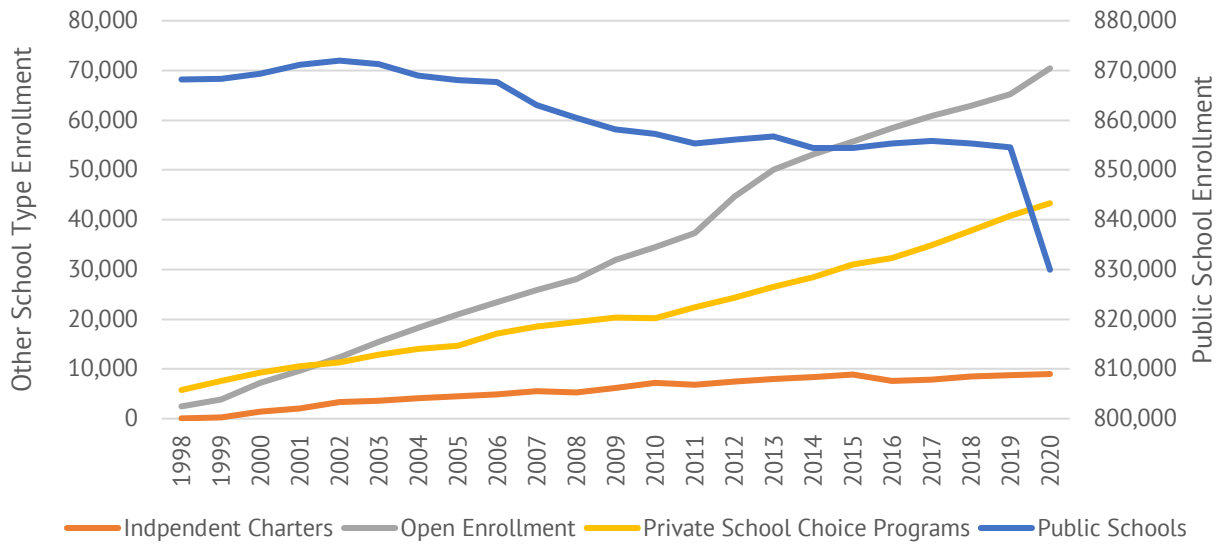
The program has grown continually since its inception, going from 2,500 participants in 1997-1998 to more than 70,000 in 2020-2021. In total, it's used by about 8.5% of all public school students in the state, making it Wisconsin's largest school choice program. Figure 1 compares open enrollment growth with public school enrollment, charter school enrollment, and private school choice participation. Interestingly, open enrollment has continued to grow even as traditional public school enrollment has been on a steady decline.

4 Russ Kava, "Open Enrollment Program," Wisconsin Legislative Fiscal Bureau, Jan 2021, 1.

5 Marga Torrence Mikulecky, *Open Enrollment is on the Menu—But Can you Order It?* (Denver: Education Commission of the States, June 2013). 2.

6 Act 27," Wisconsin State Legislature, *legis.wisconsin.gov*, October 13, 1997. https://docs.legis.wisconsin.gov/1997/related/acts/27(1 May 2022)

FIGURE 1: TOTAL OPEN ENROLLMENT BY YEAR, WISCONSIN



NOTE: In this graph, public school enrollment has its own scale on the right y axis.
Source: Wisconsin Department of Public Instruction

Notice that in 2011-2012, open enrollment participation stood at 37,332 participants but jumped to 44,678 in 2012-2013—a one-year increase of nearly 20%. This spike was likely related to the introduction of an alternative application procedure that allowed some students to apply to the program outside of the open enrollment window. This is discussed in more detail in the "How It Works in Wisconsin" section of this study.

PART 3

NATIONAL FINDINGS ON OPEN ENROLLMENT

Cross-district open enrollment hasn't been studied to the same extent as other school choice policies, such as charter schools and vouchers. However, a few important pieces of research are worth noting. A 2011 analysis examined the correlates of open enrollment in Minnesota and Colorado, finding that student achievement was the major driver of students' decisions to open enroll, with distance between school options playing a key role in limiting the decision to change schools.[7] Research on Michigan's policy sheds light on which students are most likely to take advantage of open enrollment programs, finding that minority students and those from low-income backgrounds who are also low-achieving on the state's exams are more likely to participate.[8]

7 Deven Carlson, Lesley Lavery, and John Witte, "The Determinants of Interdistrict Open Enrollment Flows: Evidence from Two States," *Educational Evaluation and Policy Analysis* 33 (2011). 76-94.

