



## Legislative Fiscal Bureau

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

E

May 20, 1999

Joint Committee on Finance

Paper #779

### School Library Aids Reestimate (DPI -- Categorical Aids)

#### CURRENT LAW

Funding for school library aids is provided through income generated on the common school fund. Under the state Constitution, revenues from certain fines and forfeitures and sales of public lands are deposited in the common school fund. The income for the fund is primarily derived from interest payments on loans from the fund to municipalities and school districts by the Board of Commissioners of Public Lands. The Constitution designates that distribution of the income from the fund be in proportion to the number of residents between the ages of four and 20 years.

In the 1997-99 biennium, \$14,300,000 SEG annually was appropriated for school library aid from income on the common school fund. In addition, \$15,000,000 SEG in 1997-98 and \$5,000,000 SEG in 1998-99 was appropriated for TEACH Board block grants to school districts for educational technology. However, funding for the TEACH block grants is only distributed after the \$14.3 million of annual income from the common school funds is apportioned by the Department of Public Instruction (DPI) to school districts for school libraries, and to the extent the additional funding is available.

#### GOVERNOR

Maintain funding from income on the common school fund at the base level.

#### DISCUSSION POINTS

1. Prior to 1997 Act 27, funding for school library aids varied from year to year depending on the amount of income generated from the common school fund. A total of \$15.9 million was provided in 1993-94, \$16.0 million in 1994-95, \$13.8 million in 1995-96 and \$17.9

million in 1996-97. In 1996-97, the base level appropriation for school library aids was \$14.3 million; however, \$17.9 million was paid in 1996-97 based on the actual amount of monies available. This occurred because the aids were paid from a continuing appropriation that allowed for the expenditure of all monies received as income from the common school fund. Under 1997 Act 27, the school library aid appropriation was modified from a continuing appropriation to an annual sum certain appropriation with expenditures limited to \$14.3 million annually.

2. During the 1999-01 budget process, the Joint Committee on Finance, in its earlier deliberations on the TEACH Board, modified funding for school libraries by providing that the full amount of income from the common school fund would be appropriated to school library aids through a continuing appropriation. Under the Committee's action, it was estimated that \$19.3 million SEG annually would be distributed to school libraries under the continuing appropriation in the 1999-01 biennium.

3. Based on more recent information provided from officials from the Board of Commissioners of Public Lands, available income from the common school fund is estimated to be \$28.2 million SEG in 1999-00 and \$21.7 million SEG in 2000-01. The larger amount in the first year is due to carryover funds from 1997-98 and 1998-99 that could not be expended under the sum certain appropriation.

4. Because school library aids are considered a categorical aid and are included in the calculation of the state's goal of funding two-thirds of partial school revenues, the additional funding estimated to be received from income on the common school fund would decrease the amount of equalization aid needed by 33.3 cents for every dollar of added funding.

## ALTERNATIVES

1. Provide \$8,900,000 SEG in 1999-00 and \$2,400,000 SEG in 2000-01 to reflect a reestimate of the income from the common school fund that will be available to distribute to school libraries during those years. In addition, decrease equalization aid funding by \$2,966,700 GPR in 1999-00 and \$800,000 GPR in 2000-01 to adjust two-thirds funding of partial school revenues.

<u>Alternative 1</u>	<u>GPR</u>	<u>SEG</u>	<u>TOTAL</u>
1999-01 FUNDING (Change to Bill)	-\$3,766,700	\$11,300,000	\$7,533,300

2. Maintain current law.

Prepared by: Tricia Collins

Gov Agency: Department of Public Instruction - Staff Development

**Recommendations:**

Paper No.: 780 Alternative(s): Alt. 1 (WEAC pick also)

Comments: We agree with the governor that these types of programs ensure teachers are able to assist students in meeting academic standards.

Prepared by: Cindy

MO# Alt 3

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

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



## Legislative Fiscal Bureau

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May 20, 1999

Joint Committee on Finance

Paper #780

### Staff Development (DPI -- Categorical Aids)

[LFB 1999-01 Budget Summary: Page 491, #5]

#### CURRENT LAW

The Wisconsin academy staff development initiative (WASDI) consists of two components: (a) one week summer academies for K-12 teachers on topics related to science, mathematics and technology education that involve local businesses and universities and technical colleges; and (b) a lead teacher institute which trains teachers to serve as resources on mathematics, science and technology education to their school, district and state associations and present programs at the summer academies. Educators may receive graduate credit or equivalent clock hours for attending the academies. The initiative, funded in part with a five-year grant from the National Science Foundation, is a program of the Wisconsin Academy of Sciences, Arts and Letters.

#### GOVERNOR

Provide \$500,000 GPR in 1999-00 and \$1,000,000 GPR in 2000-01 in a new, annual appropriation for grants to school districts, CESAs and other persons for staff development. Require the State Superintendent to promulgate rules to implement and administer this grant program, including rules relating to eligibility requirements, grant amounts and eligible grant uses.

#### DISCUSSION POINTS

1. The funding provided in the bill for staff development is based on a DPI initiative that was prepared separately from the agency's 1999-01 biennial budget request. Under this initiative, DPI would assume coordination of WASDI administrative infrastructure when the National Science Foundation federal funding ends in November, 1999. The current five-year

federal grant was awarded to the Wisconsin Academy of Sciences, Arts and Letters, which is an independent, non-profit, membership organization whose purpose is to advance science, art and literature in the state.

2. The Department indicates that the purpose of the new Wisconsin staff development program initiative (WSDP) is to provide educators with the staff development necessary to ensure that Wisconsin students can meet the academic standards at the proficient and advanced levels. The Department adds that the program is needed to strengthen the statewide network for professional development of educators and provide a structure through which DPI can work to: (a) enable all students to achieve high academics; (b) align academic standards, curriculum, assessments and instruction; (c) identify approaches to successful schools in the areas of instruction, assessment, classroom management, professional development, parental involvement, school organization, leadership and school management; (d) enhance teacher skills in addressing the needs of diverse students in order to avoid unnecessary referrals to special educational programs or shifting responsibility award from regular education programs; and (e) enhance school staff skills in sharing responsibility for preventing school failure and historically difficult to educate students.

3. Under DPI's initiative, the 10 current summer academies would continue to operate independently and be mostly self-funded. In addition, an advisory council would explore the feasibility of establishing a new academy in the City of Milwaukee that would focus on the unique characteristics of urban education. The existing lead teacher institute would be renamed the lead educator institute and would continue to train 60 lead teachers and administrators each year in the current areas of science, math and technology and would expand to other academic disciplines. The WASDI network line would be maintained as a dedicated listserve for lead teachers.

4. According to DPI's initiative, new program components under WSDP would include: (a) aid to cooperative education service agencies to develop and coordinate academy workshops; (b) aid to school districts to train teachers to instruct advanced placement courses; (c) workshops related to the implementation of standards and improvement of student performance on state assessments; (d) teacher training at workshops conducted in partnership with the business community; and (e) support for educational interest groups to develop and present academy workshops related to assisting students achieve high standards.

5. The WSDP initiative would administered by four directors, including the assistant state superintendent for instructional services at DPI, and three directors appointed by the State Superintendent based on recommendations of an advisory council appointed by the State Superintendent. The advisory council would provide guidance for the program, including recommending distribution of aid for expanded academy workshops and evaluation of the program. The directors would be responsible for the overall coordination of the program.

6. Currently, DPI's involvement in the WASDI program includes providing federal funding to partially cover the costs of the WASDI listserve and providing consultants that serve as trainers at the lead institute and conduct presentation at the academies.

7. The Department requested \$807,400 GPR in 1999-00 and \$1,414,700 GPR in 2000-01 for this initiative. Under DPI's request the funding would be allocated over the biennium as follows: (a) \$525,000 for administrative costs; (b) \$488,600 for the lead educator institute; (c) \$58,500 for the WASDI listserve; (d) \$400,000 for advanced placement academy workshops; and (e) \$750,000 for grants to academies and professional organizations for workshops.

8. Department officials indicate that the initiative may have to be scaled back under the Governor's proposed funding level of \$1.5 million for the 1999-01 biennium. While plans are not finalized at this time, two program components that may not receive funding or may receive less funding than originally planned under the initiative include the advanced placement academy workshops and assistance to academies. Further, officials from DPI indicate that if funding is not provided for the initiative, the lead teacher institute component of the program will probably not continue, nor the statewide coordination of the program. In addition, academies that are not self-supporting may be discontinued.

9. Currently, the state provides funding for a number of professional development programs for educators, including peer review and mentoring grants, TEACH training and technical assistance grants and National Board of Professional Standards certification incentive grants. The Committee may wish to consider whether a new categorical aid program should be created for additional staff development purposes. In recent years, the state has level funded many categorical aid programs and some categorical aid programs must currently prorate payments. Further, school districts may use equalization aid funding for staff development purposes, although the proposed categorical aid would be outside of revenue limits. Arguably, the academies, which charge fees for the program could continue to operate if there is sufficient interest in the programs offered.

10. Alternatively, given the new standards and up-coming assessments, this type of training and statewide coordination may be desirable to ensure that teachers are prepared to assist Wisconsin students in meeting academic standards. In this regard, the Committee could approve the Governor's recommendation or provide the funding initially requested by DPI under this initiative.

11. This program would be created as categorical aid and therefore would be included in the calculation of the state's goal of funding two-thirds of partial school revenues. If funding would be adjusted for the program, the amount of monies needed for equalization aids would be affected.

## **ALTERNATIVES**

1. Approve the Governor's request to provide \$500,000 GPR in 1999-00 and \$1,000,000 GPR in 2000-01 in a new categorical aid program for staff development grants.

2. Modify the Governor's recommendation by providing an additional \$307,400 GPR in 1999-00 and \$414,700 GPR in 2000-01 for staff development grants. Decrease equalization aid funding by \$102,500 GPR in 1999-00 and \$138,200 GPR in 2000-01 to adjust two-thirds funding of partial school revenues.

**Alternative 2**

**GPR**

**1999-01 FUNDING (Change to Bill)**

**\$481,400**

3. Maintain current law and delete the new appropriation for staff development with \$500,000 GPR in 1999-00 and \$1,000,000 GPR in 2000-01. Increase funding for equalization aid by \$166,700 GPR in 1999-00 and \$333,300 GPR in 2000-01 in order to maintain two-thirds funding of partial school revenues.

**Alternative 3**

**GPR**

**1999-01 FUNDING (Change to Bill)**

**- \$1,000,000**

Prepared by: Tricia Collins

Gov Agency: Department of Public Instruction - Peer Review and Mentoring Program

Recommendations:

Paper No.: 781 Alternative(s): Alt 2 (although WEAC likes Alt. 1)

Comments: LFB makes the argument in paragraph 6 that we've got all kinds of professional development programs already in existence & this one hasn't been around long enough to know whether it's effective or not, so now is not the appropriate time to add additional funding.

Of course, WEAC wants Alt. 1 since it doubles the amount of funding for this program.

Prepared by: Cindy

MO# A43

BURKE	Y	(N)	A
DECKER	Y	(N)	A
JAUCH	Y	(N)	A
MOORE	Y	(N)	A
SHIBILSKI	Y	(N)	A
PLACHE	Y	(N)	A
COWLES	(Y)	(N)	A
PANZER	Y	(N)	A

GARD	(Y)	(N)	A
PORTER	(Y)	(N)	A
KAUFERT	Y	(N)	A
ALBERS	Y	(N)	A
DUFF	(Y)	(N)	A
WARD	Y	(N)	A
HUBER	(Y)	(N)	A
RILEY	Y	(N)	A

AYE 5 NO 11 ABS \_\_\_\_\_

MO# A42

BURKE	Y	(N)	A
DECKER	Y	(N)	A
JAUCH	Y	(N)	A
MOORE	(Y)	(N)	A
SHIBILSKI	Y	(N)	A
PLACHE	(Y)	(N)	A
COWLES	(Y)	(N)	A
PANZER	(Y)	(N)	A

GARD	(Y)	(N)	A
PORTER	(Y)	(N)	A
KAUFERT	(Y)	(N)	A
ALBERS	(Y)	(N)	A
DUFF	(Y)	(N)	A
WARD	(Y)	(N)	A
HUBER	(Y)	(N)	A
RILEY	(Y)	(N)	A

AYE 11 NO 5 ABS \_\_\_\_\_





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May 20, 1999

Joint Committee on Finance

Paper #781

### Peer Review and Mentoring Program (DPI -- Categorical Aids)

[LFB 1999-01 Budget Summary: Page 492, #8]

#### CURRENT LAW

The peer review and mentoring program was created in 1997 Act 237. Under this program a cooperative educational service agency (CESA) or a consortium consisting of two or more school districts or CESAs, or a combination thereof, may apply to the Department of Public Instruction (DPI) for a grant to provide technical assistance and training for teachers, who are licensed by or have been issued a professional teaching permit by the State Superintendent, to implement peer review and mentoring programs. Grantees are required to provide matching funds, which may be in the form of cash or in-kind services or both, equivalent to at least 20% of the amount of the grant awarded. The Department cannot award more than \$25,000 to an applicant in a fiscal year. In 1998-99, the first year the program was funded, \$500,000 GPR was appropriated for these grants.

#### GOVERNOR

Provide an additional \$500,000 GPR annually for the peer review and mentoring program.

#### DISCUSSION POINTS

1. In 1998-99, DPI awarded 20 peer review and mentoring grants to eleven CESAs and nine school district consortia. All eligible applicants were funded in 1998-99. One CESA did not apply for a grant and one applicant was disqualified as ineligible.

2. The peer review and mentoring program focuses on providing support and assistance to initial educators. DPI administrative rule defines an "initial educator" as a teacher who

receives a regular license from DPI for the first time. Under the program, mentors, who are defined by rule as an educator and a peer to the initial educator who primarily provides support and assistance to initial educators, may be used to provide this support and assistance.

3. Grants of not more than \$25,000 may be made under the program to fund programs that include all of the following components: (a) ongoing orientation for initial educators that is collaboratively developed and delivered by administrators, teachers, support staff and parents; (b) seminars for initial educators that reflect the ten Wisconsin standards for teacher development and licensure as recommended by the State Superintendent's Task Force on Restructuring Teacher Education in Wisconsin; (c) mentoring for initial educators; and (d) development of a professional development plan for the initial educator which would include a list of activities, timelines and assessments based on the standards.

