

# Public Instruction

## Categorical Aids

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May, 2019

Joint Committee on Finance

Paper #570

### Special Education Aids (DPI -- Categorical Aids)

[LFB 2019-21 Budget Summary: Page 323, #1, #2, #3, and #4]

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#### CURRENT LAW

Under current law, three programs reimburse school districts for a portion of the cost of providing special education services. The primary special education appropriation reimburses a portion of the costs for educating and transporting pupils enrolled in special education. Base level funding is equal to \$368,939,100 GPR annually.

The high cost special education program provides additional aid to reimburse 90% of the cost of educating individual pupils whose special education costs exceed \$30,000 in a single year. In 2018-19, \$9,353,800 GPR is appropriated for high cost special education.

The supplemental special education aid program provides aid to school districts meeting the following criteria in the prior year: (a) per pupil revenue limit authority below the statewide average; (b) special education expenditures as a percentage of total district expenditures above 16%; and (c) membership of less than 2,000 pupils. Base level funding for supplemental special education is equal to \$1,750,000 GPR.

Two additional grant programs provide funding to school districts for special education pupils' transitions to further schooling or work. Under the special education transition incentive grant program (\$3,600,000 GPR in 2018-19), school districts or independent charter schools are eligible for up to \$1,000 for each pupil who has an individualized education plan (IEP) at the time of graduation and enrolls in a higher education program or another postsecondary education or training program or is competitively employed for at least 90 days following high school graduation. The transition readiness grant program (\$1,500,000 GPR in 2018-19) provides grant funding for special education workforce transition support services, including pupil transportation, professional development for school personnel, and employing adequate school personnel.

## **GOVERNOR**

Provide \$75,060,900 GPR in 2019-20 and \$531,060,900 GPR in 2020-21 for special education categorical aid above base level funding of \$368,939,100 GPR. It is estimated that the additional aid would allow for reimbursement of 30% of special education costs in 2019-20 and 60% of costs in 2020-21.

Modify the appropriation for the high cost special education aid program to be sum sufficient, and modify the program to allow for reimbursement of 100% of eligible prior year costs above the \$30,000 per pupil threshold. No reestimate of the cost of this provision is made in the bill.

Eliminate the supplemental special education program with \$1,750,000 GPR beginning in 2020-21.

Provide an additional \$3,500,000 GPR annually for transition readiness grants.

## **DISCUSSION POINTS**

1. Both state and federal law require that local school districts provide special education and related services for children with disabilities ages 3 through 21 who reside in the district. Under state law, a child with a disability is defined as a child who, by reason of any of the following, needs special education and related services: cognitive disabilities, hearing impairments, speech or language impairments, visual impairments, emotional disturbance, orthopedic impairments, autism, traumatic brain injury, other health impairments, or learning disabilities.

2. Federal funding for special education is provided under the Individuals with Disabilities Education Act (IDEA) and Medicaid. Flow-through grants under IDEA are distributed to school districts and independent charter schools based on the amount of funding received by the school or district in previous years, the number of pupils enrolled, and the number of pupils living in poverty. Flow-through grants to Wisconsin school districts and independent charter schools totaled \$192.1 million in 2018-19. Additional funding is provided through an allocation for preschool services provided to pupils between the ages of three and five, as well as funding for discretionary grants.

3. Medicaid funds reimburse a portion of certain services provided in schools to Medicaid-eligible pupils in special education programs. School-based services eligible for reimbursement include speech and language therapy, occupational therapy, and nursing services that are included in a child's IEP. In 2017-18, schools and CESAs received \$60.6 million in federal funds associated with those school-based services. Additionally, school districts and CESAs can also claim a portion of the federal matching funds for administrative costs associated with the provision of school-based services. In 2017-18, schools and CESAs received \$13.8 million in federal funds for administration.

4. The majority of special education funding is provided by the state, with three programs reimbursing a portion of the cost of providing special education services to pupils: the primary special education aid appropriation (\$368.9 million GPR in 2018-10), the high cost special education program

(\$9.4 million GPR in 2018-19) and the supplemental special education program (\$1.8 million GPR in 2018-19).

### Special Education Aid

5. Under the primary special education aid program, reimbursements are calculated based on eligible costs incurred in the prior year. By statute, the cost of special education for children in hospitals and convalescent homes for orthopedically disabled children is fully funded as a first draw from the appropriation. Other eligible costs, which are subject to proration if total eligible costs exceed the remaining funding available, include the salary and fringe benefit costs for special education teachers, special education coordinators, school social workers, school psychologists, school counselors, school nurses, paraprofessionals and consulting teachers; and the excess cost of specialized transportation required under a pupil's IEP, such as supplemental aides or a specialized transportation route.

6. Table 1 shows funding in the appropriation in each of the last ten years, as well as the number of pupils with special needs identified in the October 1 child count required under federal law, total aidable costs under the program, and the proration rate.

**TABLE 1**

**Special Education Aid, 2009-10 to 2018-19  
(\$ in Millions)**

|         | Child<br>Count | Special Education Aid       |               |           |
|---------|----------------|-----------------------------|---------------|-----------|
|         |                | Prior Year<br>Aidable Costs | Appropriation | Proration |
| 2009-10 | 125,301        | \$1,323.0                   | \$368.9       | 27.9%     |
| 2010-11 | 124,722        | 1,312.3                     | 368.9         | 28.1      |
| 2011-12 | 123,825        | 1,386.0                     | 368.9         | 26.6      |
| 2012-13 | 123,287        | 1,343.1                     | 368.9         | 27.5      |
| 2013-14 | 122,654        | 1,359.6                     | 368.9         | 27.1      |
| 2014-15 | 120,434        | 1,375.6                     | 368.9         | 26.8      |
| 2015-16 | 120,864        | 1,391.2                     | 368.9         | 26.5      |
| 2016-17 | 116,753        | 1,408.2                     | 368.9         | 26.2      |
| 2017-18 | N.A.           | 1,435.4                     | 368.9         | 25.7      |
| 2018-19 | N.A.           | 1,456.9                     | 368.9         | 25.3*     |

\*Estimated

7. Between 2009-10 and 2018-19, special education costs aidable under the primary special education appropriation increased by an average of 1.1% annually. In its agency budget request, DPI estimated that costs would increase by 1.5% annually in 2018-19, 2019-20, and 2020-21. Using that estimate, projected aidable costs would total \$1,478.7 million in 2019-20 and \$1,500.9 million in 2020-21. Based on this estimate of aidable costs, the Governor's recommendation for the special

education aid appropriation would provide reimbursement rates of 30.0% in 2019-20 and 60.0% in 2020-21. Each 1% increase in the proration rate costs approximately \$15 million GPR annually.

8. The most recent decision by the State Supreme Court on the constitutionality of the school aid formula was issued in July, 2000, in the case of Vincent v. Voight. In that decision, the Court concluded that the state school finance system did not violate either the uniformity clause or the equal protection clause of the Wisconsin Constitution. In the Vincent decision, the Court also held that Wisconsin students have the right to an equal opportunity for a sound basic education that "will equip them for their roles as citizens and enable them to succeed economically and personally." The decision noted that this standard must take into account districts with disproportionate numbers of pupils with disabilities, in addition to economically-disadvantaged pupils and pupils with limited English proficiency. Between 2000-01 and 2018-19, the total amount of special education funding increased by approximately 20%, while aidable costs increased by 65%.

9. Some have expressed concern that school districts are funding a significant portion of special education costs from their general fund budgets using state equalization aid and local property tax revenues. The portion of special education costs for which school districts do not receive reimbursement through state or federal special education aid programs is generally funded through school districts' general funds using revenue from state equalization aids, per pupil aid, property taxes, and other sources. As a result, school districts have less revenue available to spend on general educational programming than they otherwise would have.

10. It could be argued that providing additional resources in the form of a per pupil revenue limit adjustment or in per pupil aid would provide funding that could be used for special education, while also providing greater flexibility for school districts wishing to use the funds for another purpose. On the other hand, these revenue sources are distributed to districts regardless of the amount they spend on special education, and therefore would disadvantage those districts with disproportionately large special education costs. Any special education costs not reimbursed by state or federal aids are included in shared costs under general equalization aids; however, an individual district's equalization aid depends upon the district's relative property wealth and costs, and how the district competes under the equalization aid formula. Similarly, per pupil aid is distributed equally to every district, so districts with high special education costs would receive the same amount per pupil as those with low or no special education costs.

11. It could be the case that a significant increase in state special education funding could limit flexibility in future state budgets. Some have expressed concern that in the event of a future economic downturn, special education funding could represent a significant commitment of GPR that could not be reduced without incurring a penalty. Under IDEA, each state must meet maintenance of effort requirements to ensure that federal funds are used to supplement state funds, rather than replace state spending. Under maintenance of effort requirements, the state cannot reduce its appropriated amount for special education below the amount appropriated in the previous fiscal year. This constraint can be met using the total amount the state makes available for special education, or using a per pupil amount calculated using the annual October 1 count of children with disabilities required under IDEA. If the state fails to meet this requirement, a penalty would be imposed under which the state's federal IDEA funds would be reduced by a percentage equal to the percentage decrease in state

appropriations in each year until the state contribution returns to its previous level. (In 2017-18, Wisconsin received approximately \$235 million in federal IDEA basic state grant, preschool grant, and infant and toddler funds.) In rare circumstances, such as a natural disaster or an unforeseen decline in a state's financial resources, the Secretary of Education can authorize a waiver to the maintenance of effort requirement for one fiscal year. For example, one-year waivers or partial waivers were authorized for 2009-10 for Alabama, Iowa, Kansas, New Jersey, New Mexico, South Carolina, and West Virginia.

12. Maintenance of effort requirements also apply to school districts and other local education agencies, but it is not likely that an increase in state funding would negatively impact these entities. Under IDEA, each district is required to expend, on a total or per pupil basis, the same amount of either of the following as it did in the previous fiscal year: (a) local funds; or (b) a combination of state and local funds. The district is in compliance with maintenance of effort requirements if it meets either (a) or (b). As an example, under a scenario in which a district's special education expenditures do not change but the district reduces local expenditures as a result of receiving additional state special education funding, the district would not satisfy the requirement under (a), but would meet the requirement under (b), and would thus be in compliance with maintenance of effort requirements. Therefore, an increase in state special education funding is not likely to have a negative impact on local education agency maintenance of effort compliance.

13. The Blue Ribbon Commission on School Funding recommended a substantial increase in the state's special education categorical aid in its January, 2019, final report. The bipartisan Commission, which consisted of sixteen members, including legislators, school administrators, and other stakeholders, held public hearings and informational hearings throughout 2018 in locations throughout the state. During public hearings, the Commission heard testimony regarding increasing special education costs and the decreasing proration rate, which results in school districts using their general funds to cover a portion of special education costs.

The Commission recommended a range of options that would increase the proration rate in the special education aid appropriation in the existing sum certain appropriation. The recommendations ranged from \$45.1 million GPR to \$119.0 million GPR in 2019-20, or a proration rate of 28% to 33%, and from \$81.3 million GPR to \$531.1 million GPR in 2020-21, or a proration rate of 30% to 60%. Alternatively, the Commission recommended an approach under which the appropriation would be modified to be sum sufficient, and prior year aidable costs would be reimbursed each year at a rate set in statute. Under this approach, the appropriation would reimburse 26% of eligible costs in 2019-20, and that percentage would increase by one percentage point in each of the next ten years, until it reaches 36% in 2029-30. Based on DPI's cost projections, an additional \$15,533,100 GPR in 2019-20 and \$36,309,500 GPR in 2020-21 would be required compared to base level funding under this proposal. [Alternative 1b]

14. Other states fund special education in a number of ways. According to the Education Commission of the States (ECS), the most common funding model uses multiple pupil weights based on factors such as the severity or type of a pupil's disability, or the type of classroom or other resources provided to the pupil. Other states use a flat weight system, under which districts receive additional funding for every pupil with disabilities, regardless of the type or severity of the disability. These

weights can be applied as a dollar amount for each special needs pupil, or as a multiplier in pupil counts used to calculate other forms of state aid.

15. It could be argued that a weighting system would be a simplified method of distributing special education aid, because it does not require districts to document eligible special education expenditures in the same way that a reimbursement model does. On the other hand, districts still would be subject to federal reporting requirements under IDEA and other applicable federal law. Additionally, it could be argued that a weighting model, particularly a flat weight system, is a less equitable method of distributing special education funding because a number of factors may affect a district's total special education expenditures other than its count of special needs pupils. In particular, the level of special education services required for each pupil varies significantly depending on the type and severity of that pupil's disability. Additionally, cost to provide the same service may vary across districts; for example, a district located in an urban area may be able to hire full-time staff to provide specialized services to pupils at a lower cost than rural areas that must hire part-time contractors for the same services. It might also be the case that a weighting system could encourage over-identification of pupils with disabilities, particularly if districts can receive the full weighted payment amount for pupils whose needs are eligible for special education services, but to whom services could be provided at a low cost.

16. Other funding models used by states include a census-based system, in which a statewide percentage of special needs pupils is determined, and districts receive additional funding based on that percentage of their total enrollment; a resource-allocation model, under which states distribute funding for specific resources (such as special education teachers or aides) required based on the number of special education pupils in each district; and block grants, which provide districts with funding to use for special education based on, for example, average special education expenditures in previous years. ECS indicates that seven states use a cost reimbursement model for special education funding, including Wisconsin, and 13 states have a program that provides additional funding for high cost pupils, often in addition to another funding mechanism.

17. During public testimony on the bill, the Committee heard testimony supporting additional funding for special education. Several members of the public identified a 30% proration rate as a realistic but still significant increase. To reach this target, the Committee could consider providing \$75,060,900 in 2019-20 and \$81,060,900 in 2020-21. [Alternative 1c]

### **High Cost Special Education Aid**

18. The high cost special education program provides additional aid to reimburse 90% of the cost of educating pupils whose special education costs exceed \$30,000 in a single year. A district's eligibility for reimbursement under the high cost special education program is calculated based on non-administrative costs attributable to a single pupil in one year, after deducting payments made under the state special education categorical aid program and the federal IDEA and Medicaid programs. To be eligible for reimbursement, the costs must be incurred for services or accommodations required by the pupil's IEP.

19. The program was started using federal funds, with IDEA Part B grants first used to reimburse expenditures for high-cost pupils beginning in 2003-04. State funding was provided for the

program beginning in 2005-06 under 2005 Act 25. DPI has continued to allocate a portion of its IDEA Part B grant funding to increase the reimbursement rate under the program in each year since 2003-04 under an IDEA provision allowing states to use a portion of Part B funding that would otherwise be included in the formula distribution to school districts for high cost pupils. In 2017-18, an additional \$2.3 million in federal funds raised the reimbursement rate from 77.1% with state funding only to 96.3% with state and federal funding combined. DPI has indicated that federal requirements and the administrative difficulty of using both state and federal funds for the program are burdensome. As a result, it intends to reallocate these federal funds to school districts through IDEA Part B formula grants beginning in 2019-20.

20. Table 2 provides funding amounts in the high cost special education aids appropriation, as well as the number of pupil claims in each year, total prior year eligible costs, and the percentage of aidable costs reimbursed by the state appropriation. Under 2015 Act 55, the program was modified so that 70% of costs above \$30,000 were eligible for reimbursement, rather than 90% as under prior law; as result, aidable costs and the reimbursement rate in those years should not be directly compared to other years. The 90% reimbursement threshold was restored under 2017 Act 59, beginning in 2017-18.

**TABLE 2**

**High Cost Special Education Aid, 2009-10 to 2018-19**

|         | <u>Appropriation</u> | <u>Districts Receiving Aid</u> | <u>Aidable Costs*</u> | <u>State Reimbursement Rate</u> |
|---------|----------------------|--------------------------------|-----------------------|---------------------------------|
| 2009-10 | \$3,500,000          | 168                            | \$11,110,900          | 31.5%                           |
| 2010-11 | 3,500,000            | 159                            | 10,526,400            | 33.2                            |
| 2011-12 | 3,500,000            | 146                            | 11,361,200            | 30.8                            |
| 2012-13 | 3,500,000            | 156                            | 10,158,900            | 34.5                            |
| 2013-14 | 3,500,000            | 154                            | 11,113,400            | 31.5                            |
| 2014-15 | 3,500,000            | 173                            | 12,402,900            | 28.2                            |
| 2015-16 | 3,500,000            | 168                            | 8,850,600             | 39.5                            |
| 2016-17 | 8,500,000            | 141                            | 8,419,600             | 100.0                           |
| 2017-18 | 9,239,000            | 164                            | 11,997,000            | 77.1                            |
| 2018-19 | 9,353,800            | N.A.                           | N.A.                  | N.A.                            |

\* Equal to 70% of eligible costs in 2015-16 and 2016-17, and 90% in all other years.

