

AGENCY: DPI- Revenue Limits

ISSUE: Revenue Limit Per Pupil Annual Increase (Paper 735)

ALTERNATIVE: 3 (take no action)

*Card - 1*

SUMMARY:

The governor's proposal to delete the inflationary increase ignores economic reality, especially in the areas of rising special education and energy costs.

Locking up here preserves current law, a win for schools and local taxpayers.

By: Bob

Take no action (Att. 3)  
OK



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 29, 2001

Joint Committee on Finance

Paper #735

### Revenue Limit Per Pupil Annual Increase (DPI -- Revenue Limits)

[LFB 2001-03 Budget Summary: Page 533, #1]

#### CURRENT LAW

School district revenue limits restrict the amount of revenues that school districts can obtain through the combination of general school aids, computer aid and the property tax levy. On October 15 of each year, the Department of Public Instruction (DPI) provides school districts with an estimate of their general school aids for the current year. The difference between a school district's revenue limit and the October 15 general school aids estimate, less the district's computer aid eligibility, determines the maximum amount of revenue that the district is allowed to raise through the property tax levy. Actual general school aids, computer aid and property tax revenues received in the prior school year are used to establish the base year amount in order to compute the allowable revenue increase for the current school year.

A three-year rolling average of a school district's pupil enrollment is used to determine the allowable revenue increase under the limit. Specifically, the number of pupils is based on the average of a school district's membership count taken on the third Friday in September for the current and two preceding school years. For example, the average of the 1997, 1998 and 1999 September memberships was used to calculate the 1999-00 base year revenues per pupil. Then, the average of the 1998, 1999 and 2000 September memberships was used to determine the allowable revenue increase in 2000-01. In addition, beginning with revenue limits calculated for the 1998-99 school year, revenue limit enrollment includes 20% of summer school full-time equivalent (FTE) enrollment for the 1998-99 and 1999-00 school years. Beginning with revenue limits calculated for the 2000-01 school year, revenue limit enrollment includes 40% of summer school full-time equivalent (FTE) enrollment for the 2000-01 school year and each school year thereafter.

A per pupil revenue increase is added to the base revenue per pupil to determine an allowable per pupil revenue increase. In 2000-01, the per pupil increase is \$220.29. The per

pupil adjustment amount is indexed for inflation, by multiplying the prior year dollar amount by the percentage change in the consumer price index between the preceding March and the second preceding March.

**GOVERNOR**

Delete the inflation adjustment to the per pupil revenue increase amount, beginning in the 2001-02 school year. Provide that the annual per pupil adjustment would remain at the 2000-01 level, which is \$220.29. Specify that the \$220.29 adjustment would also apply to school districts that reorganize. At the time of budget submission, staff at DOA estimated that this provision would reduce the cost of funding two-thirds of partial school revenues by approximately \$3.3 million in 2001-02 and \$10.8 million in 2002-03 compared to estimates of current law.

**DISCUSSION POINTS**

1. The annual per pupil allowable revenue increase under revenue limits has undergone several modifications since the onset of revenue limits in 1993-94. Prior to 1995-96, the allowable per pupil revenue increase could not exceed a flat dollar amount or the rate of inflation, whichever resulted in the higher revenue amount for the district. In 1993-94, the limit was based on \$190 per pupil or an inflation rate of 3.2%. Beginning in 1994-95, the \$190 per pupil amount was adjusted by the rate of inflation, so that the limit was based on \$194.37 per pupil or an inflation rate of 2.3%. The increase was set at \$200 in 1995-96 and \$206 in 1996-97 and the flat dollar amount was no longer adjusted for inflation and a school district no longer had the option to use the inflation rate to determine its maximum allowable increase. Under 1997 Act 27, the per pupil increase was fixed at \$206 in 1997-98 and has since been adjusted annually for inflation. The following table provides a history of the per pupil revenue limit adjustment amount and shows the proposed amounts under the Governor's recommendation in SB 55.

**Allowable Revenue Increase**

	<u>Per Pupil</u>	<u>Inflation Rate</u>
1993-94	\$190.00	3.2%
1994-95	194.37	2.3
1995-96	200.00	N.A.
1996-97	206.00	N.A.
1997-98	206.00	N.A.
1998-99	208.88	N.A.
1999-00	212.43	N.A.
2000-01	220.29	N.A.
<u>SB 55</u>		
2001-02	220.29	N.A.
2002-03	220.29	N.A.

2. The flat per pupil dollar increase, rather than an inflationary per pupil increase, has been maintained since 1995-96 because limiting all school districts to the same per pupil increase in allowable revenues will, over time, reduce the disparity in revenue per pupil among districts in the state on a percentage basis. A \$220.29 increase represents a greater increase as a percent of the base for a district with lower allowable revenues per pupil than for a district with higher revenues per pupil. Under 1997 Act 27, the Legislature established an inflationary increase to the flat dollar amount as a method for enhancing this reduction in the disparity in revenue per pupil among school districts.

3. The Department of Revenue indicates that the actual March, 2000, to March, 2001, inflation increase was 2.9%. The inflation rate from March, 2001, to March, 2002, is estimated to be 2.4%. Based on these figures, under current law, the annual per pupil revenue limit increase would rise from \$220.29 in 2000-01 to \$226.68 in 2001-02 and \$232.12 in 2002-03.

4. Based on more recent enrollment and base revenue projections, in 2001-02, it is estimated that a \$226.68 per pupil increase would provide a statewide per pupil revenue increase of approximately 3.08%, ranging from a per pupil increase of 1.76% for the highest revenue district to a 3.61% per pupil increase for the lowest revenue district, when districts eligible for a low revenue adjustment are excluded. The \$220.29 per pupil increase recommended by the Governor would provide an estimated statewide per pupil revenue increase of 2.99%, ranging from an increase of 1.71% for the highest revenue district to a 3.50% increase for the lowest revenue district, excluding low revenue adjustment districts.

5. In 2002-03, it is estimated that a \$232.12 per pupil increase would provide a statewide revenue per pupil increase of approximately 3.06%, ranging from an increase of 1.77% for the highest revenue district to a 3.61% increase for the lowest revenue district. The \$220.29 per pupil increase recommended by the Governor would provide an estimated statewide per pupil revenue increase of 2.91%, ranging from an increase of 1.68% for the highest revenue district to a 3.43% increase for the lowest revenue district.

6. It may be desirable to maintain the current law inflationary adjustment to the per pupil increase in order to accelerate a decline in the per pupil revenue disparity among school districts. Additionally, it could be argued that certain school district expenditure categories, such as special education, staff contracts and school building maintenance, require an increasing rather than a fixed per pupil revenue increase. For example, it has been argued that the qualified economic offer (QEO) provision could permit a 3.8% increase to new teacher compensation packages, while the \$220.29 per pupil revenue limit adjustment would allow for only a 2.99% and 2.91% annual statewide revenue increase per pupil. Further, a stagnant per pupil revenue increase would provide a declining rate of revenue increases over time. Finally, a higher per pupil revenue limit increase may help moderate the effects of revenue limit decreases attributable to declining enrollment.

7. Another option the Committee could consider is to maintain the \$220.29 per pupil

increase in 2001-02 only and restore the inflationary increase beginning in 2002-03 using the change in inflation from March, 2001, to March, 2002. Prior to the establishment of the inflationary increase beginning in 1998-99, for example, the per pupil increase was maintained at \$206 in both 1996-97 and 1997-98. Based on the estimated inflation rate, this would result in a per pupil revenue increase of \$225.58 in 2002-03, which would provide a statewide revenue per pupil increase of approximately 2.98%, ranging from a per pupil increase of 1.73% for the highest revenue district to a 3.51% per pupil increase for the lowest revenue district in that year.

8. On the other hand, it may be desirable to maintain the current per pupil annual increase under revenue limits, as \$220.29 already provides a per pupil revenue increase of more than the estimated inflation rates for the upcoming biennium. The change in the CPI-U for 1999-00 and 2000-01 is estimated to be 2.9% and 2.4% respectively. As noted above, the \$220.29 annual increase provides an estimated statewide increase of 2.99% in 2001-02 and 2.91% in 2002-03. If a school district needs revenues outside of its revenue limit, it can propose a referendum to voters that would allow the district to exceed the revenue limit for recurring or non-recurring purposes.

9. Based on more current inflation estimates and school district enrollment data, the Governor's recommendation would reduce the cost of two-thirds funding of partial school revenues from current law by \$3.7 million in 2001-02 and \$10.5 million in 2002-03. Compared to the bill, this would represent a reestimate of -\$400,000 in 2001-02 and \$300,000 in 2002-03, for a net fiscal effect of -\$100,000 in the biennium. This reestimate is reflected in the projected costs of meeting the goal of two-thirds funding of partial school revenues.

## ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to delete the inflationary increase to the annual per pupil revenue limit increase and maintain it at \$220.29. Delete \$3.7 million in 2001-02 and \$10.5 million in 2002-03 in general school aids in order to maintain two-thirds funding of partial school revenues.

