

2001 DRAFTING REQUEST

Bill

Received: 11/01/2000

Received By: mlief

Wanted: As time permits

Identical to LRB:

For: Administration-Budget 9-1923

By/Representing: Maternowski

This file may be shown to any legislator: NO

Drafter: mlief

May Contact:

Alt. Drafters:

Subject: **Education - school finance**
Education - handicapped ed.

Extra Copies: **PG**

Pre Topic:

DOA:.....Maternowski -

Topic:

Supplemental aid for high-cost special education pupils

Instructions:

01-106/P3

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mlief 11/07/2000	hhagen 11/09/2000		_____			S&L
/1			jfrantze 11/10/2000	_____	barmamj 11/10/2000		S&L
/2	mlief 01/05/2001	jdyer 01/05/2001	martykr 01/05/2001	_____	lrb_docadmin 01/07/2001		S&L
			martykr 01/06/2001	_____			
/3	mlief 02/06/2001	jdyer 02/06/2001	haugeca 02/06/2001	_____	lrb_docadmin 02/06/2001		

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

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<END>

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/2	mlief 01/05/2001	jdyer 01/05/2001	martykr 01/05/2001	_____	lrb_docadmin 01/07/2001		
		13 2/6 jld	martykr 01/06/2001	_____			

Handwritten notes:
 CK 2/6
 KP 2/6

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FE Sent For:

Handwritten notes:
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 1/2 1/5
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 <END>
 jfrantze approved

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1?	mlief	1 kmh 11 11/9/00	J 1/9	J 1/10			

1 1/9 jld

FE Sent For:

<END>

DEPARTMENT OF PUBLIC INSTRUCTION
2001-03 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU

Draft for Possible 2001-03 Budget Bill Introduction (Agency Decision Item No. XXXX)

Subject:

State payment for 90 percent of High-cost Special Education Pupils Services.

Request Date:

June 13, 2000

Reviewed by:

Michael TeRonde

Michael TeRonde, Agency Legislative Liaison

12/19

Agency Contact:

Keith Pollock
Budget and Policy Analyst - DPI
Phone Number: 6-1344,
E-mail: Keith.Pollock@dpi.state.wi.us

*BB date 2nd yr
to begin*

*Amend 121.91 (2m) (e) i. to
exclude adjustment*

Brief Description of Intent:

- The department proposes to create a new provision under special education aid which would provide that school districts, Cooperative Educational Service Agencies (CESA), County Children with Disabilities Education Boards (CCDEB), and Milwaukee Charter Schools (MCS) under s. 118.40 (2r) would be reimbursed for 90 percent (including "regular" special education aid) of the costs of providing services to a disabled pupil that incurred above an amount equal to three times the state average cost per pupil.
- Provide a non-recurring revenue limit exemption for the first year in which a district must provide a special education program for an individual child whose cost exceeds three times the state average cost per pupil. *limit inc by 1st year pupil enrolled*
- Require that the cost for a high cost pupil be audited by a local school district based on state criteria *under 120.14*
~~include the amount now eligible to be reimbursed from special education aid under s. 118.88 and the costs for nursing services and assistive technology as aidable costs. Enclude federal receipts, such as Medicaid reimbursement, from school district aidable costs.~~
- Require that reimbursements for services that exceed the threshold be a first draw on the appropriation for special education and school age parents programs (20.255 (2) (b)). *D-N*

The special high cost aid would be paid as follows:

1. The aid applies to the costs of providing an individuals pupils special education program in excess of the three times the state average cost per pupil. The previous year's state average cost per pupil would be used to identify the high-cost pupils in school districts, CESAs, CCDEBs, and MCS whose costs would be eligible for reimbursement under this proposal.

able cost of the child's special education program is equal to the cost of the following services attributable to the child's special education (on an FTE basis)

- (A) The cost of special education and related services which are aidable under current law (s. 115.88).
- (B) The costs of services not aidable under current law including:
 - Salaries and fringe benefits of nurses
 - Assistive technology

If the cost of the pupil's special education program is greater than three times the state average cost per pupil, the department shall pay 90 percent (including special education aid reimbursement under current law) of the amount by which the program exceeds than three times the state average cost per pupil.

- 4. The high cost aid shall be paid on a sum-sufficient basis as a first draw on the special education aid appropriation.
- 5. If a school district, CCDEB, CESA, or MCS district intends to seek a revenue limit exemption for the cost of first year of high cost pupils the program, the district shall submit an estimate of its aidable high costs no later than September 15 in the year for which the exemption is requested. A district may not request a revenue limit exemption higher than its estimated high costs. *(A school dist
No dist may get exemption unless costs submitted by Sept 15th)*
- 6. Claims for this reimbursement under this provision must be submitted no later than September 1. The department shall not pay aid for any claims submitted after this date.
- 7. The department shall annually require at least 25 percent of districts submitting claims under this proposal to include a specific audit of the claim in the annual school district audit.