8 Joshua Cowen and Benjamin Creed, "Public School Choice and Student Achievement: Evidence From Michigan's Interdistrict Open Enrollment System," *AERA Open* 3 (2017). 1-12.

Despite cross-district open enrollment involving more challenging students in general, much evidence points to positive academic results. A 2021 analysis by California's Legislative Analyst Office found that students who access the program were provided with opportunities they might not have in their home district, such as college preparatory classes or additional foreign languages. Similarly, a 2018 study of Colorado's open enrollment students found modest achievement gains that were only maintained if the student remained enrolled in the new school district.[9]

Despite cross-district open enrollment involving more challenging students in general, much evidence points to positive academic results.

It's also important to consider the effects on districts that are losing student enrollment to cross-district open enrollment. Research on the effects of open enrollment on "donor" districts is limited, but the aforementioned California study found that these districts often diversified their course offerings, likely due to increased competition. Studies of other school choice programs can also provide valuable insight, with the vast majority showing a positive relationship to public school performance. According to a 2016 analysis only one of 33 studies that have addressed this question has found no effect or a negative effect.[10] Similarly, a 2022 analysis of charter schools considered 11 studies in this area, identifying none with consistently negative and three with consistently positive effects.[11] The majority of studies here found no relationship.

9 Gabriel Petek, "Follow-up Evaluation of the District of Choice Program," California Legislative Analyst's Office, Feb 2021. 1.

10 Greg Forster, "*A Win Win Solution: The Empirical Evidence on School Choice*," EdChoice, 2016. http://www.edchoice.org/wp-content/uploads/2016/05/A-Win-Win-Solution-The-Empirical-Evidence-on-School-Choice.pdf (5 Nov 2022).

11 Brian Gill, "The Effect of Charter Schools on Students in Traditional Public Schools: A Review of the Evidence," *Education Next 22* (2016). https://www.educationnext.org/the-effect-of-charter-schools-on-students-in-traditional-public-schools-a-review-of-the-evidence/ (5 Nov 2022).

Of course, access to better academics may not be the only reason students choose to take advantage of open enrollment programs. Other factors, such as school safety, friend relationships, or opportunities for clubs or sports may also be critical.

Of course, access to better academics may not be the only reason students choose to take advantage of open enrollment programs. Other factors, such as school safety, friend relationships, or opportunities for clubs or sports may also be critical.

Open enrollment is also important given declining enrollment in many states. According to National Center on Education Statistics data, public school enrollments around the nation are expected to decline by more than 2.5 million by 2030.[12] The reality is that words that were once anathema to policymakers, such as "district consolidation," will have to be on the table.

[12] Matt Ladner, "Honey We Shrunk the Schools!," *ReImageinEd,* 2022. https://www.reimaginedonline.org/2022/08/honey-we-shrunk-the-schools/ (7 Aug 2022).

PART 4

HOW OPEN ENROLLMENT WORKS IN WISCONSIN

Every school year, school districts are required to set, and publicize, the number of seats they are making available for open enrollment students. In addition to considering things such as student-teacher ratios and building capacities, school districts can evaluate transfer applicants based on their discipline history and truancy, and whether the district can meet the needs of students.

Students around the state may apply to access these available seats, but can only submit applications to up to three school districts. If the number of applicants exceeds capacity, districts are required to use a random, lottery-like process to select enrollees. Wisconsin also offers an alternative application procedure for eligible students that runs from February to April of the school year preceding enrollment. Eligible students include victims of violent crimes, those who are being bullied, and students who have recently moved from another state. In the 2019-2020 school year, more than 11,000 students took advantage of this alternative procedure and transferred to new districts.[13]

[13] Kava, "Open Enrollment Program." 1.

A key component of an effective open enrollment policy is having the right financial incentives in place. In Wisconsin, the home district counts the open enrollment student for determining both state aid and allowable local property taxes. Then the state deducts a specified amount of state aid from the home district and credits this same amount to the receiving district. Table 1 shows how the amount of aid transferred has changed over time.[14] In 2013, this aid amount was adjusted to include an increase every year if certain other aid to public schools is increased as well.[15]