### Alternative 1

### GPR

2001-03 FUNDING (Change to Base)	- \$14,200,000
[Change to Bill]	- \$100,000

2. Delete the inflationary increase to the annual per pupil revenue limit increase and maintain it at \$220.29 in 2001-02 only. Restore the inflationary increase beginning in 2002-03. Delete \$3.7 million in 2001-02 and \$7.5 million in 2002-03 in general school aids in order to maintain two-thirds funding of partial school revenues.

### Alternative 2

### GPR

2001-03 FUNDING (Change to Base)	- \$11,200,000
[Change to Bill]	\$2,900,000

3. Take no action.

<b>Alternative 3</b>	<b>GPR</b>
2001-03 FUNDING (Change to Base)	\$0
[Change to Bill]	\$14,100,000]

Prepared by: Russ Kava

MO# Alt. 1

BURKE	Y	<input checked="" type="radio"/> N	A
DECKER	Y	<input checked="" type="radio"/> N	A
MOORE	Y	<input checked="" type="radio"/> N	A
SHIBILSKI	Y	<input checked="" type="radio"/> N	A
PLACHE	Y	<input checked="" type="radio"/> N	A
WIRCH	Y	<input checked="" type="radio"/> N	A
DARLING	<input checked="" type="radio"/> Y	N	A
WELCH	<input checked="" type="radio"/> Y	N	A
GARD	<input checked="" type="radio"/> Y	N	A
KAUFERT	<input checked="" type="radio"/> Y	N	A
ALBERS	<input checked="" type="radio"/> Y	N	A
DUFF	<input checked="" type="radio"/> Y	N	A
WARD	<input checked="" type="radio"/> Y	N	A
HUEBSCH	<input checked="" type="radio"/> Y	N	A
HUBER	Y	<input checked="" type="radio"/> N	A
COGGS	Y	<input checked="" type="radio"/> N	A

AYE 8 NO 8 ABS \_\_\_\_\_

AGENCY: DPI- Revenue Limits

ISSUE: Revenue Limit Per Pupil Annual Increase (Paper 736)

ALTERNATIVE: 4 (take no action)

*Gard - 1*

SUMMARY:

Maintains current law to include 40% of summer school enrollment in pupil counts.

By: Bob



Att 4  
OK



## Legislative Fiscal Bureau

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May 29, 2001

Joint Committee on Finance

Paper #736

### Summer School Revenue Limit Enrollment Counts (DPI -- Revenue Limits)

[LFB 2001-03 Budget Summary: Page 533, #2]

#### CURRENT LAW

School district revenue limits restrict the amount of revenues that school districts can obtain through the combination of general school aids, computer aid and the property tax levy. On October 15 of each year, the Department of Public Instruction (DPI) provides school districts with an estimate of their general school aids for the current year. The difference between a school district's revenue limit and the October 15 general school aids estimate, less the district's computer aid eligibility, determines the maximum amount of revenue that the district is allowed to raise through the property tax levy. Actual general school aids, computer aid and property tax revenues received in the prior school year are used to establish the base year amount in order to compute the allowable revenue increase for the current school year.

A three-year rolling average of a school district's pupil enrollment is used to determine the allowable revenue increase under the limit. Specifically, the number of pupils is based on the average of a school district's membership count taken on the third Friday in September for the current and two preceding school years. For example, the average of the 1997, 1998 and 1999 September memberships was used to calculate the 1999-00 base year revenues per pupil. Then, the average of the 1998, 1999 and 2000 September memberships was used to determine the allowable revenue increase in 2000-01. In addition, beginning with revenue limits calculated for the 1998-99 school year, revenue limit enrollment includes 20% of summer school full-time equivalent (FTE) enrollment for the 1998-99 and 1999-00 school years. Beginning with revenue limits calculated for the 2000-01 school year, revenue limit enrollment includes 40% of summer school FTE enrollment for the 2000-01 school year and each school year thereafter.

A per pupil revenue increase is added to the base revenue per pupil to determine an allowable per pupil revenue increase. In 2000-01, the per pupil increase is \$220.29. The per pupil adjustment amount is indexed for inflation, by multiplying the prior year dollar amount by

the percentage change in the consumer price index between the preceding March and the second preceding March.

## GOVERNOR

Specify that 25%, rather than the current law 40%, of summer school enrollment be added to the membership counts from the third Friday in September for determining a school district's revenue limit, beginning with the 2001 summer enrollment count used for the revenue limit calculation for the 2001-02 school year and in every school year thereafter.

Under the bill, a school district's enrollment count for revenue limit purposes in 2001-02 would include 20% of 1999 summer enrollment, 40% of 2000 summer enrollment and 25% (rather than 40% under current law) of 2001 summer enrollment. In 2002-03, enrollment counts would include 40% of 2000 summer enrollment and 25% (rather than 40% under current law) of 2001 and 2002 summer enrollment. Beginning in 2003-04 and in each year thereafter, enrollment counts would include 25% (rather than 40% under current law) of the three years' summer enrollments.

At the time of budget submission, staff at DOA estimated that this provision would reduce the cost of funding two-thirds of partial school revenues by approximately \$2.3 million GPR in 2001-02 and \$6.1 million GPR in 2002-03 compared to estimates of current law.

## DISCUSSION POINTS

1. One factor to consider in determining the proportion of summer school FTE to include in membership for revenue limit purposes is the relative merit of summer school programs. To the extent summer school is viewed as providing additional academic instruction or learning experiences that are viewed as more central to the education of children, a relatively high proportion of summer enrollment might be included in membership for revenue limit purposes. To the extent that summer school is seen as offering enrichment activities that are not as vital to the core mission of schools, it may be considered more appropriate to include a smaller portion of summer school FTE in membership for revenue limit purposes.

2. For revenue limit purposes, summer enrollment includes students enrolled in academic summer classes or laboratory periods that are for necessary academic purposes, as defined by the State Superintendent in rule. Students in recreational programs and team sports are statutorily prohibited from inclusion in summer enrollment.

3. In rule, "academic purposes" is defined as summer school learning experiences which are related or similar to instruction that is offered during the rest of the school year or for which credit toward graduation is given. Summer school courses necessary for academic purposes may include all of the following: (a) music programs, lessons, sectionals or clinics, if taught by a licensed teacher; (b) swimming instruction programs, if taught or directed by a licensed teacher at the site of the instruction; and (c) up to 270 minutes of instructional time per student per day,

including field trips, if accompanied by a licensed teacher and if all pupils have equal access to field trips, regardless of their ability to pay. Summer school activities not necessary for academic purposes include all of the following: (a) travel time to events, including field trips; (b) performances, including band, orchestra, parades, and plays; (c) recreational programs and team sports; (d) participation in fairs or expositions by pupil organizations; and (e) any offering not provided by or directed on-site by a licensed teacher.

4. Another factor to consider in determining the proportion of summer school FTE to include as membership for revenue limit purposes is the degree to which allowing some proportion of summer school FTE to be counted allows districts to continue operating existing programs or provides incentives for more districts to begin such programs.

5. Revenue limits first applied to school district revenues in the 1993-94 school year. Summer school programs provided in 1993 would thus have been the first provided under revenue limits. A percentage of summer school enrollment was first included in the enrollment counts used for revenue limit purposes in 1998-99, meaning 1998 summer school enrollment would have been the first included in the revenue limit calculation.

6. The following table shows the statewide summer school FTE enrollment, the number of districts reporting summer school membership and the statewide September enrollment counts since 1990. While overall membership has increased at a decreasing rate for most of the period since 1990, changes in summer FTE membership and the number of districts reporting summer membership did not change at a steady pace. The largest decline in summer FTE membership and the number of districts reporting summer membership occurred between 1992 and 1993, while the largest increase occurred between 1997 and 1998. While September FTE membership increased by 12.0% from 1990 to 2000, summer FTE membership increased by 16.2% over the same period.

**Summer and September FTE Membership, 1990 through 2000**

Year	Summer FTE Membership		Districts Reporting Summer Membership		September FTE Membership	
	Number	Percent Change	Number	Percent Change	Number	Percent Change
1990	12,914		344		763,437	
1991	12,614	-2.3%	352	2.3%	780,337	2.2%
1992	13,321	5.6	351	-0.3	797,599	2.2
1993	12,693	-4.7	348	-0.9	811,745	1.8
1994	12,268	-3.3	349	0.3	826,141	1.8
1995	12,603	2.7	348	-0.3	837,390	1.4
1996	13,055	3.6	349	0.3	848,475	1.3
1997	13,081	0.2	354	1.4	853,958	0.6
1998	14,765	12.9	365	3.1	854,781	0.1
1999	15,173	2.8	371	1.6	855,779	0.1
2000	15,011	-1.1	378	1.9	855,033	-0.1

7. One argument in favor of including some portion of summer enrollment counts with the September membership counts used for revenue limit purposes is that it could act as an incentive for districts to continue or begin to provide summer programming. As shown in the table, summer programming was provided for nearly 1,700 more FTE in 1998, which was the first year summer FTE were included in the enrollment count for revenue limits, than in 1997. A total of 29 districts that did not report summer school membership in 1997 provided summer programming in 2000 for a total of 237 FTE pupils.

8. On the other hand, in the first year that districts were able to use 40% of summer FTE enrollment in revenue limit counts, summer FTE membership declined and a smaller percentage of new districts reported summer membership than in 1998. While this could suggest that the marginal increase in the percentage of summer FTE eligible for revenue limit membership from 20% to 40% was not as significant as the initial increase from 0% to 20%, it should be noted that only one year of data with 40% of summer FTE included is available and any conclusions are limited.