Related Stat. Citations:

- s. 115.882
- s. 20.255 (2) (b)

⇒ Additional material(s) are attached if checked

Keith Pollock [keith.pollock@dpi.state.wi.us]
Tuesday, July 18, 2000 3:53 PM
Madelon.Lief@legis.state.wi.us
Re: RE: Statutory Language Requests: Spec. Ed./High Cost

Sorry I was unable to get back to you sooner. I hope this response answers the three questions you posed to me.

- 1) The state average cost per pupil would equal a statewide average of school district previous year total costs. Total school costs would be defined as the sum of the following: (a) school district's gross cost of the general, special project, debt service and food service funds, plus the net cost of the capital projects fund; (b) the cost incurred for the operation of the Cooperative Educational Service Agencies; and (c) the cost incurred by County Children with Disabilities Education Boards.
- 2) The method which school districts calculate the specific costs of a high cost pupil shall be set by departmental rule. For Example how a school district shall attribute the costs of a teacher or equipment among these high cost pupils.
- 3) A school district will be given a non-recurring revenue limit exemption for the special education costs of educating a high cost pupil for the first year a new high cost pupil enrolls, not otherwise exempted by a transfer of service exemption. This exemption shall apply to every year a district enrolls a new high cost pupil.

I also have one question. We are reviewing our bilingual statutory language request. The agency is interested in requiring school districts, that do not meet the "trigger" enrollments to meet some minimal requirements (not the same requirements as schools that do meet the "trigger" numbers.) For example, require districts by rule or statute to prove that they are spending the funds on their bilingual-bicultural programs.

As I recall, when you, Brian, and I spoke about this topic we told you that this would be more of a grant than program. Can or how can we put this type of programmatic requirement on "non-trigger" school districts.

Keith Pollock
Budget and Policy Analyst
Policy and Budget Team
Department of Public Instruction
125 South Webster Street
Madison, WI 53707-7841

Madelon

Lief, Madelon
Monday, August 14, 2000 4:40 PM
Pahnke, Brian
Bill drafts

I thought it might be helpful if I outlined my questions and concerns in an email so that you would have a chance to consider them before we talk.

1. I now have Janice's email to you regarding the changes made to SAGE in SB 357. As I think I may have mentioned to you, I lost the original request regarding the extensions of the SAGE contract, so it is not clear to me whether you want to proceed as in SB 357 or whether you want something closer to the original proposal, which I no longer have. It is my understanding that you want this draft (-4992) combined with 4991.
2. Mike told me that you would be providing instructions about combining -4993 and -4998 (Peter's draft).
3. I called Keith with more questions about the high cost special ed. draft request, specifically the third bullet point on the request. He answered by walking me through some calculations contained in what appears to be an internal DPI document describing item 7300. I think I understand the example, but the language in the request is much more general than the example and gives one the impression that ninety percent of all costs above the threshold would be reimbursed under the supplemental aid provision. The example, however, requires reimbursement on "net aidable costs" and what it terms "non aidable costs."
 - a) Should I assume that the example controls and not the request? *Yes*
 - b) Are there any other costs that should go into the "non aidable" category other than nursing services and assistive technology? *No.*
 - c) The example creates a somewhat anomalous situation in that a school district with no "high cost" pupils gets no portion of its net aidable costs reimbursed while a district with high cost pupils gets a portion of these costs reimbursed, even though those costs are NOT related to the high cost pupils. Was this your intent? *Yes, - (D-N)*
 - d) Instead of providing a revenue limit exemption in the first year a high cost pupil is enrolled, would it not be preferable to pay aid based on an estimate? If you want to provided a revenue limit exemption instead, that will still have to be based on estimated costs. *No - do as in request*
 - e) What happens if a pupil is enrolled for only two years? The district would appear to get a windfall because it gets a revenue limit exemption in the first year and then gets aid in the second year for costs that it has already covered by increasing its property taxes. *Brian understands. go ahead as in request.*

Lonnie

Madelon J. Lief
Legislative Attorney
State of Wisconsin
Legislative Reference Bureau

madelon.lief@legis.state.wi.us
608-267-7380

Initial app July 1, 2002

BIENNIAL BUDGET REQUEST

ON ITEM 7300 – CATEGORICAL AID FUNDING AND POLICY

Aids for Special Education and School Age Parents Programs

5 (2)(b)

FISCAL SUMMARY		
	2001-02 Request	2002-03 Request
Requested Aid	\$334,713,800	\$360,827,100
Less Base	\$315,681,400	\$315,681,400
Requested Change	\$ 19,032,400	\$ 45,145,700

Request for Special Education Categorical Aid Increase

The department requests an increase in state aids to school districts for the education of children with special educational needs and for school age parents. The department also proposes to create a new category of special education aid, which will provide 90 percent reimbursement for the costs of providing special education to children whose special education programs generate costs above a specified threshold. Aids for special education are authorized under s. 115.88, Wis. Stats. Aid for the education of school age parents is authorized under subch. VI of ch. 115. Wis. Stats. The appropriation is found under s. 20.255 (2) (b), Wis. Stats.