4. In addition to the peer review and mentoring program, there are a number of state programs that provide funding for professional staff development activities. Under current law, the State Superintendent is required to operate a program to provide prospective teachers with one-semester internships under the supervision of licensed teachers. This program may also fund in-service activities and professional staff development research projects. The program is funded through fees charged to school districts for participation in the program. In addition, under the SAGE program, schools that receive funding must provide for staff development and accountability, including a transition program for newly-hired employees, teacher professional development plans and evaluations of professional staff members. The preschool to grade five grant program also requires that all grantees participate in in-service training that focuses on educational practices and policies that are effective in improving pupil achievement. The TEACH Board administers a program for teacher training and technical assistance in the use of educational technology.

5. The state also currently provides incentive grants (\$4,500 over two years) to teachers who receive certification from the National Board of Professional Standards. The Governor's budget recommendations would increase the grants to \$24,500 over a ten-year period. In addition, the Governor's budget also recommends providing \$500,000 GPR in 1999-00 and \$1,000,000 GPR in 2000-01 in a new, annual appropriation for grants to school districts, CESAs and other persons for staff development. Further, one could argue that a teacher's undergraduate courses at the state supported universities should prepare new teachers for classroom activities.

6. Given that there are a number of current programs that provide funding and support for professional development for educators, the Committee may wish to maintain the current level of funding for the program. Further, because the program has only been operating since July 1998, it is difficult to determine if the program is providing a significant benefit that would warrant a 100% increase in funding. The Committee could consider the question of additional funding for this program at a later time when there is more information available on accomplishments of the program.

7. The statutes provide that these grants are intended to fund projects to train teachers how to implement mentoring and peer review programs, rather than provide funding to implement

and maintain such programs. The Department, in its application materials, indicates that funding under the program, if available, could be provided to consortia with a 1998-99 funded project. The Department states that continuing grants will be funded up to two years and up to 80 percent of the current grant, contingent upon availability of funding. The Committee may wish to allow consortia that were awarded grants to be eligible for continued funding up to 80% of their current grant for up to two years.

8. Alternatively, because the program would only fund 20 applicants under current law and 40 applicants under the Governor's recommendation, the Committee may wish to limit funding to only new applicants each year, thereby expanding the scope of the program. Because the Department is currently receiving applications for grants for 1999-00, it may be desirable to specify that this prohibition would first apply in 2000-01. Another option the Committee could consider to ensure new applicants receive funding would be to require DPI to give priority to new applicants when making awards.

9. This program is considered a categorical aid and is included in the calculation of the state's goal of funding two-thirds of partial school revenues. If funding would be adjusted for the program, the amount of monies needed for equalization aids would be affected.

## ALTERNATIVES

### A. Funding for Peer Review and Mentoring Grants

1. Approve the Governor's recommendation to provide \$500,000 GPR annually for the peer review and mentoring grant program.

2. Maintain current law by deleting \$500,000 GPR annually from the bill and restoring \$166,700 GPR annually for equalization aid to maintain the state's commitment to fund two-thirds of partial school revenues.

<u>Alternative 2</u>	<u>GPR</u>
1999-01 FUNDING (Change to Bill)	- \$666,600

3. Eliminate the current law program and delete \$1,000,000 GPR annually from the bill and restore \$333,300 GPR annually for equalization aid to maintain the state's commitment to fund two-thirds of partial school revenues.

<u>Alternative 3</u>	<u>GPR</u>
1999-01 FUNDING (Change to Bill)	- \$1,333,400

**B. Continuing Grants**

1. Allow grantees to apply for grants for up to two years following the successful completion of the implementation of a peer review and mentoring grant program in an amount not to exceed 80% of the initial grant.

2. Require DPI to give priority to first time applicants when awarded grants under this program. Specify that if after all eligible first time applicants receive a grant there is funding available, DPI may allow eligible current grantees to receive continued funding, for no more than two years, at not more than 80 percent of their initial grant.

3. Prohibit DPI awarding grants under this program to an applicant that received a grant in the prior year, effective beginning in 2000-01.

4. Maintain current law.

*no action required*

Prepared by: Tricia Collins

✓  
**(Gov) Agency:** DPI -- Milwaukee Parental Choice and Milwaukee Charter Schools Funding

**Recommendations:**

**Paper #785:** Modification

**Comments:** This is simply a re-estimate based on most recent enrollment and school finance data.

Prepared by: Bob



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May 20, 1999

Joint Committee on Finance

Paper #785

### **Milwaukee Parental Choice Program and Milwaukee Charter Schools Funding (DPI -- Choice and Charter Schools)**

[LFB 1999-01 Budget Summary: Page 495, #1 and 497, #4]

#### **CURRENT LAW**

*Milwaukee Parental Choice Program.* A pupil who resides in the City of Milwaukee may attend a private school participating in the Milwaukee parental choice program (MPCP) if his or her family meets income requirements for the program. The State Superintendent is required to pay the parent or guardian of the pupil an amount equal to the average equalization aid per pupil for the Milwaukee Public Schools (MPS), or the private school's operating and debt service costs per pupil that is related to educational programming, whichever is less. The parent or guardian is required to restrictively endorse the check for use of the private school. The equalization aid for MPS is reduced by the average equalization aid per member received by MPS times the number of pupils attending MPCP schools. The State Superintendent is required to ensure that the amount of the aid reduction to MPS lapses to the general fund. In 1998-99, base year funding in the sum sufficient appropriation for the program is \$6.6 million. However, because participation increased significantly following a Wisconsin Supreme Court decision to allow the participation of private religious schools in accordance with the provisions of 1995 Act 27, estimated expenditures are approximately \$28.7 million to fund 5,873 pupils at \$4,894 per pupil in 1998-99.

*Milwaukee Charter School Program.* The Common Council of the City of Milwaukee, the Chancellor of University of Wisconsin-Milwaukee and the Milwaukee Area Technical College District Board are authorized to establish by charter and operate, or contract to operate a charter school located within MPS. The State Superintendent is required to pay the operator of a charter school an amount equal to the shared cost per pupil for MPS multiplied by the number of pupils enrolled in the school. The equalization aid for MPS is reduced by an equivalent amount. The State Superintendent is required to ensure that the amount of the aid reduction to MPS lapses to the general fund.

## GOVERNOR

Provide \$31,739,600 GPR in 1999-00 and \$42,201,500 GPR in 2000-01 over the base year funding of \$6,600,000 for MPCP. Department of Administration (DOA) staff estimates that participation will increase by 1,500 pupils in 1999-00 and 3,000 pupils in 2000-01 from the base of 5,873 pupils. In addition, DOA staff estimates that the MPS average equalization aid per member will increase to \$5,200 in 1999-00 and \$5,500 in 2000-01. Using these projections, the total estimated cost of the program would be \$38,339,600 in 1999-00 and \$48,801,500 in 2000-01. Under the provisions of the bill, there would be an offsetting lapse from statewide equalization aid funding.

Provide \$5,850,000 GPR in 1999-00 and \$12,420,000 GPR in 2000-01 for Milwaukee charter schools. DOA staff estimates that 900 pupils in 1999-00 and 1,800 pupils in 2000-01 will be enrolled in these charter schools and the MPS shared cost per pupil will be \$6,500 in 1999-00 and \$6,900 in 2000-01. Under the provisions of the bill, there would be an offsetting lapse from statewide equalization aid funding.

## MODIFICATION

Reestimate funding necessary for MPCP by \$4,060,400 GPR in 1999-00 and \$1,798,500 GPR in 2000-01. Increase corresponding lapses from general school aids by \$4,060,400 GPR-Lapse in 1999-00 and \$1,798,500 GPR-Lapse in 2000-01. Total funding for MPCP would be \$42,400,000 GPR in 1999-00 and \$50,600,000 GPR in 2000-01. Reestimate funding necessary for the Milwaukee charter school program by -\$2,590,000 GPR in 1999-00 and \$180,000 GPR in 2000-01. Adjust corresponding lapses from general school aids by -\$2,590,000 GPR-Lapse in 1999-00 and \$180,000 GPR-Lapse in 2000-01. Total funding for Milwaukee charter schools would be \$3,260,000 GPR in 1999-00 and \$12,600,000 GPR in 2000-01. The two-thirds funding implications of this reestimate will be addressed in a subsequent paper regarding the overall cost of partial school revenues.

MO#	Y	N	A
BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

**Explanation:** Based on the most recent enrollment and school finance data, it is estimated that enrollment in MPCP will be 8,000 pupils in 1999-00 and 9,200 pupils in 2000-01. The average equalization aid payment for MPS, upon which MPCP payments are based, is projected to be \$5,300 in 1999-00 and \$5,500 in 2000-01. Enrollment in Milwaukee charter schools is estimated to be 500 pupils in 1999-00 and 1,800 pupils in 2000-01. The MPS shared cost per member, upon which charter school payments are based, is estimated to be \$6,520 in 1999-00 and \$7,000 in 2000-01.

Modification	GPR	GPR-Lapse
1999-01 FUNDING (Change to Bill)	\$3,448,900	\$3,448,900

Hardy and Tricia Collins

AYE 16 NO 0 ASS 0

**(Gov) Agency:** DPI -- Choice and Charter Schools State Aid and Revenue Limit Calculations

**Recommendations:**

**Paper #786:** Alternative 1

**Comments:** The governor would spread the impact of Choice and Charter schools among most school districts in the state, not just MPS where it now falls most heavily.

This is the #1 priority for the MPS board members who visited the office on Wednesday. Alternative 2 also would be helpful. Alternative 4 would be a disaster, a "poison pill" for choice, in the words of George Mitchell.

DPI supports Alternative 1 because it would be the easiest to administer and would spread the costs of the programs most equitably.

WEAC suggests we will see a separate motion on this. MPS board members say Riley is working on an option if 1 or 2 fail.

Prepared by: Bob





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May 20, 1999

Joint Committee on Finance

Paper #786

### **Milwaukee Parental Choice Program and Milwaukee Charter Schools State Aid and Revenue Limit Calculations (DPI -- Choice and Charter Schools)**

[LFB 1999-01 Budget Summary: Page 495, #2 and 497, #5]

#### **CURRENT LAW**

*Milwaukee Parental Choice Program (MPCP).* A pupil in kindergarten through grade twelve who resides in the City of Milwaukee may attend a private school participating in the MPCP if his or her family meets the family income requirements for the program. In the school year prior to their initial enrollment in a private school, participants must have been either enrolled in the Milwaukee Public Schools (MPS), an MPCP school or grades kindergarten through three in private schools located within the City of Milwaukee, or not enrolled in school. Special court-imposed transition rules apply in 1998-99 for certain children. No more than 15% of the MPS membership can attend private schools under the program, which results in a maximum of approximately 15,700 pupils in 1998-99.

*Milwaukee Charter Schools.* The Common Council of the City of Milwaukee (the City), the Chancellor of the University of Wisconsin – Milwaukee (UWM) and the Milwaukee Area Technical College (MATC) are authorized to establish by charter and operate, or contract with a group or individual to operate a charter school. The 1998-99 school year is the first year that UWM, MATC or the City can establish or contract for the establishment of a school under the Milwaukee charter school program (MCSP).

*Revenue Limits.* Revenue limits are imposed on the amount of revenue obtained through the combination of general school aids and the property tax levy. Under revenue limits, the number of pupils enrolled is defined as the number of pupils who are enrolled on the third Friday of September. For the MPS, this definition of pupils enrolled includes pupils enrolled in MCSP and MPCP schools. However, in calculating the three-year rolling average membership used for MPS' revenue limits, the MCSP and MPCP pupils are subtracted out using prior year data.

Specifically, the base year number of pupils is calculated by adding the number of pupils enrolled in the three previous years, subtracting the number of MCSP and MPCP pupils in the fourth, third and second preceding years, and dividing the remainder by three. The number of pupils used in calculating the current-year revenue limit is determined by adding the number of pupils enrolled in the current and two preceding school years, subtracting the number of MCSP and MPCP pupils in the three previous school years and dividing the remainder by three.

*Equalization Aid.* In computing equalization aid, membership in the previous school year is used and the definition of membership includes the number of pupils enrolled in MPCP and MCSP schools. Membership also includes those pupils attending a MPCP school in the current school year, who in the prior year were enrolled in grades K-3 in a private school located in the City of Milwaukee that was not a MPCP private school.

The State Superintendent is required to pay the parent or guardian of a pupil enrolled in a MPCP school from a separate state appropriation specifically for this purpose. The parent or guardian is required to restrictively endorse the check for the use of the private school. The total payment is equal to the lesser of the following: (a) the average equalization aid per pupil received by MPS; or (b) the private school's operating and debt service cost per pupil that is related to educational programming, as determined by DPI. The State Superintendent is required to pay the operator of a MCSP school an amount equal to the shared cost per member of MPS in the previous school year multiplied by the number of charter school pupils attending the school. Shared costs are the school district expenditures that are aidable through the state equalization aid formula. The payments are made in four equal installments in September, November, February and May of each school year.

Current law requires that equalization aid for MPS be reduced by the total amount paid to the MCSP and MPCP schools. The State Superintendent is required to ensure that equalization aid paid to other school districts is neither reduced nor increased as a result of the payments to MCSP and MPCP schools or as a result of the aid reduction to MPS. In addition, the State Superintendent is required to ensure that the amount of the aid reduction to MPS lapses to the general fund. Under the revenue limit calculation, MPS can increase its property tax levy to offset these aid reductions.

As of January 1999, there were 5,873 pupils enrolled in the MPCP. The MPS average equalization aid per pupil is \$4,894 in 1998-99. The MPCP schools will receive an aggregate amount of \$28.7 million in 1998-99, and the MPS equalization aids will be reduced by an equivalent amount. Based on the September, 1998, enrollment counts, there are 55 pupils enrolled in three City of Milwaukee charter schools. Based on estimates from DPI, the 1997-98 shared cost per member for MPS, upon which the 1998-99 charter school payments are based, is \$6,052.