21. Under the bill, the appropriation for the high cost special education aid program would be modified to be sum sufficient, and the program would be modified to allow for reimbursement of 100% of eligible prior year costs above the \$30,000 per pupil threshold, rather than 90% as under current law. Based on costs eligible for reimbursement under the program, and assuming a growth rate of 1.5% annually, it is estimated that total costs under the program could be equal to \$13,710,000 in 2019-20 and \$13,915,700 in 2020-21. As a result, if the Committee chooses to approve the proposal in the bill, it would need to provide \$4,356,200 GPR in 2019-20 and \$4,561,900 GPR in 2020-21 to

fund the estimated costs. [Alternative 2a]

22. It could be argued that a reimbursement rate of 100% would not provide sufficient incentive for school districts to constrain costs related to high needs pupils. Although only services or accommodations required by a pupil's IEP are eligible for reimbursement under the program, school districts may still have some flexibility in setting salaries, selecting equipment and materials, and other decisions that could affect costs. The Committee may wish to consider maintaining the 90% reimbursement rate, which would require school districts to fund the remaining 10% of costs from other state aid or local levy. [Alternative 2b]

### **Supplemental Special Education Aid**

23. The supplemental special education aid program provides aid to school districts meeting the following criteria in the prior year: (a) per pupil revenue limit authority below the statewide average; (b) special education expenditures as a percentage of total district expenditures above 16%; and (c) membership of less than 2,000 pupils. Under the program, aid is calculated proportionately based on each district's expenditures for special education in the prior school year, except that each district cannot receive less than \$50,000 or more than \$150,000 in any year. A district may receive either supplemental special education aid or high cost special education aid in a given year, but not both. The program was created under 2007 Act 20, and aid was first provided in the 2008-09 school year.

24. Table 3 shows the amount appropriated for supplemental special education in each year between 2009-10 and 2018-19, as well as the number of districts receiving aid in each year. Funding has been fully allocated in every year, except in 2013-14, when \$100,000 lapsed to the general fund.

**TABLE 3**

### **Supplemental Special Education Aid, 2009-10 to 2018-19**

|         | <u>Appropriation</u> | <u>Districts<br/>Receiving Aid</u> |
|---------|----------------------|------------------------------------|
| 2009-10 | \$1,750,000          | 20                                 |
| 2010-11 | 1,750,000            | 26                                 |
| 2011-12 | 1,750,000            | 14                                 |
| 2012-13 | 1,750,000            | 13                                 |
| 2013-14 | 1,750,000            | 11                                 |
| 2014-15 | 1,750,000            | 12                                 |
| 2015-16 | 1,750,000            | 7                                  |
| 2016-17 | 1,750,000            | 12                                 |
| 2017-18 | 1,750,000            | 12                                 |
| 2018-19 | 1,750,000            | N.A.                               |

25. Under the bill, the supplemental special education program would be eliminated beginning in 2020-21. In the Executive Budget Book, the Governor indicated that the intent behind

eliminating the program is to repurpose the funds to the primary special education aid appropriation.

26. On the other hand, it could be argued that the amount of funding in the appropriation for supplemental special education represents a small amount of the increase in the special education appropriation. Although aid under the program is distributed to a relatively small number of districts, the funding could be significant particularly to the small, low-revenue districts targeted by the program. As a result, the Committee may wish to consider maintaining the program. [Alternative 3b]

27. In its agency budget request, DPI expressed a number of additional concerns about the program, including the following: (a) aid under the program is unpredictable from year to year, given the complex cost calculations used for eligibility and that aid can be affected by increases in non-instructional costs, such as equipment or construction, and eligibility calculations for other districts; (b) the timing of the aid payment can impact districts' ability to meet their federal maintenance of effort requirements, because audited prior year comparative cost data is not available until April and eligibility for the program is not determined until early May; and (c) because the amount of aid received by each district under the program cannot be less than \$50,000 or more than \$150,000, the percentage of expenditures reimbursed varies by district, which disproportionately benefits some districts and disadvantages others.

### **Transition Readiness Grants**

28. Under the transition readiness grant program, school districts and independent charter schools are eligible for grants of \$25,000 to \$100,000 for special education workforce transition support services, including pupil transportation, professional development for school personnel, and employing adequate school personnel. The program was created under 2017 Act 59, and grants were first awarded in the 2018-19 school year.

29. The goal of special education transition services is to help pupils and their families prepare for the pupil's life after completing high school, after which the pupil will no longer receive special education services. IDEA requires transition services to be included in IEPs for pupils who are age 16 or older, as well as for younger pupils in some cases. The IEP must address the pupil's transition from school to post-school activities, including post-secondary or vocational education, employment, adult services, or independent living, based on the pupil's individual needs.

30. The federal Workforce Innovation and Opportunity Act of 2014 (WIOA) created additional responsibilities for school districts to support pupils with disabilities in their transition from school to the workforce or post-secondary education. WIOA requires school districts to collaborate with their state's division of vocational rehabilitation agency to offer services to pupils with disabilities, including work-based learning experiences, instruction in self-advocacy, and counseling related to job exploration, job training programs, and post-secondary education. WIOA also limited placement at sheltered workshops, which are workplaces that employ individuals with disabilities at less than minimum wage. Pupils under age 24 can no longer be placed in sheltered workshops unless the pupil has first been provided with transition services, vocational rehabilitation, and career counseling. Additionally, WIOA restricts school districts from operating sheltered workshops or entering into contracts with sheltered workshops to employ pupils. At the time this provision went into effect in 2016, approximately 330 pupils in Wisconsin were employed in sheltered workshops.

The transition readiness grant program provides support to school districts replacing their sheltered workshop programs with other transition support services, as well as other districts expanding their transition services.

31. DPI indicates that more than 130 applications were received in the first year of the program requesting approximately \$9 million in grant funding, and awards were given to 37 districts. Funding was requested for pupil transportation, tuition to colleges and technical schools, activities to develop connections between school districts and local employers, and transition services certification for educators.

32. The bill would provide \$3,500,000 GPR annually above base level funding of \$1,500,000 for competitive grants for special education workforce transition support services. This level of funding would have funded approximately 56% of requests for funding received in 2018-19.

## ALTERNATIVES

### 1. Special Education

a. Approve the Governor's recommendation to provide \$75,060,900 in 2019-20 and \$531,060,900 in 2020-21 for special education categorical aid.

| <b>ALT 1a</b> | <b>Change to</b> |             |
|---------------|------------------|-------------|
|               | <b>Base</b>      | <b>Bill</b> |
| GPR           | \$606,121,800    | \$0         |

b. Implement an option recommended by the Blue Ribbon Commission on School Funding under which the special education appropriation would be modified to be sum sufficient and would reimburse specified percentages of prior year aidable costs each year. Specify that the appropriation would reimburse 26% of eligible costs in 2019-20, and that percentage would increase by one percentage point in each of the next 10 years, until it reaches 36% in 2029-30. Based on DPI's cost projections, provide an additional \$15,533,100 in 2019-20 and \$36,309,500 in 2020-21.

| <b>ALT 1b</b> | <b>Change to</b> |                |
|---------------|------------------|----------------|
|               | <b>Base</b>      | <b>Bill</b>    |
| GPR           | \$51,842,600     | -\$554,279,200 |

c. Provide \$75,060,900 in 2019-20 and \$81,060,900 in 2020-21, which would result in an estimated proration rate of 30% in each year.

| <b>ALT 1c</b> | <b>Change to</b> |                |
|---------------|------------------|----------------|
|               | <b>Base</b>      | <b>Bill</b>    |
| GPR           | \$156,121,800    | -\$450,000,000 |

- d. Take no action.

| <b>ALT 1d</b> | <b>Change to</b> |                |
|---------------|------------------|----------------|
|               | <b>Base</b>      | <b>Bill</b>    |
| GPR           | \$0              | -\$606,121,800 |

## 2. High Cost Special Education

- a. Approve the Governor's recommendation to modify the appropriation for the high cost special education aid program to be sum sufficient and to allow for reimbursement of 100% of eligible prior year costs above the \$30,000 per pupil threshold. Reestimate funding in the appropriation to provide an additional \$4,356,200 in 2019-20 and \$4,561,900 in 2020-21.

| <b>ALT 2a</b> | <b>Change to</b> |             |
|---------------|------------------|-------------|
|               | <b>Base</b>      | <b>Bill</b> |
| GPR           | \$8,918,100      | \$8,918,100 |

- b. Modify the appropriation to be sum sufficient with the current reimbursement of 90% of eligible prior year costs above the \$30,000 per pupil threshold. Reestimate funding in the appropriation to provide an additional \$2,985,200 in 2019-20 and \$3,170,300 in 2020-21.

| <b>ALT 2b</b> | <b>Change to</b> |             |
|---------------|------------------|-------------|
|               | <b>Base</b>      | <b>Bill</b> |
| GPR           | \$6,155,500      | \$6,155,500 |

- c. Take no action.

## 3. Supplemental Special Education

- a. Approve the Governor's recommendation to eliminate the supplemental special education program beginning in 2020-21.

| <b>ALT 3a</b> | <b>Change to</b> |             |
|---------------|------------------|-------------|
|               | <b>Base</b>      | <b>Bill</b> |
| GPR           | -\$1,750,000     | \$0         |

- b. Take no action.

| <b>ALT 3b</b> | <b>Change to</b> |             |
|---------------|------------------|-------------|
|               | <b>Base</b>      | <b>Bill</b> |
| GPR           | \$0              | \$1,750,000 |

**4. Transition Readiness Grants**

a. Approve the Governor's recommendation to provide an additional \$3,500,000 above base level funding of \$1,500,000 for transition readiness grants.

| <b>ALT 4a</b> | <b>Change to<br/>Base</b> | <b>Bill</b> |
|---------------|---------------------------|-------------|
| GPR           | \$7,000,000               | \$0         |

b. Provide an increase of \$1,500,000 each year, which would double base level funding.

| <b>ALT 4b</b> | <b>Change to<br/>Base</b> | <b>Bill</b>  |
|---------------|---------------------------|--------------|
| GPR           | \$3,000,000               | -\$4,000,000 |

c. Take no action.

| <b>ALT 4c</b> | <b>Change to<br/>Base</b> | <b>Bill</b>  |
|---------------|---------------------------|--------------|
| GPR           | \$0                       | -\$7,000,000 |

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## Legislative Fiscal Bureau

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May, 2019

Joint Committee on Finance

Paper #571

### **Mental Health Programs (DPI -- Categorical Aids)**

[LFB 2019-21 Budget Summary: Page 324-325, #6 and #7; Page 353, #2; and Page 355, #9]

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#### **CURRENT LAW**

Under current law, aid for school mental health programs is provided to school districts, independent charter schools, and private choice program schools that increase their expenditures on school social workers from one year to the next. Aid reimburses districts or schools for 50% of the increase in these expenditures from one year to the next, and remaining funds are distributed based on each district or school's total expenditures on school social workers. Funding is equal to \$3,000,000 GPR annually.

Additionally, \$3,250,000 GPR annually is appropriated for a school-based mental health services grant to support collaboration between schools and community health agencies to provide mental health services to pupils.

DPI is required to provide training to school district staff and the instructional staff of independent charter schools regarding the following: (a) screening, brief interventions, and referral to treatment (SBIRT); (b) trauma sensitive schools; and (c) youth mental health first aid. Funding totaling \$420,000 GPR annually is provided for this training.

#### **GOVERNOR**

Provide an increase of \$22,000,000 GPR annually for aid for school mental health programs. Additionally, modify current law to include expenditures for any pupil services professional, rather than only social workers as under current law. Define pupil services professional as a school counselor, school social worker, school psychologist, or school nurse. Specify that any district or choice or charter school may receive aid under the program based on its total expenditures on pupil services professionals, rather than only districts or choice or charter schools that increase their

expenditures on pupil services professionals from one year to the next.

Provide \$7,000,000 GPR annually for grants to school districts and independent charter schools for collaboration with community health agencies to provide mental health services to pupils.

Provide an increase of \$2,580,000 GPR annually above base level funding of \$420,000 GPR for mental health training programs. Require DPI to provide training on pupil mental health, strategies to improve school climate, and school safety, and annually award grants to the following: (a) the Wisconsin Safe and Healthy Schools Training and Technical Assistance Center; (b) Wisconsin Family Ties, Inc., to train individuals to help families understand and access mental health services that are available to children in school and in the community; and (c) the Center for Suicide Awareness, Inc, to support staff, training, and expenses related to operating a text-based suicide prevention program.

Also provide \$72,100 GPR and 1.0 GPR position in 2019-10 and \$95,500 GPR in 2020-21 to support programming for mental health in schools.

## **DISCUSSION POINTS**

1. In its 2018 report to the Legislature, the Wisconsin Office of Children's Mental Health indicated that in 2015-16, 24% of young adults in Wisconsin had been diagnosed with a mental illness, based on data collected by the federal Substance Abuse and Mental Health Service Administration (SAMSHA). The report also indicated that Wisconsin's youth suicide rate of 9.8 per 100,000 was higher than the national average of 6.7 in 2016, and that Wisconsin's rate had increased over the previous year. Wisconsin's 2017 Youth Risk Behavior Survey found that of the pupils surveyed, 39.9% reported high levels of anxiety, 27.0% indicated depression, and 16.6% reported that they had engaged in self-harm over the previous twelve months.

2. Over the past several years, DPI has received federal funding related to pupil mental health under the following grant programs: (a) a four-year grant totaling \$8.8 million from SAMHSA for the safe schools/healthy students project requiring the state and local communities to address several core areas including mental, emotional, and behavioral health, which expired in 2017; (b) a five-year grant totaling \$9.8 million awarded by SAMHSA in 2014 for Project Advancing Wellness and Resilience Education (AWARE), which promotes mental health awareness and training for school personnel; and (c) a five-year grant totaling \$2.9 million awarded by the U.S. Department of Education in 2014 for school climate transformation, including delivering training and technical assistance on school mental health.

3. Prior to 2018-19, the primary state funding related to mental health issues in schools was state funding totaling approximately \$1.3 million annually for alcohol and other drug abuse (AODA) grants to school districts. These grants fund prevention and early intervention activities, including K-12 curriculum development, family involvement, drug abuse resistance education, and pupil-designed AODA prevention or intervention projects. In 2017-18, grants were provided to 43 school districts and three CESAs, which administered grants on behalf of consortia representing 23 additional school

districts. In addition, administrative funding for AODA programming totaling \$0.6 million GPR annually is provided to DPI to provide training, technical assistance, and information regarding alcohol and other drug abuse to school districts.

4. Under 2017 Act 59, two new categorical aid programs were created to provide funding for mental health in schools. Additionally, funding was provided for mental health training for school staff. Under the Governor's proposal, each of these programs would be expanded, and a new position would be created under DPI to coordinate school mental health programming.

#### **Aid for School Mental Health Staff**

5. Under current law, the program reimburses eligible school districts, independent charter schools, and private schools participating in a private school choice program for expenditures on social worker services as follows: (a) 50% reimbursement of the increase in expenditures for school social worker services in the prior school year compared to two years' prior; and (b) a proportion of unreimbursed total expenditures for social workers, based on the amount remaining in the appropriation after payments are made under (a). Eligible districts and schools are defined as school districts, independent charter schools, and private schools participating in a choice program that increased their expenditures on social workers in the prior school year compared to two years' prior. Eligible expenditures include salary or fringe benefits paid to employ, hire, or retrain social workers or the costs to contract for the services of a social worker.

6. Aid under the program, equal to \$3,000,000 GPR, is first provided in 2018-19. School districts, independent charter schools, and private choice schools are eligible to receive aid in this year if they increased their eligible expenditures in the 2017-18 school year compared to the 2016-17 school year. Aid payments have not yet been determined, so it is unknown how many districts and schools will qualify for funding in the first year of the program.