Background

The programs for which special education aid is paid serve children with the following conditions: orthopedic impairment, cognitive disability or other developmental disability, hearing handicap, visual handicap, speech or language handicap, emotional disturbance, learning disability, autism, traumatic brain injury, or other health impairment. School age parent programs serve pupils who are parents, pupils who are expectant parents, and pupils who have recently been pregnant.

Special education and school age parent aids reimburse costs incurred in the prior school year by a school district, County Children with Disabilities Education Board (CCDEB), or Cooperative Educational Service Agency (CESA).

Based on a review of aidable costs from FY94 through FY03 (estimated), and specifically since FY95 (during which aids were paid for costs incurred in the FY94 school year), the department projects a 6.1 percent growth in special education and school age parent costs in each year of the 2001-03 biennium.

Categorical Aid and Non-recurring Revenue Limit Exemption for Services to Children Special Education Program Generates High Per Pupil Costs

For a number of reasons, schools are experiencing an increase in the number of children with multiple disabilities requiring a number of special education services or with medical conditions requiring expensive technology and nursing and other services. The cost of special education and related services for some children can run five times or more the cost per pupil for regular education and even several times the cost per pupil for special education. In addition, some of the more expensive services are not fundable under the special education program aid. While the number of these children and the cost of their special education has a relatively small effect on a statewide basis, the effect on a school district of a special education program costing \$40,000 to \$60,000 or more per pupil can have a detrimental effect on the school district's regular education program. Even after the receipt of federal and state special education aids, there can still be a significant portion of costs that must be borne within the revenue limits.

This problem is compounded when a child newly identified as having exceptional educational needs or new to the district requires a high-cost special education program. Since state aid is not paid until the following year, the district must pay for the entire first-year cost of the program within the revenue limits—potentially requiring dollar for dollar cuts in other programs or a referendum to exceed the revenue limits to cover the new costs. Many school districts are extremely reluctant to expose the cost of an individual child's special education services to the public, so the alternative often employed is to make cuts in other areas.

The department proposes to create a new provision under special education aid which will provide that school districts are reimbursed for 90 percent of the amount by which the cost of providing special education and related services to an individual child exceeds three times the previous year's statewide average per pupil cost. Costs would be defined as the sum of the following: (a) school district's gross costs of the general, special project, debt service and food service funds, plus the net cost of the capital project fund; (b) the cost incurred for the operation of CESAs; and (c) the cost incurred by the CCDEBs. Total cost per pupil would be defined by the total cost (defined above) divided by the previous year's total statewide membership.

In addition, the department proposes a non-recurring revenue limit exemption for the first year in which a district must provide a special education program to educate an individual child whose cost exceeds three times the statewide average per pupil cost.

In June 2000, the State Superintendent's School Finance Task Force recommended that the department include this provision in the agency's budget request. The task force believed strongly that the initiative was necessary to ensure adequate services to extremely disabled pupils without jeopardizing other educational programs.

Calculation of High-Cost Reimbursement Provision

While it is impossible to precisely predict the statewide cost of a high cost reimbursement formula, the department has collected data which permits a rough estimate. The Madison school district recently calculated costs for the district's extremely high need students. Costs ranged from \$35,800 per student to \$92,500 per student. The "medium" cost per high cost pupil in Madison is calculated to be \$60,800. Nationally, little information is available on special education costs at the individual student level. In Wisconsin, special education categorical aid is based on prior year aidable costs, and the costs of individual pupils are not considered. However, the American Institute for Research estimated that in

Approximately one percent of special education students received services costing more than \$9,240 per year. Applying the Madison and California data to Wisconsin, and assuming one-half the student in the following sample calculation are aidable under the current categorical aid provision (and one-half are not), this provision alone is estimated to cost approximately \$26 million beginning in FY03.