9. Also, in the year before revenue limits were imposed, 351 districts offered summer programming to over 13,300 FTE pupils. The revenues used to support the cost of these summer programs were then included in the 1992-93 base revenues that were utilized to calculate the revenue limits in 1993-94. For these school districts, including summer school FTE pupils in revenue limits counts could be viewed as providing additional revenue authority, rather than as providing an incentive for districts to begin offering summer school or to expand current programming.

10. Another argument for counting a smaller proportion of summer school FTE in membership for revenue limit purposes is that most of the fixed costs involved in providing educational offerings, such as building costs and other permanent property, are already covered as a result of providing regular academic programs during the school year. Thus, the cost of providing summer school on a per pupil basis would likely be lower than that for providing instruction during the regular school year.

11. However, given that staffing is a relatively large component of school district costs, the provision of summer school still involves a relatively high degree of variable costs. As a result, it may be more appropriate to include a relatively larger proportion of summer school FTE in membership for revenue limit purposes as a reflection of these variable costs.

12. Based on more current information, the Governor's provision would reduce the cost of funding two-thirds of partial school revenues from current law by \$2.7 million GPR in 2001-02 and \$6.5 million GPR in 2002-03. Compared to the bill, this would represent a reestimate of -\$400,000 GPR in each year of the biennium.

## ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to specify that 25% of summer school enrollment be added to the membership counts from the third Friday in September for determining a

school district's revenue limit, beginning with the 2001 summer enrollment count used for the revenue limit calculation for the 2001-02 school year and in every school year thereafter. Delete \$2.7 million in 2001-02 and \$6.5 million in 2002-03 for general school aids to adjust two-thirds funding.

<u>Alternative 1</u>	<u>GPR</u>
2001-03 FUNDING (Change to Base)	- \$9,200,000
<i>[Change to Bill]</i>	- \$800,000]

2. Specify that 30% of summer school enrollment be added to the membership counts from the third Friday in September for determining a school district's revenue limit, beginning with the 2001 summer enrollment count. Delete \$1.8 million in 2001-02 and \$4.4 million in 2002-03 for general school aids to adjust two-thirds funding.

<u>Alternative 2</u>	<u>GPR</u>
2001-03 FUNDING (Change to Base)	- \$6,200,000
<i>[Change to Bill]</i>	\$2,200,000]

3. Specify that 0% of summer school enrollment be added to the membership counts from the third Friday in September for determining a school district's revenue limit, beginning with the 2001 summer enrollment count. Delete \$7.1 million in 2001-02 and \$17.6 million in 2002-03 for general school aids to adjust two-thirds funding.

<u>Alternative 3</u>	<u>GPR</u>
2001-03 FUNDING (Change to Base)	- \$24,700,000
<i>[Change to Bill]</i>	- \$16,300,000]

4. Take no action. (Revenue limit membership counts would continue to include 40% of summer school enrollment.)

<u>Alternative 4</u>	<u>GPR</u>
2001-03 FUNDING (Change to Base)	\$0
<i>[Change to Bill]</i>	\$8,400,000]

Prepared by: Russ Kava

MO# \_\_\_\_\_

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE \_\_\_\_\_ NO \_\_\_\_\_ ABS \_\_\_\_\_

PUBLIC INSTRUCTION -- REVENUE LIMITS

Summer School Revenue Limit Enrollment Counts

[LFB Paper #736]

Motion:

Move to specify that summer school enrollment for the purposes of revenue limits would include 40% of the pupils who are taking core academic courses and whose family income is such that they are eligible for the free and reduced price lunch program, but only 25% of all other pupils beginning with the revenue limit calculation for 2001-02. Require DPI to define core academic courses for this purpose by rule.

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Note:

Data on the number of summer school pupils that are eligible for the free and reduced price lunch program (185% of the federal poverty level) is not readily available and the fiscal effect of this motion is indeterminate.



MO# \_\_\_\_\_

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS \_\_\_\_\_

AGENCY: DPI- Revenue Limits

ISSUE: Flexibility (Paper 737)

ALTERNATIVE: A3, B1, C3 and D1

*Card - A - 5*

SUMMARY:

This would allow flexibility of 1 percent beyond current revenue caps, if approved by a majority vote of the school board. Most importantly, the added costs are aidable, so property-poor districts get help they couldn't afford otherwise.

By: Bob

Decker A-3 - OK

B-1 (Decker B-2) OK

C-3

D-1



## Legislative Fiscal Bureau

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May 29, 2001

Joint Committee on Finance

Paper #737

### Revenue Limit Flexibility (DPI -- Revenue Limits)

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#### CURRENT LAW

School district revenue limits restrict the amount of revenues that school districts can obtain through the combination of general school aids, computer aid and the property tax levy. On October 15 of each year, the Department of Public Instruction (DPI) provides school districts with an estimate of their general school aids for the current year. The difference between a school district's revenue limit and the October 15 general school aids estimate, less the district's computer aid eligibility, determines the maximum amount of revenue that the district is allowed to raise through the property tax levy. Actual general school aids, computer aid and property tax revenues received in the prior school year are used to establish the base year amount in order to compute the allowable revenue increase for the current school year.

A three-year rolling average of a school district's pupil enrollment is used to determine the allowable revenue increase under the limit. Specifically, the number of pupils is based on the average of a school district's membership count taken on the third Friday in September for the current and two preceding school years. For example, the average of the 1997, 1998 and 1999 September memberships was used to calculate the 1999-00 base year revenues per pupil. Then, the average of the 1998, 1999 and 2000 September memberships was used to determine the allowable revenue increase in 2000-01. In addition, beginning with revenue limits calculated for the 1998-99 school year, revenue limit enrollment includes 20% of summer school FTE enrollment for the 1998-99 and 1999-00 school years. Beginning with revenue limits calculated for the 2000-01 school year, revenue limit enrollment will include 40% of summer school FTE enrollment for the 2000-01 school year and each school year thereafter.

A per pupil revenue increase is added to the base revenue per pupil to determine an allowable per pupil revenue increase. In 2000-01, the per pupil increase is \$220.29. The per pupil adjustment amount is indexed for inflation, by multiplying the prior year dollar amount by

the percentage change in the consumer price index between the preceding March and the second preceding March.

Under current law, there are several adjustments that are made to school district revenue limits following the calculation presented above. These include adjustments for transfers of service and boundary changes, low-revenue districts, carryover of unused revenue authority, federal impact aid, school district reorganization, and declining enrollments. These adjustments generally increase a district's revenue limit, providing the district with more revenue authority within the calculated limit.

A school district may exceed its revenue limit by receiving voter approval at a referendum. The school board must approve a resolution supporting inclusion in the school district budget an amount that exceeds the revenue limit. The resolution must specify whether the proposed excess revenue is for a recurring or nonrecurring purpose, or both. If the resolution is approved by a majority of those voting on the question, the school board can exceed the limit by the amount approved. Only excess revenues approved for a recurring purpose can be included in a district's base for determining the revenue limit for the next school year.

Generally, school boards must receive voter approval of such a resolution in order to construct a new school building. School construction projects usually require school districts to issue bonds, to be repaid over a 15- to 20-year period outside of a school district's revenue limit, to cover the construction costs. School districts may also receive voter approval through a referendum for purposes other than school construction projects, such as operating costs for a new building, maintenance costs, special projects or general purposes. A school district may also exceed its revenue limit to pay debt service costs for debt approved by a referendum or a school board resolution prior to August 12, 1993. This provision permits school districts to fund debt costs incurred prior to the implementation of revenue limits in the 1993-94 school year.

## **GOVERNOR**

No provision.

## **DISCUSSION POINTS**

1. During public hearings on the budget bill, the Committee heard testimony from various witnesses on the effects of revenue limits on school district operations. This testimony generally indicated that revenue limits were having an adverse effect on the ability of school districts to maintain ongoing educational programs and to respond to fluctuations in expenditures that are outside of a district's control.

2. This concern was also noted by the State Superintendent's School Finance Task Force, which issued its final report in June, 2000. The Task Force found that many school districts have unique financial problems for which the revenue limit restricts potential solutions, such as the

high initial expense to set up a program for a severely-handicapped child. The Task Force noted that some believe there is a need for more flexibility in the revenue limits to help school districts better respond to costs such as these and other costs that are beyond a district's control. The Task Force argued that school districts should be able to raise a limited amount of additional revenue locally to pay for unanticipated costs without having to pass a referendum. It was also argued that providing more general revenue limit relief that would be available to all districts would also be preferable to passing revenue limit adjustments for more specific items that would not necessarily apply to all districts.

3. Others would argue, however, that all districts are now provided with an annual, flat per pupil increase to base revenue per pupil under revenue limits to account for increases in costs, and that revenue limit adjustments, such as the declining enrollment adjustment, already provide additional resources to districts in unique situations. Further, some would argue that school districts already have an option for flexibility under revenue limits, which is to pass a referendum. If a school board does not believe its district's revenue limit provides the ability to adequately fund the district's operations, it has the option of placing the question of additional expenditure authority to a vote. If the voters in a school district would not increase their district's budget, it may be viewed as inappropriate for the state to provide a mechanism to supersede the local citizenry.

