



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #630

Student Achievement Guarantee in Education (DPI -- Categorical Aids)

[LFB 2009-11 Budget Summary: Page 523, #1]

CURRENT LAW

The student achievement guarantee in education (SAGE) program awards five-year renewable grants to participating school districts for the purpose of lowering class sizes to 15 in grades kindergarten to third. Since its creation, three rounds of contracts have been authorized.

School districts must do all of the following in each SAGE school: (a) reduce each class size in the applicable grades to 15 pupils; (b) keep the school open every day for extended hours and collaborate with community organizations to make educational and recreational opportunities as well as community and social services available in the school to all district residents; (c) provide rigorous academic curriculum designed to improve academic achievement; and (d) create staff development and accountability programs that provide training for new staff members, encourage employee collaboration, and require professional development plans and performance evaluations.

The Department of Public Instruction (DPI) is required to fund contracts at \$2,250 per low-income pupil enrolled in the applicable grades. Additionally, DPI is required to arrange for an evaluation of the SAGE program and allocate \$250,000 annually for this purpose. The Department has contracted with the University of Wisconsin-Madison for this evaluation.

GOVERNOR

Provide \$3,711,200 GPR in 2009-10 and \$5,441,400 GPR in 2010-11 above base level funding of \$111,984,100 GPR for SAGE in order to accommodate anticipated growth in low-income enrollments of currently participating SAGE schools.

DISCUSSION POINTS

1. From 1996-97 to 2006-07, the SAGE program provided \$2,000 per low-income pupil enrolled in kindergarten through third grade in participating schools. Under 2005 Act 125, beginning in the 2007-08 school year and thereafter, participating SAGE districts are paid \$2,250 multiplied by the number of low-income pupils enrolled in the eligible grades.

2. The most recent decision by the State Supreme Court on the constitutionality of the school aid formula was issued 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. In the *Vincent* decision, the Court indicated 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 economically disadvantaged students, as well as students with disabilities and 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 low-income students, the Court stated 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." SAGE is the largest state program that provides additional resources for low-income K-3 students.

4. In its agency budget request, DPI indicated the cost of the program was estimated based upon the 2007-08 participation figures, 49,804 FTE pupils enrolled in 471 schools, the most recent information available at the time. The total pupil count represented an increase of 2.8% over the 2006-07 pupil count, although nine fewer schools participated in the program in 2007-08. Under administrative rules promulgated by DPI, schools may submit revised aid claims for additional pupils if the pupils were enrolled on the fall count date but were missed in the initial SAGE count. Revised counts are accepted only if unencumbered funding remains in the appropriation, although payments for those pupils may be prorated if remaining funds are insufficient. Payments on behalf of 265 FTE pupils reported during the March, 2008, reporting window were prorated at \$1,029 per pupil in 2007-08.

5. In 2008-09, the number of schools participating has dropped again, to 462, but the low-income pupil count nevertheless increased, to 49,963 FTE. Because the initial October count of low-income pupils exceeded appropriated funding, revised pupil counts were not accepted, and payments for all pupils were prorated at \$2,237. However, in April, 2009, DPI surveyed the participating SAGE districts to gauge the eligible population, despite the inability to provide additional aid this year. That survey, as of April 30, yielded an additional 1,778 eligible SAGE students.

6. Since 2003-04, the pupil count has increased by a total of 2,064 FTE pupils, or 4.3% without taking into account the April, 2009, survey data. At the same time, 67 schools have left the program since that year, with the total decreasing from 529 to 462. The average annual increase in pupils in that time was 0.8% per year. The Department's agency budget request assumed a rate of growth of 1.5% annually in low-income pupils, applied to the 2007-08 pupil count. The Governor's funding recommendation was based on those estimates (Alternative 1). This approach is consistent with the assumption that at least 588 pupils might have qualified for aid had schools been allowed to submit revised counts in 2008-09.

7. Alternatively, given the state's scarce resources, the Committee could consider applying DPI's assumed rate of growth of 1.5% to the 2008-09 pupil count. Under this alternative, aid would equal \$114,103,000 in 2009-10 and \$115,814,500 in 2010-11. Including funds for the ongoing SAGE evaluation, funding would equal \$114,353,000 in 2009-10 and \$116,064,500 in 2010-11. As a change to the base, funding would increase by \$2,368,900 in 2009-10 and \$4,080,400 in 2010-11. This amount would decrease funding under the bill by -\$1,342,300 in 2009-10 and -\$1,361,000 in 2010-11 (Alternative 2).

8. If the Committee wishes to fund the number of pupils identified in the most recent unaudited DPI survey data, the bill could be modified to fund 51,700 pupils in 2009-10 and 52,470 pupils in 2010-11. This would fund the pupil count based on the DPI survey data in 2009-10, and allow for potential 1.5% growth in 2010-11. Under this alternative, funding would equal \$116,575,000 in 2009-10 and \$118,300,000 in 2010-11, which would represent increases of \$879,700 in 2009-10 and \$874,500 in 2010-11 from AB 75 (Alternative 3).

9. While SAGE is the largest state program that provides additional resources for low-income students, it should be noted that significant resources are provided for the education of disadvantaged and underachieving students through the federal Title I program. Title I of the Elementary and Secondary Education Act provides funds to schools with large concentrations of students from low-income families, providing additional instructional resources and supplemental services in order to improve the academic performance of students with the greatest need. School districts in the state were budgeted to receive \$198.0 million under Title I allocations in 2008-09. Under the federal economic stimulus legislation, the American Recovery and Reinvestment Act, the state is expected to receive an additional \$147.7 million in Title I funds, according to the most recent information released by DPI on these funds.

ALTERNATIVES

1. Approve the Governor's recommendation to provide \$3,711,200 GPR in 2009-10 and \$5,441,400 in 2010-11 above base level funding of \$111,984,100 GPR for SAGE. This alternative provides funding assuming growth in the 2007-08 SAGE low-income count of 1.5% per year for 2008-09, 2009-10, and 2010-11.

2. Modify the Governor's recommendation by reducing funding by -\$1,342,300 in

2009-10 and -\$1,361,000 in 2010-11. This alternative provides funding based on the actual 2008-09 SAGE low-income count, plus 1.5% growth in 2009-10 and 2010-11.

ALT 2	Change to Bill
	Funding
GPR	- \$2,703,300

3. Modify the Governor's recommendation by increasing funding by \$879,700 in 2009-10 and \$874,500 in 2010-11. This alternative provides funding based on the 2008-09 aided count, plus the April additional count, for 2009-10, and allows for an additional 1.5% rate of growth in 2010-11.

ALT 3	Change to Bill
	Funding
GPR	\$1,754,200

4. Delete provision.

ALT 4	Change to Bill
	Funding
GPR	- \$9,152,600

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