

Fiscal Estimate - 2015 Session

Original Updated Corrected Supplemental

LRB Number 15-2357/1		Introduction Number SB-216	
Description Increase funding for special education			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input checked="" type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input type="checkbox"/> Yes <input type="checkbox"/> No	
		<input type="checkbox"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs			
<input checked="" type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input checked="" type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input type="checkbox"/> Towns		<input type="checkbox"/> Village <input type="checkbox"/> Cities	
<input type="checkbox"/> Counties		<input type="checkbox"/> Others	
<input checked="" type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.255 (2) (b)			
Agency/Prepared By		Authorized Signature	Date
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Fiscal Estimate Narratives

DPI 7/28/2015

LRB Number	15-2357/1	Introduction Number	SB-216	Estimate Type	Original
Description Increase funding for special education					

Assumptions Used in Arriving at Fiscal Estimate

This bill increases state aid to school districts for special education and school age parents programs provided by the school district to no less than 33 percent of the school district's certified eligible costs.

Local: Indeterminate.

The Department estimates that under this bill overall categorical aids paid to school districts, CESAs, CCDEBs, and independent (2r) charter schools would increase by \$93,000,000 GPR in the 2015-16 school year and \$102,000,000 GPR in the 2016-17 school year in order to reimburse the eligible costs of the special education and school age parents program for Hospitals and Convalescents and Board and Lodging Aids at 100% and pay at least 33% of other eligible costs. Costs for Hospitals and Convalescents and Board and Lodging Aid are a very small portion of eligible costs (i.e. approximately 0.05% in FY15 and FY14).

The specific impact on an individual school district depends upon two factors. First, the amount of categorical aid received depends upon eligible special education expenses. In per-pupil terms, a district with a proportionally more costly program would receive a proportionally greater increase in total dollars received. Second, increasing a district's special education categorical aid would reduce its local 'shared' cost factored into the general school aid formula. Depending on where a district is in the formula, this bill could increase or decrease the amount of general aid a district receives. The overall impact is a \$93,000,000 GPR increase in categorical aids in the 2015-16 school year and a \$102,000,000 GPR increase in categorical aids in the 2016-17 school year and a redistribution of general aid among school districts. Therefore, the net effect on individual school districts is indeterminate.

State:

This bill would result in an increase in the categorical aid s. 20.255 (2) (b) Stats., Aids for special education and school age parents of \$93,000,000 GPR in the 2015-16 school year and \$102,000,000 GPR increase in the 2016-17 school year.

This categorical aid is the state's primary direct fund source to recognize the additional costs of educating students with disabilities. This critical aid program has widespread statewide impact providing funding for all students with disabilities, approximately 14 percent of Wisconsin students, providing equal benefit across all school districts.

This special education categorical aid has not been increased since FY09. Special education costs eligible under this aid program have increased by \$90 million since FY09 (\$1.285 billion in FY09 to \$1.376 billion in FY15) which represents a 7% total cost increase over 6 years or a 1.2% average increase per year. As a result, the reimbursement rate continues to decline.

The reimbursement rate for special education categorical aid over the past 35 years has declined by about 40% (66.1% in FY81 to 26.8% in FY15) which represents a 60% reduction in the reimbursement rate.

State special education aid has historically been underfunded and paid on a prorated basis as total eligible costs exceed the appropriation. In recent years, the proration rate has been in the range of 26-27% for special education categorical aid.

Long-Range Fiscal Implications

State: Indeterminate

Funding for this State special education categorical aid would likely continue to increase in future years to maintain a 33 percent reimbursement rate due to future year inflation based cost increases and/or special education services based cost increases.