Due to a disagreement over who is responsible for providing special education services to children with disabilities attending these charter schools, one of these schools will not receive the

full per pupil funding each of its charter school pupils. However, if it assumed that each of the 55 pupils is aided at the full amount, the aggregate aid paid to these charter schools will be \$332,750 in 1998-99, and MPS equalization aid will be reduced by an equivalent amount.

## GOVERNOR

Modify current law governing the calculation of equalization aid and revenue limits relating to pupils attending MCSP or MPCP schools, as follows:

a. Delete the inclusion of pupils enrolled in a MCSP or MPCP school from the count of the average of the number of pupils enrolled on the 3<sup>rd</sup> Friday of September and the 2<sup>nd</sup> Friday of January of the previous school year, required for the annual membership report for each school district. Delete the provision that the membership used to compute state aid to MPS include those pupils who are attending MPCP schools in the current school year and were enrolled in grades kindergarten through three in a private school located in the City of Milwaukee, other than a MPCP school, in the previous school year. These changes would have the effect of removing these pupils from MPS membership for purposes of both equalization aid and revenue limits;

b. Delete the provision of current law that subtracts pupils attending MCSP or MPCP schools from the calculation of enrollment used to determine school district revenue limits, from preceding years. This would be deleted both from the three-year rolling average calculation for the base year and current year. Because these pupils would no longer be included in MPS membership under the bill, current law that removes these pupils would be deleted as no longer needed;

c. Delete the requirement that DPI reduce equalization aid paid to MPS in an amount equal to state payments to pupils attending MCSP or MPCP schools and that this MPS aid reduction lapse to the general fund. Delete the requirement that DPI ensure that equalization aid paid to other school districts is neither reduced nor increased as a result of the MCSP and MPCP payments or the reduction in aid to MPS; and

d. Provide that for the purposes of setting the equalization aid appropriation, the Joint Committee on Finance would be required to determine an amount necessary to meet the state's commitment to fund two-thirds of partial school revenues less the amounts paid for MCSP and MPCP. A technical correction would be necessary to achieve the intent of the bill, which is that an amount equal to the cost of fully funding MCSP and MPCP be lapsed to the general fund from the appropriation for equalization aid.

Provide that these modifications would first apply to state aid distributed in the 1999-00 school year. These modifications would result in a lower statewide membership for both revenue limits and state aid beginning in 1999-00. Staff at DOA estimate that the cost of two-thirds funding of partial school revenues would decrease by approximately \$2,500,000 GPR in 1999-00 and \$5,600,000 GPR in 2000-01 compared to current law estimates.

## DISCUSSION POINTS

1. During the 1998-99 school year, the participation in the MCS and MPC programs has greatly expanded. Due to a Wisconsin Supreme Court decision in June, 1998, which permitted the participation of private, parochial schools in the program, the MPCP expanded from 1,539 pupils in 1997-98 to 5,873 pupils in 1998-99. Enrollment in the MPC program is projected to be 8,000 pupils in 1999-00 and 9,200 pupils in 2000-01. The 1998-99 school year is the first year under which the City, MATC and UWM could charter schools under the MCS program. The City originally contracted with three charter schools, one of which later decided to remain a MPCP school due to federal requirements regarding special education services. However, the City expects to contract with four schools in 1999-00 and UWM may contract with two schools. MCSP enrollment is projected to be 500 pupils in 1999-00 and 1,800 pupils in 2000-01.

2. The fiscal impact of the MCS and MPC programs is complex. Under the state's current school finance system, the MCS and MPC programs effect revenue limits, equalization aid, the maximum allowable property tax levy and the state's commitment to fund two-thirds of partial school revenues. However, the major, long-term difference between current law and the Governor's recommendation is which school districts are most impacted by the existence of the MCS and MPC programs. Under current law, nearly 100% of the impact of the programs falls on MPS; under the Governor's proposal, the effects of the programs would be distributed among most school districts across the state.

3. Under current law, the effect of an increase in the number of pupils enrolled in a MCSP or MPCP school on the MPS' revenue limits will depend on where the pupils otherwise would have gone to school. If the pupil otherwise would have attended MPS, then MPS revenue limits will be unchanged in the current year. However, MPS revenue limits will decline over the next three years, as one-third of this pupil will be removed from the revenue limit calculation each year, beginning in the following year. In the fourth year, this pupil will be fully removed from the MPS revenue limit calculation, so that there will be a reduction of one pupil in calculating MPS revenue limits.

4. For a MPCP pupil that otherwise would not have attended MPS, the MPS revenue limits will be increased in the current year, as one-third of this pupil will be added to the revenue limit calculation for MPS. In the second and third years, the net effect of current law governing revenue limits is that one-third of this pupil will be added to the revenue limit calculation, so that the same increase in pupil enrollment will occur in each of these three years. In the fourth year and each year thereafter, the pupil will roll out of the revenue limit calculation and MPS revenue limits will be unchanged from the current calculation, so that there will not be a long-term effect from this pupil.

5. Under current law, the major impact on equalization aid attributable to the MCS and MPC programs is the requirement that the payments for these programs be offset by a lapse of equalization aid. For example, the equalization aid formula in 1998-99 would provide \$515.1 million of aid to MPS, before consideration of integration (Chapter 220) aid. Because of the lapse

requirements for the MCS and MPC programs, the amount of equalization aid actually received by MPS will be reduced by an estimated \$29 million, for a net equalization aid payment of \$486.1 million.

6. A second effect on equalization aid of the MPCP program relates to the calculation of membership. In computing equalization aid, membership in the previous school year is used and the definition of membership includes the number of pupils enrolled in MCSP and MPCP schools. Membership also includes those pupils attending a private school under the MPCP in the current school year, who in the prior year were enrolled in grades K-3 in a private school located in the City of Milwaukee that was not a MPCP school. Because there is a current year component in the definition of membership relating to certain pupils enrolled in a MPCP school, statewide membership for equalization aid is higher and MPS receives somewhat more equalization aid than otherwise would be the case.

7. Under revenue limits, MPS has the authority to increase its property tax levy by the amount of the aid reduction attributable to payments for pupils attending MCSP and MPCP schools. There is no requirement that the levy increase by this amount, and in 1998-99, the MPS levy was an estimated \$6 million below the maximum allowable levy. Whenever the local school property tax levy increases, the state's cost of attaining the goal of two-thirds funding increases as well. With regard to the increase in the MPS levy, the state had already set the funding level for school aids for 1998-99 prior to the Wisconsin Supreme Court ruling relating to the MPCP. A total of \$5 million GPR was provided in 1998-99, as the state's share of what was projected at that time as a \$7.5 million MPS levy attributable to the MPCP. As a result, the increase in the MPS levy in 1998-99 did not have any effect on the actual amount of state funding provided for school aids. However, the increase in the MPS levy does have the effect of increasing the cost of fully funding the goal of two-thirds of partial school revenues.

8. The Governor's proposal provides an immediate reduction in the cost of two-thirds funding because of the drop in MPS enrollment. However, in the long term, the effect on partial school revenues and the cost of two-thirds funding will be similar under current law and the Governor's recommendation. Under both scenarios, the state will fund two-thirds of the local school district partial school revenues, including any levy to offset an MCSP and MPCP aid reduction.

9. Based on the most recent enrollment and school finance projections, it is estimated that aid for the MPC program will be approximately \$42.4 million in 1999-00 and \$50.6 million in 2000-01. Aid for the MCS program is estimated to be \$3.26 million in 1999-00 and \$12.6 million in 2000-01. Under current law, MPS's school aids will be reduced by the above amounts to fund the program and therefore, the property tax levy necessary to make up for all or part of the aid reduction will be paid for by the Milwaukee property taxpayers. Under the Governor's proposal, the aid reductions would be spread across most school districts in the state; however, the impact on an individual school district would likely be modest given that even in 2000-01, the \$63.2 million provided for the programs would comprise an estimated 1.6% of funding for general school aids.

10. Staff at DOA indicates that because the programs are expanding significantly, it is more appropriate to distribute the fiscal impact of the programs across the state, rather than solely on MPS and the property taxpayers of Milwaukee. In considering this point, because MPS is a lower-value school district, it may be required to significantly increase its levy rate to make up for an aid loss of the magnitude required after the recent and future expansion of the programs. Based on the ability to raise property taxes, it may be more equitable to spread the necessary property tax increase across the state rather than focusing on Milwaukee. Depending on how one allocates MPS's school property tax levy it is estimated that from 12% to 16% of the levy in 1998-99 is attributable to the MPCP. Although many factors will affect the school property tax levy next year, it is estimated that 20% to 25% of the MPS levy in 1999-00 would be attributable to the MPC and MCS programs under current law. Under the Governor's recommendation, it is estimated that the levy attributable to these programs would represent 1.6% of the statewide school property tax levy in 1999-00.

11. The MPCP has expanded into a major educational program, comprising approximately 5.2% of MPS's fall, 1998, enrollment, and is projected to continue to expand as more private schools participate. The MCSP, while just initiated, is expected to expand significantly over the next several years as the City of Milwaukee and UWM charter more schools. It could be argued that given the size of these programs, their fiscal impact should be shared with all school districts statewide, as is currently the case under the Chapter 220 integration aid program. In addition, both of these programs were created by the state, but only apply to MPS. One can argue that since the state created these programs, which are expanding to the point where they require significant resources, it would be appropriate for the state as a whole to fund them.

12. The Governor's proposal would lapse an amount equivalent to the cost of the MCS and MPC programs from the appropriation that funds statewide general school aids. In order to meet the intent of the bill, a modification to the lapse provision would be necessary; however, as intended the lapse would not apply districts that receive equalization aid at the primary aid level of the equalization aid formula only. Districts that receive primary aid only, are either high value districts whose equalized value per member exceeds the secondary guarantee (\$676,977 in 1998-99), or higher-value, higher-cost districts that generate negative tertiary aid that exceeds their positive secondary aid. All districts that qualify for equalization aid receive at least their primary aid, due to the primary aid hold-harmless provision. Finally, those districts that have such a high value per member so as not to qualify for equalization aid, but that receive other forms of general school aids, would not have their state aid reduced under the Governor's proposal.

13. In order to ensure that the effects of the Governor's proposal are spread proportionately across all school districts in the state, it may be desirable to require DPI, in determining the amount of general school aids for school districts, to: (a) set the secondary guarantee for the general equalization aid formula utilizing the full amount appropriated; (b) determine the MPS equalization aid per member upon which MPCP payments are based; (c) based on the amount of aid required for the MCS and MPC programs, proportionately reduce the general school aids for each school district in the state; and (d) ensure that the gross amount of these aid reductions is lapsed to the general fund. Such a method would ensure that high value school districts

that currently receive either primary aid only or no equalization aid would be affected in the same manner as all other school districts in the state.

14. While it may be more equitable from a property tax perspective to spread the cost of the MCS and MPC programs across all school districts, it could be argued that because the program is focused on Milwaukee, the fiscal impact of the program should be largely shouldered by MPS and the Milwaukee taxpayers, as under current law. Because only pupils that are residents of the MPS district are permitted to participate in the programs, the Milwaukee taxpayers are simply providing funds to offer Milwaukee parents and children more educational options than are allowed for parents and children in the rest of the state.

15. Further, it has been suggested that the demand for the MCS and MPC programs arose because of a failure of the MPS school district to provide sufficient, quality educational opportunities for children in Milwaukee. Because of this, MPS should be directly, and singularly, affected due to the participation of children in these programs. Without such a relationship between the finances of MPS and the enrollment in these schools, MPS would not be provided with the incentive to improve its educational opportunities for all children. Arguably, other school districts in the state should not be adversely affected to address concerns over the performance of MPS.

16. Under current law, payments to MPCP parents are based on the MPS average equalization aid per pupil and payments to MCSP school operators are based on the MPS shared cost per member, which are \$4,894 and \$6,052 respectively for 1998-99 school aids. The MCSP payments were established at a higher level because it was believed that many charter schools would be new schools that would require additional funding for site acquisition and start-up costs. However, while some future charter schools will likely be new schools, the two current City of Milwaukee charter schools are converted private schools. As a comparison, the public school open enrollment program provides payments based on the average instructional and support service costs for school districts across the state. The payment is determined annually by DPI, and is \$4,555 in 1998-99. The payment level was established to be a proxy for the marginal cost of a school district adding or subtracting pupils.

17. It may be desirable to equate the private school choice and charter school payments with the payments provided to public school districts under the open enrollment program. In order to provide for the start-up costs associated with new charter schools, a per pupil payment equal to 125% of the open enrollment payment could be provided in the first year of operation to charter schools that DPI determines to be bona fide new schools. Otherwise, all MCSP and MPCP schools would receive per pupil payments equivalent to the public school district open enrollment payment.

18. Assuming that the open enrollment payment increases to \$4,805 in 1999-00 and \$5,105 in 2000-01, and that one-half of the charter school enrollment would be for bona fide new schools in each year, such a modification would decrease the MPS or statewide levy necessary to offset these payments. Estimated payments under the MPCP would decrease by \$3,960,000 GPR in 1999-00 and by \$3,634,000 GPR in 2000-01, while payments under the MCSP would decrease by \$557,200 GPR in 1999-00 and by \$2,262,400 GPR in 2000-01. Estimated lapses of general school

aids would be reduced by a corresponding amount. Because there would be more general school aids funding available to reduce the school property tax levy, the cost of two-thirds funding would decrease by an estimated \$3.01 million GPR in 1999-00 and \$3.93 million GPR in 2000-01, both under current law and under the modification proposed by the Governor.

19. In order to maintain current law, funding for general school aids would have to be increased by \$2.5 million GPR in 1999-00 and \$5.6 million GPR in 2000-01, in order to maintain two-thirds funding of partial school revenues. This would be necessary because this is the amount that was removed from general school aids under the Governor's estimates due to the decrease in statewide enrollment generated under the Governor's recommendation.

## ALTERNATIVES

### Point of Fiscal Impact of MCS and MPC Programs

1. *Aid Lapse Affects Most School Districts.* Approve the Governor's recommendation to spread the gross fiscal effect of the MCS and MPC programs across most school districts in the state, including a modification to specify the related aid lapse. The modification would require DPI, in determining the amount of general school aids, to: (a) initially set the secondary guarantee for the equalization aid formula using the full amount appropriated; (b) use that initial aid run to determine the MPS equalization aid per member upon which MPCP payments are based; (c) once the estimated MPC and MCS payments are determined, set the secondary guarantee for the equalization aid formula using the net amount of funding, after lapses for the MPCP and MCSP, and use this aid run to determine school district equalization aid amounts; and (d) ensure that the gross amount of the MPCP and MCSP aid reduction is lapsed to the general fund.