TABLE 1: OPEN ENROLLMENT TRANSFER AMOUNT OVER TIME

School Year	Transfer Amount/Special Needs Transfer When Applicable	Inflation Adjusted
1998-1999	$4,543	$7,226
2000-2001	$4,828	$7,262
2002-2003	$5,059	$7,276
2004-2005	$5,496	$7,538
2006-2007	$5,845	$7,450
2008-2009	$6,225	$7,385
2010-2011	$6,665	$7,935
2011-2012	$6,867	$7,879
2012-2013	$6,335	$7,147
2014-2015	$6,635	$7,250
2016-2017	$6,748/$12,000	$7,282/$12,950
2018-2019	$7,379/$12,431	$7,606/$12,814
2019-2020	$7,771/12,723	$7,872/$12,889
2020-2021	$8,125/$12,977	$8,125/$12,977

Source: "2021 Informational Papers: Open Enrollment Program," Wisconsin Legislative Fiscal Bureau

The amount transferred has increased over time, in both raw and inflation-adjusted dollars.[16] Importantly, policymakers added additional funding for students with disabilities in the 2016 school year. Prior to this, many open enrollment students were denied access to the program, ostensibly due to the cost of serving them. This led to a lawsuit from the

14 Ibid.

15 According to the Wisconsin Legislative Fiscal Bureau Memo on Open Enrollment cited elsewhere in this study, "*the per pupil transfer amount is equal to the sum of the transfer amount in the previous year plus the per pupil revenue limit adjustment for the current year, if positive, plus the change in the amount of statewide categorical aid per pupil between the previous year and the current year, if positive.*"

16 Inflation adjustment calculated using the Bureau of Labor Statistics CPI Inflation Calculator comparing the value in August of each year to the value in August of 2020. https://www.bls.gov/data/inflation_calculator.htm

Wisconsin Institute for Law & Liberty, arguing that these denials were discriminatory, and an eventual change in state law increasing funding for students with disabilities.[17]

Since that time school districts have automatically received extra funding for a child with an Individualized Educational Plan (IEP) that is several thousand dollars per student above the normal transfer amount.[18] School districts can also apply to the Department of Public Instruction for reimbursement after a student's first school year if the actual costs of serving them exceeds this amount up to $30,000. This additional cost is then reduced from the home district's state aid.

In Wisconsin, the average public school district receives $13,749 in state and local aid, and no district receives less than $10,000 per student.[19] Since the transfer amount is less than the per-pupil allotment for school districts, the home district pockets the difference. On average, this results in a $5,624 ($13,749-$8,125) windfall per student for the home district, and even the lowest funded districts retain more than $1,800 per transferring student. Districts are not allowed to charge any tuition over this amount—the state-set transfer must be taken as the full cost of attendance and parents cannot be charged.

In general, it's best for education dollars to follow the child. Here the practice creates a "win-win" to some extent for both the home and receiving district that might help increase participation in the program.

In general, it's best for education dollars to follow the child. Here the practice creates a "win-win" to some extent for both the home and receiving district that might help increase participation in the program. As a result, the home district receives a portion of the funds for the student even though they are no longer attending school in the district. Meanwhile,

17 "WILL Asks Judge to Declare State's Open Enrollment Program in Violation of Federal Disability Law." Wisconsin Institute for Law & Liberty, 2015. https://will-law.org/will-asks-judge-to-declare-states-open-enrollment-program-in-violation-of-federal-disability-law/ (1 June 2022).

18 Kava, "Open Enrollment Program." 7.

19 "Comparative Revenue Per Member," Wisconsin Department of Public Instruction, *dpi.wi.gov*, www.sfs.dpi.wi.gov/SFSdw/CompRevReport.aspx (2 Nov 2022).

the receiving school district receives additional funds without adding significant costs by taking in an extra student.

Importantly, low-income families are eligible for transportation reimbursement from the state, which helps all families take advantage of open enrollment opportunities. Free-and-reduced-price lunch program eligibility is used to determine whether a family can apply for this funding. Parents use the mileage from their home to the receiving school to calculate their reimbursement amount, which was set at 36.5 cents per mile for the 2021-2022 school year.[20] One issue with this funding system is that it is from a sum-certain appropriation, meaning that the amount of travel reimbursement a family receives can vary based on the number of students who are eligible for it, a potential weakness in the law.

[20] "Open Enrollment Transportation and Transportation Reimbursement," Wisconsin Department of Public Instruction, *dpi.wi.gov*. www.dpi.wi.gov/open-enrollment/applications/transportation (30 May 2022).