Calculation of High-Cost Reimbursement Provision for 2002-03

Total Cost of pupil	\$	60,800
Aidable cost (1/2 of cost)	\$	30,400
Less categorical aid (35.4%)	\$	(10,762)
Net aidable costs	\$	19,638
Non aidable costs (nursing services, asistive technology, etc.)	\$	30,400
Total reimbursable costs	\$	50,038
Threshold (3 x Per Pupil Total Costs - estimated to be \$9,240 in FY02)	\$	27,720
Net high cost	\$	22,318
90% Reimbursement	\$	20,086

Difference total

128,591	2001-02 Non-duplicated EEN Students
1%	Percent of population - high cost
1,300	High cost EEN students (rounded)
20,086	Dollar amount above threshold
26,112,100	Estimated cost (rounded)

Calculation of High-Cost Non-recurring Revenue Limit Exemption

The department also proposes to create a non-recurring revenue limit exemption for the first year in which a district must provide a special education program for an individual child whose program's costs exceed three times the statewide average per pupil cost. A school district may not receive additional revenue limit authority for providing services to a pupil under this provision if that district already receives additional revenue limit authority for supplying services to the same pupil under the transfer of service statutes (s. 121.91 (4) (a) 3., Wis. Stats).

If a school district is planning to provide services to a pupil needing costly services in the current school year the district would be allowed to increase its current revenue limit by an amount equal to the estimated cost of providing the service less the estimated amount of aid that the school district would receive in the following year.

would be effective beginning for revenue limits calculated for the 2002-03 school year.

Calculation of High-Cost Non-recurring Revenue Limit Exemption

Total Cost	\$60,800
Less 35.4% aided costs	10,762
Less 90% aided costs	20,086
Additional Revenue Limit Authority	29,952

Estimated Number of eligible pupils	100
Total costs	2,995,200

Estimated State Cost (2/3)	1,996,800
Local Cost (1/3)	998,400

Analysis of Need/Internal and External Impact

In July 2000, the Wisconsin Supreme Court articulated a new standard for a basic education in *Vincent vs. Voight* that describes the "character of instruction" required to be made available through each public school. This new standard is as follows:

We further hold that Wisconsin students have a fundamental right to an equal opportunity for a sound basic education. An equal opportunity for a sound basic education is one that will equip students for their roles as citizens and enable them to succeed economically and personally. The legislature has articulated a standard for equal opportunity for a sound basic education in Wis. Stats. §§ 118.30(1g)(a) and 121.02(L) (1997-98) as the opportunity for students to be proficient in mathematics, science, reading and writing, geography and history, and for them to receive instruction in the arts and music, vocational training, social sciences, health, physical education and foreign language, in accordance with their age and aptitude. (Footnote omitted) An equal opportunity for a sound basic education acknowledges those students and districts are not fungible and takes into account *districts with disproportionate numbers of disabled students* (emphasis added), economically disadvantaged students, and students with limited English language skill. So long as the legislature is providing sufficient resources so that school districts offer students the equal opportunity for a sound basic education as required by the constitution, the state school finance system will pass constitutional muster.

Given this recent opinion, the department believes it is critical the state provide additional resources for districts providing services to special education pupils during the 2001-03 biennium. These additional resources will assist districts not only in providing required services to special education pupils, but will also reduce the pressure currently placed on many of them under the revenue limits that can result in the reallocation of resources away from their non-special education pupils.

2001

Date (time) needed SOON

LRB- 0885 / 1

DOA BUDGET DRAFT

MJL: kmh:
jd

Use the appropriate components and routines developed for bills.

D-N

>>FOR 2001-03 BUDGET ~~NOT~~ READY FOR INTRODUCTION<<



AN ACT ... [DO NOT generate catalog]; relating to: the budget.
.....
.....

Analysis by the Legislative Reference Bureau

- If titles are needed in the analysis, in the component bar:
- For the main heading, execute: create → anal: → title: → head
 - For the subheading, execute: create → anal: → title: → sub
 - For the sub-subheading, execute: create → anal: → title: → sub-sub
- For the analysis text, in the component bar:
- For the text paragraph, execute: create → anal: → text

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION #.

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

1
2
3
4

AN ACT ^{do not gen} ~~to amend~~ 115.882 and 120.14 (1), and ^{the budget} ~~to create~~ 115.88 (8m) and 121.91
(4) (i) of the statutes ~~relating to:~~ supplemental special education aid for
high-cost special education services, school district revenue limits and
granting rule-making authority.

Analysis by the Legislative Reference Bureau

~~This is a preliminary draft. An analysis will be provided in a later version.~~

INS-ANAL

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

5
6
7
8
9
10

SECTION 1. 115.88 (8m) of the statutes is created to read:

115.88 (8m) SUPPLEMENTAL AID. (a) In this subsection, "additional costs" means the costs of nursing services and assistive technology.