2. *Aid Lapse Affects All School Districts.* Modify the Governor's recommendation to require DPI, in determining the amount of general school aids for school districts, to: (a) set the secondary guarantee for the general equalization aid formula utilizing the full amount appropriated; (b) determine the MPS equalization aid per member upon which MPCP payments are based; (c) based on the amount of aid required for the MCS and MPC programs, proportionately reduce the general school aids for each school district in the state; (d) ensure that the gross amount of these aid reductions is lapsed to the general fund. Such a method would ensure that all school districts would be affected in the same manner.

3. *Aid Lapse Affects MPS.* Maintain current law. Increase general school aids by \$2,500,000 GPR in 1999-00 and \$5,600,000 GPR in 2000-01, in order to maintain two-thirds funding of partial school revenues.

Alternative 3	GPR
1999-01 FUNDING (Change to Bill)	\$8,100,000



### MCS and MPC Per Pupil Payment Amount

4. In addition to any of the above alternatives, provide that the per pupil payment provided to parents of children participating in the MPCP and school operators participating in the MCSP would be equivalent to the payment determined by DPI under the public school district open enrollment program. Provide that charter schools in the MCSP that are bona fide new schools, as determined by DPI, would be receive a per pupil payment equivalent to 125% of the payment determined by DPI under the public school district open enrollment program, during the first school year of operation. Reestimate payments under: (a) the MPCP by -\$3,960,000 GPR in 1999-00 and -\$3,634,000 GPR in 2000-01; and (b) the MCSP by -\$557,200 GPR in 1999-00 and by -\$2,262,400 GPR in 2000-01. Reduce the corresponding GPR-Lapse estimates by a total of \$4,517,200 in 1999-00 and \$5,896,400 in 2000-01. Delete \$3,010,000 GPR in 1999-00 and \$3,930,000 GPR in 2000-01 from general school aids, in order to maintain two-thirds funding.

<u>Alternative 4</u>	<u>GPR</u>	<u>GPR-Lapse</u>
1999-01 FUNDING (Change to Bill)	-\$17,353,600	-\$10,413,600

Prepared by: Ruth Hardy

**(Gov) Agency:** DPI -- Milwaukee Charter Schools Special Ed Aid

**Recommendations:**

**Paper #787:** Alternatives A2, B2+3, C2

**Comments:** Special education has been an explosive issue with charter schools in Milwaukee. The governor tries to iron out some of the problems.

WEAC and WASB unite on the above options. While neither support charter schools that are not under the authority of a school board, they argue that special ed funds should be based on the same timelines and restrictions that apply to all school districts.

**Burke Motion:**

Prepared by: Bob



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May 20, 1999

Joint Committee on Finance

Paper #787

### **Milwaukee Charter Schools Special Education Aid (DPI -- Choice and Charter Schools)**

[LFB 1999-01 Budget Summary: Page 498, #6]

#### **CURRENT LAW**

The Common Council of the City of Milwaukee (the City), the University of Wisconsin Milwaukee (UWM) and the Milwaukee Area Technical College (MATC) may establish by charter and operate, or contract with a group or individual to operate, a charter school. These schools receive state funding equal to the shared cost per member of the Milwaukee Public Schools (MPS) in the previous school year multiplied by the number of charter school pupils attending the school. Annually, state equalization aid paid to MPS is reduced by an amount equivalent to the total funding provided for these schools. For payments in 1998-99, the MPS shared cost per member is approximately \$6,050.

During the 1998-99 school year, the first year under which the City, UWM and MATC could establish charter schools, three schools were established by the City to operate as charter schools, with a total enrollment of approximately 55 students.

School districts, cooperative education service agencies (CESAs) and county children with disabilities education boards (CCDEBs) are eligible for reimbursement of certain prior year special education and special education transportation costs, based on specific reimbursement rates and the availability of funding. In 1998-99, \$275,548,700 GPR is provided for these purposes.

#### **GOVERNOR**

Provide that Milwaukee charter schools would be eligible for special education aid. This would apply to the operator of a charter school established by charter and operated by the City, UWM or MATC, or an individual or group under contract with any of these entities to operate a

charter school. The operator of one of these charter schools could receive aid if it operates a special education program and the State Superintendent is satisfied that the operator of the charter school is complying with federal special education law under the Individuals with Disabilities Education Act (IDEA) as though the operator of the charter school were a local education agency (LEA), as defined under federal law. In this case, the State Superintendent would be required to certify to the Department of Administration (DOA) a sum equal to the amount that the charter school estimates it will expend during the current school year for: (a) salaries of full-time or part-time licensed teachers; (b) licensed coordinators of special education; (c) licensed school social workers and psychologists; (d) paraprofessionals; (e) licensed consulting teachers to work with any teacher of regular education programs who has a child with a disability in a class; and (f) any other personnel, as determined by the State Superintendent. Provide that the costs certified would be eligible for reimbursement from the appropriation for special education and school age parents programs.

Provide that these charter schools would be eligible for aid on special education transportation costs. The operator of one of these charter schools could receive aid if it transports children with disabilities and the State Superintendent is satisfied that the operator of the charter school is complying with federal special education law under IDEA as though the operator of the charter school were an LEA, as defined under federal law. In this case, the State Superintendent would be required to certify to DOA a sum equal to the amount that the operator of the charter school estimates it will expend during the current school year for special education transportation as costs eligible for reimbursement from the appropriations for aid for special education and school age parents programs and aid for special education transportation.

No new funding would be provided for the addition of these Milwaukee charter schools.

## **DISCUSSION POINTS**

1. The federal Individuals with Disabilities Education Act and Section 504 of the Rehabilitation Act of 1973 require that all students with disabilities be provided with a free and appropriate public education (FAPE) based on their specific individual needs. Private schools are not always required to admit special education students if the schools would need to make more than minor adjustments to their programs to accommodate the students. In contrast, public schools cannot deny admission to any student regardless of the severity of his or her disability. While charter schools are exempt from most state education laws and regulations, they must follow applicable federal laws. In addition, state charter school law provides that charter schools cannot discriminate in admission or deny participation in any program or activity on the basis of various student characteristics, including physical, mental, emotional or learning disability.

2. Most charter schools in the state are instrumentalities of a school district, and therefore the school district is responsible for providing special education services to pupils enrolled in the district's charter schools. The Milwaukee charter schools are not school district schools. Because current state law does not explicitly state that charter schools are public schools, the

Department of Public Instruction (DPI) and the City have disagreed about whether the City or MPS is required to provide special education services to students enrolled in the City's charter schools.

3. City officials have stated that their charter schools will accept students with disabilities and will provide basic special education services. However, they contend that because charter schools do not have the necessary resources, MPS, as the LEA, should be responsible for providing services to severely disabled students. DPI believes that charter schools are public schools and therefore, must follow federal laws relating to the provision of special education services, and has asserted that either the City or the schools themselves are obligated as the LEA to provide such services.

4. Federal law defines LEA as: (a) a public school board; (b) a public authority that performs services for public schools; or (c) any public institution or agency that has administrative control and direction of a public school. An LEA must maintain sufficient control in order to ensure complete compliance with federal special education laws in all aspects of a child's education. The City has argued that it neither exercises administrative control nor provides the schools with any services, and that state law does not include the City in its definition of an LEA. Under current state law, an LEA is: (a) the school district in which a child with a disability resides; (b) the Department of Health and Family Services (DHFS), if a child with a disability resides in a DHFS facility; or (c) the Department of Corrections, if a child with disabilities resides in a secured correctional facility. Under state law, however, this definition of LEA does not apply to charter schools.

5. MPS does not maintain any administrative control or direction of any of the City, UWM or MATC charter schools. State charter school law explicitly states that a charter school established by the City, UWM or MATC, unless established by the City and operated by a for-profit entity, is not an instrumentality of MPS and that MPS may not employ any personnel for the charter school. Further, it could be argued that permitting the City, UWM and MATC to establish charter schools was an effort to provide a school option other than MPS for children residing in the Milwaukee school district. Requiring MPS to attain administrative control and direction of the schools in order to comply with federal IDEA laws may be retreating from the spirit of the charter school law. Finally, requiring MPS to provide services to children that attend schools other than those operated by MPS would likely be an administrative and financial burden on the district.

6. Because the three Milwaukee charter schools would not agree that they were required to follow the public school regulations related to the provision of special education services under federal law, DPI withheld the full charter school payments from the schools, and instead treated the schools as if they were Milwaukee parental choice program (MPCP) schools. During the Fall of 1998, the schools received payments equivalent to the average equalization payment per pupil received by MPS in 1998-99, approximately \$4,900, rather than the \$6,050 per pupil payment granted to Milwaukee charter schools. DPI indicated that if the schools agreed to comply with federal laws related to special education for public schools, then DPI would provide the schools with the full Milwaukee charter school payment.

7. In October 1998, the State Superintendent received a letter from the U.S.

Department of Education (DOE), in response to DPI inquiries regarding this dispute and the potential loss of federal special education funding due to noncompliance with federal law. The major arguments of the DOE correspondence include:

a. *Wisconsin charter schools are public schools.* Charter schools are defined as public schools under federal law and are required to provide special education services as public schools under IDEA. Charter school laws throughout the nation treat charter schools as public schools and Wisconsin's law is structurally comparable to these laws. DOE defines the term public "as applied to an agency, organization, or institution under administrative supervision or control of a government." Based on the DOE comments, because the City has the ability to grant and revoke charters, include specific contract terms and requirements regarding evaluations and personnel, it maintains sufficient supervision and control to meet the definition of the term public. Further, the state has received federal charter school grants based on the premise that Wisconsin charter schools are public schools.

b. *State and City cannot use definition of LEA to avoid obligations under federal law.* States have great flexibility in designating LEAs, which is a concept under federal law that creates a responsible agency for receiving federal funds and meeting substantive federal program and civil rights obligations. However, for the purposes of IDEA, those obligations hinge on whether or not charter schools are public schools, which DOE asserts that they are. DOE is not responsible for interpreting state law, and as long as the state ensures compliance with federal law regarding special education, the state may designate a responsible LEA. If the state does not designate an LEA, the state would be required to provide a FAPE to children with disabilities attending Milwaukee charter schools.

c. *Noncompliance with federal law could place federal IDEA funding received by the state at risk.* In federal fiscal year 1998, Wisconsin received approximately \$80 million in federal IDEA funding. The state has general supervisory responsibility for ensuring that policies and procedures are in place for the provision of a FAPE for all eligible children with disabilities in the state, and for monitoring agencies, institutions and organizations that have responsibilities under IDEA. The state and the City must resolve the issues in a way that best serves children. However, where a designated LEA fails to make a FAPE available to eligible students with disabilities attending public charter schools, or, absent a designated LEA, where the state fails to make FAPE available, the state would be found to be out of compliance. DOE has broad discretion to utilize various enforcement options available, including, but not limited to partial or full withholding of IDEA funds.

8. Since last fall, agreements have been reached regarding the responsibilities of the charter schools. Two of the three Milwaukee charter schools sent a letter to DPI agreeing to comply with the public school requirements to provide a FAPE to children with disabilities. In turn, DPI has agreed to provide the full charter school payments to the schools, retroactive to the start of the school year. The third school has not agreed to comply with the public school requirements and has decided to remain a MPCP school.

9. In an effort to ensure that the cost of complying with federal law would not hinder the ability of these charter schools to operate successfully, the State Superintendent took the following steps: (a) authorizing the federal IDEA flow-through funding in this year, one year prior to normal eligibility; (b) requesting in the DPI biennial budget that these charter schools be eligible for state categorical aid; (c) providing technical assistance, training and assistance to these schools in complying with federal law; (d) accepting proposals that may qualify for IDEA discretionary funding in this year; and (e) directing staff to seek other federal funding for which these schools may qualify as public schools.

10. In March, 1999, the federal DOE released its final regulations related to the 1997 reauthorization of IDEA, which have several provisions specifically related to charter schools. Under these regulations, an LEA is further defined as, "any other public institution or agency having administrative control and direction of a public elementary or secondary school, including a public charter school that is established as an LEA under state law." The regulations also define charter schools as public schools, require that children with disabilities attending charter schools be served in the same manner as children with disabilities in other public schools, and state that children with disabilities who attend public charter schools and their parents retain all rights under IDEA.

11. The Committee may wish to require, under state law, that these charter schools be the LEAs and provide special education services to pupils who attend those schools, as required under federal law. This requirement could better ensure that these charter schools are fulfilling the federal laws requiring a FAPE for all children with disabilities. In addition, this would likely better prevent these schools from violating state and federal non-discrimination laws, and only accepting certain students, while school districts are required to educate all students who reside in the district, regardless of disability.

12. Under the Governor's recommendation, Milwaukee charter schools would be eligible for special education categorical aid funding based on current year, estimated special education costs. The bill does not include a provision that would permit DPI to audit actual costs at the end of the school year and reduce aid if appropriate, in order to ensure that only eligible costs are aided. School districts would continue to receive special education aid based on prior year, actual costs, and be subject to DPI cost audits to ensure eligibility.

13. Milwaukee charter school officials have argued that it is necessary to aid these schools based on current year, estimated costs because, unlike school districts, the charter schools do not have the fiscal capacity to provide expensive special education services prior to being reimbursed for costs. However, in 1998-99, the special education categorical aid provided funding to cover approximately 34% of total special education costs. Therefore, these charter schools would be required to fund most special education costs from the per pupil aid received from the state.

14. Arguably, because these charter schools are established and operated by, or under contract with large, well-established organizations, the City, UWM or MATC could assist in funding special education costs that have yet to be covered by state aid. During the current fiscal year, the City, UWM and MATC have total estimated all-fund budgets of approximately \$900

million, \$300 million and \$200 million respectively. While MPS's 1998-99 all-funds budget is approximately \$875 million, most school districts have much more modest budgets. Based on the 1998-99 revenue limit calculations, school district local property tax and state general aid revenues ranged from a low of approximately \$550,000 to a high of over \$700 million for MPS. Of the 426 school districts, 67% have local property tax and state general aid totals below \$10 million in 1998-99.