7. School social workers work with school staff, pupils, parents, and community resources to address issues that may impede pupils' academic success and participation in school. DPI indicates that services are most often provided to the following pupils: (a) pupils who are chronically absent from school; (b) pupils who are at a high risk of dropping out or not graduating, including school-aged parents or pregnant pupils, adjudicated delinquents, or pupils who abuse alcohol or other drugs; (c) pupils in special education programs or being evaluated for special education needs; (d) pupils with behavioral issues, such as aggression; (e) pupils experiencing family challenges, such as domestic violence, alcohol or drug abuse, homelessness, or mental illness; or (f) pupils who have experienced traumatic events such as child abuse or neglect, sexual assault, neighborhood violence, harassment, or bullying.

8. At the time the proposal was introduced, social workers were targeted for inclusion in the program because their role in collaborative work with pupils, families, school personnel, and community-based services was considered particularly valuable for addressing pupils' mental health needs, and because of concern that relatively few pupils had access to a social worker in their school. According to staffing data reported through WISEstaff, 323 out of 422 school districts in Wisconsin did not report employing a school social worker in 2016-17. DPI indicated that in 2016, the ratio of pupils to school social workers in Wisconsin totaled 1,528:1.

9. State law defines a "pupil services professional" as a school counselor, social worker, psychologist, or nurse. Under current law, school districts are required to provide guidance and counseling services and provide for emergency nursing services, but are not required to fill other pupil services positions. It could be argued that the number of schools employing staff in each of these categories is too low, and increasing expenditures on these positions would also be beneficial to pupils. Based on WISEstaff data collections, in the 2016-17 school year, 190 school districts did not report any general fund expenditures for school psychologists, 113 school districts did not report any general fund expenditures for school health care personnel such as nurses, and 4 did not report expenditures for school counselors.

10. School districts are also eligible for special education categorical aid for social workers and other pupil services professionals for the portion of their time spent providing services to special education services, subject to maximum percentages. State law indicates that the maximum percentages must be set in administrative rule to be equal to the average percentage of work time spent by each position to provide services to pupils with disabilities. The maximum percentage is equal to 59% for school social workers, 10% for guidance counselors, 29% for nurses, and 84% for psychologists.

11. Under current law, if funds remain in the appropriation after payments are made under the first tier of aid (50% reimbursement of the increase in expenditures for school social worker services in the prior year compared to two years prior), the remaining funds are distributed among eligible schools and districts based on their total unreimbursed expenditures for social workers. Under the bill, this funding distribution would be modified so that all districts, independent charter schools, and private choice schools could qualify for funding under the second tier of aid, even if they did not increase their expenditures on pupil services professionals in the prior year. DPI estimates that the funding under the bill would be sufficient to fully fund payments under the first tier of aid at a total cost of approximately \$6.6 million, and fund approximately 8% of remaining costs under the second tier of aid with the remaining \$18.4 million.

12. It could be argued that allowing more districts, charter schools, and independent choice schools to qualify for funding under the second tier of aid would provide a more sustainable source of funding for those districts or schools considering increasing their funding for pupil services professionals. Under current law, if a school district or school increases its expenditures for school social workers, it receives significant state support in the second year of the increased expenditures from the categorical aid, but no ongoing state funding in the following years. This approach may prevent some school districts or schools from increasing their expenditures for social workers or other pupil services professionals if they anticipate difficulty providing ongoing funding for the new staff.

13. The Committee may wish to consider providing an increase of \$3,600,000 GPR annually, rather than the \$22,000,000 GPR provided under the bill. This additional funding would fully fund estimated eligible costs related to increased expenditures for pupil services professionals, including counselors, psychologists, and nurses in addition to social workers. It could be argued that this portion of the funding would have the greatest impact on encouraging districts and schools to increase their expenditures on pupil services professionals. [Alternative 1b]

## **School-Based Mental Health Services Grants**

14. Under current law, \$3,250,000 GPR is awarded annually through a competitive grant process for providing mental health services to pupils in collaboration with community health agencies. Eligible applicants include school districts, independent charter schools, or consortia of school boards, charter schools, or both.

15. In its program guidance, DPI indicates that applicants can apply for either a program development grant or a program expansion grant. Program development grants are for school districts or schools that have no or limited mental health programming at the time of their application, and can be used to locate and work with community providers to bring mental health supports into a school, create a referral process, and work with county mental health providers to provide wraparound services. Program expansion grants are intended for schools or school districts that have existing programs that they want to expand or ensure are sustainable, and may be used to increase the current level of services provided. Either grant program could include developing or refining referral procedures, providing support or training to parents or other adults, or engaging in prevention activities. Grant applications must also include a memorandum of understanding from a partnering community mental health provider.

16. DPI indicates that in 2018-19 (the first year of the grant program), 141 grant applications were received, representing 182 school districts and charter schools and requesting a total of approximately \$8 million in grants. Of the applicants, 52 received funding under the program, representing a total of 64 school districts. Grant amounts ranged from \$11,000 to the maximum award of \$75,000. DPI indicates that projects funded through the grants include providing pupil support groups led by school and community mental health providers, developing referral processes to ensure that pupils are referred to qualified providers, creating spaces in schools for mental health professionals to work with pupils, and providing training to staff and pupils to recognize and respond to mental health challenges. The second set of grant awards will be announced in June, 2019.

17. The bill would provide an additional \$7.0 million GPR annually for the grants, bringing total grant funding to \$10.3 million annually. This funding level would be sufficient to fully fund the grant requests received in 2018-19, while also allowing for growth in the amount of funding requested in future years. It could be the case that additional school districts or independent charter schools will apply for grants in future years, if more funding is available and as the program becomes more well established.

18. The Blue Ribbon Commission on School Funding recommended additional funding for mental health collaboration grants in January, 2019. The bipartisan Commission, which consisted of sixteen members, including legislators, school administrators, and other stakeholders, held public hearings and informational hearings throughout 2018 in locations throughout the state. During public hearings, the Commission heard testimony regarding the growing mental health needs of pupils, and the cost to school districts of providing mental health services. The Commission recommended increasing funding by \$5 million GPR annually, which would have fully funded grant applications received in 2018-19. [Alternative 2b]

## **Mental Health and School Climate Training Programs**

19. Under current law, DPI is required to provide training to school district staff and the instructional staff of independent charter schools regarding the following: (a) screening, brief interventions, and referral to treatment (SBIRT); (b) trauma sensitive schools; and (c) youth mental health first aid. Base level funding is equal to \$420,000 GPR annually. Funding was first provided in 2017-18.

20. SBIRT is a process that can be used to identify problematic use of alcohol or drugs or other mental health issues. Typically, participants participate in a short standardized screening assessment to identify potential issues, followed by a brief intervention for pupils that need additional support. DPI indicates that coaching and technical assistance related to SBIRT were provided to 135 participants from 38 schools in 2017-18.

21. "Trauma sensitive schools" refers to a program consisting of self-guided training modules that train school staff to address behavioral or mental health challenges in pupils who have experienced trauma. The program was developed through a partnership between DPI and St. Amelian-Lakeside, a human services agency located in Milwaukee providing foster care placement, mental health services, and education. DPI indicates that in 2017-18, state funding supported 32 schools participating in professional development related to trauma sensitive schools. In total, through a combination of the new state funding and a federal school climate transformation grant, 160 schools are participating in one of four cohorts relating to trauma sensitive schools.

22. The youth mental health first aid program trains school district staff to recognize early signs of depression or generalized anxiety disorder, provide initial help to a pupil experiencing a mental health crisis, and refer pupils to appropriate professional resources. DPI indicates that in 2017-18, 70 youth mental health first aid trainings were held in different locations around the state, as well as two week-long trainings for individuals learning to train others under the program.

23. Under the bill, an increase of \$2,580,000 GPR annually would be provided, and DPI would be required to provide training on pupil mental health, strategies to improve school climate, and school safety. DPI would be required to annually award grants to the following: (a) the Wisconsin Safe and Healthy Schools Training and Technical Assistance Center; (b) Wisconsin Family Ties, Inc.; and (c) the Center for Suicide Awareness, Inc.

24. Although the amounts of the annual grant for each organization are not specified in the bill and therefore would be determined by DPI, DPI indicated in its agency request document that the following amounts would be provided to each: (a) for the WISH Center, \$1,000,000 GPR annually; (b) for Wisconsin Family Ties, \$310,000 GPR annually; and (c) for the Center for Suicide Awareness, \$110,000 GPR annually. In sum, DPI anticipates that \$1,420,000 of the increased spending would be distributed to these organizations.

25. The Wisconsin Safe and Healthy Schools Center, or WISH Center, is a collaborative project between DPI and the CESA Statewide Network, and offers training to school district personnel across the state and online in youth mental health, suicide prevention, school safety, and other topics. The Center has partnered with DPI to provide training related to trauma sensitive schools, coordinates

youth mental health first aid trainings statewide, and houses the state's five certified SBIRT instructors. DPI indicates that in 2017-18, the Center provided training to 1,455 educators from 207 school districts and 61 private schools or other organizations.

26. Wisconsin Family Ties is a parent-run organization whose mission is to provide support to families of children and adolescents experiencing mental health challenges. DPI indicates that funding for the organization would be used to support training of parent peer support specialists to help families access school and community-based mental health services.

27. The Center for Suicide Awareness is a non-profit organization based in Kaukauna, Wisconsin, that provides education, support, and intervention related to suicide prevention. The Center operates HOPELINE, a text-based service that provides support and resources to individuals struggling with depression or suicidal thoughts. DPI indicates that the funding in the bill would be used to support staff, training, and expenses related to HOPELINE.

28. DPI indicates that the remaining \$1,580,000 of the increased funding would be used for the following: (a) training and curriculum for a peer-to-peer youth suicide prevention program; (b) an online bullying prevention module for parents and revised online and printed information about bullying; (c) training related to social and emotional learning, which includes skills such as understanding and managing emotions, feeling and showing empathy for others, and maintaining positive relationships; (d) online modules and other training materials for the Signs of Suicide (SOS) depression awareness and suicide prevention curriculum; and (e) increased funding for trauma sensitive schools and youth mental health first aid programs.

### **Mental Health Program Position**

29. The bill would also provide \$72,100 GPR and 1.0 GPR position in 2019-10 and \$95,500 GPR in 2020-21 to support programming for mental health in schools. Funding under the bill would provide \$41,800 for salary, \$17,800 for fringe benefits, and \$12,500 for supplies and services in 2019-20, and \$55,800 for salary, \$23,700 for fringe benefits, and \$16,000 for supplies and services in 2020-21.

30. Under 2017 Act 59, two new categorical aid programs were created related to school mental health, as well as a requirement for DPI to provide training to school districts related to (a) screening, brief intervention, and referral to treatment; (b) trauma sensitive schools training modules; and (c) youth mental health first aid. The act also provided 1.0 GPR position to administer state mental health programs. DPI indicates that this position was added under the student services/prevention and wellness (SSPW) team, and is primarily responsible for implementing and managing the school-based mental health service collaboration grant program and serving as a liaison with the WISH Center on school climate and school safety.

31. In its agency budget request, DPI indicated that the new position would also serve as an education consultant on the SSPW team. The position would provide state support to the expansion of the mental health programs that would be provided under the bill, as well as support for existing team responsibilities. Currently, the team consists of 25.25 positions, including 3.00 GPR positions. The remaining positions are supported with federal funds, or program revenue transferred from other

agencies for specific programs.

## ALTERNATIVES

### 1. Aid for Mental Health Staff

a. Approve the Governor's recommendation to provide \$22,000,000 annually for school mental health programs. Additionally, expand the existing program to include expenditures for any pupil services professional, and specify that if funds remain in the appropriation, any school district, private choice school, or private charter school may receive aid under the program based on its total expenditures on pupil services professionals.

| ALT 1a | Change to    |      |
|--------|--------------|------|
|        | Base         | Bill |
| GPR    | \$44,000,000 | \$0  |

b. Provide \$3,600,000 annually to fully fund payments of 50% of increased expenditures for school districts or schools that increase their expenditures on pupil services professionals from one year to the next. Additionally, expand the existing program to include expenditures for any pupil services professional.

| ALT 1b | Change to                  |      |
|--------|----------------------------|------|
|        | Base                       | Bill |
| GPR    | \$7,200,000 - \$36,800,000 |      |

c. Take no action.

| ALT 1c | Change to |               |
|--------|-----------|---------------|
|        | Base      | Bill          |
| GPR    | \$0       | -\$44,000,000 |

### 2. School-Based Mental Health Services Grants

a. Approve the Governor's recommendation to provide \$7,000,000 annually for grants to school districts and independent charter schools for collaboration with community agencies to provide mental health services to pupils.

| ALT 2a | Change to    |      |
|--------|--------------|------|
|        | Base         | Bill |
| GPR    | \$14,000,000 | \$0  |

b. Provide an additional \$5,000,000 annually for the grants, as recommended by the Blue Ribbon Commission on School Funding.

| <b>ALT 2b</b> | <b>Change to</b> |              |
|---------------|------------------|--------------|
|               | <b>Base</b>      | <b>Bill</b>  |
| GPR           | \$10,000,000     | -\$4,000,000 |

c. Take no action.

| <b>ALT 2c</b> | <b>Change to</b> |               |
|---------------|------------------|---------------|
|               | <b>Base</b>      | <b>Bill</b>   |
| GPR           | \$0              | -\$14,000,000 |

### 3. Mental Health and School Climate Training Programs

a. Approve the Governor's recommendation to provide an increase of \$2,580,000 annually for mental health and school climate training programs, and require DPI to annually award a grant to each of the following: (a) the Wisconsin Safe and Healthy Schools Training and Technical Assistance Center; (b) Wisconsin Family Ties, Inc.; and (c) the Center for Suicide Awareness, Inc.

| <b>ALT 3a</b> | <b>Change to</b> |             |
|---------------|------------------|-------------|
|               | <b>Base</b>      | <b>Bill</b> |
| GPR           | \$5,160,000      | \$0         |

b. Provide an increase of \$1,500,000 annually, and also require DPI to award annual grants to each of the following: (a) the Wisconsin Safe and Healthy Schools Training and Technical Assistance Center; (b) Wisconsin Family Ties, Inc.; and (c) the Center for Suicide Awareness, Inc. The additional funding could be used for the grants, and for additional training for schools and school districts related to mental health and school climate.

| <b>ALT 3b</b> | <b>Change to</b> |              |
|---------------|------------------|--------------|
|               | <b>Base</b>      | <b>Bill</b>  |
| GPR           | \$3,000,000      | -\$2,160,000 |

c. Take no action.

| <b>ALT 3c</b> | <b>Change to</b> |              |
|---------------|------------------|--------------|
|               | <b>Base</b>      | <b>Bill</b>  |
| GPR           | \$0              | -\$5,160,000 |

#### 4. Mental Health Position Authority

a. Approve the Governor's recommendation to provide \$72,100 and 1.0 position beginning in 2019-20 and \$95,500 in 2020-21 to support programming for mental health in schools.

| ALT 4a | Change to Base |           | Change to Bill |           |
|--------|----------------|-----------|----------------|-----------|
|        | Funding        | Positions | Funding        | Positions |
| GPR    | \$167,600      | 1.00      | \$0            | 0.00      |

b. Take no action.

| ALT 4b | Change to Base |           | Change to Bill |           |
|--------|----------------|-----------|----------------|-----------|
|        | Funding        | Positions | Funding        | Positions |
| GPR    | \$0            | 0.00      | -\$167,600     | - 1.00    |

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May, 2019

Joint Committee on Finance

Paper #572

### **Bilingual-Bicultural Aids (DPI -- Categorical Aids)**

[LFB 2019-21 Budget Summary: Pages 325-326 #8, #9, #10, and #11, and Page 355, #11]

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#### **CURRENT LAW**

School districts are required by state law to provide special classes to pupils who are English learners (ELs) at schools that enroll 10 or more EL pupils in a language group in grades K-3, or 20 or more in grades 4-8 or 9-12. These school districts are eligible for categorical aid under current law. Aidable costs under the program are defined as the districts' prior year costs for salaries, special books, equipment and other expenses approved by DPI that are attributable only to programs for EL pupils. Base level funding is equal to \$8,589,800 GPR annually, which funds approximately 8% of aidable costs.