(b) If an operator of a charter school established under s. 118.40 (2r), a school district, a county, or a cooperative educational service agency incurs special education costs for a pupil that equal or exceed an amount equal to 3 times the cost

1 of the state average cost per pupil in the previous school year, as determined by the
2 department by rule, the department shall, beginning in the 2002-03 school year,
3 reimburse the operator, school district, county, or cooperative educational service
4 agency from the appropriation under s. 20.255 (2) (b) an amount calculated as
5 follows:

6 1. For each special education pupil, determine the amount of aidable costs
7 under subs. (1) to (6) and (8) in the previous school year.

8 2. Subtract from the amount under subd. 1. the amount of aid paid under this
9 section for those costs.

10 3. Add to the remainder under subd. 2. the additional costs associated with that
11 pupil in the previous school year.

12 4. Subtract an amount equal to 3 times the cost of the state average cost per
13 pupil in the previous school year from the result under subd. 3.

14 5. Multiply the result under subd. 4. by 0.90.

15 (c) An operator, school district, county, or cooperative educational service
16 agency seeking aid under this subsection shall submit a claim for aid to the
17 department no later than September 1 of the school year following the school year
18 in which the costs were incurred.

19 **SECTION 2.** 115.882 of the statutes is amended to read:

20 **115.882 Payment of state aid.** Funds appropriated under s. 20.255 (2) (b)
21 shall be used first for the ~~purpose~~ purposes of s. 115.88 (4) and (8m). Costs eligible
22 for reimbursement from the appropriations under s. 20.255 (2) (b) and (br) under ss.
23 115.88 (1m) to (3), (6) and (8), 115.93 and 118.255 (4) shall be reimbursed at a rate
24 set to distribute the full amount appropriated for rcimbursement for such costs, not
25 to exceed 100%.

1 **SECTION 3.** 120.14 (1) of the statutes is amended to read:

2 120.14 (1) At the close of each fiscal year, the school board of each school district
3 shall employ a licensed accountant to audit the school district accounts and certify
4 the audit. The audit shall include information concerning the school district's
5 self-insurance plan under s. 120.13 (2) (b), as specified by the commissioner of
6 insurance, and the estimated cost under s. 121.91 (4) (i) of providing special
7 education service. If required by the state superintendent under s. 115.28 (18), the
8 audit shall include an audit of the number of pupils reported for membership
9 purposes under s. 121.004 (5). The cost of the audit shall be paid from school district
10 funds. Annually by September 15, the school district clerk shall file a financial audit
11 statement with the state superintendent.

12 **SECTION 4.** 121.91 (4) (i) of the statutes is created to read:

13 121.91 (4) (i) Beginning in the 2002-03 school year, if the estimated cost of
14 providing special education services to a pupil equals or exceeds an amount equal to
15 3 times the cost of the state average cost per pupil in the previous school year, the
16 limit otherwise applicable to a school district under sub. (2m) is increased for the first
17 year of the pupil's enrollment by an amount equal to the estimated cost of providing
18 special education services to the pupil less the estimated amount of aid that the
19 school district will receive for the pupil under s. 115.88 (1) to (6), (8), and (8m) in the
20 following school year, as determined by the department. A school board seeking an
21 exemption under this paragraph shall submit to the department its estimate of the
22 cost of providing special education services to the pupil no later than September 15
23 of the current school year. The amount of the revenue limit adjustment under this

SECTION 4

1 paragraph shall not be included in the base for determining the school district's
2 revenue limit for the following school year.

3 (END)

INS-ANAL.

✓ EDUCATION

✓ PRIMARY AND SECONDARY EDUCATION

* Under current law, school districts, cooperative educational service agencies (CESAs), counties, and operators of charter schools established by the University of Wisconsin-Milwaukee, Milwaukee area technical college, and the city of Milwaukee (Milwaukee charter school operators) are eligible to receive aid to reimburse them for certain costs of providing special education (regular special education costs), such as the cost of salaries of special education teachers and the cost of transporting special education pupils to school. When distributing special education aid, DPI must first distribute aid for the full cost of special education for children in hospitals and convalescent homes for orthopedically disabled children. If the remaining sum of money appropriated to reimburse other special education costs is insufficient, DPI must prorate the remaining aid, leaving some eligible entities with unreimbursed, regular special education costs. In addition, the costs of nursing services and assistive technology for special education pupils are nonreimbursable.

X Beginning in the 2002-03 school year, this bill provides supplemental special education aid to school districts, CESAs, counties, and Milwaukee charter school operators if the sum of unreimbursed, regular special education costs and of nonreimbursable assistive technology costs and nursing services costs equals or exceeds an amount equal to three times the state average cost per pupil (threshold amount). The amount of this supplemental aid for "high-cost" special education pupils equals 90% of the difference between the threshold amount and the sum of unreimbursed, regular special education costs and the nonreimbursable assistive technology and nursing services costs. In addition, DPI must first distribute ~~the~~ aid, along with the aid for children in hospitals and convalescent homes, before distributing aid for other special education ~~programs and~~ services.