15. In order to provide special education categorical aid funding to Milwaukee charter schools in a manner consistent with the aid distribution to school districts, the Committee may wish to provide special education aid to these schools based on reported prior-year, actual costs. Additionally, it may be prudent to permit DPI to audit the reported costs in order to ensure that only eligible costs are aided by the state.

16. Under AB 133, no new funding would be provided for special education aid even though additional entities would become eligible for such aid. In order not to reduce special education aid to school districts, CESAs and CCDEBs, the Committee may wish to provide additional funding for this purpose. Charter school officials in Milwaukee estimate that 500 pupils in 1999-00 and 1,800 pupils in 2000-01 will be enrolled in these charter schools. Of these pupils, it can be assumed that approximately 50% would have been MPS pupils had they not enrolled in charter schools. Based on 1997-98 enrollment and cost data, 12.8% of statewide public school enrollment is made up of children with disabilities, with average per pupil special education costs of approximately \$7,600. In 1998-99, the state categorical aid funding covered approximately 34% of total eligible special education costs. Based on these figures, the Committee could provide \$82,700 GPR in 1999-00 and \$297,700 GPR in 2000-01 to cover the estimated current year special education costs for these charter schools or \$82,700 GPR in 2000-01 to cover actual prior year costs. In order to maintain two-thirds funding of partial school revenues, the Committee could provide a corresponding reduction in general school aids of \$27,600 GPR in 1999-00 and \$99,200 GPR in 2000-01, or \$27,600 GPR in 2000-01 respectively.

## **ALTERNATIVES**

### **A. Local Education Agency Designation and Charter Schools as Public Schools**

1. Approve the Governor's recommendation.
2. Modify the Governor's recommendation to require that under state charter school law, that these charter schools must be the designated local education agencies and provide special education services to pupils who attend those schools, as required under federal law.

### **B. Milwaukee Charter School State Aid Eligibility**

1. Approve the Governor's recommendation to provide that the calculation of special education aid to Milwaukee charter schools would be based on a sum equal to the amount that the charter school estimates it will expend during the current school year.



2. Modify the Governor's recommendation to provide that the calculation of special education aid to Milwaukee charter schools would be based on a sum equal to the amount of actual expenditures during the prior school year.

3. In addition to either Alternative B1 or B2 above, permit DPI to audit the costs reported by these charter schools and adjust the special education aid provided to these schools in order to ensure that the final aid amounts reimburse only eligible, actual costs.

**C. Special Education Categorical Aid Funding Level**

1. Provide \$82,700 GPR in 1999-00 and \$297,700 GPR in 2000-01 to cover the estimated current year special education costs for these charter schools. Reduce general school aids by \$27,600 GPR in 1999-00 and \$99,200 GPR in 2000-01 to adjust state two-thirds funding.

<u>Alternative C1</u>	<u>GPR</u>
1999-01 FUNDING (Change to Bill)	\$253,600

2. Provide \$82,700 GPR in 2000-01 to cover actual prior year costs special education costs for these charter schools. Reduce general school aids by \$27,600 GPR in 2000-01 to adjust state two-thirds funding.

<u>Alternative C2</u>	<u>GPR</u>
1999-01 FUNDING (Change to Bill)	\$55,100

MO# A-2, B-2 and 3, C-2

1	BURKE	<input checked="" type="radio"/>	N	A
	DECKER	<input checked="" type="radio"/>	N	A
	JAUCH	<input checked="" type="radio"/>	N	A
	MOORE	<input checked="" type="radio"/>	N	A
	SHIBILSKI	<input checked="" type="radio"/>	N	A
	PLACHE	<input checked="" type="radio"/>	N	A
	COWLES	<input checked="" type="radio"/>	N	A
	PANZER	<input checked="" type="radio"/>	N	A
2	GARD	<input checked="" type="radio"/>	N	A
	PORTER	<input checked="" type="radio"/>	N	A
	KAUFERT	<input checked="" type="radio"/>	N	A
	ALBERS	<input checked="" type="radio"/>	N	A
	DUFF	<input checked="" type="radio"/>	N	A
	WARD	<input checked="" type="radio"/>	N	A
	HUBER	<input checked="" type="radio"/>	N	A
	RILEY	<input checked="" type="radio"/>	N	A

Prepared by: Ruth Hardy

AYE 16 NO 0 ABS 0

**Gov Agency:** Department of Public Instruction – National Teacher Certification Incentive Program

**Recommendations:**

**Paper No.:** 790 **Alternative(s):** Alt. 1 (WEAC pick also) and 4 b and c. (WEAC didn't weigh in on Alt. 4)

**Comments:** Go with the Governor on increasing the amount of time teachers are eligible to receive these awards. Alternative 3 would be the fall back if someone's looking for ways to save GPR. Then pick the lower grant award.

Alt. 4b allows the individual to receive the grant award if they were deemed eligible in another state. Could help with hiring teachers from out of state.

Alt. 4c would require the use of federal funds for this purpose, should they become available.

Prepared by: Cindy



## Legislative Fiscal Bureau

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May 20, 1999

Joint Committee on Finance

Paper #790

### National Teacher Certification Incentive Program (DPI -- Assessments and Licensing)

[LFB 1999-01 Budget Summary: Page 502, #4]

#### CURRENT LAW

Under the state national teacher certification program, the Department of Public Instruction is required to award grants of \$2,000 to any eligible person in 1999-00, and \$2,500 in 2000-01 to any person who received a grant in the previous year and still meets the eligibility requirements for the program. In order to be eligible for a grant under the program, a person must meet the following criteria at the time of the initial grant and for the following grant year: (a) be a resident of the state; (b) hold a teaching license issued by the State Superintendent or employed in private school; (c) be certified by the National Board for Professional Teaching Standards (NBPTS); and (d) be employed as a teacher in the state. The program is funded from a sum sufficient appropriation.

#### GOVERNOR

Provide \$50,000 in 1999-00 and \$112,500 in 2000-01 and make permanent the national teacher certification incentive program. Increase the number of years an eligible teacher could receive a grant under the program by requiring DPI to award grants in the amount of \$2,500 to eligible teachers for nine consecutive years after the initial grant award of \$2,000. Require DPI to pay the first year grant in the school year in which the teacher is certified.

#### BACKGROUND

Created in 1987, the National Board of Professional Teaching Standards is an independent, nonprofit, nonpartisan organization governed by a 63-member board of directors. Board members, who serve a maximum of two, three-year terms, include classroom teachers, school administrators,

school board members, state governors, state legislators, higher education officials, teachers union leaders and business and community leaders. According to materials developed by the Board, the mission of the NBPTS is to: (a) establish high and rigorous standards for what accomplished teachers should know and be able to do; (b) develop and operate a national, voluntary system to assess and certify teachers who meet these standards; and (c) advance related educational reforms for the purpose of improving student learning in American schools.

The National Board's policy position states that the Board seeks to identify and recognize teachers who effectively enhance student learning and demonstrate the high level of knowledge, skills, dispositions and commitments reflected in five core propositions: (a) teachers are committed to students and their learning; (b) teachers know the subjects they teach and how to teach those subjects to students; (c) teachers are responsible for managing and monitoring student learning; (d) teachers think systematically about their practice and learn from experience; and (e) teachers are members of learning communities.

In 1999-00, there will be 16 fields available for National Board certification. The Board has plans to eventually develop standards in over 30 certificate fields. The Attachment lists the fields the Board is currently developing certificates for and highlights the fields available for certification in 1999-00.

To be eligible for National Board certification, teachers must have: (a) a bachelor's degree; (b) a minimum of three year's teaching experience; and (c) a valid state teaching license, or where a license is not required, teachers must be teaching in a school recognized and approved by the state. Teachers must apply for certificates offered in the 1999-00 school year on or before December 31, 1999; however, applications received between December 2 and 31 must include a \$200 late fee. In 1999-00, the cost of National Board certification is \$2,000 per candidate, in addition to minimal postage, materials and in-state travel costs.

The certification process consists of two parts. The first part is a portfolio, which is completed at the teacher's school and would include examples of student work, lesson plans, videotapes of classroom teaching, activities with parents and members of the community, personal assessments and recommendations. Following the submission of a portfolio, teachers must complete a full day of examinations at an NBPTS assessment center, which include four assignments that explore a teacher's knowledge of his or her subject area and pedagogical and instructional practices. The portfolio exercises are designed to be completed in an average of 120 hours over at least a four-month period. The assessment center portions of the process are designed to be completed in one day, in addition to several days of preparation.

Assessment exercises are scored by committees of current teachers who are selected by application and trained to assess candidates for National Board certification. Teachers must score 275 points out of a possible 400 to achieve certification. Candidates may appeal a decision of the Board, after which the Board president decides whether there is good cause for reconsideration of a candidate. Additionally, candidates may "bank" individual entry and exercise scores over a three-year period, which would allow a candidate who is not yet certified to retake any of the entries and exercises in the assessment package and submit new responses for rescoring. Further, the Board

may deny or revoke certification for any applicant or certificate holder who, in the sole judgement of the Board, has: (a) knowingly misrepresented or falsified material information, credentials or documents offered during the certification process; or (b) been convicted of a felony, had a teaching license denied, suspended or revoked, or, in the case of an unlicensed teacher, been fired or suspended, and where the conduct leading to such felony conviction, licensure action, firing or suspension has involved child abuse, job-related crimes, violent crimes against persons or other conduct of similar severity that the Board determines is inconsistent with the standards of the Board.

From 1993-94 through 1997-98, 1,836 teachers have received National Board certification. In 1998-99, approximately 6,900 teachers applied for certification. According to the National Board, 45% of the teachers who have applied for certification have been awarded certification. The certification is valid for ten years.

The state of Wisconsin currently maintains several connections to the NBPTS. There are two Wisconsin professors, one from the University of Wisconsin-Madison and one from Alverno College in Milwaukee, on the Board. Wisconsin hosts five NBPTS assessment centers, one each in Brookfield, Madison, Oshkosh, Stevens Point and Eau Claire. Finally, Wisconsin currently has two National Board-certified teachers, one of whom earned certification while teaching in the state of Kansas, and is currently a teacher in Onalaska and one who is currently teaching in Edgerton.

## **DISCUSSION POINTS**

1. Under the 1997-99 budget adjustment bill, the Governor recommended creation of the national teacher certification incentive program. Under the Governor's proposal, beginning July 1, 1999, any person who held a teacher's license issued by the State Superintendent and who became certified by NBPTS while employed as a teacher in the state, could apply to DPI for a grant of \$3,000 and for reimbursement equal to one-half the costs of the costs of obtaining the national certification.

2. As passed by the Legislature, this program would have provided 20 eligible teachers who were certified by the NBPTS, during 1999-00 or in previous years, a grant of \$2,000 in 1999-00 and a grant of \$2,500 per for the following eight years. The Governor vetoed the 20-person limit and the provision that would have required DPI to make grants to eligible teachers for nine consecutive years.

3. The Governor's 1999-01 budget recommendation would increase the number of years an eligible teacher could receive a grant under the program by requiring DPI to award grants in the amount of \$2,500 to eligible teachers for nine consecutive years after the initial grant award of \$2,000. Under the Governor's proposal, each certified and eligible teacher would receive a total of \$24,500, compared to \$4,500 over two years under current law. Staff from DOA's budget office indicate the Governor included this provision in the budget bill to encourage teachers in Wisconsin to become certified by the NBPTS.

4. Staff from DPI indicate there are 23 teachers that applied for and may receive

NBPTS certification in 1999-00. Therefore, with the addition of the two teachers that are currently certified, 25 teachers may be eligible for a grant in 1999-00. Given the December, 1999, application deadline, it is unknown at this time how many teachers would receive certification in 2000-01. The funding recommended by the Governor, \$50,000 in 1999-00 and \$112,500 in 2000-01 is based on 25 teachers receiving a license in each year. While it is possible that more than 25 teachers could apply for and receive their certification in 2000-01, given the recent creation of the program and the uncertainty regarding participation, the Governor's estimates appear reasonable. The grant program is funded with a sum sufficient appropriation.

5. The Committee may wish to consider the future costs of providing ten years of payments under this program. While the future fiscal impact of the program is difficult to determine, it is possible to illustrate the potential cost by assuming the current projected certification rate of 25 teachers per year continues for the next ten years. Under this estimate, the cost of the program would increase from \$50,000 GPR in 1999-00 to an estimated \$612,500 GPR in 2008-09. It is likely that certification rates will increase over the next ten years given the increased grant amounts and the fact that additional certification fields will become available over the coming years.

6. Staff at the NBPTS indicate that some federal funding may be available to states through the National Board, in order to provide funding to teachers to offset the costs of NBPTS certification. Because alternative funding may be available, the Committee may wish to specify that in the first year teachers could be reimbursed through a grant for the costs of obtaining certification that is not supported through other funding sources.

7. Due to the potential for increasing costs under this program, consideration could be given to maintaining the current grant amounts while making the program permanent. This would provide an incentive for teachers to apply for and receive NBPTS certification and allow the state to hold down future costs of the program. Under this alternative, there would be no funding modification in the 1999-01 biennium; however, over the ten-year grant period, again assuming 25 teacher are certified each year, estimated costs for the program would be \$112,500 GPR annually. One could argue, however, that providing the grant for only two years would lessen the incentive for teachers to seek certification and for certified teachers to remain in the state for longer than two years. Therefore, the goal of retaining highly qualified teachers could be jeopardized and the funding provided may not result in a long-term benefit to the state.

8. Alternatively, the Committee could consider providing lower grant amounts for the nine years following the year of certification. This would provide teachers with an incentive to become certified and remain employed as a teacher in the state for a longer period of time, but at a lower cost. Under this alternative, grants could be \$2,000 in the first year and \$1,000 for the next nine years. Based on 25 teachers receiving certification annually, it is estimated that costs would increase from \$50,000 in 1999-00 to \$275,000 in 2008-09. The table below shows the estimated amounts that would have to be appropriated using lower grant amounts for the second through tenth year of the grant program, assuming 25 teachers would be certified each year during the next biennium.