PART 5

ANALYSIS

5.1 METHODOLOGY

This study answers three questions using the data available on Wisconsin's open enrollment program. First, what factors contribute to families' decisions to enroll their children into other districts? Second, does open enrollment lead to improvement in school districts that are losing students? Finally, is there a relationship between funding levels and district participation in the program?

In order to answer these questions, this analysis gathered data on Wisconsin's open enrollment program for each school year from 2013-2014 to 2020-2021. This seven-year time frame is long enough to incorporate changes occurring in districts on many of the gathered data points, indicating whether that alters student movement.

The first analysis examined these factors affecting student transfer decisions: districts' share of non-white students, share of low-income students, share of students with a disability, student enrollment, and accountability score on the state report card, as well as a variable that controls for the year in which the observation was recorded. To control for other school district characteristics that might be meaningful but are not captured by this model, an indicator variable is included for each state. As Wisconsin has more than 400 school districts, these variables are excluded from the table of results for clarity.

This methodology uses districts' accountability ratings as reported by state report cards as a measure of district quality. The potential scores range from 0 to 100 and take into account numerous variables, ranging from proficiency to high school graduation rates. Importantly, the report card has gone through changes over this time frame. Among the most critical, it now includes adjustments on the relative role of growth and proficiency depending on the level of poverty in a district.[21] However, it remains a likely metric for parents to apply to the extent that academic quality is involved in decision-making, and the indicator variables for the school year should help account for any shifts.

> *...what factors contribute to families' decisions to enroll their children into other districts? ...does open enrollment lead to improvement in school districts that are losing students?*

The dependent variable for this analysis is the net movement of students into and out of each school district on an annual basis. For instance, if 12 students enroll into a district and 15 students enroll out, the value for the dependent variable would be −3.

The second analysis examined any evidence that school districts improve when students leave—perhaps due to the competitive market pressure they face. The key independent variable in this analysis is the percentage of students who open enrolled out of the district the year prior (y-1). The dependent variable here is the change in the school district rating on the 100-point scale of student achievement on the state exam. All of the control variables mentioned in the previous analysis remain unchanged.

The third analysis simply looks at the correlation between increasing funding and the number of students in the program. While this is admittedly weaker than the other analyses, it is what is possible with the available data.

Table 2 provides summary statistics for the key variables. Note that "Change in Rating" has fewer observations because it can only be recorded in the second year of data.

[21] Will Flanders, "The Soft Bigotry of Low Expectations: Wisconsin's Report Card 'Fails to Meet Expectations," Wisconsin Institute for Law & Liberty, 2021. www.will-law.org/wp-content/uploads/2021/12/2021-12-2-Report-Cards-FINAL-1.pdf (5 July 2022).

TABLE 2: SUMMARY STATISTICS FOR OPEN ENROLLMENT KEY VARIABLES

Variable	N	Mean	SD
Net Change	3,354	0.148	338.092
Rating	3,368	73.350	6.377
Share White	3,378	0.857	0.138
Share Low Income	3,356	0.374	0.996
Share w/ Disability	3,363	0.137	0.383
Enrollment (1000s)	3,379	2.051	4.567
Funding ($1000s)	3,379	7.481	0.341
Change in Rating	2,295	0.364	4.087

5.2 RESULTS

5.2.1 Factors Affecting Student Transfer Decisions

Table 3 presents the results from modeling the factors that are correlated with student movement between districts in Wisconsin from 2013 through 2021. A negative coefficient means that increases in the factor are associated with movement out of the district, while a positive coefficient means that increases in that factor are associated with movement into that district. In column 1, indicator variables for year and district are not included. In column 2, year is added, and column 3 represents the full model with both year and district indicators provided.

TABLE 3: CORRELATES OF NET OPEN ENROLLMENT

VARIABLES	(1) Net Change	(2) Net Change	(3) Net Change
Accountability Rating	3.457***	3.640***	0.918**
	(0.896)	(0.920)	(0.419)
Share Non-White	225.0***	231.8***	-301.6***
	(40.31)	(40.57)	(105.7)
Share Low-Income	-349.3***	-355.7***	113.2***
	(40.62)	(40.99)	(41.37)
Share w/ Disability	-444.4***	-414.6**	-263.5**
	(171.8)	(173.1)	(108.9)