X Current law, with some exceptions, limits the amount of revenue that a school district may raise through the combination of general school aids and the property tax levy to approximately \$220 per pupil. Beginning in the 2002-03 school year, if the estimated cost of a school district's providing special education services equals or exceeds the threshold amount in the previous school year, this bill provides a nonrecurring revenue limit exemption for the first year of a high-cost pupil's enrollment that is equal to the estimated cost of providing special education services for that pupil less the estimated amount of regular and supplemental special education aid that the school district will receive.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

Special education

the supplemental

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

0885/ldn
LRB-01001100
MJL(hmh&jld:jf)
stays

September 6, 2000 *Newdale*

Peter:
~~Brian~~ and Keith:

ADDITIONAL DOA wants

regular special education costs not reimbursed under current law

Please review this preliminary draft carefully to make sure that it contains what you want. The draft is based primarily upon DPI's Decision Item 7300 and my conversations with Brian. Please note the following:

1. The request calls for the high cost aid to be a first draw on the special education appropriation. However, under current law, costs under s. 115.88 (4) are paid as a first draw. I assumed that ~~you wanted~~ the high-cost aid to have the same priority as these costs, so this draft provides that both sets of costs are paid as a first draw.

2. ~~As I discussed with Brian~~, this bill, if enacted, would reimburse "high-cost" school districts for a portion of ~~their not-aidable costs~~, even though those costs are not tied to "high-cost" pupils. I find this perplexing in light of what I understand to be the policy rationale for the bill.

I'm not sure how

will

3. ~~As I also discussed with Brian~~, I am perplexed by the revenue limit exemption in the first year. Why not simply pay a school district the estimated aid for the high-cost pupil, since the costs have to be estimated anyway? Otherwise, if a high-cost pupil were only enrolled in the school district for one year, that district would be able to raise property taxes in the year of enrollment and then receive aid the second school year, when the pupil is no longer enrolled in the school district. In addition, ~~how will~~ DPI be able to determine how much high-cost aid a district is entitled to receive if it won't know how much aid will be appropriated and what the costs of other districts will be. For example, DPI will never know in the fall of an even-numbered year how much money will be appropriated in the following fiscal year.

4. Brian said the bill should take effect in the 2002-03 school year, by which I understood him to mean that the aid would first be paid in that year, based on prior year costs.

Madelon J. Lief
Legislative Attorney
Phone: (608) 267-7380

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0885/1dn
MJL:hmh&jld:jf

November 9, 2000

Peter:

Please note the following:

1. The request calls for the high cost aid to be a first draw on the special education appropriation. However, under current law, costs under s. 115.88 (4) are paid as a first draw. I assumed that DOA wants the high-cost aid to have the same priority as these costs, so this draft provides that both sets of costs are paid as a first draw.

2. This bill, if enacted, would reimburse "high-cost" school districts for a portion of regular special education costs not reimbursed under current law, even though those costs are not tied to "high-cost" pupils. I find this perplexing in light of what I understand to be the policy rationale for the bill.

3. I am perplexed by the revenue limit exemption in the first year. Why not simply pay a school district the estimated aid for the high-cost pupil, since the costs have to be estimated anyway? Otherwise, if a high-cost pupil were only enrolled in the school district for one year, that district would be able to raise property taxes in the year of enrollment and then receive aid the second school year, when the pupil is no longer enrolled in the school district. In addition, I'm not sure how DPI will be able to determine how much high-cost aid a district is entitled to receive if it won't know how much aid will be appropriated and what the costs of other districts will be. For example, DPI will never know in the fall of an even-numbered year how much money will be appropriated in the following fiscal year.

Madelon J. Lief
Legislative Attorney
Phone: (608) 267-7380

Lief, Madelon

From: Maternowski, Peter
Sent: Thursday, January 04, 2001 9:21 AM
To: Lief, Madelon
Subject: Revision to LRB-0885/1

Lonnie,

Draft 0885/1 creates a supplemental special education aid program for 'high cost' special education pupils.

Please make the following revisions to the draft.

- ✓ 1. Remove the section that creates a revenue limit exemption for certain special education costs.
- ✓ 2. Remove the language in section 1 that expands the definition of aidable costs and allows for reimbursement of nursing services and assistive technology.
- ✓ 3. Change the 90% reimbursement rate included in the draft to 50% (115,88 (8m) (b) 5).
- ✓ 4. Change the threshold for the reimbursement (115,88 (8m) (b) 4) from three times the state average cost per pupil to \$50,000.

