

### Fiscal Estimate - 2017 Session

Original                       Updated                       Corrected                       Supplemental

LRB Number **17-1879/1**                                      Introduction Number **SB-006 (JR7)**

**Description**  
authorizing the director of the Office of Educational Opportunity in the University of Wisconsin System to contract for the operation of a recovery charter school, insurance coverage of mental health treatment provided by a recovery charter school, and making appropriations

**Fiscal Effect**

**State:**

- No State Fiscal Effect
- Indeterminate
  - Increase Existing Appropriations
  - Decrease Existing Appropriations
  - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
  - Yes
  - No
- Decrease Costs

**Local:**

- No Local Government Costs
  - Indeterminate
    - 1.  Increase Costs                      3.  Increase Revenue
    - Permissive  Mandatory                       Permissive  Mandatory
    - 2.  Decrease Costs                      4.  Decrease Revenue
    - Permissive  Mandatory                       Permissive  Mandatory
5. Types of Local Government Units Affected
- Towns                       Village                       Cities
  - Counties                       Others
  - School Districts                       WTCS Districts

**Fund Sources Affected**                                              **Affected Ch. 20 Appropriations**

GPR     FED     PRO     PRS     SEG     SEGS

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## Fiscal Estimate Narratives

DPI 2/27/2017

LRB Number	17-1879/1	Introduction Number	SB-006 (JR7)	Estimate Type	Original
<b>Description</b> authorizing the director of the Office of Educational Opportunity in the University of Wisconsin System to contract for the operation of a recovery charter school, insurance coverage of mental health treatment provided by a recovery charter school, and making appropriations					

### Assumptions Used in Arriving at Fiscal Estimate

This bill authorizes the director of the Office of Educational Opportunity (OEO) in the University of Wisconsin System to contract with a person to operate, as a four-year pilot project, one recovery charter school for no more than 15 high school pupils in recovery from substance use disorder or dependency. Under the bill, the operator must provide an academic curriculum that satisfies the requirement for graduation from high school as well as therapeutic programming and support for pupils attending the charter school. The bill requires a pupil who wishes to attend the recovery charter school to apply and to agree to all of the following: 1) that the pupil has begun treatment in a substance use disorder or dependency program; 2) that the pupil has maintained sobriety for at 30 days prior to attending the charter school; and 3) that the pupil will submit to a drug screening assessment and, if appropriate, a drug test prior to being admitted. The operator of the charter school may not admit a pupil who tests positive for the presence of a drug in his or her system. In addition, a pupil who enrolls in the school must receive counseling from substance use disorder or dependency counselors while enrolled in the charter school.

The contract between the operator of the recovery charter school and OEO must contain a requirement that, as a condition of continuing enrollment, an applicant for enrollment in the recovery charter school submit claims for coverage of certain services provided by the recovery charter school to his or her health care plan for which the applicant is covered for mental health services. The bill also requires the director of OEO to, following the fourth year of the operation of the charter school, submit a written report to the Department of Health Services regarding the operation and effectiveness of the charter school.

The bill permits the state superintendent to award a start-up grant towards the establishment of the recovery charter school of up to \$50,000 in fiscal year 2017-18 if the director of OEO procures matching funds equal to the amount of the grant. Under the bill, the Department of Public Instruction must pay to the operator of the recovery charter school the same per pupil amount as is paid to the operator of other charter schools.

The bill prohibits a health care policy, plan, or contract from excluding coverage for mental health or behavioral health treatment or services provided by the recovery charter school if the policy, plan, or contract covers mental health or behavior health treatment or services when provided by another health care provider.

This proposal may contain a health insurance mandate requiring a social and financial impact report under s. 601.423, stats.

Local:

If enacted, the bill could result in the creation of another independent charter school in the state, potentially increasing independent charter school pupil enrollments. As with other pupils enrolled in charter schools authorized under the OEO, pupils attending the recovery charter school would be counted by the school district of residence for revenue limits and general school aids. Increasing the total participation in independent charter schools would result in an increased diversion of state aids, from school districts to the independent charter school. The resident school district's general aid payment would be reduced in an amount equal to the total of the per pupil payments made for resident pupils attending the recovery charter school. Under the bill, the resident school district would not be able to levy to backfill that aid reduction. However, those pupils would be included in the pupil counts used to calculate the school district's allowable levy under revenue limits.

The bill provides that, if a pupil enrolls in a recovery charter school, but then withdraws from the recovery charter school

after the 3rd Friday in September (pupil count date) and enrolls in a public school in a school district in that school year, the Department shall make payment to the school district into which the pupil enrolls. The payment would be equal to 25 percent of the per pupil payment to the recovery charter school, for each installment payment that would have been paid to the recovery charter school, but was not made, because the pupil withdrew from the recovery charter school (thereby offsetting the aid reduction applied to the resident school district resulting from the pupil enrolling in the recovery charter school). The aid would be paid from the same appropriation from which payments are made to the recovery charter school.

Finally, the bill does not restrict the location of the recovery charter school beyond that it must be located in the state. The bill does not specify that to be eligible, a pupil must be (or have been) a resident of the state; however, this fiscal estimate assumes that the pupils enrolling into a recovery charter school, as proposed by the bill, are residents of the state, and thus, have a "district of residence" in the state of Wisconsin. It is not possible to determine which school districts would be impacted by this bill, so the local fiscal impact under the bill is indeterminate. However, on a statewide basis, if the maximum number of pupils allowed under the bill were to have enrolled in a recovery charter school in FY17, the total aid reductions to state general aid to school districts would have been \$122,820.

#### State:

The bill authorizes the director of OEO to contract with a person to operate a recovery charter school for no more than 15 high school pupils in recovery from substance use disorder or dependency. The bill permits the State Superintendent to award a start-up grant towards the establishment of the recovery charter school of up to \$50,000 in fiscal year 2017-18 if the director of OEO procures matching funds equal to the amount of the grant. While the bill does not increase the appropriation for charter schools authorized by the OEO, the appropriation itself is sum sufficient; thus, the bill has the potential to increase state expenditures by up to \$50,000.

As with other pupils enrolled in charter schools authorized under the OEO, the Department would be required to make payments to the recovery charter school an amount equal to the per pupil charter school payment, multiplied by the number of pupils enrolled in the charter school. However, the Department would be required to then reduce the resident school district's general aid payment in an amount equal to the total of the per pupil payments made for resident pupils attending the recovery charter school. That is, increased state expenditures for payments to the recovery charter school would be completely offset by aid reductions to school districts (which lapse to the state's General Fund). The bill would essentially redistribute state funds between general aid for the resident school district and payments to independent charter schools. As a result, there is no net impact on the state's General Fund under the bill with respect to a pupil's enrollment in the recovery charter school.

#### **Long-Range Fiscal Implications**

Because the bill authorizes a payment of up to \$50,000 to a recovery charter school authorized under the bill for startup costs in FY18 only, and because the per pupil payments to the recovery charter school would be completely offset by a lapse to the state's General Fund (reductions to school districts' general aid payments), there would be no ongoing/long term costs to the state associated with the bill.