

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: <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input checked="" type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <div style="display: flex;"> <div style="width: 50%;"> <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations </div> <div style="width: 50%;"> <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues </div> </div> </div> <div style="width: 33%;"> <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-around;"> <input type="checkbox"/> Yes <input type="checkbox"/> No </div> <input type="checkbox"/> Decrease Costs </div> </div> Local: <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate <div style="display: flex;"> <div style="width: 50%;"> 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 50%;"> 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> </div> </div> <div style="width: 33%;"> 5. Types of Local Government Units Affected <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> Towns <input type="checkbox"/> Counties <input checked="" type="checkbox"/> School Districts </div> <div style="width: 33%;"> <input type="checkbox"/> Village <input type="checkbox"/> Others <input type="checkbox"/> WTCS Districts </div> <div style="width: 33%;"> <input type="checkbox"/> Cities </div> </div> </div> </div>		
<div style="display: flex; justify-content: space-between;"> <div> Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS </div> <div> Affected Ch. 20 Appropriations </div> </div>		
Agency/Prepared By DPI/ Erin Fath (608) 266-2804	Authorized Signature Erin Fath (608) 266-2804	Date 3/1/2017

Fiscal Estimate Narratives

DPI 3/1/2017

LRB Number 17-1879/1	Introduction Number SB-006 (JR7)	Estimate Type Corrected
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		

Assumptions Used in Arriving at Fiscal Estimate

3/2/17 - Reworking the fiscal estimate
Assumptions Used in Arriving at Fiscal Estimate

This bill authorizes the director of 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 least 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:

Currently, there are no charter schools authorized by the Director of the Office of Educational Opportunity (OEO) under s. 118.40 (2x). Under current law, a charter school authorized by the OEO would be paid an amount equal to the per pupil payment determined in statute, multiplied by the number of pupils enrolled in the charter school, from the existing appropriation for OEO charter schools [s. 20.255 (2) (fp)]. The Department would be required to reduce state general aid (or if necessary, state categorical aid) for the school district of residence for each pupil enrolled in an OEO charter school. The aid reduction to the

resident school district becomes a lapse to the state's general fund, offsetting the state expenditures made as payments to the OEO charter school from the OEO charter school appropriation. In this way, the resident school district would "pay" for the cost of pupils enrolled in an OEO charter school. But under current law, the pupils enrolled in an OEO charter school would be counted by the resident school district for revenue limit and general aid purposes. In this way, the resident school district would generate revenue limit authority on behalf of the pupil, and the pupil is counted as part of the calculation for general aid (in the following year).

Under the bill, this payment mechanism would be different for pupils enrolled in the OEO recovery charter school. The bill does not provide for an aid reduction to the resident school district for the per pupil payments of pupils enrolled in the OEO recovery charter school (the bill does not modify s. 118.40 (2x)(f) to include a reference to the pupils enrolled in the OEO recovery charter school, under the newly created s. 118.40 (2x) (e) 1m.). This suggests that the intent of the bill is for the cost of the state per pupil payments for pupils enrolled in the OEO recovery charter school to be fully paid for from state GPR resources.

However, the bill does not modify current law to exclude the pupils enrolled in the OEO recovery charter school from the resident school district's pupil count for: 1) general aid, as described under s. 121.07 (2) (f) [which refers to payments made under s. 118.40 (2x) (e), generally]; and 2) revenue limits, as described under s. 121.90 (1) (f) 3. [which refers to a school established under a contract with the director under s. 118.40 (2x), generally].

Additionally, as drafted, 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, 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 OEO recovery charter school, but was not made. The aid would be paid from the same appropriation from which payments are made to the recovery charter school. NOTE: an amendment has been drafted [JR7 2017 AA1-AB6] that would modify the bill to eliminate this provision (the amendment would make other changes to the bill, but no other changes related to payments or counting pupils).

Thus the bill, as drafted, effectively permits a resident school district to count a pupil enrolled in the OEO recovery charter school for revenue limits and general aid, even though the district would not incur a reduction to its general aid to "pay" for the pupil. The omission of a modification to s. 121.07 (2) (f) and to s. 121.90 (1) (f) 3., to exclude the pupils enrolled in the OEO recovery school from general aid and revenue limit counts, may have been unintentional, not reflective of the bill authors' intent.

If the bill were drafted so as to pay for the pupils enrolled in the OEO recovery charter school entirely from state resources, and to disallow school districts from counting these pupils for general aid and revenue limits, then the impact on school districts resulting from the bill would be the loss of revenue limit authority, and the change in general aid (which cannot be projected), resulting from a loss of membership for the school district. The bill limits the location of the recovery charter school to the state, but not to any particular school district(s). It is not possible for the Department to estimate the impact on a local school district.

*In both cases, the payments made under s. 118.40 (2x) (e) 1m., as created by the bill, for pupils enrolled in an OEO recovery charter school under s. 118.40 (2x) (cm), would be included in those references to pupils included in the pupil counts for general aid and revenue limits, under to s. 118.40 (2x) (e) and s. 118.40 (2x), respectively.

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 per pupil payment for independent charter schools in FY17 is \$8,188. If the OEO recovery charter school had been in existence in FY17, the cost to the state for 15 pupils would have been \$122,820. The per pupil payment in FY18 will be based on changes in state aid appropriations and revenue limit adjustments for public schools, and will be determined upon passage of the 2017-19 biennial budget.

Unlike current law with respect to pupils enrolled in other charter schools authorized under the OEO, the Department would not be required to 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 a net expenditures to the state.

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.

Long-Range Fiscal Implications

The startup grant is appropriated in FY18 only. The program is designed for four years, so if the bill were to become law and the provision were not extended under subsequent legislation, the cost to the state of making the per pupil payments to the OEO recovery charter school would cease after FY21.