4. In its budget submission to the Governor, DPI included a recommendation, advanced by the State Superintendent's School Finance Task Force, to provide districts with additional flexibility under revenue limits. Under the DPI proposal, a school district could, beginning in 2001-02, increase its revenue limit, on a non-recurring basis, by an amount equal to 1% of the statewide average allowable revenue per pupil in the previous school year multiplied by the district's three-year rolling average pupil enrollment if the school board adopts a resolution approving the increase by a two-thirds vote of the members-elect. The Department recommended that the additional revenue be excluded from the definition of partial school revenues for the purposes of two-thirds funding, but that expenditures funded from the additional revenue would be included as shared costs in the following year.

5. If the Committee wishes to provide school districts with an additional option for a revenue limit increase, it could consider the proposal made by DPI in its budget submission. The DPI recommendation would give school boards the authority to increase their revenue limits by an estimated \$74 per pupil in 2001-02 and \$77 per pupil in 2002-03. If all districts utilized this option, statewide maximum allowable revenues would increase by an estimated \$63.8 million in 2001-02 and an estimated \$66.6 million in 2002-03.

6. Under the 1% provision, the estimated allowable revenue limit increases for school districts would range from \$4,900 to \$7.3 million in 2001-02. The estimated allowable revenue limit increases for the middle 80% of all school districts would range from \$25,900 to \$266,600 in 2001-02. In terms of a percentage increase from a district's controlled revenue limit prior to adjustments, the estimated allowable revenue limit increases for all school districts would range from 0.57% to 1.15% in 2001-02, with the range for the middle 80% of all school districts from 0.86% to 1.08%.

7. Under the 1% provision, the estimated allowable revenue limit increases for school districts would range from \$5,100 to \$7.5 million in 2002-03. The estimated allowable revenue limit increases for the middle 80% of all school districts would range from \$26,600 to \$286,700 in 2002-03. In terms of a percentage increase from a district's controlled revenue limit prior to adjustments, the estimated allowable revenue limit increases for all school districts would range from 0.58% to 1.16% in 2002-03, with the range for the middle 80% of all school districts from 0.87% to 1.09%.

8. Some have suggested that a school district should be given the option to raise its revenue limit by an amount equal to 2% of the statewide average allowable revenue per pupil in the previous school year multiplied by the district's three-year rolling average pupil enrollment. Under this proposal, school boards would be able to increase their estimated revenue limits by an estimated \$148 per pupil in 2001-02 and \$155 per pupil in 2002-03. If all districts utilized this option, statewide maximum allowable revenues would increase by an estimated \$127.7 million in 2001-02 and an estimated \$133.1 million in 2002-03.

9. Under the 2% provision, the estimated allowable revenue limit increases for school districts would range from \$9,800 to \$14.7 million in 2001-02. The estimated allowable revenue limit increases for the middle 80% of all school districts would range from \$51,800 to \$533,200 in 2001-02. In terms of a percentage increase from a district's controlled revenue limit prior to adjustments, the estimated allowable revenue limit increases for all school districts would range from 1.13% to 2.31% in 2001-02, with the range for the middle 80% of all school districts from 1.71% to 2.16%.

10. Under the 2% provision, the estimated allowable revenue limit increases for school districts under the 2% provision would range from \$10,200 to \$15.0 million in 2002-03. The estimated allowable revenue limit increases for the middle 80% of all school districts would range from \$53,200 to \$573,400 in 2002-03. In terms of a percentage increase from a district's controlled revenue limit prior to adjustments, the estimated allowable revenue limit increases for all school districts would range from 1.16% to 2.32% in 2002-03, with the range for the middle 80% of all school districts from 1.74% to 2.17%.

11. Under the DPI proposal, the revenue provided would be excluded from the definition of partial school revenues for the purposes of two-thirds funding. As a result, there would be no impact on the general fund and from a statewide perspective the revenue would be completely provided from the local school property tax levy. Because a local board would be making the decision to increase a district's revenue limit, this could be viewed as an appropriate method for providing the additional revenue. Under the 1% provision, this could result in an approximately 2% increase in school property taxes, if all school districts used this option. Under the 2% provision, this could result in a 4% increase.

12. This could, however, be viewed as the state receding from the two-thirds funding commitment, given that a portion of local school property tax revenue would be excluded from consideration of the amount of state aid to be provided to school districts. Excluding this revenue

from partial school revenues could also reduce the attractiveness of this option for relatively low-value school districts, as generating a given amount of revenue would require a relatively larger increase in a lower-value district's mill rate as compared to a higher-value district, although if expenditures made from these revenues would be included in shared costs, lower-valued districts would receive state aid after the first year. To the extent that fewer low-value districts elect this option, it could have a disequalizing effect on the resources available to these districts relative to high-value districts.

13. The Committee could choose to include these revenues in the definition of partial school revenues. Estimating the general fund impact resulting from this option is difficult, given that there is no way to know how many districts would elect to use this provision. However, assuming that some combination of school districts totaling 25% of statewide membership would use this option in 2001-02 and some combination of districts totaling 50% of membership would use it in 2002-03, if a 1% option were used, a total of \$16 million in 2001-02 and \$33 million in 2002-03 would be needed for general school aids to maintain two-thirds state funding. Under a 2% option, \$32 million in 2001-02 and \$67 million in 2002-03 would be required.

14. Another issue to consider is whether expenditures made from the additional revenue would be included in the definition of shared costs for general school aids purposes. As proposed by DPI, these expenditures would be included in a district's shared cost. This would ensure consistent treatment of expenditures for district operations and maintain the concept of tax base equalization in the equalization aid formula, under which the provision of state aid through the formula allows a district to support a given level of per pupil expenditures with a similar local property tax rate as other school districts with the same level of per pupil expenditures regardless of property wealth.

15. It could be argued that including these expenditures as shared costs would reduce the attractiveness of this option for negative tertiary aid districts, of which there were 124 in 2000-01. All else being equal, for these districts, a higher level of shared costs would result in a lower percentage of state aid. To make the flexibility option more appealing for these districts, expenditures made from the additional revenue could be excluded from shared costs for general school aids purposes.

16. Fully excluding these expenditures from shared costs, however, would disadvantage positive secondary and positive tertiary aid districts, of which there were 271 in 2000-01. The Committee could choose to treat expenditures from the additional revenue in such a way that no district would receive less equalization aid as a result of exercising the flexibility option. Under this alternative, expenditures made from the additional revenue would be included in shared costs for general school aids purposes, unless the inclusion of the expenditures would result in lower equalization aid for a district. This would remove any aid redistribution that otherwise would be to the advantage of positive secondary and positive tertiary districts, but is far more equalizing than fully excluding these expenditures from shared costs.

17. Another option the Committee would need to consider is the level of support needed



on a school board to utilize the option for additional revenue limit flexibility. Under the DPI proposal, a school district could increase its revenue limit under the provision if the school board adopts a resolution approving it by a two-thirds vote of the members-elect. Given that such a vote would result in an increase in the property tax levy in the district, it could be viewed as appropriate that the increase would have to be approved either by a "super-majority" or by the entirety of a school board.

18. However, it could be argued that a two-thirds vote or unanimous requirement would be unduly restrictive and impede the ability of a locally-elected board to govern its own affairs. Thus, the Committee could choose to specify that only a majority vote of the members-elect of a school board would be needed to utilize the proposed revenue limit flexibility.

19. Finally, the Committee could also consider the issue of how often a school district would be able to use the proposed flexibility option. Under the DPI proposal, there would be no limit on the number of years in which a district could use the option. This would provide districts with an ongoing method for raising the resources it deems necessary for its operations and to be able to respond to unanticipated needs as they arise.

20. It may be preferable, though, to limit the use of the flexibility option. While the flexibility option might be necessary for emergencies or unanticipated expenditures, the potential would exist for some districts to continuously use the flexibility. If a school board believes its district's revenue limit is set at a level too low to maintain its ongoing operations, it may be preferable to require referendum approval as under current law to ensure that there is the support of a majority of voters in the district for such expenditures.

## **ALTERNATIVES TO BASE**

Allow a school district to increase its revenue limit, beginning in 2001-02, on a non-recurring basis, as follows:

### **A. Amount of Adjustment and Inclusion in Partial School Revenues**

1. Specify that the increase would equal 1% of the statewide average allowable revenue per pupil in the previous school year multiplied by the district's three-year rolling average pupil enrollment. Exclude the additional revenue provided from the definition of partial school revenues for the purposes of two-thirds funding.

2. Specify that the increase would equal 2% of the statewide average allowable revenue per pupil in the previous school year multiplied by the district's three-year rolling average pupil enrollment. Exclude the additional revenue provided from the definition of partial school revenues for the purposes of two-thirds funding.

3. Specify that the increase would equal 1% of the statewide average allowable revenue per pupil in the previous school year multiplied by the district's three-year rolling average

pupil enrollment. Include the additional revenue provided in the definition of partial school revenues for the purposes of two-thirds funding. Provide \$16 million in 2001-02 and \$33 million in 2002-03 for general school aids to maintain two-thirds funding.