Thank you.

Peter Maternowski
State Budget Office
608-266-1923
peter.maternowski@doa.state.wi.us



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-0885/2
MJL:hmh&jld:jf

DOA:.....Maternowski – Supplemental aid for high-cost special education pupils

FOR 2001-03 BUDGET – NOT READY FOR INTRODUCTION

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1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

EDUCATION

PRIMARY AND SECONDARY EDUCATION

Under current law, school districts, cooperative educational service agencies (CESAs), counties, and operators of charter schools established by the University of Wisconsin-Milwaukee, Milwaukee Area Technical College, and the city of Milwaukee (Milwaukee charter school operators) are eligible to receive aid to reimburse them for certain costs of providing special education (regular special education costs), such as the cost of salaries of special education teachers and the cost of transporting special education pupils to school. When distributing special education aid, DPI must first distribute aid for the full cost of special education for children in hospitals and convalescent homes for orthopedically disabled children. If the remaining sum of money appropriated to reimburse other special education costs is insufficient, DPI must prorate the remaining aid, leaving some eligible entities with unreimbursed ~~special~~ special education costs. ~~In addition, the costs of nursing services and assistive technology for special education pupils are nonreimbursable.~~

Beginning in the 2002-03 school year, this bill provides supplemental special education aid to school districts, CESAs, counties, and Milwaukee charter school

Handwritten: \$50,000 (circled), (50) ✓, (2), \$50,000, per pupil (circled)

~~X operators if the sum of unreimbursed, regular special education costs, and of~~
~~X nonreimbursable assistive technology costs and nursing services costs equals or~~
~~X exceeds an amount equal to three times the state average cost per pupil (threshold~~
~~X amount). The amount of this supplemental aid for "high-cost" special education~~
~~X pupils equals 90% of the difference between the threshold amount and the~~
~~X unreimbursed, regular special education costs and the nonreimbursable assistive~~
~~X technology and nursing services costs. In addition, DPI must first distribute the~~
supplemental aid, along with the aid for children in hospitals and convalescent
homes, before distributing aid for other special education services.

Current law, with some exceptions, limits the amount of revenue that a school district may raise through the combination of general school aids and the property tax levy to approximately \$220 per pupil. Beginning in the 2002-03 school year, if the estimated cost of a school district's providing special education services equals or exceeds the threshold amount in the previous school year, this bill provides a nonrecurring revenue limit exemption for the first year of a high-cost special education pupil's enrollment that is equal to the estimated cost of providing special education services for that pupil less the estimated amount of regular and supplemental special education aid that the school district will receive.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 115.88 (8m) of the statutes is created to read:
2 115.88 (8m) SUPPLEMENTAL AID. (a) In this subsection, "additional costs" means
3 the costs of nursing services and assistive technology.
4 (b) If an operator of a charter school established under s. 118.40 (2r), a school
5 district, a county, or a cooperative educational service agency incurs special
6 education costs for a pupil that equal or exceed ~~an amount equal to 3 times the cost~~ *\$50,000*
7 ~~of the state average cost per pupil in the previous school year, as determined by the~~
8 ~~department by rule,~~ the department shall, beginning in the 2002-03 school year,
9 reimburse the operator, school district, county, or cooperative educational service
10 agency from the appropriation under s. 20.255 (2) (b) an amount calculated as
11 follows:

1 1. For each special education pupil, determine the amount of aidable costs
2 under subs. (1) to (6) and (8) in the previous school year.

3 2. Subtract from the amount under subd. 1. the amount of aid paid under this
4 section for those costs.

5 3. Add to the remainder under subd. 2. the additional costs associated with that
6 pupil in the previous school year.

7 ~~3. Subtract an amount equal to 3 times the cost of the state average cost per~~
8 ~~pupil in the previous school year from the result under subd. 2.~~

9 4. Multiply the result under subd. ³ ~~2~~ by 0.⁵ ~~90~~.

10 ~~(b)~~ An operator, school district, county, or cooperative educational service
11 agency seeking aid under this subsection shall submit a claim for aid to the
12 department no later than September 1 of the school year following the school year
13 in which the costs were incurred.

14 **SECTION 2.** 115.882 of the statutes is amended to read:

15 **115.882 Payment of state aid.** Funds appropriated under s. 20.255 (2) (b)
16 shall be used first for the ~~purpose~~ purposes of s. 115.88 (4) and (8m). Costs eligible
17 for reimbursement from the appropriations under s. 20.255 (2) (b) and (br) under ss.
18 115.88 (1m) to (3), (6) and (8), 115.93 and 118.255 (4) shall be reimbursed at a rate
19 set to distribute the full amount appropriated for reimbursement for such costs, not
20 to exceed 100%.