VARIABLES	(1) Net Change	(2) Net Change	(3) Net Change
Enrollment (in 1000s)	-44.40***	-44.44***	-18.62*
	(1.135)	(1.136)	(9.742)
2014		-4.870	1.306
		(18.40)	(6.018)
2015		-8.463	2.976
		(18.41)	(6.111)
2016		-25.36	7.012
		(18.53)	(6.640)
2017		-28.25	9.392
		(18.62)	(6.891)
2018		-19.42	6.961
		(18.63)	(6.865)
2019		-11.85	7.464
		(18.68)	(7.066)
2020		-7.034	6.178
		(18.92)	(7.354)
District Indicators	No	No	Yes
Constant	219.0**	222.9**	-247.6***
	(87.00)	(88.20)	(77.85)
Observations	3,311	3,311	3,311
R-squared	0.390	0.391	0.944

Standard errors in parentheses

***** p<0.01, ** p<0.05, * p<0.1**

First, the coefficient on *Share Non-White* indicates that students tend to enroll away from districts with high numbers of minority students into districts that have a larger share of white students. There are a number of possible explanations for this result, including potential evidence of "white flight," as white students leave ethnically diverse urban schools for lower-minority suburban ones. But another possibility is that this indicates minority students are leaving home districts for often better-performing suburban ones. Since the data are at the district level, the racial impact of these switches is not possible to determine. A more granular, student-level look at the data is needed to fully assess this. Additionally, the model suggests that open enrollment increases as the share of low-income students in a district increases. However, it is important to note that this variable flips signs with the inclusion of district-level indicator variables in the third model, as does

the relationship between net enrollment change and the share non-white. This suggests specific districts drove both relationships in the absence of a control for district in the model.[22]

> *... the model suggests that open enrollment increases as the share of low-income students in a district increases.*

Other variables of note include *Enrollment (1000s)*. The findings suggest that on average, students enroll out of larger districts and into smaller ones, although the final model is only significant at the lowest commonly accepted level. An increase in district enrollment of 1,000 would be expected to result in a net open enrollment decline of about 18.61. Like many states, some of Wisconsin's largest districts like Milwaukee and Madison struggle with student achievement and safety, and these findings support the idea that families are generally seeking alternatives to large school districts.[23]

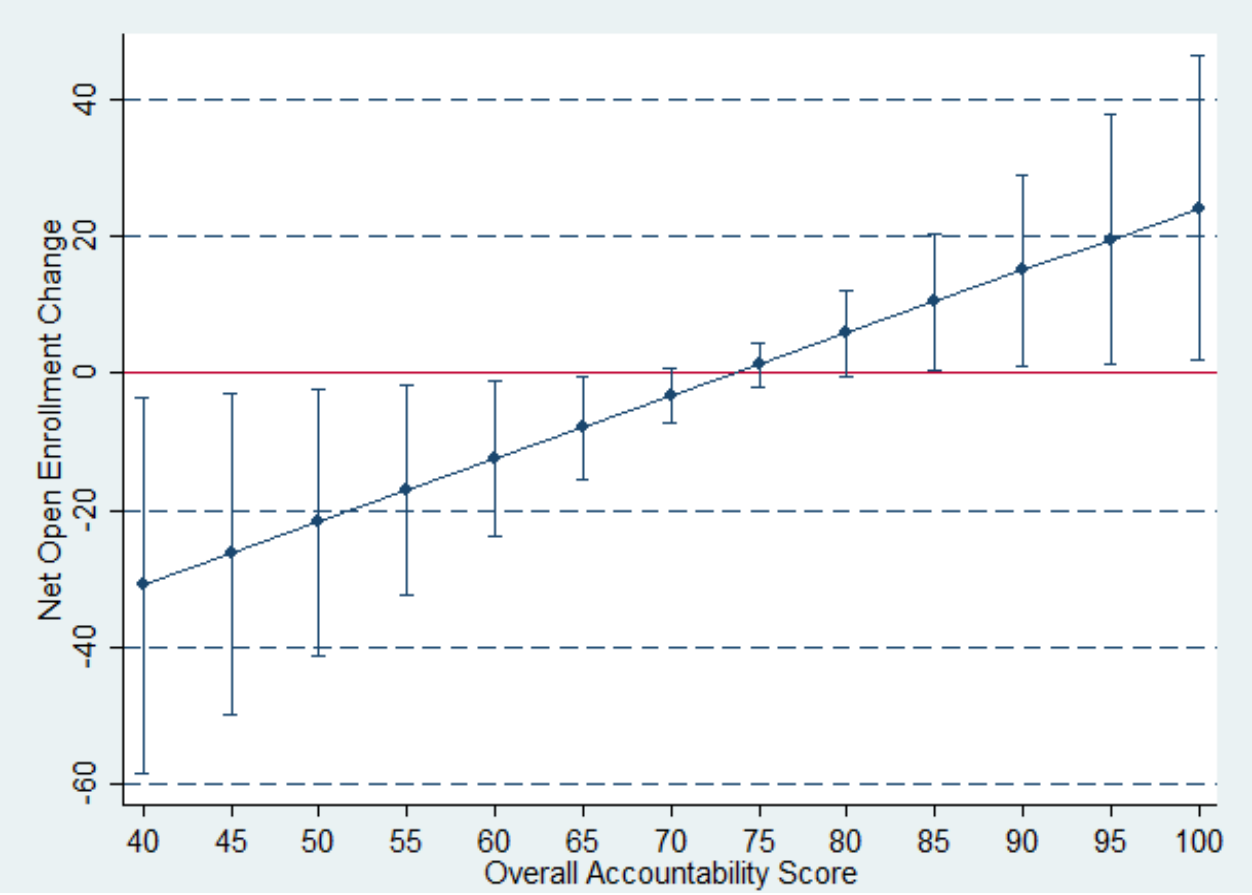
Perhaps the most critical variable in the analysis is *Accountability Rating*. The positive coefficient on this variable suggests that students are, in general, transferring to districts with higher ratings on the state exam relative to other districts. Note the results also work in the opposite direction—districts with lower ratings tend to lose students at a similar rate. It is worth noting that the coefficient here is somewhat small—on average, an increase in the rating of 10 points in a school district leads to a net gain of 9.2 students in open enrollment. But it's worth remembering that Wisconsin has many small school districts with fewer than 500 students, which likely draws down the overall average here.