<b>Alternative A3</b>	<b>GPR</b>
2001-03 FUNDING (Change to Base)	\$49,000,000
<i>[Change to Bill]</i>	<i>\$49,000,000]</i>

4. Specify that the increase would equal 2% of the statewide average allowable revenue per pupil in the previous school year multiplied by the district's three-year rolling average pupil enrollment. Include the additional revenue provided in the definition of partial school revenues for the purposes of two-thirds funding. Provide \$32 million in 2001-02 and \$67 million in 2002-03 for general school aids to maintain two-thirds funding.

<b>Alternative A4</b>	<b>GPR</b>
2001-03 FUNDING (Change to Base)	\$99,000,000
<i>[Change to Bill]</i>	<i>\$99,000,000]</i>

5. Take no action.

**B. Inclusion in Shared Costs**

1. Specify that expenditures made from the additional revenue would be included in shared costs for general school aids purposes.

2. Specify that expenditures made from the additional revenue would be included in shared costs for general school aids purposes, unless the inclusion of the expenditures would result in lower equalization aid for a district.

3. Specify that expenditures made from the additional revenue would be excluded from shared costs for general school aids purposes.

**C. Required School Board Vote**

1. Specify that the district may increase its revenue limit under these provisions if the school board adopts a resolution approving the increase by a unanimous vote of the members-elect.

2. Specify that the district may increase its revenue limit under these provisions if the school board adopts a resolution approving the increase by a two-thirds vote of the members-elect.

3. Specify that the district may increase its revenue limit under these provisions if the school board adopts a resolution approving the increase by a majority vote of the members-elect.

**D. Frequency of Use**

1. Allow a school board to adopt a resolution to increase its revenue limit under these provisions annually.

2. Allow a school board to adopt a resolution to increase its revenue limit under these provisions once every three years.

Prepared by: Russ Kava

MO#			
BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE \_\_\_\_ NO \_\_\_\_ ABS \_\_\_\_

PUBLIC INSTRUCTION -- REVENUE LIMITS

Revenue Limit Flexibility

[LFB Paper #737]

Motion:

Move to allow a school district to increase its revenue limit, beginning in 2001-02, on a non-recurring basis as follows: (a) specify that the increase would equal 2% of the statewide average allowable revenue per pupil in the previous school year multiplied by the district's three-year rolling average pupil enrollment; (b) specify that half of that increase would be included in the definition of partial school revenues for the purposes of two-thirds funding. Provide \$16 million GPR in 2001-02 and \$33 million GPR in 2002-03 for general school aids to maintain two-thirds funding.

In addition, adopt alternatives B2, C3 and D1 in LFB Paper #737.

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Note:

This motion would replace the alternatives under "A" in Paper #737. This motion would have the same fiscal effect as Alternative A3 in Paper #737. This motion, however, would provide for 2% revenue limit flexibility, with half of the additional revenue provided excluded from the definition of partial school revenues for the purposes of two-thirds funding and half of the additional revenue included.

Alternative B2 would specify that expenditures made from the additional revenue would be included in shared costs for general school aids purposes, unless the inclusion of the expenditures would result in lower equalization aid for a district.

Alternative C3 would specify that the district may increase its revenue limit under these provisions if the school board adopts a resolution approving the increase by a majority vote of the members-elect.

Alternative D1 would allow a school board to adopt a resolution to increase its revenue limit under these provisions annually.

[Change to Base: \$49,000,000 GPR]

[Change to Bill: \$49,000,000 GPR]

MO#

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS

PUBLIC INSTRUCTION -- REVENUE LIMITS AND GENERAL SCHOOL AIDS

Four-Year-Old Kindergarten Membership

Motion:

Move to provide that, for revenue limit and general school aid membership purposes, a pupil enrolled in a four-year-old kindergarten (K4) program generally be counted on a full-time equivalency (FTE) basis beginning in the 2002-03 school year. Specifically, provide that a K4 pupil enrolled in a program requiring full-day attendance for five days a week for an entire school year be counted as 1.0 member and that a K4 pupil attending a program requiring full-day attendance for less than five days a week for an entire school year be counted based on the result obtained by multiplying the number of hours in each day in which the pupil is enrolled by the total number of days for which the pupil is enrolled, and dividing the result by the product of the number of hours of attendance per day required of first grade pupils in the school district multiplied by 180. Further, specify that if a pupil is enrolled in a K4 program that provides 437 hours of direct pupil instruction be counted as 0.6 pupil if the program annually provides at least 87.5 additional hours of outreach activities. Provide \$2,200,000 GPR in 2002-03 for general school aids in order to maintain two-thirds funding of partial school revenues.

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Note:

Under this motion, four-year-old kindergarteners would be treated the same as a five-year-old kindergartners for revenue limit and general school aid purposes. Under current law, a K4 pupil is currently counted as 0.5 member regardless of the length of time in school, unless the program provides at least 87.5 additional hours of outreach activities in which case the pupil is counted as 0.6 member. A total of 248 school districts claimed K4 membership for general school aids purposes in 2000-01.

Assuming that 50% of current K4 membership would become eligible to be counted as 1.0 member, over 3,100 members would be added to statewide membership. Partial school revenues would increase by an estimated \$3.3 million in 2002-03, with \$2.2 million need to maintain two-thirds funding.

[Change to Base: \$2,200,000 GPR]

[Change to Bill: \$2,200,000 GPR]

MO# \_\_\_\_\_

2	BURKE	Y	N	A
	DECKER	Y	N	A
1	MOORE	Y	N	A
	SHIBILSKI	Y	N	A
	PLACHE	Y	N	A
	WIRCH	Y	N	A
	DARLING	Y	N	A
	WELCH	Y	N	A
	GARD	Y	N	A
	KAUFERT	Y	N	A
	ALBERS	Y	N	A
	DUFF	Y	N	A
	WARD	Y	N	A
	HUEBSCH	Y	N	A
	HUBER	Y	N	A
	COGGS	Y	N	A

AYE 8 NO 8 ABS \_\_\_\_\_

PUBLIC INSTRUCTION -- REVENUE LIMITS

Large Area, Low Enrollment Adjustment

Motion:

Move to provide a recurring revenue limit adjustment for certain school districts. Specify that a district would be eligible for the adjustment if the district had an enrollment of fewer than 450 pupils in the prior school year and the district is at least 275 square miles in area. Provide that if a district lost up to 10% of its membership between September 1996 and September 2000, it would receive an adjustment of \$100,000. Provide that if a district lost between 10% and 20% of its membership between September 1996 and September 2000, it would receive an adjustment of \$175,000. Provide that if a district lost more than 20% of its membership between September 1996 and September 2000, it would receive an adjustment of \$250,000. Provide \$350,000 GPR annually in general school aids to adjust two-thirds funding.

---

Note:

It is estimated that three school districts would be eligible for revenue limit adjustments under this motion. Partial school revenues would increase by a total of \$525,000, with \$350,000 GPR annually needed to maintain two-thirds funding.

[Change to Base: \$700,000 GPR]

[Change to Bill: \$700,000 GPR]



MO#

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS

PUBLIC INSTRUCTION -- REVENUE LIMITS

Revenue Limit Adjustment for Health Insurance Costs

Motion:

Move to provide a revenue limit adjustment to school districts for health insurance costs. Specify that a school district's revenue limit in a particular year would be increased by an amount equal to the following:

- for a school district that subscribes to a private sector health care coverage plan or to the Wisconsin public employers' group health insurance plan offered by the group insurance board, an amount equal to the amount by which costs for health care coverage premiums in the current school year grow by more than 10% over the costs for the premiums in the previous school year;
- for a school district that provides health care benefits on a self-insured basis to employees of the district, an amount equal to the amount by which costs for health care claims paid by the school district in the previous school year grew by more than 10% over the cost of claims paid by the district in the second previous school year.

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Note:

This motion would provide a revenue limit increase to those school districts where the specified health insurance costs exceed a 10% rate of growth. An increase to revenue limits would increase partial school revenues and therefore increase the cost of maintaining the state's two-thirds funding goal. Under this motion, no funding would be provided for general school aids to maintain two-thirds funding of partial school revenues. Because comprehensive data on the rate of change in health insurance costs by school district is not available, the estimated fiscal effect of maintaining two-thirds funding of partial school revenues is indeterminate.

MO# \_\_\_\_\_

2 BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS \_\_\_\_\_

PUBLIC INSTRUCTION -- REVENUE LIMITS

Revenue Limit Agreement for Certain Districts

Motion:

Move to specify that if a school district held a referendum before February 5, 2001, to exceed its revenue limit and the resolution adopted by the school board and referred to in the question submitted to the voters specified a mill rate to be used to calculate the revenue limit increase, the amount by which a school district's revenue limit is increased as a result of the referendum for each year specified in the referendum is the dollar amount agreed to by DPI and the school board of the district.

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Note:

A school district may exceed its revenue limit by receiving voter approval at a referendum. Under statute, a school board must adopt a resolution supporting inclusion in the district's budget of "an amount equal to the proposed excess revenue" and the question placed before the voters must ask whether to exceed the limit "by a specified amount."