<u>Grant Amount</u> <u>Years 2-10</u>	<u>1999-00</u> <u>Appropriation</u>	<u>2000-01</u> <u>Appropriation</u>
\$500	\$50,000	\$62,500
1,000	50,000	75,000
1,500	50,000	87,500
2,000	50,000	100,000

9. The bill as drafted would leave several aspects of the program unclear. The language in the bill provides that DPI would be required to award the initial grant in the school year in which the person was certified. Under this provision, it is not clear whether or not teachers that received NBPTS certification while residing in another state would be eligible for this program if they subsequently became residents of Wisconsin and met the other criteria of the program: (a) received a teaching license issued by the State Superintendent or became employed in private school; and (b) were employed as a teacher in the state. In addition, it appears that under the same provision that the two current Wisconsin NBPTS certified teachers would not be eligible for the grant program. The Committee may wish to clarify whether such individuals would be eligible for the program.

#### ALTERNATIVES

1. Approve the Governor's recommendation to: (a) provide \$50,000 GPR in 1999-00 and \$112,500 GPR in 2000-01 and make permanent the national teacher certification incentive program; (b) increase the number of years an eligible teacher could receive a \$2,500 grant under the program by eight years; and (c) require DPI to pay the first year grant in the school year in which the teacher is certified.

2. Modify the Governor's recommendation by eliminating the provision that increases the number of years an eligible teacher could receive a \$2,500 grant from one year to nine consecutive years. Under this alternative, a certified teacher would receive a grant for two years rather than ten years.

3. Modify the Governor's recommendation by decreasing the grant amount for years two through ten of the program as follows:

	<u>Grant Amount</u> <u>Years 2-10</u>	<u>GPR Funding Change to Bill</u>	
		<u>1999-00</u>	<u>2000-01</u>
a.	\$500	\$0	-\$50,000
b.	1,000	0	-37,500
c.	1,500	0	-25,000
d.	2,000	0	-12,500

4. In addition to the alternatives 1 through 3 approve one or more of the following changes:

a. Modify the provision that directs DPI to award the initial grant of \$2,000 in the school year in which the person is certified to instead direct DPI to award the initial grant of \$2,000 in the school year in which the person is certified, or if certified prior to the effective date of the budget bill, in 1999-00.

b. Modify the provision that directs DPI to award the initial grant of \$2,000 in the school year in which the person is certified to instead direct DPI to award the initial grant of \$2,000 in the school year in which the person is certified, or if certified while residing in another state, the first year the teacher meets the requirements for a state grant.

c. Specify that the initial grant amount would be for the costs of obtaining certification not supported by other funding sources.

5. Maintain current law. Reduce funding in the bill to reflect only those teachers it is estimated would be eligible under current law for a grant in 1999-00 and 2000-01.

<b>Alternative 5</b>	<b>GPR</b>
1999-01 FUNDING (Change to Bill)	- \$50,000

Prepared by: Tricia Collins

MO# 4b+c

BURKE	Y	N	A
DECKER	Y	N	A
2 JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE 15 NO 1 ABS 0



# ATTACHMENT

## Fields of NBPTS Certification\*

Early Childhood Ages 3-8	Middle Childhood Ages 7-12	Early & Middle Childhood Ages 3-12	Early Adolescence Ages 11-15	Adolescence and Young Adult Ages 14-18+	Early Adolescence through Young Adulthood Ages 3-18+
<b>Generalist</b> English Language Arts Social Studies - History Mathematics Science	<b>Generalist</b> English Language Arts Social Studies - History Mathematics Science	<b>English as a 2<sup>nd</sup> Language</b> Exceptional Needs/Specialist Foreign Language Guidance Counseling Library/Media Music Physical Education Art	<b>Generalists</b> English Language Arts Mathematics Science Social Studies - History	<b>English Language Arts</b> Mathematics Science Social Studies - History	<b>English as a 2<sup>nd</sup> Language</b> Vocational Education Art Exceptional Needs/Specialist Social Studies - History Foreign Language Guidance Counseling Health Library/Media Music Physical Education
<b>Generalist</b>	<b>Generalist</b>	<b>English as a 2<sup>nd</sup> Language</b> Exceptional Needs/Specialist Foreign Language Guidance Counseling Library/Media Music Physical Education Art	<b>Generalists</b> English Language Arts Mathematics Science Social Studies - History	<b>English Language Arts</b> Mathematics Science Social Studies - History	<b>Exceptional Needs</b>

\*Items in bold are fields available for the 1999-00 assessment period. Assessments are being developed for the remaining fields.

**Gov Agency:** Department of Public Instruction - High School Graduation Test

**Recommendations:**

**Paper No.:** 791 **Alternative(s):** A1, B2, C2, D2 and E1 (Grobschmidt & WEAC picks) Although rumor has it there may be a super-motion offered that will have Grobschmidt's approval)

**Comments:** Just following Grobschmidt's lead here

Prepared by: Cindy



## Legislative Fiscal Bureau

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May 20, 1999

Joint Committee on Finance

Paper #791

### High School Graduation Test (DPI -- Assessments and Licensing)

[LFB 1999-01 Budget Summary: Page 500, #1]

#### CURRENT LAW

Beginning in 2000-01, each school district that operates a high school is required to administer the high school graduation test adopted by the board at least twice each school year. The school board is required to determine in which high school grades the exam would be administered each year. In addition, a board must excuse a pupil from the high school graduation exam upon the request of a parent or guardian.

A school board must adopt a high school graduation exam that measures whether pupils meet pupil academic standards adopted by the school board. If the board adopts the statewide standards issued by the Governor's Executive Order 326, dated January 13, 1998, the board could adopt the high school graduation exam developed by the Department of Public Instruction (DPI). If a school board develops and adopts its own high school graduation exam, it is required to notify DPI.

Beginning on September 1, 2002, a school board cannot grant a high school diploma to any pupil unless the pupil has passed the high school graduation exam. School boards are required to provide pupils with at least four opportunities in the high school grades to take the exam. A pupil may be excused from the high school graduation exam upon the request of a parent or guardian. School boards are required to establish alternative criteria upon which to determine qualifications for high school graduation if a pupil has been excused from the high school graduation exam. In order to graduate from high school, a pupil who was excused from the examination must satisfy the alternative criteria.

In the 1997-99 biennium, \$1,350,000 GPR (\$500,000 in 1997-98 and \$850,000 in 1998-99) is budgeted for DPI's development of the high school graduation test.

## GOVERNOR

Provide \$3,597,000 GPR in 1999-00 and \$6,600,000 GPR in 2000-01 and 6.0 positions (4.0 two-year project and 2.0 permanent positions) beginning in 1999-00 for the development of a high school graduation test (HSGT). The test would be designed to measure whether pupils meet the academic standards for mathematics, science, social studies and English language arts issued as Executive Order 326, which would be referenced specifically under the bill.

Require, beginning in the 2001-02 school year, that the HSGT would be administered at least twice each school year only to pupils enrolled in the 11<sup>th</sup> and 12<sup>th</sup> grades. Eliminate the current law provision that allows a pupil to be excused from taking the HSGT upon request of his or her parent or guardian.

Require charter schools established by school boards to administer the HSGT to pupils enrolled in the school. Allow charter schools associated with the City of Milwaukee, UWM or the MATC to develop or adopt their own HSGT. Specify that current law and bill provisions relating to the HSGT would apply to these Milwaukee charter schools, including provisions relating to: (a) the granting of a high school diploma; (b) administration of the test to children with disabilities and limited-English speaking (LES) pupils; and (c) development and use of alternative criteria of those disabled or LES pupils excused from taking the test.

## DISCUSSION POINTS

1. Current law, as created under 1997 Act 27 (the 1997-99 budget), requires DPI to develop a high school graduation test that school districts may use if they have adopted the pupil academic standards issued as Executive Order 326. In addition, current law requires that high school pupils may not receive a high school diploma unless the pupil has passed the graduation test administered by DPI or the test adopted by the school board or, if excused from the examination, satisfied alternative criteria developed by the school board.

2. The Department requested \$3,683,800 GPR in 1999-00 and \$6,703,900 GPR in 2000-01 and 7.0 GPR positions (4.0 project and 3.0 permanent positions) beginning in 1999-00 for the development of a HSGT. The Governor's bill provides \$3,597,000 in 1999-00 and \$6,600,000 in 2000-01 and 6.0 positions (4.0 project and 2.0 permanent positions) beginning in 1999-00 for the development of the test. The difference in the requested and recommended funding \$86,800 in 1999-00 and \$103,900 in 2000-01 reflects the deletion of 1.0 permanent position (\$46,800 in 1999-00 and \$53,900 in 1999-00) and a reduction in supplies and services funding (\$40,000 in 1999-00 and \$50,000 in 2000-01).

3. The major costs of test development in the next biennium include: (a) customized test development (\$1,994,000); (b) field testing (\$2,000,000); (c) advisory committees (\$300,000); (d) public information materials (\$300,000); (e) 4.0 education consultant project positions and associated supplies and equipment (\$488,400); (f) 1.0 permanent education program specialist and associated supplies and equipment (\$100,700); (g) 1.0 permanent program assistant and associated

supplies and equipment (\$63,800); (h) test administration in 2000-01 (\$5,200,000); (i) standard setting (\$1,000,000); (j) test security (\$75,000); and (k) calculators (\$375,000).

4. Individuals testifying before the Joint Committee on Finance and other legislative committees have expressed concerns relating to the current law high school testing requirements and the Governor's recommendations related to the issue.

5. Proponents of the HSGT have contended that in order for Wisconsin to remain competitive in the 21<sup>st</sup> century, Wisconsin high school graduates must be able to demonstrate their knowledge and skills based on high standards across core academic subjects. A high school graduation exam would establish that a Wisconsin high school diploma would ensure a high quality graduate that is prepared for higher education, a competitive job market or community service.

6. Opponents of a high school examination requirement argue that such an exam would be expensive to develop and would provide little specific information about the skills or knowledge of a high school graduate in Wisconsin. Further, they contend that such a high-stakes examination may encourage marginal pupils to drop out of high school, rather than fail an examination and be denied a high school diploma. In addition, opponents argue that the decision to award a high school diploma should not be focused on one type of performance measure, but rather include a broad array of pupil performance indicators, such as grade point average, general test scores, extracurricular activities and behavioral indicators.

7. Officials from DPI have testified that while they believe that all students should be expected to meet, at a reasonable level, appropriate academic standards as a precondition of grade advancement and graduation, a determination of whether or not a student meets the standards cannot and should not, be based solely on the results of one test.

8. If Committee members agree that the results of a single test should not alone preclude a pupil from graduating, members could require school districts to consider other factors in determining whether a pupil would graduate from high school. One option, as proposed under 1999 SB 98, would be to require school boards beginning in the 2002-03 school year to adopt a written policy specifying the criteria for granting a high school diploma that are in addition to current law requirements relating to number of credits or alternative education. These criteria could be required to include: (a) the pupil's score on the HSGT examination; (b) the pupil's academic performance; (c) the recommendations of teachers; and (d) any other criteria specified by the school board. The Committee could specify that beginning on September 1, 2002, a school board would be prohibited from granting a high school diploma to a pupil unless the pupil satisfies the criteria specified in the school board's policy.

9. Alternatively, if Committee members wish to attach more significance to the results of the test, in addition to requiring consideration of the results in determining graduation, members could consider a diploma endorsement option. Under this option, students that complete existing high school graduation requirements but do not pass the exam would receive an unendorsed diploma, while students that pass the state HSGT test would receive a diploma with a state

endorsement, which would indicate passage of the HSGT.

10. The Department indicates that the state development and administration costs for a HSGT required under current law would be unchanged under the above alternatives. DPI officials note that whether test results are the sole determinant, or one of several factors considered in deciding whether a student receives something of value, such as a diploma, or when the test results may influence future opportunities, the test must be able to withstand a number of legal criteria. Staff from DPI report that based on case law associated with high school graduation tests there are six generally accepted requirements for a high stakes test: (a) adequate notice, usually four years, of content and consequences of any high stakes test; (b) opportunity for students to learn the content; (c) reliable, valid and comparable test; (d) sufficient opportunities to take the test; (e) free from bias; and (f) opportunity for remediation for those failing parts of the test before taking it again. Costs incurred in meeting most of these requirements were the basis for DPI's budget request. The budget does not include funding for remediation services for pupils who do not pass parts of the test.

11. It appears therefore, that modifying the nature of the HSGT will not affect the development or administration costs of the test. As noted by DPI, the state must ensure a high quality test is developed with input from a variety of stakeholders and that the exam assesses the standards. In addition, the state must ensure that the passing scores are defensible and that proper administration and scoring procedures are used.

12. If members of the Committee are concerned about the high GPR costs of developing such a test, two alternatives could be considered. First, the Committee could choose to assess fewer subject areas in the HSGT. Currently, DPI is developing a test that will cover four subject areas: (a) English language arts; (b) mathematics; (c) science; and (d) social studies. While certain costs will remain regardless of the number of content areas assessed, testing fewer areas would result in a reduction of the overall costs of the test.

13. Officials from DPI report that 23 states have a graduation test with varying diploma provisions. Of those 23 states, eleven state test four skills: language arts, math, science and social studies; two states test three skills: language arts, math and science; and ten states test only language arts and math skills. However, the current state tests in Wisconsin are broad-based; a decision to restrict the scope of the HSGT would represent a significant departure from current policy.

14. If the Committee decided to assess, for example, only the subject areas of math and language arts, the costs of developing and administering such an exam as estimated by DPI and excluding items not approved by the Governor would be \$2,382,000 GPR in 1999-00 and \$4,282,200 GPR, less base level funding of \$850,000 GPR annually. This would result in a reduction of costs of \$2,065,000 GPR in 1999-00 and \$3,167,800 GPR in 2000-01 and 2.0 project positions.

15. While testing fewer subject areas will result in a cost savings to the state, the objective of determining whether Wisconsin high school graduates are able to demonstrate their knowledge and skills based on high standards across all core academic subjects will not be

achieved. Arguably, if the goal of the pupil academic standards and high school graduation exam is to ensure a high level of achievement and establish that a high school diploma is a valuable indicator of graduate skills and knowledge, all of the academic standards should be assessed.

