Wisconsin Department of Administration
Division of Executive Budget and Finance

Fiscal Estimate - 2017 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **17-0640/1**	Introduction Number **SB-211**

Description
increase funding for special education

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 ☐ Permissive ☐ Mandatory
2. ☐ Decrease Costs ☐ Permissive ☐ Mandatory
3. ☐ Increase Revenue ☐ Permissive ☐ Mandatory
4. ☐ Decrease Revenue ☐ Permissive ☐ Mandatory
5. Types of Local Government Units Affected
   ☐ Towns ☐ Village ☐ Cities
   ☐ Counties ☐ Others
   ☒ School Districts ☐ WTCS Districts

Fund Sources Affected
☒ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEGS

Affected Ch. 20 Appropriations
20.255 (2) (b)

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DPI 4/27/2017

LRB Number **17-0640/1**	Introduction Number **SB-211**	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.

State: Increase Existing Appropriations

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 $100 million GPR in the 2017-18 school year and $103 million GPR in the 2018-19 school year. This estimate factors in an annual 1.25 percent increase in prior year aidable costs.

State special education aid has historically been underfunded and paid on a prorated basis because total eligible costs exceed the appropriation. The current reimbursement rate is 26.15 percent, and the appropriation has been steady since FY09, when the reimbursement rate was 28.70 percent. The last time the reimbursement rate was at 33 percent or higher was in FY02. Special education costs eligible under this aid program have increased by more than $125 million since FY09 ($1.285 billion in FY09 to $1.411 billion in FY17), a 9.8 percent total cost increase over 8 years.

This categorical aid is the state's primary direct fund source to recognize the additional costs of educating the approximately 14 percent of Wisconsin students who have disabilities.

Local: Indeterminate

The Department estimates that under this bill overall categorical aids paid to school districts, CESAs, CCDEBs, and independent (2r or 2x) charter schools would increase by $100 million GPR in the 2017-18 school year and $103 million GPR in the 2018-19 school year 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 total eligible costs (approximately 0.05 percent in FY16).

The specific impact on an individual school district depends upon two factors. First, the amount of categorical aid received depends on 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 $100 million GPR increase in categorical aids in the 2017-18 school year and a $103 million GPR increase in categorical aids in the 2018-19 school year and a redistribution of general aid among school districts. Therefore, the net effect on individual school districts is indeterminate.

Long-Range Fiscal Implications

Each biennium, based on current assumptions about growth in school districts' special education costs, the cost of maintaining the 33 percent reimbursement level is projected to grow by approximately 5-6 percent, for a total of $12-13 million. For example, the projected cost for the 2019-2021 biennium is $106 million for FY20 and $109 million for FY21, a $12 million (5.9 percent) increase over the projected costs for the 2017-2019 biennium.