[22] It initially may appear that this might be driven by large districts like Milwaukee or Madison. However, the removal of these districts from the model did not substantively change this coefficient.

[23] Will Flanders, "911 Calls Add to Disparities for Madison School Kids," *Wisconsin State Journal*, 28 Sept. 2019. *Madison.com*. https://madison.com/opinion/column/will-flanders-911-calls-add-to-disparities-for-madison-school-kids/article_9ea59a41-ad54-51ed-981a-fb6f90f0ef67.html (11 July 2022).

Figure 2 shows the predicted change in open enrollment as school rating changes. When accountability scores near the top 20%, the net effect on open enrollment shifts from negative to positive. The 95% confidence interval widens at the far ends of the scale due to fewer school districts receiving scores in that range.

FIGURE 2: MODEL PREDICTED NET OPEN ENROLLMENT AND ACCOUNTABILITY RATING



This analysis indicates that academics are an important variable for open enrollment. To further examine this relationship, districts with the largest positive shifts in their open enrollment percentage were examined for test score changes. Overall, eight of the 10 districts increased their scores on the state exam (green lines), while two saw declines (red lines) as summarized in Table 4. In the case of Medford, the decline in test scores was substantively insignificant at just two points on a 100-point scale. Linn J4 declined approximately 4.5 points.

TABLE 4: ENROLLMENT CHANGE AND TEST SCORE CHANGE, 2013-2016 VS 2017-2020

District	Open Enrollment Shift	Exam Score Shift
Linn J4	19.24%	-4.525009
Linn J6	15.54%	4.600006
Medford	12.87%	-2.424995
Dover #1	12.40%	5.724998
Grantsburg	12.11%	4.75
Laona	11.89%	4.549995
Saint Croix Central	11.69%	0.125
Little Chute	10.74%	7.699997
Butternut	10.50%	1.824997
North Lake	10.36%	1.974998
McFarland	10.31%	4.425003

5.2.2 Academic Outcomes for Donor Districts

One of the greatest arguments for school choice programs across of all types is that they help to incentivize the "donor" (i.e. districts with net transfer losses) school districts to improve. There is some evidence in support of this concept in the Wisconsin data. Table 5 shows the results of this analysis, with the school district's rating as the dependent variable and three different lags of the loss of students via open enrollment as the key independent variable. Note that all of the control variables mentioned in the preceding section were used, but excluded from Table 5 for clarity.

There is a modest relationship between enrollment loss and district performance, but it appears to be relatively short-lived. In the first and second year after a loss of enrollment, there is a statistically significant relationship that suggests the larger the loss of students, the greater the increase in the performance of the district. However, by year two this effect is at the lowest acceptable level of statistical significance and the relationship disappears entirely by the third year.