16. However, if the Committee would decide that fewer than the four subject areas should be assessed, the state could include additional subject areas in the exam at a later time. While adding subjects later may increase the overall cost of the HSGT because of additional fixed costs, it would provide the Legislature with some time to assess the impact of the HSGT on student achievement and school accountability in certain areas. Based on those results, the state could then decide if additional subject areas should be assessed.

17. Alternatively, the Committee may wish to consider whether a state HSGT should be developed at all. Under current law, DPI administers the 10<sup>th</sup> grade knowledge and concepts examination to measure student achievement. Provisions under the federal Improving America's Schools Act (IASA), require states to administer a state assessment during the high school grades that will describe by three proficiency levels, advanced, proficient and partially proficient, the progress of pupils. The HSGT, however, will not measure pupils by proficiency levels, but rather will indicate whether the pupil has a passing score on the test. Therefore, it appears that at this time, administration of 10<sup>th</sup> grade test should continue in order to comply with federal law. The Committee could consider just administering the 10<sup>th</sup> grade examination, rather than developing another test to assess high school students. However, the 10<sup>th</sup> grade test alone, will not examine whether the student has mastered 11<sup>th</sup> and 12<sup>th</sup> grade academic standards.

18. A portion of the funding provided under bill would be for one-time costs. If the Committee would approve the Governor's recommendation, it could specify that \$1,713,000 GPR in 2000-01 would be one-time funding. Alternatively, if the Committee would decide to assess only language arts and mathematics, the Committee could provide one-time funding of \$1,228,500 GPR in 2000-01.

19. Under the Governor's bill, the parental opt-out provision for the HSGT would be eliminated. The bill would provide that a school board may determine not to administer an examination to a pupil enrolled in a special education program or a limited-English speaking pupil, and a school board may modify the format and administration of an examination for these pupils or permit a pupil to be examined in his or her native language.

20. The Legislature, in the 1997-99 budget bill, included a provision requiring school boards to excuse a pupil from completing the HSGT upon request of the pupil's parent or guardian. In addition, the provision required school boards to establish alternate criteria upon which to determine qualification for high school graduation if a pupil has been excused from the exam. The Finance Committee, during its 1997-99 deliberations on this issue, noted that a similar provision was included under the current law, for the 4<sup>th</sup>, 8<sup>th</sup> and 10<sup>th</sup> grade exams for parents who may have medical, personal or religious reasons for not requiring their children to take a standardized examination.

21. One could argue that if the intent of a HSGT is to ensure all students are meeting a certain achievement levels prior to high school graduation, then the opt-out provision should be removed. However, by eliminating the opt-out provision, the current flexibility of parents to take into account their child's unique circumstances in determining whether the child should take the exam would be eliminated. As expressed in testimony before the legislative Committees, such flexibility becomes especially important when the test could be the sole reason why a child does not receive a diploma.

22. Further, if the goal of the pupil academic standards and high school graduation exam is to ensure a high level of achievement across the state of Wisconsin and to establish that a high school diploma is a valuable indicator of graduate skills and knowledge, it may be beneficial to require the same high school graduation exam statewide in order to provide a standard measurement of pupil knowledge. This might benefit institutions of higher education and potential employers when comparing high school graduates from varying regions of the state. Further, this would allow for comparison of student performance results among school districts and schools for statewide accountability purposes, which would not be possible if districts are allowed to adopt and develop their own HSGT. The Committee may wish to require school districts to adopt the high school examination that would be developed by DPI based on the academic standards issued by the Governor, rather than develop a district-specific examination. Under this alternative, local school districts would lose the ability to develop and adopt their own tests based on locally developed and adopted academic standards.

23. The Governor's bill specifies that all current law provisions related to the HSGT would apply to charter schools established by school boards. Under current law, only charter schools established by the City of Milwaukee, UWM or MATC are required to administer the HSGT. In addition, the bills specifies that current law and bill provisions relating to the granting a high school diploma based on the results of the HSGT would apply to all charter schools.

## **ALTERNATIVES**

### **A. Funding for the HSGT**

1. Approve the Governor's recommendations related to the high school graduation examination and provide \$3,597,000 GPR in 1999-00 and \$6,600,000 GPR in 2000-01 and 6.0 GPR positions (4.0 project and 2.0 permanent positions) beginning in 1999-00 for the development of the test.

2. In addition to alternative 1, specify that \$1,713,000 GPR in 2000-01 would be one-time funding and \$4,887,000 GPR in 2000-01 would be on-going.

3. Modify the Governor's recommendations related to the high school graduation examination by deleting \$2,065,000 GPR in 1999-00 and \$3,167,800 GPR in 2000-01 and 2.0 GPR project positions and requiring DPI to develop and administer a HGST that only assesses the English/language art and mathematics subject areas of the Wisconsin model academic standards.



Alternative A3	GPR
1999-01 FUNDING (Change to Bill)	- \$5,232,800
2000-01 POSITIONS (Change to Bill)	- 2.00

4. In addition to alternative 3, specify that \$1,228,500 GPR in 2000-01 would be one-time funding and \$2,203,700 GPR in 2000-01 would be on-going.

5. Delete \$3,597,000 GPR in 1999-00 and \$6,600,000 GPR in 2000-01 and 6.0 GPR positions as well as the related current law requirement for DPI to develop a high school graduation test. Delete the current law requirement relating to school district administration of a high school graduation test as well as the requirement that a school board cannot grant a high school diploma to any pupil unless the pupil has passed the high school graduation test.

Alternative A5	GPR
1999-01 FUNDING (Change to Bill)	- \$10,197,000
2000-01 POSITIONS (Change to Bill)	- 6.00

#### **B. Use of the HSGT**

1. Approve the Governor's recommendation to require, beginning in the 2001-02 school year, that the HSGT would be administered at least twice each school year only to pupils enrolled in the 11<sup>th</sup> and 12<sup>th</sup> grades. Further, approve the Governor's recommendation to maintain current law that prohibits a school board from granting a high school diploma to any pupil unless the pupil has passed a high school graduation exam, beginning on September 1, 2002,

2. Modify the Governor's recommendations by requiring school boards, beginning in the 2002-03 school year, to adopt a written policy specifying the criteria for granting a high school diploma that are in addition to current law requirements relating to number of credits or alternative education. These criteria would be required to include: (a) the pupil's score on the HSGT; (b) the pupil's academic performance; (c) the recommendations of teachers; and (d) any other criteria specified by the school board. Provide that beginning on September 1, 2002, a school board would be prohibited from granting a high school diploma to a pupil unless the pupil satisfies the criteria specified in the school board's policy.

3. In addition to alternative 2, modify the Governor's recommendation by requiring a state endorsement on the diploma of a student that passes the HSGT.

#### **C. Parental Opt-out Provision**

1. Approve the Governor's recommendation to eliminate the parental opt-out provision for the high school graduation test.

2. Maintain current law, which allows a pupil to be excused from the high school

graduation test upon request of a parent or guardian.

**D. School District Opt-Out**

1. Modify current law to require all school districts to adopt the state HSGT that would be developed by DPI based on the academic standards issued by the Governor as Executive Order 326.

2. Maintain current law and allow school districts to develop and adopt their own HSGT.

**E. Milwaukee Area Charter Schools**

1. Approve the Governor's recommendation to require charter schools established by school boards and Milwaukee area charter schools to be subject to the same HSGT administration and grant of diploma provisions as school boards.

2. Maintain current law. Under this alternative, only charter schools established by the City of Milwaukee, MATC or UWM would be required to administer the HSGT. In addition, the provisions relating to awarding a high school diploma would not specifically apply to charter schools.

Prepared by: Tricia Collins

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

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

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



## Legislative Fiscal Bureau

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May 20, 1999

Joint Committee on Finance

Paper #791

### High School Graduation Test (DPI -- Assessments and Licensing)

[LFB 1999-01 Budget Summary: Page 500, #1]

#### **CURRENT LAW**

Beginning in 2000-01, each school district that operates a high school is required to administer the high school graduation test adopted by the board at least twice each school year. The school board is required to determine in which high school grades the exam would be administered each year. In addition, a board must excuse a pupil from the high school graduation exam upon the request of a parent or guardian.

A school board must adopt a high school graduation exam that measures whether pupils meet pupil academic standards adopted by the school board. If the board adopts the statewide standards issued by the Governor's Executive Order 326, dated January 13, 1998, the board could adopt the high school graduation exam developed by the Department of Public Instruction (DPI). If a school board develops and adopts its own high school graduation exam, it is required to notify DPI.

Beginning on September 1, 2002, a school board cannot grant a high school diploma to any pupil unless the pupil has passed the high school graduation exam. School boards are required to provide pupils with at least four opportunities in the high school grades to take the exam. A pupil may be excused from the high school graduation exam upon the request of a parent or guardian. School boards are required to establish alternative criteria upon which to determine qualifications for high school graduation if a pupil has been excused from the high school graduation exam. In order to graduate from high school, a pupil who was excused from the examination must satisfy the alternative criteria.

In the 1997-99 biennium, \$1,350,000 GPR (\$500,000 in 1997-98 and \$850,000 in 1998-99) is budgeted for DPI's development of the high school graduation test.

## GOVERNOR

Provide \$3,597,000 GPR in 1999-00 and \$6,600,000 GPR in 2000-01 and 6.0 positions (4.0 two-year project and 2.0 permanent positions) beginning in 1999-00 for the development of a high school graduation test (HSGT). The test would be designed to measure whether pupils meet the academic standards for mathematics, science, social studies and English language arts issued as Executive Order 326, which would be referenced specifically under the bill.

Require, beginning in the 2001-02 school year, that the HSGT would be administered at least twice each school year only to pupils enrolled in the 11<sup>th</sup> and 12<sup>th</sup> grades. Eliminate the current law provision that allows a pupil to be excused from taking the HSGT upon request of his or her parent or guardian.

Require charter schools established by school boards to administer the HSGT to pupils enrolled in the school. Allow charter schools associated with the City of Milwaukee, UWM or the MATC to develop or adopt their own HSGT. Specify that current law and bill provisions relating to the HSGT would apply to these Milwaukee charter schools, including provisions relating to: (a) the granting of a high school diploma; (b) administration of the test to children with disabilities and limited-English speaking (LES) pupils; and (c) development and use of alternative criteria of those disabled or LES pupils excused from taking the test.

## DISCUSSION POINTS

1. Current law, as created under 1997 Act 27 (the 1997-99 budget), requires DPI to develop a high school graduation test that school districts may use if they have adopted the pupil academic standards issued as Executive Order 326. In addition, current law requires that high school pupils may not receive a high school diploma unless the pupil has passed the graduation test administered by DPI or the test adopted by the school board or, if excused from the examination, satisfied alternative criteria developed by the school board.

2. The Department requested \$3,683,800 GPR in 1999-00 and \$6,703,900 GPR in 2000-01 and 7.0 GPR positions (4.0 project and 3.0 permanent positions) beginning in 1999-00 for the development of a HSGT. The Governor's bill provides \$3,597,000 in 1999-00 and \$6,600,000 in 2000-01 and 6.0 positions (4.0 project and 2.0 permanent positions) beginning in 1999-00 for the development of the test. The difference in the requested and recommended funding \$86,800 in 1999-00 and \$103,900 in 2000-01 reflects the deletion of 1.0 permanent position (\$46,800 in 1999-00 and \$53,900 in 1999-00) and a reduction in supplies and services funding (\$40,000 in 1999-00 and \$50,000 in 2000-01).

3. The major costs of test development in the next biennium include: (a) customized test development (\$1,994,000); (b) field testing (\$2,000,000); (c) advisory committees (\$300,000); (d) public information materials (\$300,000); (e) 4.0 education consultant project positions and associated supplies and equipment (\$488,400); (f) 1.0 permanent education program specialist and associated supplies and equipment (\$100,700); (g) 1.0 permanent program assistant and associated

supplies and equipment (\$63,800); (h) test administration in 2000-01 (\$5,200,000); (i) standard setting (\$1,000,000); (j) test security (\$75,000); and (k) calculators (\$375,000).

4. Individuals testifying before the Joint Committee on Finance and other legislative committees have expressed concerns relating to the current law high school testing requirements and the Governor's recommendations related to the issue.

5. Proponents of the HSGT have contended that in order for Wisconsin to remain competitive in the 21<sup>st</sup> century, Wisconsin high school graduates must be able to demonstrate their knowledge and skills based on high standards across core academic subjects. A high school graduation exam would establish that a Wisconsin high school diploma would ensure a high quality graduate that is prepared for higher education, a competitive job market or community service.

6. Opponents of a high school examination requirement argue that such an exam would be expensive to develop and would provide little specific information about the skills or knowledge of a high school graduate in Wisconsin. Further, they contend that such a high-stakes examination may encourage marginal pupils to drop out of high school, rather than fail an examination and be denied a high school diploma. In addition, opponents argue that the decision to award a high school diploma should not be focused on one type of performance measure, but rather include a broad array of pupil performance indicators, such as grade point average, general test scores, extracurricular activities and behavioral indicators.

7. Officials from DPI have testified that while they believe that all students should be expected to meet, at a reasonable level, appropriate academic standards as a precondition of grade advancement and graduation, a determination of whether or not a student meets the standards cannot and should not, be based solely on the results of one test.

8. If Committee members agree that the results of a single test should not alone preclude a pupil from graduating, members could require school districts to consider other factors in determining whether a pupil would graduate from high school. One option, as proposed under 1999 SB 98, would be to require school boards beginning in the 2002-03 school year to adopt a written policy specifying the criteria for granting a high school diploma that are in addition to current law requirements relating to number of credits or alternative education. These criteria could be required to include: (a) the pupil's score on the HSGT examination; (b) the pupil's academic performance; (c) the recommendations of teachers; and (d) any other criteria specified by the school board. The Committee could specify that beginning on September 1, 2002, a school board would be prohibited from granting a high school diploma to a pupil unless the pupil satisfies the criteria specified in the school board's policy.

9. Alternatively, if Committee members wish to attach more significance to the results of the test, in addition to requiring consideration of the results in determining graduation, members could consider a diploma endorsement option. Under this option, students that complete existing high school graduation requirements but do not pass the exam would receive an unendorsed diploma, while students that pass the state HSGT test would receive a diploma with a state

endorsement, which would indicate passage of the HSGT.