On June 13, 2000, voters in the Melrose-Mindoro School District passed a referendum to exceed the District's revenue limit each year between 2000-01 and 2005-06 by the amount that would result from a levy of 10.5 mills on the value of property in the District. DPI and the District have agreed to convert the mill rate contained in the resolution to annual dollar amounts of revenue above the district's limit that are estimated to be generated by the mill rate over the six years, which range from \$115,000 to \$230,000. This motion would statutorily confirm the authority of the Department and the District to enter into this agreement.

MO# \_\_\_\_\_

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
2 GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS \_\_\_\_\_

Shibilski - exemption for increases in health care costs. (SB 124?)

Huber - ~~the~~ <sup>one-time</sup> revenue limit adjustment.

# PUBLIC INSTRUCTION

## Revenue Limits

### *Base Agency*

#### LFB Summary Items for Which No Issue Paper Has Been Prepared

Item #	Title
3	Low-Revenue Ceiling
4	Carryover of Unused Revenue Limit Authority
5	Revenue Limit Penalty Exception for Debt Levy

MO# \_\_\_\_\_

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS \_\_\_\_\_

AGENCY: DPI -- Categorical Aids

ISSUE: Special Education Aids

ALTERNATIVE: Look for Plache motions in A+B

Fallback is A2, B3+4, or whatever added GPR can be gotten.

C2 and D2 = take no action.

**SUMMARY:**

Sen. Plache will offer motions to: reimburse special ed at 40% rate. Cost of this is roughly \$95 million in the biennium.

Alternative A2 maintains the hard-won current 35.7% level for special ed at a cost of nearly \$40 million over base.

Sen. Plache's second motion would follow the DPI recommendation for "low-incidence/high-cost" students, providing 90% aid for students who cost three times the state average, beginning in the second year of the biennium, at a cost of roughly \$26 million.

Alternative B3+4 modify the gov's recommendation for high-cost students, covering 50% of costs for students with a cost over \$30,000 (vs. \$50,000 for the gov).

Just say no to warmed over Tommy ideas in sections C and D.

BY: Bob

Coyys - special ed  
35% to 40%

Plache motions <sup>A-</sup> - handicapped ed  
low incidence/high cost

A-2 fallback

B - Plache motion (90% reimbursement)

B-3 fallback + B-4 (Decker off -  
Decker B-5)

C-2

D-2





## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 29, 2001

Joint Committee on Finance

Paper #740

### Special Education Aids (DPI -- Categorical Aids)

[LFB 2001-03 Budget Summary: Page 535, #1]

#### CURRENT LAW

Both state and federal law require that local school districts provide special education and related services for children with disabilities ages 3 through 21 who reside in the district. Under state law, a child with a disability is defined as a child who, by reason of any of the following, needs special education and related services: cognitive disabilities, hearing impairments, speech or language impairments, visual impairments, emotional disturbance, orthopedic impairments, autism, traumatic brain injury, other health impairments or learning disabilities. In addition, a school district may include a child with significant developmental delay who needs special education services, if consistent with DPI rules.

Special education is provided by school districts, either on their own or through cooperative arrangements with other districts, cooperative educational service agencies (CESAs) and county children with disabilities education boards (CCDEBs). The state reimburses a portion of the costs for educating and transporting pupils enrolled in special education, including school age parent programs, through a categorical aid appropriation. Eligibility for categorical special education aid was extended to Milwaukee charter schools in 1999 Act 9.

Base funding of \$315,681,400 is currently appropriated for categorical special education aid. By statute, the cost of special education for children in hospitals and convalescent homes for orthopedically disabled children is fully funded as a first draw from the special education aids appropriation. The following costs are also eligible for reimbursement from the appropriation but are subject to proration if total eligible costs exceed the remaining funding available:

- salary and fringe benefit costs for special education teachers, special education coordinators, school social workers, school psychologists, paraprofessionals and consulting teachers;

- the salary portion of any authorized contract for physical and occupational therapy services;
- the cost of transportation for pupils enrolled in special education programs;
- the cost of board, lodging and transportation of nonresident children enrolled in a district's special education program;
- salary and travel expenses for special education outside the school district of employment;
- expenditures for the salaries of teachers and instructional aides, special transportation and other expenses approved by the State Superintendent for a school age parents program; and
- any other expenditures approved by the State Superintendent as eligible for reimbursement.

## GOVERNOR

Provide \$10,000,000 in 2001-02 and \$15,000,000 in 2002-03 for special education aids. In addition, make the following changes related to special education aids:

*Supplemental aid for high-costs pupils.* Specify that local educational agencies (LEAs) would be eligible for supplemental special education aid beginning in the 2002-03 school year. This supplemental aid would be equal to 50% of prior year aidable special education costs in excess of \$50,000 for an individual pupil, after deduction of those costs otherwise aided from the categorical special education aids appropriation. Provide that the LEA must submit a claim to DPI for supplemental special education aid no later than September 1 of the school year following the school year in which the costs were incurred. Specify that supplemental aid would be a first draw to be fully-funded from the special education aids appropriation, similar to costs for special education for children in hospitals and convalescent homes for orthopedically disabled students under current law.

*Census-based aid distribution.* Require DPI to distribute a portion of funding from the special education aids appropriation on a "census basis." Require the following amounts of funding to be distributed according to this method: (a) \$10 million in the 2001-02 school year; (b) 5% of the special education appropriation in the 2002-03 school year (\$16,534,100 under the bill); and (c) 10% of the special education appropriation in the 2003-04 school year and in each school year thereafter. Specify that those amounts be distributed according to the following formula: (a) 85% (\$8,500,000 in 2001-02 and \$14,054,000 in 2002-03 under the bill) by the proportion the eligible school district's membership or Milwaukee charter school's pupils is of the statewide total membership of eligible school districts and pupils attending charter schools, and (b) 15% (\$1,500,000 in 2001-02 and \$2,480,100 in 2002-03 under the bill) by the proportion

the eligible school district's membership or charter school's pupils that are eligible for a free or reduced-price lunch is of the statewide total membership of eligible school districts and charter schools' pupils who are eligible for a free or reduced-price lunch. A school district or charter school would be eligible for this "census based" aid if it would receive special education aid under current law.

The remainder of the funding not distributed under either the supplemental aid provisions or the census-based distribution provisions would continue to be distributed based on eligible special education costs incurred by an LEA in the prior year.

*Eligible uses of funding.* Expand the allowable uses of state special education aid to include those purposes for which federal special education aid may be used, including the development and implementation of a coordinated services system and the design, implementation and evaluation of a school-based improvement plan.

## DISCUSSION POINTS

### Special Education Aids Funding Level

1. The most recent decision by the State Supreme Court on the constitutionality of the school aid formula was issued in July, 2000, in the case of Vincent v. Voight. In that decision, the Court concluded that the current state school finance system did not violate either the uniformity clause or the equal protection clause of the Wisconsin Constitution. The Court also held that the current school aid system more effectively equalizes the tax base among districts than the system upheld as constitutional in the last school finance decision of the Court in 1989 (Kukor v. Grover).

2. In the Vincent decision, the Court also held that Wisconsin students have the right to an equal opportunity for a sound basic education that "will equip them for their roles as citizens and enable them to succeed economically and personally." The decision also noted that this standard must take into account districts with disproportionate numbers of disabled students, economically-disadvantaged students and students with limited-English proficiency.

3. In the three most recent school funding decisions, the Court recognized that the Legislature is entitled to deference in fiscal and educational policy decisions. While the Court did not specify a particular funding level that would provide an equal opportunity for a sound basic education for disabled students, the Court did hold in Vincent that "so long as the Legislature is providing sufficient resources so that school districts offer students the equal opportunity for the sound basic education as required by the Constitution, the state school finance system will pass constitutional muster."

4. The following table provides information on appropriated funding in the special education aids appropriation, the level of aidable special education costs and state reimbursement under the categorical appropriation since 1991-92.

**Special Education Aidable Costs, Aid Appropriations and State Reimbursement**  
 (\$ in Millions)

Fiscal Year	Aidable Costs		Aid Appropriation		State Reimbursement
	Amount	Change	Amount	Change	Rate
1991-92	\$479.6		\$254.0		53.0%
1992-93	528.8	10.3%	254.0	0.0%	48.0
1993-94	585.9	10.8	261.3	2.9	44.6
1994-95	625.1	6.7	275.5	5.4	44.1
1995-96	661.3	5.8	275.5	0.0	41.7
1996-97	698.2	5.6	275.5	0.0	39.5
1997-98	747.3	7.0	275.5	0.0	36.9
1998-99	799.6	7.0	275.5	0.0	34.5
1999-00	839.9	5.0	288.0	4.5	34.3
2000-01	884.6	5.3	315.7	9.6	35.7

5. Between 1994-95 and 1999-00, aidable special education costs increased by an average of 6.2% annually. Assuming that rate of growth continues from the 2000-01 cost estimate, projected aidable costs would be approximately \$939.5 million in 2001-02 and \$997.7 million in 2002-03.

6. It could be argued that general school aids, funded at \$3.9 billion in 2000-01, are more important than the special education categorical aid appropriation in the overall context of the state's efforts to equalize the tax base between school districts and provide an equal opportunity for a sound basic education under the state school finance system. In addition, the state reimbursement rate of special education aid declined in every year except one between the Kukor decision in 1989 and the Vincent decision in 2000, yet the Court still found the overall system constitutional in Vincent.