#### **GOVERNOR**

Provide \$8,510,200 GPR in 2019-20 and \$26,810,200 GPR in 2020-21 above base funding of \$8,589,800 for bilingual-bicultural categorical aids. It is estimated that this funding level would provide a reimbursement rate of approximately 15% of prior year costs in 2019-20 and 30% in 2020-21 for school districts statutorily required to offer bilingual programs.

Additionally, create three new aid programs for bilingual-bicultural pupils beginning in 2020-21:

- A supplemental bilingual-bicultural aid program (\$2,400,000 GPR), which would provide a payment of up to \$100 per EL for whom the school district was not required to provide a bilingual-bicultural program in the previous year;
- Bilingual-bicultural targeted aid (\$3,400,000 GPR), which would provide up to \$100 per pupil who scored in the lowest three levels out of six on the annual English language proficiency assessment in the prior year; and

- Bilingual-bicultural education program grants (\$2,500,000 GPR), discretionary grants to support EL and bilingual-bicultural education.

Also provide \$95,500 GPR and 1.0 GPR position beginning in 2020-21 to administer programming for bilingual-bicultural pupils and ELs.

## **DISCUSSION POINTS**

1. The state's bilingual-bicultural aid program was created in 1975 to offset a portion of the cost of providing bilingual programming for districts that are required by law to do so. Under current law, bilingual programming is required at schools that enroll 10 or more EL pupils in one language group in grades K-3, or 20 or more in grades 4-8 or 9-12. Schools that do not meet this minimum threshold are not required to offer special bilingual programming, and are not eligible for bilingual-bicultural aid. Pupils are eligible for a bilingual-bicultural education program only until they are able to perform ordinary classwork in English.

2. Schools that are required to offer bilingual programming must submit a plan of services annually to DPI, as well as an annual report. The plan of services is submitted prior to the start of the school year, and includes the goals and objectives for the program, a count of eligible ELs, staffing information, an estimated budget for the program, and a description of how EL pupils will be evaluated to assess language proficiency and progress towards meeting academic goals in other subject areas. The annual report is submitted at the end of the school year, and includes final staffing information and pupil counts. School districts also submit claims for reimbursement under the bilingual-bicultural aid program at the end of the school year, and are reimbursed in the following year.

3. To be eligible for reimbursement under the bilingual-bicultural aid program, expenditures must be consistent with the plan of services approved by DPI, must be for the benefit of EL pupils, and must be directly related to bilingual instruction. Eligible expenditures include the following: (a) salaries of appropriately licensed teachers and other staff working with bilingual pupils; (b) special books and materials used in the bilingual programming, not including general supplies or textbooks used by the school for all pupils; and (c) other expenses approved by the State Superintendent, such as professional development activities or curriculum writing done by appropriately licensed staff. Bilingual classes must be taught by a certified bilingual teacher, or, if one is not available, a certified English as a Second Language teacher and a bilingual aide.

4. State and federal law require that ELs are assessed annually to measure their English language proficiency and their progress towards achieving full proficiency. Most ELs in Wisconsin are assessed using the ACCESS for ELLs assessment, except for those who have significant cognitive disabilities. ACCESS was developed by WIDA, an organization based out of UW-Madison that provides resources for educating ELs. ACCESS assesses pupils on listening, speaking, reading, and writing, and provides a proficiency level score on a scale of one to six, from beginner to advanced.

5. State law requires that \$250,000 of the total appropriated for bilingual-bicultural aid is set aside for distribution to school districts whose enrollments in the previous school year were at

least 15% ELs. In 2017-18, the following school districts were eligible for this aid: Abbotsford, Barron, Beloit, Delavan-Darien, Green Bay, Madison, Sheboygan, Walworth, and Waterloo. The set-aside aid is divided proportionately among eligible school districts based on their reported costs.

6. In 2016-17, 49,670 EL pupils were reported statewide. In that year, 52 school districts received aid under the program for 26,721 EL pupils who were enrolled in schools that met the statutory bilingual-bicultural education threshold; the remaining 22,949 EL pupils were enrolled in schools that did not meet the threshold, and thus no additional aid was provided for these pupils. Total eligible costs under the program equaled \$102,811,100, with an average cost of \$3,848 per EL. The proration rate was equal to 8.11%, or an average of \$312 per pupil.

7. The following table shows the total amount of bilingual-bicultural aid appropriated in each year from 2008-09 to 2017-18, as well as the proration rate and the total number of ELs reported statewide in each year, and the number of ELs and districts served by bilingual-bicultural programs.

**Bilingual-Bicultural Aid and Participation History, 2008-09 to 2017-18**

|         | <u>Appropriation</u> | <u>Proration</u> | <u>Number of Districts Reporting ELs</u> | <u>Total ELs</u> | <u>Number of Aided Districts</u> | <u>ELs Aided by Programs</u> |
|---------|----------------------|------------------|--|------------------|----------------------------------|------------------------------|
| 2008-09 | \$9,890,400          | 10.8%            | 358                                      | 51,772           | 56                               | 27,663                       |
| 2009-10 | 9,544,200            | 9.7              | 361                                      | 52,100           | 55                               | 26,954                       |
| 2010-11 | 9,544,200            | 9.4              | 352                                      | 51,944           | 58                               | 28,086                       |
| 2011-12 | 8,589,800            | 8.0              | 354                                      | 51,727           | 59                               | 27,220                       |
| 2012-13 | 8,589,800            | 8.6              | 355                                      | 50,052           | 52                               | 26,426                       |
| 2013-14 | 8,589,800            | 8.8              | 351                                      | 49,560           | 51                               | 23,716                       |
| 2014-15 | 8,589,800            | 8.8              | 356                                      | 49,309           | 50                               | 24,998                       |
| 2015-16 | 8,589,800            | 8.6              | 355                                      | 48,405           | 51                               | 25,692                       |
| 2016-17 | 8,589,800            | 8.6              | 357                                      | 49,670           | 52                               | 26,721                       |
| 2017-18 | 8,589,800            | 8.1              | N.A.                                     | N.A.             | N.A.                             |                              |

8. In addition to state bilingual-bicultural aid, school districts qualify for federal aid for ELs under Title III of the Every Student Succeeds Act (ESSA). These funds can be used to pay for personnel salaries, instructional materials, family engagement activities, and professional development related to supplemental instructional programming for ELs. In 2015-16, school districts received an average of \$145 per EL through Title III funding.

9. School districts are required to provide equal educational opportunities to EL pupils, regardless of whether they are enrolled in a state-mandated bilingual program under state and federal law. Under federal law, including the Civil Rights Act of 1964 and the Equal Educational Opportunities Act, school districts must ensure that language barriers do not prevent pupils from meaningfully participating in instructional programming and services. Under the Every Student Succeeds Act (ESSA), districts are required to ensure that ELs make progress towards developing English proficiency and meeting the same academic standards that apply to other pupils, and must include disaggregated assessment data for ELs in annual accountability reports.

10. The most recent decision by the State Supreme Court on the constitutionality of the school aid formula was issued in July, 2000, in the case of Vincent v. Voight. In that decision, the Court concluded that the state school finance system did not violate either the uniformity clause or the equal protection clause of the Wisconsin Constitution. The Court held that Wisconsin students have the right to an equal opportunity for a sound basic education that "will equip them for their roles as citizens and enable them to succeed economically and personally." The decision also noted that this standard must take into account districts with disproportionate numbers of disabled pupils, economically-disadvantaged pupils, and pupils with limited English proficiency.

11. Some have expressed concern that the state is no longer meeting the standards established in the Vincent v. Voight decision. Since 2000-01, the number of bilingual pupils in the state has increased by approximately 75%, from 29,016 pupils in 2000-01 to 50,848 pupils in 2017-18. During the same time, however, the appropriation for bilingual-bicultural aid increased by only \$298,400 or 4%, from \$8,291,400 GPR in 2000-01 to \$8,589,900 in 2018-19.

12. It could be argued that general school aids, funded at \$4.66 billion in 2018-19, are more important than bilingual-bicultural categorical aids in the overall context of the state's efforts to equalize the tax base between school districts and provide an equal opportunity for a sound basic education under the state school finance system. In addition, the prorate of bilingual-bicultural aid was in decline prior to the Vincent decision in 2000, yet the Court still found the overall system constitutional in Vincent. Accordingly, the Committee could choose to maintain bilingual-bicultural education aid at base funding. Under this alternative, the estimated prorate would decrease from approximately 8.1% in 2018-19 to approximately 7.7% in 2019-20 and 7.3% in 2020-21. [Alternative 1c]

13. On the other hand, some have argued that providing services for EL pupils might be done at the expense of the district's regular education programs. Unlike general school aids, categorical aids are outside of revenue limits and, therefore, represent additional resources for school districts to provide services to EL pupils. Given that the Court has specifically highlighted the needs of school districts with relatively high numbers of EL pupils, it could be argued that the state should increase resources for bilingual-bicultural education aid. Funding increases for this type of aid could strengthen the state's legal position if there were another legal challenge of the equity or adequacy of financing for K-12 public schools.

14. The bill would provide an additional \$8,510,200 GPR in 2019-20 and \$26,810,200 GPR in 2020-21 in the current appropriation for bilingual-bicultural aid, above base level funding of \$8,589,800 GPR annually. It is estimated that this additional funding would be sufficient to reimburse 15% of eligible costs in 2019-20 and 30% of eligible costs in 2020-21. These estimates assume that eligible costs will increase by approximately 4.5% annually, which is based on the average annual increase in costs over the last 10 years. [Alternative 1]

15. The Blue Ribbon Commission on School Funding recommended additional funding for EL pupils in its January, 2019, final report. The bipartisan Commission, which consisted of sixteen members, including legislators, school administrators, and other stakeholders, held public hearings and informational hearings throughout the state. Under the approach recommended by the Commission, EL pupils would be weighted as 1.2 FTE in the general school aids and revenue limit

formulas. Weighting would only apply to pupils who have not yet reached English proficiency, based on the annual assessment of English language proficiency required under state and federal law. Although the weighting formula would not have a state fiscal effect, it would have distributional effects in the general aid formula and would result in increased property tax levies for some districts. Under the three-year rolling average pupil enrollment used under revenue limits, this approach would increase revenue limit authority for school districts by an estimated \$34 million in the first year, \$68 million in the second year, and by \$102 million annually thereafter. [Alternative 1b]

16. If the Committee wishes to provide some additional state funding for bilingual-bicultural aid but at a reduced cost, the Committee could consider providing an increase in aid equal to \$8,410,200 GPR in 2019-20 and \$14,910,200 GPR in 2020-21; which would fund a reimbursement rate of 15% in 2019-20 and 20% in 2020-21. [Alternative 1c]

17. In addition to increasing funding under the existing bilingual-bicultural aid program, the Governor proposed the creation of three additional aid programs for EL pupils: (a) a supplemental bilingual-bicultural aid program, which would provide \$100 per EL to school districts with EL populations below the statutory threshold; (b) targeted aid for English learners; which would provide an additional \$100 per EL whose language proficiency is assessed to be in one of the three lowest levels; and (c) discretionary grants to support English learners and bilingual-bicultural education programs.

### **Supplemental Bilingual-Bicultural Aid**

18. Under the proposed supplemental bilingual-bicultural aid program, \$2,400,000 GPR would be provided beginning in 2020-21 to provide school districts with payments of \$100 per EL enrolled in the district in the previous school year for whom the district was not required to provide a bilingual-bicultural aid program. In DPI's agency request document, it was estimated that ELs eligible for aid would total approximately 23,700 in each year of the biennium; therefore, the funding provided in the bill would be sufficient to fully fund payments under the program.

19. It could be argued that additional resources are required to educate EL pupils, even in schools that are not required to offer specialized bilingual programming. For example, such pupils may require specialized materials, additional instructional time to ensure that they are making progress towards meeting academic standards in English and other subject areas, or additional family outreach, particularly for families recently arrived in the country or with parents or guardians who do not speak English themselves. In some cases, small numbers of ELs may be more costly to educate on a per pupil basis because schools do not experience the economies of scale that may be available when educating a group of pupils with the same native language, such as when purchasing textbooks or other materials.

20. The proposed program could benefit smaller, rural districts in particular, since it is likely the case that school districts with smaller overall populations are less likely to meet the statutory thresholds for mandatory bilingual programming, and therefore are less likely to qualify for aid under current law. Because these districts are still required to provide equal educational options to their bilingual pupils, even though they do not receive additional aid to do so, the lack of aid for bilingual education may place additional financial burdens on these districts.

21. If the Committee wishes to create this program but at a reduced cost, it could consider reducing the per pupil payment under the program to \$50. [Alternative 2b]

### **Targeted Bilingual-Bicultural Aid**

22. Under the targeted aid program, school districts could receive an additional \$100 for each pupil instructed in a bilingual-bicultural program whose English language proficiency is in one of the first three classifications established by DPI by rule. The bill would provide \$3,400,000 GPR for the program beginning in 2020-21.

23. The program would provide funding for pupils at the following levels of English proficiency: (1) beginning preproduction, or pupils who do not understand or speak English; (2) beginning production, or pupils who understand and speak English with hesitancy or difficulty, understand parts of lessons, and are at a pre-emergent or emergent level of reading and writing in English; and (3) intermediate, or pupils who understand and speak English with decreasing hesitancy and difficulty, are developing reading comprehension and writing skills in English, and have sufficient English literacy skills to demonstrate academic knowledge in content areas with assistance. It could be argued that pupils at these levels of English proficiency require the most intensive interventions, and therefore require the most additional resources to educate.

24. The Budget in Brief document indicates that the program is intended to address EL achievement gaps. On the 2017-18 Forward exam, 12.0% of ELs scored proficient or advanced on the English language exam, compared to 44.6% of non-EL pupils. On the mathematics exam, 15.8% of ELs scored proficient or advanced compared to 45.8% of non-EL pupils. It could be the case that additional resources would help school districts address these gaps.

25. If the Committee wishes to create this program but at a reduced cost, it could consider reducing the per pupil payment under the program to \$50. [Alternative 3b]

### **Bilingual-Bicultural Education Program Grants**

26. The third new bilingual-bicultural program that would be created under the bill is a grant program under which a school board or independent charter school could apply for funds to support bilingual-bicultural education programming for ELs enrolled in the district or charter school. The bill specifies that grant funds could be used to develop, implement, and provide bilingual-bicultural education programs or other educational programming to meet the specific needs of ELs. Grants would be awarded in amounts determined by DPI. The bill provides \$2,500,000 GPR for the program beginning in 2020-21.

27. The Budget in Brief document indicates that the intent of the program is to encourage school districts and independent charter schools to expand educational programming for ELs. In its agency budget request, DPI indicated that the grant program would allow school districts and charter schools to design programs suited to the needs of the school or district and its EL population, and gave examples of activities that could be funded through the program including the following: (a) targeted staff training; (b) designing or procuring specialized curriculum; (c) providing in-class support for classroom teachers; (d) establishing early childhood bilingual education opportunities,

such as including ELs in Head Start; (e) establishing new dual language immersion programming; or (f) working in collaboration with an educator preparation program to support existing teachers and paraprofessionals in becoming certified or licensed in English as a Second Language or bilingual education.

**Bilingual-Bicultural Position Authority**

28. The bill would provide DPI with \$95,500 GPR and 1.0 GPR position beginning in 2020-21 to administer programming for bilingual-bicultural pupils and ELs. The Department's agency budget request indicates that the position would be an education consultant on the content and learning team, and that the funding would be allocated as follows: (a) \$55,800 for salary; (b) \$23,700 for fringe benefits; and (c) \$16,000 for supplies and services.

29. DPI currently receives federal funding under Title III of ESSA to support two positions related to EL and bilingual-bicultural education. These positions are responsible for administering the bilingual-bicultural aid program, consulting with schools on bilingual-bicultural education programs and other issues related to educating ELs, and gathering and reporting data to meet state and federal reporting requirements.

30. DPI indicates that the new position would be responsible for providing support to the new programs created under the bill. In particular, the position would support the discretionary grant program with activities including the following: (a) establishing grant program parameters; (b) developing grant application materials and scoring rubrics; (c) communicating with school districts and independent charter schools who are applying for the grant; (d) providing technical assistance to applicants; (e) reviewing and scoring application materials; (f) determining grant award amounts; (g) reviewing claims; and (h) making grant payments.