10. The Department indicates that the state development and administration costs for a HSGT required under current law would be unchanged under the above alternatives. DPI officials note that whether test results are the sole determinant, or one of several factors considered in deciding whether a student receives something of value, such as a diploma, or when the test results may influence future opportunities, the test must be able to withstand a number of legal criteria. Staff from DPI report that based on case law associated with high school graduation tests there are six generally accepted requirements for a high stakes test: (a) adequate notice, usually four years, of content and consequences of any high stakes test; (b) opportunity for students to learn the content; (c) reliable, valid and comparable test; (d) sufficient opportunities to take the test; (e) free from bias; and (f) opportunity for remediation for those failing parts of the test before taking it again. Costs incurred in meeting most of these requirements were the basis for DPI's budget request. The budget does not include funding for remediation services for pupils who do not pass parts of the test.

11. It appears therefore, that modifying the nature of the HSGT will not affect the development or administration costs of the test. As noted by DPI, the state must ensure a high quality test is developed with input from a variety of stakeholders and that the exam assesses the standards. In addition, the state must ensure that the passing scores are defensible and that proper administration and scoring procedures are used.

12. If members of the Committee are concerned about the high GPR costs of developing such a test, two alternatives could be considered. First, the Committee could choose to assess fewer subject areas in the HSGT. Currently, DPI is developing a test that will cover four subject areas: (a) English language arts; (b) mathematics; (c) science; and (d) social studies. While certain costs will remain regardless of the number of content areas assessed, testing fewer areas would result in a reduction of the overall costs of the test.

13. Officials from DPI report that 23 states have a graduation test with varying diploma provisions. Of those 23 states, eleven state test four skills: language arts, math, science and social studies; two states test three skills: language arts, math and science; and ten states test only language arts and math skills. However, the current state tests in Wisconsin are broad-based; a decision to restrict the scope of the HSGT would represent a significant departure from current policy.

14. If the Committee decided to assess, for example, only the subject areas of math and language arts, the costs of developing and administering such an exam as estimated by DPI and excluding items not approved by the Governor would be \$2,382,000 GPR in 1999-00 and \$4,282,200 GPR, less base level funding of \$850,000 GPR annually. This would result in a reduction of costs of \$2,065,000 GPR in 1999-00 and \$3,167,800 GPR in 2000-01 and 2.0 project positions.

15. While testing fewer subject areas will result in a cost savings to the state, the objective of determining whether Wisconsin high school graduates are able to demonstrate their knowledge and skills based on high standards across all core academic subjects will not be

achieved. Arguably, if the goal of the pupil academic standards and high school graduation exam is to ensure a high level of achievement and establish that a high school diploma is a valuable indicator of graduate skills and knowledge, all of the academic standards should be assessed.

16. However, if the Committee would decide that fewer than the four subject areas should be assessed, the state could include additional subject areas in the exam at a later time. While adding subjects later may increase the overall cost of the HSGT because of additional fixed costs, it would provide the Legislature with some time to assess the impact of the HSGT on student achievement and school accountability in certain areas. Based on those results, the state could then decide if additional subject areas should be assessed.

17. Alternatively, the Committee may wish to consider whether a state HSGT should be developed at all. Under current law, DPI administers the 10<sup>th</sup> grade knowledge and concepts examination to measure student achievement. Provisions under the federal Improving America's Schools Act (IASA), require states to administer a state assessment during the high school grades that will describe by three proficiency levels, advanced, proficient and partially proficient, the progress of pupils. The HSGT, however, will not measure pupils by proficiency levels, but rather will indicate whether the pupil has a passing score on the test. Therefore, it appears that at this time, administration of 10<sup>th</sup> grade test should continue in order to comply with federal law. The Committee could consider just administering the 10<sup>th</sup> grade examination, rather than developing another test to assess high school students. However, the 10<sup>th</sup> grade test alone, will not examine whether the student has mastered 11<sup>th</sup> and 12<sup>th</sup> grade academic standards.

18. A portion of the funding provided under bill would be for one-time costs. If the Committee would approve the Governor's recommendation, it could specify that \$1,713,000 GPR in 2000-01 would be one-time funding. Alternatively, if the Committee would decide to assess only language arts and mathematics, the Committee could provide one-time funding of \$1,228,500 GPR in 2000-01.

19. Under the Governor's bill, the parental opt-out provision for the HSGT would be eliminated. The bill would provide that a school board may determine not to administer an examination to a pupil enrolled in a special education program or a limited-English speaking pupil, and a school board may modify the format and administration of an examination for these pupils or permit a pupil to be examined in his or her native language.

20. The Legislature, in the 1997-99 budget bill, included a provision requiring school boards to excuse a pupil from completing the HSGT upon request of the pupil's parent or guardian. In addition, the provision required school boards to establish alternate criteria upon which to determine qualification for high school graduation if a pupil has been excused from the exam. The Finance Committee, during its 1997-99 deliberations on this issue, noted that a similar provision was included under the current law, for the 4<sup>th</sup>, 8<sup>th</sup> and 10<sup>th</sup> grade exams for parents who may have medical, personal or religious reasons for not requiring their children to take a standardized examination.

21. One could argue that if the intent of a HSGT is to ensure all students are meeting a certain achievement levels prior to high school graduation, then the opt-out provision should be removed. However, by eliminating the opt-out provision, the current flexibility of parents to take into account their child's unique circumstances in determining whether the child should take the exam would be eliminated. As expressed in testimony before the legislative Committees, such flexibility becomes especially important when the test could be the sole reason why a child does not receive a diploma.

22. Further, if the goal of the pupil academic standards and high school graduation exam is to ensure a high level of achievement across the state of Wisconsin and to establish that a high school diploma is a valuable indicator of graduate skills and knowledge, it may be beneficial to require the same high school graduation exam statewide in order to provide a standard measurement of pupil knowledge. This might benefit institutions of higher education and potential employers when comparing high school graduates from varying regions of the state. Further, this would allow for comparison of student performance results among school districts and schools for statewide accountability purposes, which would not be possible if districts are allowed to adopt and develop their own HSGT. The Committee may wish to require school districts to adopt the high school examination that would be developed by DPI based on the academic standards issued by the Governor, rather than develop a district-specific examination. Under this alternative, local school districts would lose the ability to develop and adopt their own tests based on locally developed and adopted academic standards.

23. The Governor's bill specifies that all current law provisions related to the HSGT would apply to charter schools established by school boards. Under current law, only charter schools established by the City of Milwaukee, UWM or MATC are required to administer the HSGT. In addition, the bills specifies that current law and bill provisions relating to the granting a high school diploma based on the results of the HSGT would apply to all charter schools.

## **ALTERNATIVES**

### **A. Funding for the HSGT**

1. Approve the Governor's recommendations related to the high school graduation examination and provide \$3,597,000 GPR in 1999-00 and \$6,600,000 GPR in 2000-01 and 6.0 GPR positions (4.0 project and 2.0 permanent positions) beginning in 1999-00 for the development of the test.

2. In addition to alternative 1, specify that \$1,713,000 GPR in 2000-01 would be one-time funding and \$4,887,000 GPR in 2000-01 would be on-going.

3. Modify the Governor's recommendations related to the high school graduation examination by deleting \$2,065,000 GPR in 1999-00 and \$3,167,800 GPR in 2000-01 and 2.0 GPR project positions and requiring DPI to develop and administer a HGST that only assesses the English/language art and mathematics subject areas of the Wisconsin model academic standards.



<b>Alternative A3</b>	<b>GPR</b>
1999-01 FUNDING (Change to Bill)	- \$5,232,800
2000-01 POSITIONS (Change to Bill)	- 2.00

4. In addition to alternative 3, specify that \$1,228,500 GPR in 2000-01 would be one-time funding and \$2,203,700 GPR in 2000-01 would be on-going.

5. Delete \$3,597,000 GPR in 1999-00 and \$6,600,000 GPR in 2000-01 and 6.0 GPR positions as well as the related current law requirement for DPI to develop a high school graduation test. Delete the current law requirement relating to school district administration of a high school graduation test as well as the requirement that a school board cannot grant a high school diploma to any pupil unless the pupil has passed the high school graduation test.

<b>Alternative A5</b>	<b>GPR</b>
1999-01 FUNDING (Change to Bill)	- \$10,197,000
2000-01 POSITIONS (Change to Bill)	- 6.00

## **B. Use of the HSGT**

1. Approve the Governor's recommendation to require, beginning in the 2001-02 school year, that the HSGT would be administered at least twice each school year only to pupils enrolled in the 11<sup>th</sup> and 12<sup>th</sup> grades. Further, approve the Governor's recommendation to maintain current law that prohibits a school board from granting a high school diploma to any pupil unless the pupil has passed a high school graduation exam, beginning on September 1, 2002,

2. Modify the Governor's recommendations by requiring school boards, beginning in the 2002-03 school year, to adopt a written policy specifying the criteria for granting a high school diploma that are in addition to current law requirements relating to number of credits or alternative education. These criteria would be required to include: (a) the pupil's score on the HSGT; (b) the pupil's academic performance; (c) the recommendations of teachers; and (d) any other criteria specified by the school board. Provide that beginning on September 1, 2002, a school board would be prohibited from granting a high school diploma to a pupil unless the pupil satisfies the criteria specified in the school board's policy.

3. In addition to alternative 2, modify the Governor's recommendation by requiring a state endorsement on the diploma of a student that passes the HSGT.

## **C. Parental Opt-out Provision**

1. Approve the Governor's recommendation to eliminate the parental opt-out provision for the high school graduation test.

2. Maintain current law, which allows a pupil to be excused from the high school

graduation test upon request of a parent or guardian.

**D. School District Opt-Out**

1. Modify current law to require all school districts to adopt the state HSGT that would be developed by DPI based on the academic standards issued by the Governor as Executive Order 326.

2. Maintain current law and allow school districts to develop and adopt their own HSGT.

**E. Milwaukee Area Charter Schools**

1. Approve the Governor's recommendation to require charter schools established by school boards and Milwaukee area charter schools to be subject to the same HSGT administration and grant of diploma provisions as school boards.

2. Maintain current law. Under this alternative, only charter schools established by the City of Milwaukee, MATC or UWM would be required to administer the HSGT. In addition, the provisions relating to awarding a high school diploma would not specifically apply to charter schools.

MO# A-1, A-2

BURKE	Y	<input checked="" type="radio"/> N	A
DECKER	Y	<input checked="" type="radio"/> N	A
JAUCH	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
COWLES	Y	<input checked="" type="radio"/> N	A
PANZER	<input checked="" type="radio"/> Y	N	A
GARD	<input checked="" type="radio"/> Y	N	A
PORTER	<input checked="" type="radio"/> Y	N	A
KAUFERT	Y	<input checked="" type="radio"/> 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
HUBER	Y	<input checked="" type="radio"/> N	A
RILEY	Y	<input checked="" type="radio"/> N	A

Illins

MO# A-5

BURKE	<input checked="" type="radio"/> Y	N	A
DECKER	<input checked="" type="radio"/> Y	N	A
JAUCH	<input checked="" type="radio"/> Y	N	A
MOORE	<input checked="" type="radio"/> Y	N	A
SHIBILSKI	<input checked="" type="radio"/> Y	N	A
PLACHE	<input checked="" type="radio"/> Y	N	A
COWLES	<input checked="" type="radio"/> Y	N	A
PANZER	<input checked="" type="radio"/> Y	N	A
2 GARD	<input checked="" type="radio"/> Y	N	A
PORTER	<input checked="" type="radio"/> Y	N	A
KAUFERT	<input checked="" type="radio"/> Y	N	A
ALBERS	Y	<input checked="" type="radio"/> N	A
DUFF	Y	<input checked="" type="radio"/> N	A
WARD	Y	<input checked="" type="radio"/> N	A
HUBER	<input checked="" type="radio"/> Y	N	A
RILEY	<input checked="" type="radio"/> Y	N	A

AYE 6 NO 10 ABS

AYE 13 NO 3 ABS

PUBLIC INSTRUCTION

High School Graduation Test  
[Paper #791]

Motion:

Move to:

- a. Approve the Governor's recommendation to provide \$3,597,000 GPR in 1999-00 and \$6,600,000 GPR in 2000-01 and 6.0 GPR positions (4.0 project and 2.0 permanent positions) beginning in 1999-00 for the development of the high school graduation test (HSGT).
- b. Specify that \$1,713,000 GPR in 2000-01 GPR would be one-time funding and \$4,887,000 GPR in 2000-01 would be on-going.
- c. Specify that beginning in the 2001-02 school year, the HSGT would be administered at least twice each school year only to pupils enrolled in the 11<sup>th</sup> and 12<sup>th</sup> grades.
- d. Require school boards, beginning in the 2002-03 school year, to adopt a written policy specifying the criteria for granting a high school diploma that are in addition to current law requirements relating to the number of credits or alternative education. These criteria would be required to include: (a) the pupil's score on the HSGT; (b) the pupil's academic performance; (c) the recommendations of teachers; and (d) any other criteria specified by the school board. Require a school board's criteria for graduation to apply to all students, including students with disabilities and students with limited English-language proficiency.
- e. Provide that beginning on September 1, 2002, a school board would be prohibited from granting a high school diploma to a pupil unless the pupil satisfies the criteria specified in the school board's policy.
- f. Require a state endorsement on the diploma of a pupil who scores at or above a required score on the HSGT set by the State Superintendent.
- g. Require that the pupil's scores on the HSGT appear on their transcripts.

Note:

This motion incorporates the following alternatives from LFB Paper #791: A1 and A2, B1 and B2. In addition, the motion would require: (a) a state endorsement on the diploma of a pupil who scores at or above a required score on the HSGT set by the State Superintendent; (b) that the pupils' scores on the HSGT appear on their transcripts; and (c) a school board's criteria for graduation to apply to all students, including students with disabilities and students with limited English-language proficiency.

MO#

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE \$ NO \$ ABS

**Gov Agency:** Department of Public Instruction - Knowledge and Concepts Examinations

**Recommendations:**

**Paper No.:** 792 **Alternative(s):** A1, B1 and C2 (Grobschmidt & WEAC picks)

**Comments:** Again, just following Grobschmidt's lead here.

Prepared by: Cindy