TABLE 5: RELATIONSHIP BETWEEN OPEN ENROLLMENT LOSS AND FUTURE EXAM RATINGS

VARIABLES	(1) Change in Rating (1 Year Lag)	(2) Change in Rating (2 Year Lag)	(3) Change in Rating (3 Year Lag)
% Open Enrollment Loss	9.470**	12.15*	6.720
	(4.150)	(6.981)	(9.089)
Constant	-0.544	-1.369	-5.024
	(4.033)	(5.940)	(7.588)
Observations	2,893	2,474	2,056
R-squared	0.069	0.139	0.265

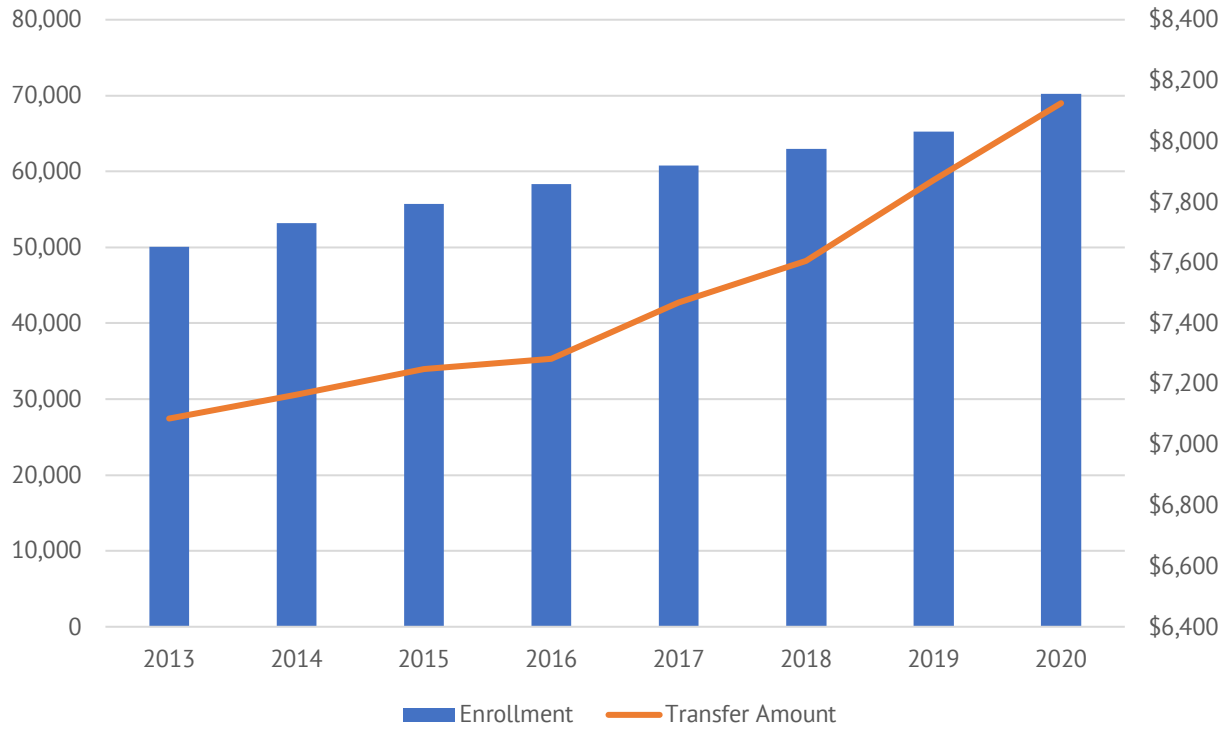
Standard errors in parentheses
***** p<0.01, ** p<0.05, * p<0.1**

5.2.3 The Role of Funding in Open Enrollment Growth

Because the funding transfer amount for open enrollment is highly correlated with the passage of time (both increasing), it is difficult to justify a statistical model to investigate the relationship between funding level and program growth. Nevertheless, a correlation between inflation-adjusted funding levels and program growth is observed, as illustrated in Figure 3. Districts are incentivized to take on more transfer students if they receive a higher share of the student's total funding, and Wisconsin's data—while inconclusive—seem to support this.[24]

[24] There are issues with using the statistical model here due to the potential for endogeneity, but an analysis conducted using similar variables to those in Table 2 reaches a similar conclusion (i.e. that transfer amount and district participation are related). These results are included in the Appendix to this study. It is also challenging to disentangle the growth seen here from any effects from creating the additional funding for students with disabilities. But, anecdotally, there does appear to be an increase in open enrollment after the extra funding began to be provided in 2016.