7. Further, any unreimbursed special education costs are included in shared costs under general school aids; on average general school aids in 2000-01 equaled 60% of shared costs, so that school districts received state aid for almost 80% of their special education costs. Accordingly, the Committee could choose to maintain special education aid at base funding. Under this alternative, the estimated state categorical reimbursement rate would decrease from 35.7% in 2000-01 to 33.6% in 2001-02 to 31.6% in 2002-03.

8. Given that the Court has specifically highlighted the needs of school districts with relatively high numbers of students receiving special education or related services, it could be argued that the state should provide additional resources for special education aid and thus provide more resources to school districts with relatively high numbers of students receiving special education or related services. While school districts did receive substantial state categorical and general aids relating to their special education costs, general school aids are subject to revenue

limits. The Governor's recommendation would provide additional special education funding for these districts, which would be outside of revenue limits. Based on projected aidable costs, the Governor's recommendation would provide an estimated reimbursement rate of 34.7% in 2001-02 and 33.1% in 2002-03.

9. Another alternative would be to maintain the current reimbursement rate from the special education aids appropriation. To maintain the estimated 35.7% rate in the 2001-03 biennium, the special education aids appropriation would need to be funded at \$335,253,600 in 2001-02 and \$356,039,400 in 2002-03. This would represent an increase in categorical aid funding of \$19,572,200 in 2001-02 and \$40,358,000 in 2002-03 over base funding.

10. Under the two-thirds funding calculation, if funding for categorical aids such as special education aids are increased, there is a reduction in general school aids equal to one-third of the increase. This reduction is made so that total state aid does not exceed the two-thirds funding goal. Similarly, if categorical aids are decreased, there is an increase in general school aids equal to one-third of the decrease in categorical aid in order to maintain two-thirds funding of partial school revenues.

#### **State Categorical Aid Distribution**

##### *Supplemental Aid for High-Cost Pupils*

11. DOA staff indicate that the supplemental aid provisions were designed to recognize the financial impact on school districts of providing special education and related services to relatively high numbers of pupils with high-cost, low-incidence disabilities, such as traumatic brain injury or autism, within the framework of minimal comprehensive data on per pupil special education costs. The proposed supplemental aid would provide additional categorical aid to these districts which provide services to more severely disabled children.

12. It is generally estimated that the cost of special education and related services for pupils with high-cost, low-incidence disabilities can total several times the cost of services for regular education pupils or for pupils with low-cost, high-incidence disabilities. The cost to a district can be exacerbated by the fact that the cost of certain potentially expensive services, such as nursing services and assistive technology, are not aidable under the state categorical aid appropriation. As a result, it is often contended that providing services for these students in a particular school district, as required under federal and state law, may be done at the expense of the district's regular education programs.

13. A major difficulty in the analysis of special education funding is the lack of comprehensive and current data on special education costs. The federal government, for example, stopped collecting routine data on special education expenditures after the 1987-88 school year because such data was generally seen as not reliable or useful. State categorical aid is based on prior year aidable costs, not on per pupil cost. DPI indicates that the Madison Metropolitan School District calculated costs for its high-cost special education students, with costs ranging from

\$35,800 to \$92,500 per pupil and costs for a "mid-range" pupil of about \$60,800.

14. Determining the potential impact of the Governor's supplemental aid proposal also depends on the assumption made as to what proportion of the cost for special education services for a pupil is aidable under the current categorical appropriation. Using the highest per pupil cost of \$92,500 identified in the Madison Metropolitan data and assuming that 50% of those costs, or \$46,250, are aidable, a district with such a pupil would have had approximately \$29,700 of unaided costs using the estimated 2000-01 reimbursement rate. The district would thus not have been eligible for supplemental aid for such a pupil. If 90% of the costs for such a pupil, or \$83,250, are aidable, a district would have had \$53,500 of unaided costs. Under the Governor's proposal, this district would have been eligible for supplemental aid for 50% of the costs in excess of \$50,000, which would have resulted in a supplemental aid payment of \$1,750 for this pupil.

15. This example suggests that the \$50,000 supplemental aid threshold proposed by the Governor may be too high for a relatively significant amount of supplemental aid to be distributed. As such, the Committee may wish to set a lower threshold. If, for example, the threshold were set at \$30,000, a district providing services to a pupil costing \$92,500, of which 50% are aidable, would still not be eligible for supplemental aid. If 90% of that pupil's costs are aidable, the district would be eligible for \$11,750 in supplemental aid. Using the mid-range per pupil cost of \$60,800 and assuming 50% of costs are aidable, the district would not be eligible for supplemental aid. If 90% of costs are aidable, the district would be eligible for approximately \$2,600 of supplemental aid.

16. If the Committee establishes a supplemental aid program, it may also wish to annually adjust any threshold set under the program to reflect inflation. The Committee could choose, for example, to adjust the supplemental aid threshold in the same way the per pupil revenue increase is calculated under revenue limits. That increase is determined by multiplying the prior year per pupil dollar amount by the percentage change in the consumer price index between the preceding March and the second preceding March. If the threshold is not indexed, over time more supplemental special education aid would be distributed as the cost of special education and related services for a larger number of pupils would exceed the threshold.

17. It could be argued, however, that providing any supplemental aid for high-cost pupils might reduce the incentives for districts to exercise cost restraint regarding decisions made with respect to the provision of special education or related services. Hypothetically, if a district had a choice between providing higher-cost or lower-cost services which are thought to be equally effective to meet the needs of a pupil, some would contend that the provision of supplemental aid would increase the likelihood of a school district choosing the higher-cost services.

#### *Census-Based Aid Distribution*

18. Under the reauthorized federal Individuals with Disabilities Education Act (IDEA) of 1997, a state received funds based on its special education population, until the federal allotment for special education aid reached \$4.9 billion. Any appropriation above that amount is allocated on a census-based distribution, under which 85% is distributed based on the state's proportion of total

school-age population and 15% is distributed based on the state's proportion of total school-age population in poverty. The federal appropriation first exceeded \$4.9 billion in federal fiscal year 2000. States now receive a base allocation equal to the amount of funding received in federal fiscal year 1999, with the remainder distributed on the indicated census basis.

19. The rationale for census-based funding is an assumption that some percentage of the school-aged population has high-incidence, low-cost disabilities, such as specific learning disabilities or speech or language impairment, and that these pupils are distributed relatively evenly across all school districts. Accordingly, the provision of services for these pupils and the related proportion of special education costs would also be distributed relatively evenly across all school districts. Arguably, then, some proportion of special education funding could be distributed based on the total membership of some school districts with minimal impact on the level of service provided to such students.

20. The reason a poverty factor is often included under a census-based funding distribution is that some research has suggested that certain disabilities that might require special education or related services are more prevalent in lower-income groups. Examples of such disabilities include visual or hearing impairments, emotional disturbance, attention deficit disorder, or other learning disabilities. By distributing some portion of funding based on the number of children in poverty, the distribution would arguably account for the distribution of these conditions that might not be taken into account if a census-based distribution depended solely on total membership.

21. Among the arguments generally advanced for census-based funding are that pupil-based or cost-based special education funding systems may provide incentives for over-identifying students as eligible for special education services and for assigning them to higher cost and more restrictive placements, that a census-based funding system provides greater flexibility in use of funds and that a census-based funding system is relatively easy to administer.

22. For example, federal aid distribution prior to the reauthorized IDEA was based on the number of students receiving special education services in a state. Thus, states may have had an incentive for greater number of special education placements. While state categorical aid in Wisconsin is based on the cost of services and not the number of pupils receiving services, some would contend that districts may still have some incentive to provide more special education services, given that categorical aid does not count against a district's revenue limit.

23. Opponents of census-based funding generally raise concerns that this distribution method would provide districts with an incentive to under-identify students in need of special education or related services and that it would distribute funding in a manner that has no relation to actual costs incurred by a district for providing required services.

24. It could be argued that pupil-based and cost-based aid distribution systems do not create incentives for over-identification. For example, special education identification creates certain legal obligations for the provision of services that may discourage states from identifying

more students than actually need services under any aid distribution system. Further, under the state categorical aid distribution, districts do not receive aid for nearly two-thirds of special education costs, meaning most special education services need to be funded from within revenue limits.

25. It should be noted that CESAs and CCDEBs would not be eligible for census-based aid under the provisions of the bill, given that these entities do not claim students for membership purposes. When fully-implemented, under the bill these entities would not be eligible for any portion of the 10% of funding distributed on a census-basis. CESAs and CCDEBs, however, would remain eligible for that portion of the appropriation distributed on a cost basis, and would be eligible for the proposed supplemental aid program. While this provision could negatively impact the provision of special education services by these entities, CESAs would still be eligible to receive payments from school districts on a chargeback basis for these services and CCDEBs would still be eligible for aid from a separate categorical appropriation, funded at \$4 million annually under the bill, for services provided.

#### **Cumulative Effect of Provisions**

26. Administration staff argue that the provisions for supplemental aid for high-cost pupils and for census-based aid distribution should be viewed together rather than separately, in that the provisions together address reforms that some would argue are necessary in special education finance. Specifically, the supplemental aid provisions are designed to address high-cost, low-incidence disabilities, while the census-based provisions are designed to address low-cost, high-incidence disabilities.