**ALTERNATIVES**

**1. Bilingual-Bicultural Aid**

a. Approve the Governor's recommendation to provide \$8,510,200 in 2019-20 and \$26,810,200 in 2020-21 above base funding of \$8,589,800 for bilingual-bicultural categorical aids.

| ALT 1a | Change to    |      |
|--------|--------------|------|
|        | Base         | Bill |
| GPR    | \$35,320,400 | \$0  |

b. Delete the additional funding in the bill. Instead, weight EL pupils as 1.2 FTE in the general school aids and revenue limit formulas, beginning in the 2020-21 school year, as recommended in the Blue Ribbon Commission on School Funding's January, 2019, report. (The weighting formula would not have a state fiscal effect, but could increase revenue limit authority for school districts by an estimated \$34 million in the first year, \$68 million in the second year, and by \$102 million annually thereafter.)

| ALT 1b | Change to |                |
|--------|-----------|----------------|
|        | Base      | Bill           |
| GPR    | \$0       | - \$35,320,400 |

c. Provide \$8,410,200 in 2019-20 and \$14,910,200 in 2020-21, which would result in an estimated reimbursement rate of 15% in 2019-20 and 20% in 2020-21.

| ALT 1c | Change to    |                |
|--------|--------------|----------------|
|        | Base         | Bill           |
| GPR    | \$23,320,400 | - \$12,000,000 |

d. Take no action.

| ALT 1d | Change to |                |
|--------|-----------|----------------|
|        | Base      | Bill           |
| GPR    | \$0       | - \$35,320,400 |

## 2. Supplemental Bilingual-Bicultural Aid

a. Approve the Governor's recommendation to create a supplemental bilingual-bicultural aid program, which would provide a payment of up to \$100 per EL for whom the school district was not required to provide a bilingual-bicultural program in the previous year, and provide \$2,400,000 beginning in 2020-21.

| ALT 2a | Change to   |      |
|--------|-------------|------|
|        | Base        | Bill |
| GPR    | \$2,400,000 | \$0  |

b. Reduce the per pupil payment to \$50, and provide \$1,200,000 for the program beginning in 2020-21.

| ALT 2b | Change to   |               |
|--------|-------------|---------------|
|        | Base        | Bill          |
| GPR    | \$1,200,000 | - \$1,200,000 |

c. Take no action.

| ALT 2c | Change to |              |
|--------|-----------|--------------|
|        | Base      | Bill         |
| GPR    | \$0       | -\$2,400,000 |

### 3. Targeted Aid for English Learners

a. Approve the Governor's recommendation to create a program providing targeted aid for English learners, equal to \$100 per pupil scoring in the three lowest English proficiency levels, and provide \$3,400,000 beginning in 2020-21.

| ALT 3a | Change to   |      |
|--------|-------------|------|
|        | Base        | Bill |
| GPR    | \$3,400,000 | \$0  |

b. Reduce the per pupil payment to \$50, and provide \$1,700,000 for the program beginning in 2020-21.

| ALT 3b | Change to   |              |
|--------|-------------|--------------|
|        | Base        | Bill         |
| GPR    | \$1,700,000 | -\$1,700,000 |

c. Take no action.

| ALT 3c | Change to |              |
|--------|-----------|--------------|
|        | Base      | Bill         |
| GPR    | \$0       | -\$3,400,000 |

### 4. Grants to Support English Learners and Bilingual-Bicultural Education Programs

a. Approve the Governor's recommendation to create a discretionary grant program to support EL and bilingual-bicultural education and provide \$2,500,000 beginning in 2020-21.

| ALT 4a | Change to   |      |
|--------|-------------|------|
|        | Base        | Bill |
| GPR    | \$2,500,000 | \$0  |

b. Take no action.

| <b>ALT 4b</b> | <b>Change to<br/>Base Bill</b> |               |
|---------------|--------------------------------|---------------|
| GPR           | \$0                            | - \$2,500,000 |

**5. Bilingual-Bicultural Position**

a. Approve the Governor's recommendation to provide 1.0 position and \$95,500 beginning in 2020-21 to coordinate state EL and bilingual-bicultural programs.

| <b>ALT 5a</b> | <b>Change to Base</b> |                  | <b>Change to Bill</b> |                  |
|---------------|-----------------------|------------------|-----------------------|------------------|
|               | <b>Funding</b>        | <b>Positions</b> | <b>Funding</b>        | <b>Positions</b> |
| GPR           | \$95,500              | 1.00             | \$0                   | 0.00             |

b. Take no action.

| <b>ALT 5b</b> | <b>Change to Base</b> |                  | <b>Change to Bill</b> |                  |
|---------------|-----------------------|------------------|-----------------------|------------------|
|               | <b>Funding</b>        | <b>Positions</b> | <b>Funding</b>        | <b>Positions</b> |
| GPR           | \$0                   | 0.00             | - \$95,500            | - 1.00           |

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May, 2019

Joint Committee on Finance

Paper #573

### **After-School and Out-Of-School-Time Program Grants (DPI -- Categorical Aids)**

[LFB 2019-21 Budget Summary: Page 326, #12]

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#### **CURRENT LAW**

No provision.

#### **GOVERNOR**

Provide \$10,000,000 GPR annually in a biennial appropriation for a new grant program to support high-quality after-school programs and out-of-school-time programs to organizations that provide services to school-age children. Provide that DPI could promulgate rules to implement and administer the program. Additionally, allow DPI to promulgate emergency rules to implement and administer the program that would remain in effect until July 1, 2020, or the date on which permanent rules take effect, whichever is sooner.

#### **DISCUSSION POINTS**

1. A number of positive outcomes have been attributed to participation in after-school programs. For example, research cited by the National Conference of State Legislatures (NCSL) in a March, 2018, report suggests that pupils who participate in after-school programming show improvements in their grades and test scores, behavior, and attendance, and reductions in drop-out rates and participation in risky behaviors.

2. Currently, the primary source of funding for after-school programming in Wisconsin is federal 21<sup>st</sup> Century Learning Center grants under Title IV, Part B of the Every Student Succeeds Act (ESSA). These grants are intended to support community learning centers that provide educational

enrichment activities for pupils outside of school hours, with preference given to centers that serve pupils who attend low-performing schools or schools at which 40% or more of pupils qualify for free or reduced-price lunch. The community learning centers funded through the grant program are typically located in schools or other similar facilities, and provide services such as tutoring and mentoring, homework help, and academic and arts enrichment programs, in addition to supervising pupils while their parents are working. Grant awards are made for five consecutive years, contingent upon satisfactory performance. Eligible grantees include public schools, private schools, charter schools, community organizations, institutions of higher education, or city or county government agencies. In 2018-19, \$4.35 million in grant funding was awarded to 37 Wisconsin centers under the program. Applications were received from 142 centers, requesting a total of \$17 million in funding.

3. DPI indicates that 77,000 Wisconsin pupils participate in after-school and out-of-school time (including before-school and summer) programming each year. Approximately 31,000 pupils are served by 21<sup>st</sup> Century Learning Center grant recipients. Other sources of funding for these programs may include fees charged to parents, other local or private funding, or Wisconsin Shares childcare subsidy dollars for programs structured as child care centers.

4. Other states provide funding for after-school programming in a variety of ways. In Minnesota, school districts can receive community education revenue equal to \$5.42 multiplied by the population of the district or 1,355, whichever is greater, through a combination of state aid and additional levying authority. Community service revenue can be used for educational programming for district residents, including summer and after-school programming for K-12 pupils. Districts that offer youth after-school enrichment programs can increase their levy by an additional \$1.85 multiplied by the population of the district or 1,355. In Illinois, the Teen REACH program provides grant program totaling \$12.5 million in 2017-18 for after-school programming for pupils ages six to 17 with certain risk factors such as academic difficulties, a history of truancy or behavior issues, or homelessness or other poverty indicators. In New York, school districts and non-profit community-based organizations can apply through a competitive request-for-proposal process for Empire State After-School Program grant funding of \$1,600 multiplied by the number of participating pupils, with total funding in 2018-19 equal to \$45 million.

5. Under the bill, DPI could promulgate rules to implement and administer the program. In its agency budget request, DPI indicated that under the program, renewable multi-year grants would be awarded ranging from \$50,000 to \$100,000 each. Additional funds could be provided for transportation, and for programs operating during the summer. Priority would be given to programs in areas with fewer community resources, such as rural areas. Grant recipients would be required to submit annual reports to allow for program evaluation.

6. Given the timeline for creating and implementing a new grant program, the Committee may wish to delay the creation of the new program until 2020-21. That would allow DPI and school districts to spend the 2019-20 school year planning for the following year. [Alternative 2]

## **ALTERNATIVES**

1. Approve the Governor's recommendation to provide \$10,000,000 annually in a biennial

appropriation for a new grant program to support high-quality after-school programs and out-of-school-time programs.

| <b>ALT 1</b> | <b>Change to</b> |             |
|--------------|------------------|-------------|
|              | <b>Base</b>      | <b>Bill</b> |
| GPR          | \$20,000,000     | \$0         |

2. Approve the Governor's recommendation, but delay the start of the program until 2020-21.

| <b>ALT 2</b> | <b>Change to</b> |                |
|--------------|------------------|----------------|
|              | <b>Base</b>      | <b>Bill</b>    |
| GPR          | \$10,000,000     | - \$10,000,000 |

3. Take no action.

| <b>ALT 3</b> | <b>Change to</b> |                |
|--------------|------------------|----------------|
|              | <b>Base</b>      | <b>Bill</b>    |
| GPR          | \$0              | - \$20,000,000 |

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May, 2019

Joint Committee on Finance

Paper #574

### **Milwaukee Mathematics Partnership (DPI -- Categorical Aids)**

[LFB 2019-21 Budget Summary: Page 327, #13]

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#### **CURRENT LAW**

No provision.

#### **GOVERNOR**

Provide \$10,000,000 GPR beginning in 2020-21 for a mathematics partnership between Milwaukee Public Schools (MPS) and UW-Milwaukee. Require the Board of Directors of MPS, in consultation with UW-Milwaukee, to develop and implement a plan to improve mathematics instruction in MPS schools. Grant funds would be awarded to the Board to develop and implement the plan.

#### **DISCUSSION POINTS**

1. The Milwaukee Mathematics Partnership was a partnership between UW-Milwaukee, MPS, and the Milwaukee Area Technical College that formed in 2003 with the goal of improving mathematics achievement among pupils in MPS. The program was funded in part through a \$20 million Mathematics and Science Partnership grant from the National Science Foundation. The program used research-based strategies to raise student academic performance in mathematics in all grades, by providing ongoing professional development for mathematics teachers, developing a district-wide framework for mathematics proficiency, setting learning targets aligned with the state's model academic standards for each grade level, and providing a new system of classroom assessments that provide improved feedback on performance for both students and teachers.

2. Beginning in 2008-09, the program received state funding under a categorical aid grant

for improving pupil academic achievement created under 2007 Act 20, which allowed MPS to apply for up to \$10 million GPR annually for programs to improve pupil academic achievement. Under 2009 Act 28, funding was reduced by 3.5% to \$9,650,000 GPR annually as part of across-the-board reductions made to most categorical aid programs, and the grant program was deleted under 2011 Act 32. The Partnership ceased functioning in 2013.

3. The achievement gap between MPS and the rest of the state in mathematics is significant and persistent. Although this gap continued during the initial years of the Mathematics Partnership, mathematics scores improved significantly for pupils in the 4<sup>th</sup> and 8<sup>th</sup> grades, and slightly for pupils in 10<sup>th</sup> grade. The table below shows the percentage of pupils scoring proficient or advanced on the Wisconsin knowledge and concepts exams (WKCE) mathematics exams in fourth, eighth, and tenth grades, for MPS and for the state as a whole, between 2002-03 and 2010-11. As the table shows, the net change in proficiency rates for MPS was greater than for the state as a whole for each grade.

**MPS Compared to Statewide WKCE Mathematics Exam Proficiency,  
2002-03 to 2010-11**

|            | Grade 4    |              | Grade 8    |              | Grade 10   |              |
|------------|------------|--------------|------------|--------------|------------|--------------|
|            | <u>MPS</u> | <u>State</u> | <u>MPS</u> | <u>State</u> | <u>MPS</u> | <u>State</u> |
| 2002-03    | 47.0%      | 71.0%        | 35.0%      | 73.0%        | 28.0%      | 69.0%        |
| 2003-04    | 53.1       | 74.1         | 29.2       | 65.9         | 29.8       | 69.7         |
| 2004-05    | 46.4       | 72.5         | 36.4       | 73.6         | 31.2       | 71.7         |
| 2005-06    | 44.8       | 72.6         | 38.9       | 74.2         | 32.1       | 71.6         |
| 2006-07    | 53.1       | 77.3         | 41.2       | 74.9         | 29.7       | 70.6         |
| 2007-08    | 51.7       | 76.6         | 39.9       | 75.3         | 28.7       | 69.4         |
| 2008-09    | 60.2       | 81.0         | 50.2       | 78.4         | 28.8       | 69.3         |
| 2009-10    | 58.5       | 80.5         | 52.1       | 78.0         | 30.4       | 69.8         |
| 2010-11    | 56.7       | 79.3         | 47.5       | 78.3         | 31.6       | 70.8         |
| Net Change | 9.7%       | 8.3%         | 12.5%      | 5.3%         | 3.6%       | 1.8%         |

4. Since the Partnership ended in 2013, the proficiency gap between MPS and the rest of the state has increased. Although the statewide assessment changed between 2010-11 and 2015-16, so the proficiency rates in the two data sets cannot be directly compared with one another, assessment data shows that substantial gaps remain between MPS mathematics scores and statewide scores. In 2017-18, only six out of approximately 150 MPS schools had a mathematics proficiency rate above the statewide average.

5. Under the bill, \$10 million GPR would be provided for the Milwaukee Mathematics Partnership beginning in 2020-21. The funding would provide funding equal to the amount provided in 2008-09 for the MPS pupil academic achievement program described above before funding was reduced and the program was repealed in 2011 Act 32.

6. The Executive Budget Book indicates that the program would select, train, place, and support a mathematics teacher leader in each MPS school building. Under the prior program, teacher

leaders were placed in 114 MPS schools, serving 90% of pupils in MPS at the time. The role of teacher leaders was to provide coaching and professional development for teachers in each school. Teacher leaders worked directly with district mathematics experts and UW-Milwaukee mathematics education faculty to develop their content area expertise and teaching skills, and then coached other teachers located at their schools in those skills, helping them translate professional development into their teaching practice.

7. DPI's agency request indicated that a portion of the funds would also be used to support collaboration with UW-Milwaukee's Center for Mathematics and Science Education Research. The Center, which was founded in 1985, partners with school districts in the Milwaukee area to support research, teacher education, and curriculum development and implementation related to mathematics and science education.

**ALTERNATIVES**

1. Approve the Governor's recommendation to provide \$10,000,000 beginning in 2020-21 for a mathematics partnership between MPS and UW-Milwaukee.

| ALT 1 | Change to    |      |
|-------|--------------|------|
|       | Base         | Bill |
| GPR   | \$10,000,000 | \$0  |

2. Take no action.

| ALT 2 | Change to |                |
|-------|-----------|----------------|
|       | Base      | Bill           |
| GPR   | \$0       | - \$10,000,000 |

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May, 2019

Joint Committee on Finance

Paper #575

### Sparsity Aid (DPI -- Categorical Aids)

[LFB 2019-21 Budget Summary: Page 327, #14]

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#### CURRENT LAW

Sparsity aid provides additional funding to small, rural districts meeting two eligibility criteria, based on data from the previous school year: (a) an enrollment of less than 745 pupils; and (b) a population density of fewer than 10 pupils per square mile of district attendance area. Aid is equal to \$400 multiplied by the school district's membership in the previous school year. A district that loses its eligibility as a result of an increase in its pupil population density can receive up to 50% of its prior year award in the year in which it loses eligibility. If funding is insufficient, payments are prorated. Base level funding is \$25,213,900 GPR in 2018-19.