FIGURE 3: OPEN ENROLLMENT AND TRANSFER AMOUNT (2013-2020)



PART 6

KEY POLICY LESSONS FOR OTHER STATES

Wisconsin's open enrollment program isn't perfect, but there's much for policymakers in other states to learn from it and the results of this study.

#1 Open enrollment can give students access to higher-performing school districts.

The results of this study show that open enrollment can give students access to seats in higher-performing school districts, which is especially critical at a time when families are dealing with the academic fallout of the COVID-19 pandemic.

#2 A statewide funding amount ensures the right incentives are in place for school districts.

The results of this paper, while not causal, show a correlation between the amount transferred in the open enrollment program and school district participation. As such, policymakers in other states should strive to put the right financial incentives in place by ensuring that dollars follow the student across school district boundaries. This can be accomplished by setting a statewide per-pupil amount that all districts generate when they enroll transfer students. At the very least, the design of Wisconsin's approach maximizes transparency and is done in a way that doesn't produce a fiscal note for the state.

#3 Extra funding promotes opportunities for students with disabilities.

Another key provision is the differentiated funding amount for students with disabilities, who are often the most ill-served by their local schools. While there is only anecdotal evidence on this point in the study, it is likely that open enrollment participation increased after extra funding for students with disabilities began in 2016. Providing additional funding recognizes that they are costlier to serve and can help assuage district fears about meeting their needs.

#4 Robust transparency allows parents and taxpayers to "follow the money."

This research is only possible because of the extent to which information on Wisconsin's open enrollment program is made publicly available. Open enrollment funding amounts are explicit in state law, and transfer data for every school district in the state is readily available online including counts of transfers in, transfers out, transfer students rejected, and the reasons for rejections. For states considering implementation or improvements, a requirement could also be included for student-level data collection and analysis to allow for a more granular look at the relationship to student performance over time.

PART 7

CONCLUSION

Much of the attention among school choice proponents has been focused on private school choice and charter schools in recent years. This makes sense, as these forms of school choice provide exciting opportunities that can be more cleanly separated from the public school establishment. But private choice and charter options, by their very nature, will likely remain limited for the foreseeable future. Given this reality, it is vital that open enrollment provide a real opportunity for families to choose alternative educational options. This study has demonstrated the successes of one approach to open enrollment in Wisconsin. By following this model, other states can ensure that open enrollment is an important tool for families in this age of parental empowerment.

APPENDIX

Table A1 depicts the results of the analysis described in the main text examining whether the transfer amount affects the extent to which districts participate in open enrollment. There is, indeed, a statistically significant effect observed here, with an additional $1,000 of transfer being associated with an increase in open enrollment of about 47 students. It is worth noting that the substantive effect here is relatively small, given that real funding only increased by slightly more than $1,000 during this study's time frame of analysis.

This analysis did not find a significant effect due to the change in the amount transferred for special needs students.

TABLE A1: TRANSFER AMOUNT AND TRANSFERS IN TO DISTRICTS

VARIABLES	**(1)** **Transfers In**
Transfer Amount ($1000s)	47.86***
	(16.97)
Special Needs Amount	-3.456
	(15.92)
Share Non-White	-55.13
	(73.59)
Share Low-Income	91.92***
	(28.55)

VARIABLES	**(1)** **Transfers In**
Share with Disability	-151.6** (74.49)
Enrollment (1000s)	-4.337 (6.834)
Accountability Rating	3.825* (2.118)
Constant	-286.2** (131.6)
Observations	3,313
R-squared	0.949

Standard errors in parentheses

***** p<0.01, ** p<0.05, * p<0.1**

ABOUT THE AUTHOR

Will Flanders is the research director at the Wisconsin Institute for Law & Liberty. Dr. Flanders conducts econometric research on the education system in Wisconsin, as well as in other areas. He has authored or co-authored reports on the return on investment from charter schools, the effects of Act 10 on the teaching workforce, and the economic benefits of the Milwaukee Parental Choice Program.

Dr. Flanders' work has appeared in numerous publications including the *Milwaukee Journal Sentinel, Wisconsin State Journal, Politico, National Review* and *The Wall Street Journal,* as well as in academic publications such as the *Journal of School Choice*.

Dr. Flanders holds a Ph.D. in political science with a specialization in American politics and public policy, as well as an M.S. in political science and an M.S. in applied American politics and policy, from Florida State University.