27. Taken in isolation, both provisions would tend to have opposite distributional effects. The supplemental aid provision would tend to redistribute aid to those districts that have relatively high concentrations of more severely disabled children, while the census-based distribution provision would tend to redistribute aid to those districts that have a relatively higher proportion of membership than they do of special education costs. Taken together, the distributional effects of the provisions would depend in some part on the level of supplemental aid distributed and how that compares to a district's proportion of membership. In general, however, all school districts would tend to gain aid as a result of the ineligibility of CESAs and CCDEBs for the proposed census-based aid. Further, districts with a relatively high number of high-cost students and a relatively high proportion of membership would also tend to benefit.

#### **Eligible Uses of Funding**

28. Under the reauthorized IDEA, the use of federal special education funding was expanded to include the development and implementation of coordinated services systems and school-based improvement plans. Activities allowable under federal law for the implementation of a coordinated services system include: (a) improving the effectiveness and efficiency of service delivery, including the development of accountability strategies; (b) coordination of special education services and case management with services provided under other federal or state programs; (c) developing and implementing interagency financing strategies for the provision of



education, health, mental health and social services; and (d) interagency personnel development. School-based improvement plans under federal law are designed to assist educational agencies in improving educational and transitional results for children with disabilities by reforming and improving their systems for providing educational, early intervention and transitional services, including systems for professional development, technical assistance and dissemination of knowledge about best practices.

29. The Governor's proposal would allow for consistency in the use of special education funding provided by federal and state government. However, given that the reimbursement rate of state special education funding has been declining, it could be argued that it would be better to limit state funding to the currently-authorized activities under statute, which generally allow for the provision of direct educational or related services, such as special education instruction and transportation, rather than expand the uses of such funding for activities which do not necessarily involve direct provision of services to students.

**ALTERNATIVES TO BASE**

**A. Special Education Aids Funding Level**

1. Approve the Governor's recommendation to provide \$10,000,000 in 2001-02 and \$15,000,000 in 2002-03 for special education aids. Delete \$3,333,300 in 2001-02 and \$5,000,000 in 2002-03 for general school aids to adjust two-thirds funding.

<u>Alternative A1</u>	<u>GPR</u>
2001-03 FUNDING (Change to Base)	\$16,666,700
[Change to Bill]	\$0

2. Provide \$19,572,200 in 2001-02 and \$40,358,000 in 2002-03 for special education aids in order to maintain the current 35.7% reimbursement rate for aidable special education costs. Delete \$6,524,100 in 2001-02 and \$13,452,700 in 2002-03 for general school aids to adjust two-thirds funding.

<u>Alternative A2</u>	<u>GPR</u>
2001-03 FUNDING (Change to Base)	\$39,953,400
[Change to Bill]	\$23,286,800

3. Take no action. To maintain two-thirds funding, general school aids would increase by \$3,333,300 in 2001-02 and \$5,000,000 in 2002-03 compared to the bill.

<u>Alternative A3</u>	<u>GPR</u>
2001-03 FUNDING (Change to Base)	\$0
[Change to Bill]	-\$16,666,700

**B. Supplemental Aid for High-Cost Pupils**

1. Approve the Governor's recommendation to specify that local educational agencies would be eligible for supplemental special education aid, beginning in the 2002-03 school year, equal to 50% of prior year aidable special education costs in excess of \$50,000 for an individual pupil, after deduction of those costs otherwise aided from the categorical special education aids appropriation.
2. Modify the Governor's recommendation to specify that supplemental aid apply to costs in excess of \$40,000.
3. Modify the Governor's recommendation to specify that supplemental aid apply to costs in excess of \$30,000.
4. In addition to any of the alternatives in this section, specify that the supplemental aid threshold be adjusted annually by the percentage change in the consumer price index between the preceding March and the second preceding March.
5. Take no action.

**C. Census-Based Aid Distribution**

1. Approve the Governor's recommendation to require DPI to distribute the following portion of funding from the special education aids appropriation on a census basis: (a) \$10 million in the 2001-02 school year; (b) 5% of the appropriation in the 2002-03 school year; and (c) 10% of the appropriation in the 2003-04 school year and in each school year thereafter. Provide that 85% of the specified funding be distributed based on the school district's or charter school's proportion of total membership and 15% be distributed based on the school district's or charter school's proportion of total membership eligible for a free or reduced-price lunch.
2. Take no action.

**D. Eligible Uses of Funding**

1. Approve the Governor's recommendation to expand the allowable uses of state special education aid to include those purposes for which federal special education may be used, including the development and implementation of a coordinated services system and the design, implementation and evaluation of a school-based improvement plan.
2. Take no action.

Prepared by: Russ Kava

MO#	A2	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A			
		N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N			
		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y			
		BURKE	DECKER	MOORE	SHIBILSKI	PLACHE	WIRCH	DARLING	WELCH	GARD	KAUFERT	ALBERS	DUFF	WARD	HUEBSCH	HUBER	COGGS	AYE	NO	ABS

PUBLIC INSTRUCTION -- CATEGORICAL AIDS

Special Education Aids Funding Level

[LFB Paper #740]

Motion:

Move to provide \$60,113,900 GPR in 2001-02 and \$83,413,200 GPR in 2002-03 for special education aids. Delete \$20,038,000 GPR in 2001-02 and \$27,804,400 GPR in 2002-03 for general school aids to adjust two-thirds funding.

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Note:

Under this motion, total special education categorical aid funding would increase from \$315,681,400 in 2000-01 to \$375,795,300 in 2001-02 and \$399,094,600 in 2002-03. This would provide an estimated 40% reimbursement rate from the categorical aid appropriation for aidable special education costs in the 2001-03 biennium. As a change to the bill, this motion would provide an additional \$50,113,900 GPR in 2001-02 and \$68,413,200 GPR in 2002-03 for special education aids. As a change to the bill, general school aids would be reduced by \$16,704,700 GPR in 2001-02 and \$22,804,400 GPR in 2002-03.

[Change to Base: \$95,684,700 GPR]

[Change to Bill: \$79,018,000 GPR]

MO#

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS

PUBLIC INSTRUCTION -- CATEGORICAL AIDS

Special Education Aids - High-Cost Pupils

[LFB Paper #740]

Motion:

Move to specify that if a local educational agency incurs a certain level of special education costs for a pupil, DPI would provide supplemental aid for those costs beginning in the 2002-03 school year. Provide that the supplemental aid would be equal to 90% of the following: the aidable costs for the special education pupil in the previous school year, less the amount of categorical aid paid for those costs, plus the additional costs (defined as nursing service and assistive technology) for that pupil in the prior year, less an amount equal to three times the statewide average per pupil cost in the previous school year. Specify that supplemental aid would be a first draw to be fully-funded from the special education aids appropriation. Require the local educational agency to submit a claim for supplemental aid to DPI no later than September 1 of the school year following the school year in which the costs were incurred.

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Note:

In the agency budget request, DPI estimated that this high-cost special education provision would cost approximately \$26 million in 2002-03. This amount would be funded from within the special education aids amount appropriated in that year (\$330.7 million under the bill).

MO#

2 BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 12 NO 4 ABS

PUBLIC INSTRUCTION -- CATEGORICAL AIDS

Aid to County Children with Disabilities Education Boards

Motion:

Move to provide \$116,000 GPR in 2001-02 and \$214,800 GPR in 2002-03 for aid to county children with disabilities education boards (CCDEBs). Delete \$38,700 GPR in 2001-02 and \$71,600 GPR in 2002-03 in general school aids to adjust two-thirds funding.

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Note:

Under current law, fiscally independent CCDEBs, which fund the local share of their educational programs through the county property tax levy, receive state aid. The state aids pupils enrolled solely in CCDEB-operated programs and for costs incurred by CCDEBs for pupils jointly enrolled in school district and CCDEB programs. The payment to the CCDEB is determined by recalculating each participating school district's equalization aid by adding: (1) resident pupils solely enrolled in the CCDEB program to the district's membership; and (2) the net cost of services provided by the CCDEB to both jointly enrolled and solely enrolled resident pupils to the district's shared costs. The percentage of the district's shared costs funded by equalization aid that is produced by this recalculation is then multiplied by the net costs of the CCDEB program. In 2000-01, it is anticipated that four CCDEBs (Brown, Calumet, Racine and Walworth) will receive categorical aid, with funding prorated at approximately 49.6%.

Base funding of \$4,000,000 GPR is currently appropriated for aid to CCDEBs. This motion would provide increases of 2.9% in 2001-02 and 2.4% in 2002-03. This would be equivalent to the increases provided to the per pupil revenue limit increase amount under current law.

Under the two-thirds funding calculation, if funding for categorical aids such as CCDEB aids are increased, there is a reduction in general school aids equal to one-third of the increase. This reduction is made so that total state aid does not exceed the two-thirds funding goal.

[Change to Base: \$220,500 GPR]

[Change to Bill: \$220,500 GPR]

MO#

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS

Handwritten notes and faint text on the left side of the page, including a large '2' at the top left.

Faint text on the right side of the page, possibly bleed-through from the reverse side.