#### GOVERNOR

Beginning in 2020-21, provide an additional \$9,786,100 GPR for sparsity aid and create an additional tier of aid eligibility that would provide \$100 per pupil to any district with an enrollment of more than 745 pupils and a population density of fewer than 10 pupils per square mile.

Additionally, beginning in 2020-21, allow a district that loses its eligibility as a result of an increase in its pupil population density to receive up to 50% of its prior year award in the year in which it loses eligibility.

#### DISCUSSION POINTS

1. The sparsity aid program was created in 2007 Act 30, and aid was first distributed in the 2008-09 school year. The program provides additional funding for small rural districts outside of their revenue limits. Aid to each eligible school district equals \$400 times the district's membership in the previous school year. If funding is insufficient, school districts receive a prorated portion of the total

amount for which they qualify.

2. The program is intended to mitigate a number of challenges experienced by rural districts with both a small pupil membership and a sparsely populated area. In districts with low enrollment, fixed costs are spread across fewer pupils, and class sizes in required courses may be so small as to further increase per pupil costs. Declining enrollment in many rural districts further decreases the resources available to affected districts and provides an additional challenge to districts with enrollments that are already low. Additionally, districts with low pupil density typically experience higher transportation costs associated with transporting a small number of pupils over a greater distance.

3. Under 2017 Act 59, a provision was created under which any district that qualified for sparsity aid in one year but did not qualify the following year as a result of an increase in its membership would receive 50% of its prior year award in the year in which it became ineligible for sparsity aid. The provision first applied in the 2017-18 school year. No districts lost eligibility in 2017-18, so no aid was paid under the provision in that year. In 2018-19, three districts lost eligibility, two of which qualified for a total of \$213,500 in one-time aid under the provision. The third district did not qualify for aid because it no longer met the pupil population density criteria.

4. In 2018-19, 143 school districts qualified for aid with a combined pupil membership of approximately 63,700. (An additional two school districts received aid under the provision described above.) Aid payments were not prorated in 2018-19. The following table shows the number of districts that qualified for aid, the total amount of funding appropriated, and the proration rate in each of the years between 2010-11 and 2018-19.

#### **Sparsity Aid, 2010-11 to 2018-19**

|         | <u>Districts</u> | <u>Appropriation</u> | <u>Proration</u> |
|---------|------------------|----------------------|------------------|
| 2010-11 | 123              | \$14,948,100         | 93.9%            |
| 2011-12 | 130              | 13,453,300           | 80.3             |
| 2012-13 | 129              | 13,453,300           | 82.1             |
| 2013-14 | 133              | 13,453,300           | 79.1             |
| 2014-15 | 133              | 13,453,300           | 78.7             |
| 2015-16 | 137              | 17,674,000           | 100.0            |
| 2016-17 | 141              | 17,674,000           | 97.1             |
| 2017-18 | 144              | 18,496,200           | 98.8             |
| 2018-19 | 145              | 25,213,900           | 100.0            |

5. Prior to the 2018-19 school year, the payment amount was equal to \$300 per pupil. The payment was increased under 2017 Act 141, which also provided an additional \$6,454,600 GPR in 2018-19 to fully fund the increased payments.

6. The additional funding in the bill would fund a proposed second tier of aid for districts that meet the following two criteria: (a) a membership of more than 745 pupils; and (b) a population density of less than 10 pupils per square mile of district attendance. Districts meeting these criteria would qualify for aid equal to \$100 per pupil. Based on DPI estimates, an additional 84 districts with total membership of approximately 101,700 would qualify in 2020-21. DPI estimates that payments

under the additional tier of aid would equal \$10,171,500 in 2020-21. Because funding under current law slightly exceeded eligible claims in 2018-19, an increase of only \$9,786,100 GPR would be required in the appropriation to fully fund these payments.

7. Additionally, the bill would provide districts that received sparsity aid in the previous school year but are not eligible in the current year because they do not meet the sparsity criterion with one-time aid equal to 50% of their prior year award. Under current law, districts are only eligible for this aid if they are ineligible for aid as a result of an increase in their membership. The creation of the second tier of aid would mean that there would no longer be a membership limit for sparsity aid eligibility, so that districts that continue to meet the sparsity criterion but whose membership exceeds 745 pupils would still qualify for the smaller per pupil payment under the program.

8. It could be argued that the second tier of aid would provide greater stability for districts whose membership is close to the 745 pupil cut-off for aid. Under current law, a small change in membership can result in a significant loss of aid for those districts whose membership is close to the cut-off. Under the bill, a district whose membership increased above 745 would still receive aid, but in a lesser amount. Additionally, the second tier of aid would result in additional state support for all districts meeting the sparsity criterion, regardless of their total pupil membership. It could be the case that sparse districts experience additional financial pressures even if they have a larger number of pupils, such as costs associated with transporting pupils over a large geographic area.

9. On the other hand, it could be argued that sparsity aid was conceived to address the challenges associated with both a small pupil membership and a sparsely populated area, and a district with a large number of pupils may not experience the same financial pressures caused by small class sizes and fewer pupils to share fixed costs. Additionally, other state aid programs, such as the high cost transportation program, exist that may address the areas in which districts with a large geographic area experience higher costs. Under the high cost transportation aid program, districts qualify for aid if they meet the following eligibility requirements: (a) a transportation cost per member greater than 145% of the state average in the prior year; and (b) a pupil population density of 50 pupils per square mile or less, calculated by dividing the school district's membership in the previous school year by the district's area in square miles.

10. The Blue Ribbon Commission on School Funding recommended additional funding for sparsity aid in its January, 2019, final report. The bipartisan Commission, which consisted of sixteen members, including legislators, school administrators, and other stakeholders, held public hearings and informational hearings throughout 2018 in locations throughout the state. The Commission recommended a range of options, including an option identical to the proposal in the bill. The Committee indicated a preference for another proposal under which districts could qualify for the current law payment of \$400 per pupil with a membership of up to 1,000 pupils, rather than 745 pupils as under current law. Additionally, a second tier of aid would be created under which districts could qualify for \$100 of aid per pupil if they met the following criteria: (a) membership of between 1,000 and 2,700 pupils; and (b) pupil population density of less than seven pupils per square mile. A similar proposal was recommended by the Speaker's Rural Schools Task Force in 2014. Based on data used to calculate the 2018-19 distribution of sparsity aid, it is estimated that an additional 61 districts could qualify for aid under this option. The total cost of the program under this approach would equal an

estimated \$41,717,000 GPR annually, an increase of \$16,858,600 GPR annually relative to base level funding. [Alternative 3]

11. In 2018-19, the appropriation for sparsity aid exceeded total aid payments by \$142,000, and that amount will lapse to the general fund. In its agency budget request, DPI estimated that total payments under the current law eligibility criteria will equal \$24,539,600 in 2019-20 and \$24,622,400 in 2020-21. If the Committee chooses to take no action regarding eligibility criteria, the appropriation could be reduced by \$500,000 GPR in 2019-20 and \$400,000 GPR in 2020-21 while leaving an annual reserve of \$170,000 to \$190,000 available in the appropriation to fully fund payments under current law, based on these estimates. [Alternative 3] If the Committee chooses to approve the Governor's recommendation, the appropriation could be reduced in the first year only. [Alternative 2]

## ALTERNATIVES

### Governor's Recommendation

1. Approve the Governor's recommendation to provide \$9,786,100 in 2020-21 above base level funding of \$25,213,900 for sparsity aid and create an additional tier of aid eligibility that would provide \$100 per pupil to any district with an enrollment of more than 745 pupils and a population density of fewer than 10 pupils per square mile. Additionally, allow a district that loses its eligibility as a result of an increase in its pupil population density to receive 50% of its prior year award.

| ALT 1 | Change to   |      |
|-------|-------------|------|
|       | Base        | Bill |
| GPR   | \$9,786,100 | \$0  |

2. Approve the Governor's recommendation as under Alternative 1, but reduce funding by \$500,000 in 2019-20 to reflect the estimated level of payments under current law.

| ALT 2 | Change to   |             |
|-------|-------------|-------------|
|       | Base        | Bill        |
| GPR   | \$9,286,100 | - \$500,000 |

### Blue Ribbon Commission Recommendation

3. Provide \$16,858,600 in 2020-21 and modify the program to provide \$400 of aid per pupil to districts with a membership of less than 1,000 pupils and pupil population density of less than 10 pupils per square mile, and \$100 of aid per pupil to districts with a membership of between 1,000 and 2,700 pupils and pupil population density of less than 7 pupils per square mile, beginning in 2020-21.

| <b>ALT 3</b> | <b>Change to</b> |             |
|--------------|------------------|-------------|
|              | <b>Base</b>      | <b>Bill</b> |
| GPR          | \$16,858,600     | \$7,072,500 |

4. Approve the program modification as under Alternative 3, but reduce funding by \$500,000 in 2019-20 to reflect the estimated level of payments under current law.

| <b>ALT 4</b> | <b>Change to</b> |             |
|--------------|------------------|-------------|
|              | <b>Base</b>      | <b>Bill</b> |
| GPR          | \$16,358,600     | \$6,572,500 |

**Current Law**

5. Reduce funding by \$500,000 in 2019-20 and \$400,000 in 2020-21 to fund estimated payments under current law.

| <b>ALT 5</b> | <b>Change to</b> |                |
|--------------|------------------|----------------|
|              | <b>Base</b>      | <b>Bill</b>    |
| GPR          | - \$900,000      | - \$10,686,100 |

6. Take no action.

| <b>ALT 6</b> | <b>Change to</b> |               |
|--------------|------------------|---------------|
|              | <b>Base</b>      | <b>Bill</b>   |
| GPR          | \$0              | - \$9,786,100 |

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May, 2019

Joint Committee on Finance

Paper #576

### **Delete Personal Electronic Computing Device Grants (DPI -- Categorical Aids)**

[LFB 2019-21 Budget Summary: Page 327, #15]

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#### **CURRENT LAW**

School districts, independent charter schools, private schools, and tribal schools are eligible to receive grants equal to \$125 per ninth grade pupil, if they provide equal matching funds. Grants can only be used for the following purposes: (a) to purchase personal electronic computing devices; (b) to purchase software for personal electronic devices; (c) to purchase curriculum which includes content that may be accessed on a personal electronic computing device; or (d) to train staff on how to effectively incorporate personal electronic computing devices into a classroom and into a high school curriculum. Grants under the program will be awarded beginning in the 2018-19 school year and will be awarded in each of the next four years. No moneys may be encumbered from this appropriation after June 30, 2023.

#### **GOVERNOR**

Delete \$9,187,500 GPR in 2020-21 and repeal the personal electronic computing device grant program that was created in 2017 Act 59, effective July 1, 2020.

In addition, for grants distributed in 2019-20, modify the pupil count that would be used in calculating the grant for each school district from the number of ninth grade pupils included in membership to instead be the number of ninth grade pupils enrolled in the current school year.

#### **DISCUSSION POINTS**

1. The personal electronic computing device program was created under 2017 Act 59.

Under Act 59, \$9,187,500 GPR was providing beginning in 2018-19 for grants for personal electronic computing devices, defined as devices that meets all of the following criteria: (a) are mobile; (b) are assignable to an individual pupil to be used solely by that pupil; and (c) may be used to access the Internet. Public school districts, independent charter schools, private schools, and tribal schools are eligible for funding under the program.

2. Under the program, grants may be awarded for the following purposes: (a) to purchase personal electronic computing devices; (b) to purchase software for personal electronic devices; (c) to purchase curriculum, including any related educational content or materials, a portion or all of which includes content that may be accessed on a personal electronic computing device; or (d) to train professional staff on how to effectively incorporate personal electronic devices into a classroom and into a high school curriculum.

3. Applicants must provide equal matching funds as a condition of receiving a grant. DPI indicates that expenditures that may be counted as matching funds include the following: (a) the purchase of mobile devices, software, curriculum or professional development related to electronic devices; (b) computers and servers; (c) network infrastructure, such as routers, firewalls, or access points; (d) systems and consultations related to data privacy and security; (e) mobile hotspots for pupils to use; and (f) other equipment or services related to digital learning.

4. Grants are equal to \$125 per ninth grade pupil. For a public school, the pupil count is defined as the number of ninth grade pupils included in the school district's membership in the prior school year. For an independent charter, private, or tribal school, the count is based on the number of ninth grade pupils in the school in the current school year.

5. Under the Governor's proposal, the pupil count for public schools would be modified to be the number of ninth grade pupils enrolled in the current school year, rather than the number of ninth grade pupils included in the district's membership in the prior school year. DPI indicates that membership data is not available by grade level, and also includes pupils to whom the district is not directly providing an education such as resident pupils who are attending school in another district through the open enrollment program. As a result, open enrollment pupils are counted by the district in which they live, not the district in which they attend school. DPI indicates that current year enrollment would provide a more accurate count of ninth grade pupils being educated by the district, and also would be more consistent with the current year data used by private, charter, and tribal schools.

6. The first aid under the program will be paid in the 2018-19 school year. Grant awards have not yet been made, so it is not yet known how many districts and schools will qualify for funding, or whether payments under the program will be prorated.

7. Other state programs provide funding to school districts, charter schools, private schools, and other education organizations for technology infrastructure and curriculum. The Technology for Educational Achievement (TEACH) program under the Department of Administration provides eligible entities access to the Internet and two-way interactive video services through rate discounts and subsidized installation of data lines and video links, as well as curriculum grants to a consortium of school districts to develop and implement a technology-enhanced high school curriculum.

Consortia of rural districts (defined as districts whose membership divided by area in square miles is 13 or less) can also apply for grants for training teachers on the use of educational technology. Infrastructure grants totaling \$7.8 million were awarded to 251 school districts in 2017-18. Technology training grants totaling \$1.5 million were awarded in 2017-18 to 27 consortia representing 201 rural school districts. In 2017-18, one curriculum grant of \$24,984 was awarded to the Embarrass River Valley Instructional Network Group, which consists of eight school districts. Additionally, the program subsidized video links and data lines in 2017-18 for 277 public school sites.

8. It could be argued that the TEACH program provides support for expenses related to technology in schools, and additional state funding for this purpose is not necessary. Additionally, some have argued that a large number of districts and schools have already purchased laptops or other personal electronic devices, and therefore the state does not need to provide financial support to encourage these purchases. On the other hand, funds can also be used for software, curriculum, and professional development related to personal computing devices, so even those districts or schools that already have such devices can benefit from these funds.

9. The Department of Administration indicates that the program would be eliminated under the bill so that the funding can be redirected to other priorities, particularly closing achievement gaps. The bill provides \$9,850,000 GPR in 2020-21 (a total of \$14,700,000 GPR over the biennium) for programs for urban school districts to address achievement gaps. On the other hand, the amount of funding for personal electronic devices is small relative to the overall increase in funding under the bill. Over the biennium, the bill provides an increase of \$1.4 billion in GPR school aids compared to the base year doubled. It could be argued that the cost savings from eliminating this program would not be significant in the context of the overall DPI budget.

## ALTERNATIVES

### 1. Delete Personal Electronic Computing Device Grant

a. Approve the Governor's recommendation to delete \$9,187,500 in 2020-21 and repeal the personal electronic computing device grant program that was created in 2017 Act 59, effective July 1, 2020.

| ALT 1a | Change to     |      |
|--------|---------------|------|
|        | Base          | Bill |
| GPR    | - \$9,187,500 | \$0  |

b. Take no action.

| ALT 1b | Change to |             |
|--------|-----------|-------------|
|        | Base      | Bill        |
| GPR    | \$0       | \$9,187,500 |

**2. Pupil Count Used for Aid Calculation**

- a. Approve the Governor's recommendation to modify the pupil count that would be used in calculating the grant for each school district from the pupil count used in calculating per pupil aid to instead be the number of pupils enrolled in the district.
- b. Take no action.

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May, 2019

Joint Committee on Finance

Paper #577

### Urban School District Initiatives (DPI -- Categorical Aids)

[LFB 2019-21 Budget Summary: Page 328, #17 and 18, Page 329, #19,  
Page 330, #20, and Page 354, #4]

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#### CURRENT LAW

Current law provides an annual grant of \$1,400,000 GPR to Milwaukee Public Schools to develop, redesign, or implement a summer school program.

