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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: <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 checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input checked="" type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input 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 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) (fq)		
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Fiscal Estimate Narratives

DPI 3/2/2017

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Assumptions Used in Arriving at Fiscal Estimate

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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.]. Thus, 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.

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); and 2) revenue limits, as described under s. 121.90 (1) (f) 3.

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 bill, as drafted and in consideration of the amendment JR7 AA1-AB6, would have no net impact on school districts for revenue limit and general aids.

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.

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 expenditure 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 in FY18 only.

Long-Range Fiscal Implications

The startup grant is appropriated in FY18 only. The program is designed to be a four year pilot project; if

the bill were to become law and the provisions 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.