21 **SECTION 3.** 120.14 (1) of the statutes is amended to read:

22 ~~120.14(1) At the close of each fiscal year, the school board of each school district~~
23 ~~shall employ a licensed accountant to audit the school district accounts and certify~~
24 ~~the audit. The audit shall include information concerning the school district's~~
25 ~~self-insurance plan under s. 120.13 (2) (b), as specified by the commissioner of~~

1 insurance, and the estimated cost under s. 121.91 (4) (i) of providing special
2 education service. If required by the state superintendent under s. 115.28 (18), the
3 audit shall include an audit of the number of pupils reported for membership
4 purposes under s. 121.004 (5). The cost of the audit shall be paid from school district
5 funds. Annually by September 15, the school district clerk shall file a financial audit
6 statement with the state superintendent.

7 SECTION 4. 121.91 (4) (i) of the statutes is created to read:

8 121.91 (4) (i) Beginning in the 2002-03 school year, if the estimated cost of
9 providing special education services to a pupil equals or exceeds an amount equal to
10 3 times the cost of the state average cost per pupil in the previous school year, the
11 limit otherwise applicable to a school district under sub. (2m) is increased for the first
12 year of the pupil's enrollment by an amount equal to the estimated cost of providing
13 special education services to the pupil less the estimated amount of aid that the
14 school district will receive for the pupil under s. 115.88 (1) to (6), (8), and (8m) in the
15 following school year, as determined by the department. A school board seeking an
16 exemption under this paragraph shall submit to the department its estimate of the
17 cost of providing special education services to the pupil no later than September 15
18 of the current school year. The amount of the revenue limit adjustment under this
19 paragraph shall not be included in the base for determining the school district's
20 revenue limit for the following school year.

21 (END)



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-0885/2
MJJ:hmh&jld:km

DOA:.....Maternowski – Supplemental aid for high-cost special education pupils

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

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AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

EDUCATION

PRIMARY AND SECONDARY EDUCATION

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Beginning in the 2002-03 school year, this bill provides supplemental special education aid to school districts, CESAs, counties, and Milwaukee charter school operators if their special education costs per pupil equals or exceeds \$50,000. The amount of this supplemental aid for a "high-cost" special education pupil equals 50%

1 ~~**115.882 Payment of state aid.** Funds appropriated under s. 20.255 (2) (b)~~
2 ~~shall be used first for the purpose purposes of s. 115.88 (4) and (8m). Costs eligible~~
3 ~~for reimbursement from the appropriations under s. 20.255 (2) (b) and (br) under ss.~~
4 ~~115.88 (1m) to (3), (6) and (8), 115.93 and 118.255 (4) shall be reimbursed at a rate~~
5 ~~set to distribute the full amount appropriated for reimbursement for such costs, not~~
6 ~~to exceed 100%.~~

7 (END)

LRB - 885 / 3dn

D-N

115.882

This draft deletes the treatment of S. 115-882

to reconcile ~~the draft with~~ LRB-0885/2,
0886 1690

~~LRB - 885~~, and LRB-~~1690~~. LRB-⁰885, LRB-
0886
0886, and LRB-1690 should continue to

appear in the compiled bill.

MJC

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0885/3dn
MJL;jld:ch

February 6, 2001

This draft deletes the treatment of s. 115.882 to reconcile LRB-0885/2, LRB-0886, and LRB-1690. LRB-0885, LRB-0886, and LRB-1690 should continue to appear in the compiled bill.

Madelon J. Lief
Legislative Attorney
Phone: (608) 267-7380



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-0885/3
MJL:hmh&jld:ch

DOA:.....Maternowski – Supplemental aid for high-cost special education pupils

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

EDUCATION

PRIMARY AND SECONDARY EDUCATION

Under current law, school districts, cooperative educational service agencies (CESAs), counties, and operators of charter schools established by the University of Wisconsin-Milwaukee, Milwaukee Area Technical College, and the city of Milwaukee (Milwaukee charter school operators) are eligible to receive aid to reimburse them for certain costs of providing special education (regular special education costs), such as the cost of salaries of special education teachers and the cost of transporting special education pupils to school. When distributing special education aid, DPI must first distribute aid for the full cost of special education for children in hospitals and convalescent homes for orthopedically disabled children. If the remaining sum of money appropriated to reimburse other special education costs is insufficient, DPI must prorate the remaining aid, leaving some eligible entities with unreimbursed special education costs.

Beginning in the 2002-03 school year, this bill provides supplemental special education aid to school districts, CESAs, counties, and Milwaukee charter school operators if their special education costs per pupil equals or exceeds \$50,000. The amount of this supplemental aid for a "high-cost" special education pupil equals 50%