Any educator who obtains a national certificate from the National Board for Professional Teaching Standards or completes the Wisconsin master educator assessment process is eligible for an initial grant reimbursing the cost of obtaining the certification (up to \$2,000), followed by annual grants of \$2,500 annually for the duration of the certificate. Educators in schools high poverty schools, defined as those at which at least 60% of pupils are eligible for a free or reduced-price lunch, are eligible for annual grants of \$5,000. Base level funding is equal to \$2,910,000 GPR annually.

Under current law, the achievement gap reduction program provides categorical aid funding totaling \$109.2 million GPR annually to school districts with the goal of reducing achievement gaps. Under the program, participating schools must agree to implement one or more of the following strategies in K-3 classrooms: (a) one-to-one tutoring provided by a licensed teacher; (b) instructional coaching for teachers provided for a licensed teacher; or (c) maintaining 18:1 or 30:2 classroom ratios and providing professional development on small group instruction. Participating schools must specify performance objectives, including reducing the achievement gap between low-income pupils in math and reading. Participating schools receive a payment (equal to \$2,381 in 2017-18) for each low-income pupil attending the school in a classroom participating in the program. In 2017-18, 418 schools participated in the program in 203 school districts. No aid specific to achievement gap reduction is provided for higher grade levels.

## **GOVERNOR**

Provide additional funding under the following programs for urban school districts, defined as any district that either had an enrollment of at least 18,000 pupils in 2018-19 or an enrollment of at least 18,000 pupils in the previous school year:

- Provide \$3,600,000 GPR annually for grants to develop, redesign, or implement a summer school program, and expand the current law program to include all urban school districts, rather than only Milwaukee Public Schools.
- Provide \$5,000,000 GPR beginning in 2020-21 to develop, implement, or administer new or expanded early childhood programming.
- Provide \$1,000,000 GPR annually for community engagement grants for collaboration between the district and a nonprofit organization, a local unit of government, a cooperative educational service agency, a technical college, or a UW System institution to provide additional resources or services to pupils and their families, with the goal of improving the academic achievement of pupils, the well-being of pupils and their families, or relationships between pupils, school staff, and the community.
- Provide \$250,000 GPR annually for principal training, coaching, and professional development.
- Provide an additional \$571,200 GPR in 2019-20 and \$652,900 GPR in 2020-21 to increase the size of the annual grants for teachers who are nationally board certified or hold a Wisconsin master educator license, and teach in a low-income school located in either an urban or non-urban school district.

## **DISCUSSION POINTS**

1. Under the bill, an urban school district would be defined as a school district that meets either of the following two criteria: (a) an enrollment of at least 18,000 pupils in 2018-19; or (b) an enrollment of at least 18,000 pupils in the previous school year. The Governor's Executive Budget Book indicates that the program is intended to include the state's five largest urban districts: Green Bay, Kenosha, Madison, Milwaukee, and Racine. Additional school districts could qualify in future years if they experience an increase in their enrollment; the next largest districts in the state are Appleton (approximately 16,300 pupils in 2018-19) and Waukesha (approximately 12,700 pupils in 2018-19).

2. The Executive Budget Book indicates that the Governor intends the programs to apply to the state's five largest school districts. However, the statutory definition of "urban school district" under the bill could exclude one of these districts (Racine) based on its 2018-19 enrollment. A technical correction would modify the definition of an urban school district to include districts with an enrollment of at least 18,000 in the 2017-18 school year, rather in 2018-19 as under the bill.

3. The Governor's Budget in Brief document indicates that the intended purpose of the

proposals is to address Wisconsin's achievement gaps by providing additional resources and support to urban school districts. A 2017 report titled "Race for Results" published by the Annie E. Casey Foundation identified Wisconsin as the state with the largest disparities between African-American children and white children, based on a number of education, health, family, and poverty indicators. Similarly, in recent years Wisconsin's gap between African-American pupils and white pupils on the National Assessment of Educational Progress (NAEP), has been among the largest in the nation.

4. Under the Every Student Succeeds Act (ESSA), the 2015 reauthorization of the Elementary and Secondary Education Act of 1965 (ESEA), every state was required to submit a plan to the U.S. Department of Education with information about the state's educational goals and academic indicators used to measure progress towards achieving these goals. In its ESSA state plan, Wisconsin indicated that its goal is to cut the achievement gap and graduation rate gap in half for all pupil groups by 2023-24. For African-American pupils, the pupil group with the largest achievement gap, meeting this goal will require a 4.0 percentage point increase in grade-level proficiency in English language arts, a 4.2 percentage point increase in grade-level proficiency in mathematics, and a 2.7 percentage point increase in graduation rates each year.

5. It could be argued that, given the size of the five school districts that would be included in the proposal and their high levels of racial and ethnic diversity and poverty, focusing attention on these districts is an appropriate method to address statewide achievement gaps. The five urban districts represent 18.8% of the state's total pupil population, but 31.3% of the state's total population of economically disadvantaged pupils, 44.8% of English learners, 68.2% of African-American pupils, and 33.5% of other non-white pupils. Table 1 shows each of the five urban district's population of these pupil groups as a percentage of the district's total enrollment, based on the September, 2018, count date.

**TABLE 1**

**Urban District and Statewide Pupil Counts By Sub-Group, 2018-19**

|           | <u>Total Enrollment</u> | <u>Economically Disadvantaged</u> | <u>English Learner</u> | <u>African-American</u> | <u>Other non-white</u> |
|-----------|-------------------------|-----------------------------------|------------------------|-------------------------|------------------------|
| Green Bay | 20,391                  | 59.4%                             | 22.3%                  | 9.2%                    | 46.3%                  |
| Kenosha   | 21,233                  | 51.5                              | 10.1                   | 14.2                    | 33.3                   |
| Madison   | 26,917                  | 48.2                              | 19.9                   | 17.9                    | 39.9                   |
| Milwaukee | 75,431                  | 82.9                              | 11.9                   | 51.5                    | 38.0                   |
| Racine    | 17,862                  | 61.3                              | 12.1                   | 25.3                    | 35.8                   |
| Statewide | 858,833                 | 40.7%                             | 6.0%                   | 9.1%                    | 21.7%                  |

6. Each of the five urban districts had an accountability score below the statewide average of 74.6 in 2017-18. The accountability score is a numerical score out of 100 based on performance in the following areas: (a) pupil achievement in reading and mathematics; (b) growth in pupil achievement in reading and mathematics; (c) gap closure in pupil achievement in reading and mathematics, and in high school graduation rates; and (d) rates of attendance or of high school graduation. Table 2 shows the accountability scores of each of the urban districts compared to the statewide average.

**TABLE 2**

**Urban District and Statewide Average Accountability Score**

|                   | <u>Accountability Score</u> |
|-------------------|-----------------------------|
| Green Bay         | 63.0                        |
| Kenosha           | 71.2                        |
| Madison           | 68.0                        |
| Milwaukee         | 57.0                        |
| Racine            | 58.0                        |
| Statewide average | 74.6                        |

**Summer School Programming**

7. The summer school grant program was created under 2017 Act 59 (the 2017-19 biennial budget). Under current law, Milwaukee Public Schools (MPS) is eligible for a grant of \$1.4 million GPR annually to develop, redesign, or implement a summer school program. The grant was first awarded in the 2018-19 school year.

8. Under the bill, an additional \$3.6 million GPR would be provided for grants to develop, redesign, or implement a summer school program, and grant eligibility would be expanded from MPS to include all urban school districts. DPI would be required to annually award \$2 million to MPS, and allocate the remaining funding equally among the other urban districts (\$750,000 each for Green Bay, Kenosha, Madison, and Racine).

9. Summer school classes provide remediation for pupils who have fallen behind academically, as well as academic enrichment outside of the normal school calendar. By doing so, summer classes seek to minimize the impact of "summer learning loss," which refers to the loss of academic skills and knowledge that can occur over the summer months if pupils do not have opportunities to practice skills learned during the school year. Some research indicates that pupils who do not attend summer programs can fall behind, particularly in reading and math, and may receive lower scores on standardized tests at the beginning of a school year than they did on the same test at the end of the previous school year. Pupils from low-income families may be affected more than pupils from more affluent families who may have greater access to summer activities like camps or private lessons. As a result, some point to summer learning loss as a contributing factor to achievement gaps.

10. Other than the existing summer school grant for MPS, districts receive funding for summer school programs by including in their membership count pupils who attended summer school in the summer prior to the start of the school year. Under current law, 48,600 minutes (810 hours) of summer school instruction is equal to one full-time equivalent (FTE) pupil. Districts can include summer school FTEs in their membership for general aid purposes, and can count 40% of their FTE summer school enrollment in the three-year rolling average pupil count for revenue limits. School districts can also receive certain categorical aids for pupils attending summer school. Transportation categorical aid is provided for pupils transported to summer school, and school districts can receive

special education categorical aid for eligible expenses incurred during the summer, such as instruction required under a pupil's individualized education program (IEP). Additionally, the revenue limit three-year rolling average is used to calculate the distribution of per pupil aid, equal to \$654 per pupil in 2018-19.

11. The Blue Ribbon Commission on School Funding recommended additional funding for summer school in its final report, published in January, 2019. The bipartisan Commission, which consisted of sixteen members, including legislators, school administrators, and other stakeholders, developed its recommendations following public hearings and informational hearings held throughout the state. The Commission recommended providing an additional \$3.6 million GPR annually for the existing grant program and expanding the program to additional school districts, which is similar to the proposal in the bill but would include districts that are not classified as urban. The Commission also recommended creating a new grant program to support year-round schooling pilot programs, and providing \$3 million for the grants beginning in 2020-21 [Alternative 2a].

### **Early Childhood Education**

12. Lack of early childhood education is thought to contribute to achievement gaps because pupils from families who are low-income or otherwise lacking in resources may have fewer opportunities for positive learning and development prior to their enrollment in school than their peers from wealthier families. A 2017 report by the National Conference of State Legislatures titled "Closing the Opportunity Gap in Early Childhood Education" indicates that African-American, Hispanic/Latino, and lower-income pupils enter kindergarten already significantly behind in reading and math skills compared to their peers. Children from low-income families are also less likely to enroll in high-quality early childhood education compared to children from higher-income families.

13. Under current law, all Wisconsin school districts are required to offer full-day or part-day kindergarten programs for five-year-olds. Pupils must complete kindergarten before they can enroll in first grade. School districts may choose to offer four-year-old kindergarten (4K), but are not required to do so, and enrollment in 4K is not mandatory. In 2018-19, all but six of the state's 410 school districts operating elementary school grades offer 4K programs.

14. The state currently provides \$1.4 million GPR annually for two-year grants to school districts that implement a new 4K program. Each eligible district receives up to \$3,000 for each 4K pupil enrolled in the district in the first year of the grant and up to \$1,500 for each 4K pupil enrolled in the second year of the grant. The grants are intended to cover a portion of the cost of the new program in the two years before 4K pupils are fully counted in the district's three-year rolling average revenue limit count. 4K pupils are included in equalization aid and revenue limit counts as 0.5 member if the pupil attends for at least 437 hours, unless the program provides at least 87.5 additional hours of outreach activities, in which case the pupil is counted as 0.6 member.

15. Additionally, state funding is provided to supplement the federal Head Start program, which provides comprehensive educational, health, nutritional, social, and other services to economically disadvantaged preschool children and their families. State grants totaling \$6.3 million GPR annually are distributed to federally designated Head Start agencies, to enable expansion of their programs to serve additional families. In 2018-19, state grants were provided to 38 grantees, including

five school districts (Green Bay, Kenosha, Merrill, Milwaukee, and West Bend), three CESAs, and one independent charter school. Federal funding for Head Start and Early Head Start in Wisconsin was an estimated \$116.4 million in federal fiscal year 2017-18.

16. Under the bill, \$5 million GPR would be provided annually beginning in 2020-21 for grants to develop, implement, or administer a new or expanded early childhood program. An early childhood program is defined as a program to enhance learning opportunities for young children residing in the district and to prepare those children for entry into the elementary school grades. Pupils would be eligible for the program if they meet one of the following criteria: (a) the pupil is three years old on or before September 1 of the year the pupil starts in the program; or (b) the child is less than three years old, but is eligible to attend the program under procedures, conditions, and standards developed by the school board for early admission to the program.

17. The bill would provide grants of \$1,000 per eligible child attending an early childhood program in the current year, based on the 3<sup>rd</sup> Friday in September count. Pupils would not be counted by the school district for general aids or revenue limits. DPI would be required to prorate payments if funds in the appropriation were insufficient, and if any funds remained in the appropriation after payments were made, DPI could distribute the balance to any of the participating school districts.

18. The total funding amount is based on DPI's estimate that approximately 10,000 children residing in the five urban school districts would qualify for the program based on their age, and of those, approximately half would be enrolled in the first year of the program. The agency indicates that this estimate is based on prior experience with participation in 4K programs.

19. The Blue Ribbon Commission on School Funding recommended additional early childhood programming in its final report. During public hearings, the Commission heard testimony regarding the need for high quality early childhood programming. The Commission recommended several options related to early childhood education, including allowing districts that offer full-day 4K to count participating pupils as 1.0 FTE (which is included in another provision of the bill); providing an additional \$1 million GPR for the state supplement for the Head Start program [Alternative 4a]; and modifying the age at which a pupil can be enrolled in 4K to allow pupils who turn four after September 1 to enroll during the school year [Alternative 5a].

### **Community Engagement Grants**

20. Under the bill, \$1 million GPR would be provided annually for community engagement grants. DPI would be required to annually award a grant to each urban school district for projects satisfying the following criteria: (a) makes additional resources or services available to pupils and their families; (b) has a goal to improve the academic achievement of pupils, the well-being of pupils and their families, or relationships between pupils, school staff, and the community; and (c) includes collaboration with at least one of the following: (1) a nonstock, nonprofit corporation organized under Chapter 181 of the statutes; (2) a cooperative educational service agency; (3) a UW System institution; (4) a technical college district board; and (5) any local unit of government. The grant amount would be determined by dividing the appropriation by the total number of urban school districts in each year.

21. In its agency budget request, DPI indicated that the funding would be used for two-year

pilot projects to address factors outside the classroom that might impact pupils' academic achievement and other outcomes. Examples given in the document include the following: (a) dental health; (b) lead poisoning; (c) inadequate nutrition and hunger; (d) eviction from the pupil's home; (e) adverse childhood experiences; (f) trauma; (g) substance abuse in the home; or (h) parental unemployment.

22. Some have identified wrap-around services such as those that could be funded by the grant program as a tool to reduce achievement gaps by addressing factors that may impact pupils' success in school. In particular, low-income or otherwise disadvantaged pupils may experience problems outside of school that affect their ability to focus on their academic success. Helping such pupils access adequate nutrition, safe housing, medical care, mental health services, and other supports could result in improved attendance, classroom behavior, and grades.

### **Principal Training and Coaching**

23. Under the bill, DPI would be required to annually award a grant to a nonprofit organization or an urban school district for the purpose of providing training, coaching, and professional support to principals employed by urban school districts. A new appropriation would be created for the grant, totaling \$250,000 GPR annually.

24. The Executive Budget Book indicates that the training would be conducted through the Wisconsin Urban Leadership Institute (WULI). WULI provides training and coaching designed specifically for principals working in urban districts, with an emphasis on closing achievement gaps. WULI is a partnership between DPI, the five large urban school districts, and the Urban League, a nonprofit organization serving historically underserved urban communities. WULI's activities include providing professional development related to cultural responsiveness, trauma sensitive schools, and family and community engagement; identifying and training principal fellows in each of the five urban school districts; encouraging networking and collaboration between principals from each of the five districts, as well as among other stakeholders such as the Urban League, DPI, and community partners; and incorporating data collection and data analysis into professional development.

25. Currently, WULI is funded with a portion of Wisconsin's federal Title II ESEA grant funds. Title II supports projects to improve teacher and principal quality and effectiveness. In its agency budget request, DPI indicated that Title II funds would continue to be used for WULI, but that additional state support would allow WULI to expand to include additional principals.

### **Grants for National Teacher Certification or Master Educator Licensure**

26. Under current law, public, private, or tribal school teachers who are nationally board certified or have been certified as a Wisconsin master educator can receive an initial grant reimbursing the cost of obtaining the certification (up to \$2,000), followed by annual grants of \$2,500 for the duration of the certificate. Educators in high poverty schools, defined as those at which at least 60% of pupils are eligible for a free or reduced-price lunch, are eligible for annual grants of \$5,000.

27. The bill would provide an additional \$571,200 GPR in 2019-20 and \$652,900 GPR in 2020-21 to increase the size of the grants for eligible teachers. Under the bill, the size of the annual grant would be increased to \$15,000 for a teacher employed at a school located in an urban district

and at which at least 60% of enrolled pupils are eligible for a free or reduced-price lunch. The grant would be increased to \$10,000 annually for a teacher employed at a school that is not in an urban district, but at which at least 60% of enrolled pupils are eligible for a free or reduced-price lunch.

28. The prerequisites for certification by the National Board for Professional Teaching Standards (NBPTS) include holding a bachelor's degree, completing three full years of teaching or school counseling, and possessing a valid state teaching license or, if teaching where a license is not required, having taught in schools recognized and approved to operate by the state. To obtain National Board certification, a candidate must complete two major components: a portfolio of classroom practice, and a content knowledge computer-based assessment. The portfolio must include samples of student work, video recordings of instruction, and documentation of a teacher's work outside the classroom that has contributed to student learning. The assessment requires candidates to demonstrate knowledge of developmentally appropriate content and pedagogy necessary to teach across the age range and ability level of the certificate area in which they have applied. Certificates are available in broad academic subject areas including: art, career and technical education, English as a new language, language arts, exceptional needs (special education), health, library media, literacy/reading, mathematics, music, physical education, school counseling, science, social studies/history, and world languages.

29. The state requirements to complete the Wisconsin master educator assessment process (WMEAP) include: (a) documentation of a related master's degree; (b) five years of professional experience in education; (c) evidence of improved pupil learning; and (d) an assessment process. The assessment includes examination and observation by a team of three educators who have similar responsibilities to the candidate's, and who have been trained by DPI. Chapter PI 34 requires that the state assessment process be comparable to the NBPTS process. The WMEAP includes subject areas that are not currently offered under the NBPTS, such as school counselor, school social worker, and school psychologist.

30. Some have expressed concern that schools with relatively high enrollments of pupils of color and economically disadvantaged pupils may employ a disproportionate number of inexperienced or unqualified teachers. Inexperienced teachers are considered to be those who have three years of teaching experience in their current subject area or less, and unqualified teachers are those who have a bachelor's degree but no teacher preparation, and who currently hold an emergency teaching permit. It is thought that an unequal distribution of highly qualified and experienced teachers could contribute to achievement gaps.

31. Under the federal Elementary and Secondary Education Act (ESEA), each state's Title I plan is required to include information about how the state will ensure that pupils from low-income families and pupils of color are not taught at higher rates than other children by inexperienced or unqualified teachers. Wisconsin's final plan was submitted in June, 2015. The report focused on nine school districts which were identified as the state's largest gaps in equitable access to highly qualified teachers, including the five urban districts identified in the bill as well as West Allis, Waukesha, Janesville, and Beloit. The report identified four root causes of the equity issues, including the following: (a) lack of resources for school districts and schools to recruit and retain educators; (b) school climate, including teacher perceptions of safety and feelings of being valued; (c) lack of

ongoing professional learning; and (d) underexposure to high needs classrooms and teaching strategies in teacher preparation programs. The proposed increase in grant size would address the first of these root causes by providing a financial incentive for educators to become certified, and for those who achieve the certification to teach in high-poverty schools in urban districts.

32. DPI's agency request document indicates that the funding amount was determined based on projections for the number of individuals who would be eligible for grants and the estimated cost of providing the increased grant amounts. DPI estimates that in 2019-20, of the approximately 700 educators who would qualify for a continuing grant, 54 would be employed in a high-poverty school in an urban district, while 81 would be employed by another high-poverty school. In 2020-21, it is estimated that 60 educators would be employed by a high poverty school in an urban district and 82 would be employed by another high poverty school. Given the time required to obtain certification, it is likely that this number could increase further in future years.

## ALTERNATIVES

The following sets of alternatives correspond with options identified in the paper:

### 1. Summer School Programming

a. Approve the Governor's recommendation to provide \$3,600,000 annually for grants for summer school programming, and expand grant eligibility from MPS under current law to all urban school districts. Also approve a technical correction to the definition of an urban district to reference enrollment in 2017-18 rather than 2018-19.

| ALT 1a | Change to   |      |
|--------|-------------|------|
|        | Base        | Bill |
| GPR    | \$7,200,000 | \$0  |

b. Take no action.

| ALT 1b | Change to |               |
|--------|-----------|---------------|
|        | Base      | Bill          |
| GPR    | \$0       | - \$7,200,000 |

### 2. Year-Round Schooling

a. Provide \$3,000,000 beginning in 2020-21 for a pilot program for year-round schooling, as recommended by the Blue Ribbon Commission on School Finance.

| <b>ALT 2a</b> | <b>Change to</b> |             |
|---------------|------------------|-------------|
|               | <b>Base</b>      | <b>Bill</b> |
| GPR           | \$3,000,000      | \$3,000,000 |

- b. Take no action.

### **3. Early Childhood Education**

- a. Approve the Governor's recommendation to provide \$5,000,000 beginning in 2020-21 for early childhood education grants to urban school districts, with a technical correction to the definition of an urban district to reference enrollment in 2017-18 rather than 2018-19.

| <b>ALT 3a</b> | <b>Change to</b> |             |
|---------------|------------------|-------------|
|               | <b>Base</b>      | <b>Bill</b> |
| GPR           | \$5,000,000      | \$0         |

- b. Take no action.

| <b>ALT 3b</b> | <b>Change to</b> |              |
|---------------|------------------|--------------|
|               | <b>Base</b>      | <b>Bill</b>  |
| GPR           | \$0              | -\$5,000,000 |

### **4. Head Start Supplement**

- a. Provide an additional \$1,000,000 beginning in 2020-21 for Head Start supplemental grants, as recommended by the Blue Ribbon Commission on School Funding.

| <b>ALT 4a</b> | <b>Change to</b> |             |
|---------------|------------------|-------------|
|               | <b>Base</b>      | <b>Bill</b> |
| GPR           | \$1,000,000      | \$1,000,000 |

- b. Take no action.

### **5. Four-Year Old Kindergarten Start Date**

- a. Modify current law to specify that a pupil can begin 4K in September if he or she turns four by December 31, and in January if he or she turns four between January 1 and the last day of the school year, as recommended by the Blue Ribbon Commission on School Funding.

- b. Take no action.

**6. Community Engagement Grants**

- a. Approve the Governor's recommendation to provide \$1,000,000 annually beginning in 2019-20 for community engagement grants for urban school districts, with a technical correction to the definition of an urban district to reference enrollment in 2017-18 rather than 2018-19.

| ALT 6a | Change to   |      |
|--------|-------------|------|
|        | Base        | Bill |
| GPR    | \$2,000,000 | \$0  |

- b. Take no action.

| ALT 6b | Change to |              |
|--------|-----------|--------------|
|        | Base      | Bill         |
| GPR    | \$0       | -\$2,000,000 |

**7. Principal Training**

- a. Approve the Governor's recommendation to provide \$250,000 beginning in 2019-20 for training and support for principals employed by urban school districts, with a technical correction to the definition of an urban district to reference enrollment in 2017-18 rather than 2018-19.

| ALT 7a | Change to |      |
|--------|-----------|------|
|        | Base      | Bill |
| GPR    | \$500,000 | \$0  |

- b. Take no action.

| ALT 7b | Change to |            |
|--------|-----------|------------|
|        | Base      | Bill       |
| GPR    | \$0       | -\$500,000 |

**8. Grants for National Teacher Certification or Master Educator Licensure**

- a. Approve the Governor's recommendation to provide \$571,200 in 2019-20 and \$652,900 in 2020-21 for grants for teachers who are nationally board certified or hold a master educator license, and increase the size of the annual grant for educators who are employed in a school that is located in an urban school district or at which at least 60% of pupils qualify for a free or reduced-price lunch.

Also approve a technical correction to the definition of an urban district to reference enrollment in 2017-18 rather than 2018-19.

| <b>ALT 8a</b> | <b>Change to<br/>Base</b> | <b>Bill</b> |
|---------------|---------------------------|-------------|
| GPR           | \$1,224,100               | \$0         |

b. Take no action.

| <b>ALT 8b</b> | <b>Change to<br/>Base</b> | <b>Bill</b>  |
|---------------|---------------------------|--------------|
| GPR           | \$0                       | -\$1,224,100 |

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May, 2019

Joint Committee on Finance

Paper #578

### School Breakfast and School Day Milk Programs (DPI -- Categorical Aids)

[LFB 2019-21 Budget Summary: Page 331, #23 and #24]

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#### **CURRENT LAW**

Under the school breakfast program, the state makes payments equal to up to \$0.15 per meal to provide partial reimbursement for the cost of school breakfasts served under the federal school breakfast program, which provides free or reduced-price breakfast to low-income children in participating school districts and private schools. Annual base funding of \$2,510,500 GPR is provided, which funded approximately \$0.08 per meal.

Under the school day milk program, funding is provided to reimburse a portion of the cost of serving milk to low-income pupils in grades prekindergarten through five. Base level funding is equal to \$617,100 GPR.

#### **GOVERNOR**

Provide \$2,789,500 GPR in 2019-20 and \$2,889,500 GPR in 2020-21 for the school breakfast program to increase the state reimbursement rate to 15 cents per meal served. Allow independent charter schools, the state's Educational Services Program for the Deaf and Hard of Hearing and Center for the Blind and Visually Impaired, and residential care centers to be eligible for reimbursement. Specify that schools that ceased operations during the prior school year are not eligible for reimbursement for any breakfasts served during that year.

Provide \$382,900 GPR annually for reimbursements under the school day milk program.

## **DISCUSSION POINTS**

### **School Breakfast Program**

1. The federal school breakfast program (SBP) provides assistance to states to operate nonprofit breakfast programs in school districts, private schools, and residential childcare institutions. Schools that take part in the breakfast program receive cash reimbursements from the U.S. Department of Agriculture (USDA). In return, schools must serve breakfasts that meet federal nutrition requirements, and they must offer free and reduced-price breakfast to low-income children. Children from families with incomes less than 130% of the federal poverty level are eligible for free breakfast, and those with incomes less than 185% of poverty are eligible for reduced-price breakfast. In 2018-19, for a family of four, 130% of the federal poverty is equal to \$32,630 in annual income, and 185% is equal to \$46,435.

2. In 2018-19, the federal basic reimbursements equal \$0.31 per paid breakfast, \$1.49 per reduced-price breakfast, and \$1.79 per free breakfast. Schools with high concentrations of poverty, where more than 40% of meals are served free or at a reduced price, receive additional payments of \$0.35 for each free and reduced-price meal. Rates are adjusted annually based on the consumer price index. Schools may charge no more than \$0.30 per reduced-price breakfast. Schools set their own prices for full-price breakfast, but they must operate meal services as non-profit programs. The state received reimbursements from USDA totaling \$52.2 million in 2016-17.

3. In 2018-19, a total of \$2,510,500 GPR is provided for the school breakfast program. Under state law, the appropriation can reimburse up to \$0.15 per breakfast served, although payments are prorated if funding is insufficient to fully fund eligible claims. In 2016-17, payments were prorated at \$0.08 per breakfast. In that year, an average of 179,542 children ate school breakfast daily at 1,925 participating public and private schools and institutions. Approximately 86% of school districts in the state participated in the program (361 out of 422 districts).

4. The table below shows funding under the school breakfast program, the total number of breakfasts served at participating public and private schools, and the prorated reimbursement rate in each of the last 10 years.

**School Breakfast Program Funding and Participation  
2008-09 to 2017-18**

|          | <u>Appropriation</u> | <u>Reimbursement<br/>Per Breakfast</u> | <u>Breakfasts<br/>Served</u> |
|----------|----------------------|--|------------------------------|
| 2008-09  | \$2,890,600          | \$0.14                                 | 20,331,997                   |
| 2009-10  | 2,789,400            | 0.13                                   | 22,124,048                   |
| 2010-11  | 2,789,400            | 0.11                                   | 24,348,813                   |
| 2011-12  | 2,510,500            | 0.09                                   | 26,451,375                   |
| 2012-13  | 2,510,500            | 0.09                                   | 28,451,334                   |
| 2013-14  | 2,510,500            | 0.09                                   | 29,209,199                   |
| 2014-15  | 2,510,500            | 0.08                                   | 30,498,801                   |
| 2015-16  | 2,510,500            | 0.08                                   | 31,491,967                   |
| 2016-17  | 2,510,500            | 0.08                                   | 31,502,783                   |
| 2017-18* | 2,510,500            | 0.08                                   | 32,746,517                   |

\*Estimated

5. In its agency budget request, DPI estimated that based on the history of growth in the program, the number of school breakfasts served will increase by 2.4% annually. Based on this projected growth rate, the current appropriation would allow for reimbursements of approximately \$0.073 in 2019-20 and \$0.071 in 2020-21.

6. The bill would provide an increase of \$2,789,500 GPR in 2019-20 and \$2,889,500 GPR in 2020-21 for the school breakfast program. It is estimated that the amount of funding under the bill would be sufficient to fully fund payments of \$0.15 per breakfast in each year of the biennium.

7. The Committee may wish to provide additional funding for school breakfasts, but at a reduced cost compared to the bill. The Committee could provide \$1,513,400 GPR in 2019-20 and \$1,610,000 in 2020-21 to increase the reimbursement rate to \$0.12 per breakfast. [Alternative 1b] The Committee could also consider providing \$842,700 GPR in 2019-20 and \$923,200 GPR in 2020-21 to provide a reimbursement rate of \$0.10 per breakfast. [Alternative 1c]

8. Under current law, only public and private schools are eligible to receive state reimbursements under the school breakfast program. Independent charter schools, the state's residential schools for blind and deaf pupils, and residential care centers overseen by the Department of Children and Families are not eligible for state funding. Under the bill, eligibility would be expanded to include these institutions. DPI estimates that 795,437 breakfasts were served by these institutions in 2016-17, and that reimbursement at \$0.15 per breakfast would have cost approximately \$120,000 in that year. It could be argued that these entities receive state support under other programs, such as the state reimbursement for school lunches, and it would be consistent to include them in the school breakfast program as well.

9. The bill would also specify that schools that ceased operations during the prior school year would not be eligible for reimbursement for any breakfasts served during the year in which the school closes. Under current law, reimbursements are made for breakfasts served in the prior school

year. If a public school closes, DPI indicates that reimbursement would be made in the following year to the school district in which the public school was located. However, if a private school or independent charter school closes, there may not be an authorizing or supervising entity to which payments could be made. Therefore, the bill would specify that if a school closes, no reimbursement would be made for breakfasts served in that school year. This provision would not apply to public schools.

### **School Day Milk Program**

10. Under the school day milk program, schools are reimbursed for a portion of their costs for serving one half-pint of milk each day to pupils in prekindergarten through 5th grade who are eligible for a free or reduced-price lunch. Milk served under the program must be Wisconsin produced, but juice can be substituted for pupils who are unable to drink milk due to an allergy or other medical condition. Pupils cannot be charged for milk claimed under the program.

11. Milk provided under the program must not also be claimed under the federal special milk program, which provides milk to pupils whose family income qualifies them for a free lunch but who do not receive a lunch, such as pupils attending school for half-day four-year-old kindergarten or kindergarten programs or pupils whose school does not participate in federal nutrition programs. In 2016-17, total federal reimbursements under the special milk program were equal to approximately \$1.1 million.

12. Public school districts, private schools, and tribal schools are eligible for reimbursement under the program equal to the full cost of beverages served to eligible pupils under the program in the prior school year. As a result, the factors affecting the cost of claims under the program include both the number of participating pupils as well as the cost of milk. DPI indicates that from 2008-09 to 2016-17, the average price per unit claimed under the program increased from \$0.179 to \$0.213.

13. The table below shows funding under the school day milk program, the total number of participating public school districts and private schools, and the prorated reimbursement rate in each of the last 10 years.

### **School Day Milk Program Funding 2008-09 to 2017-18**

|         | <u>Total<br/>Claims</u> | <u>Appropriation</u> | <u>Proration<br/>Rate</u> | <u>Participating Agencies</u>      |                            |
|---------|-------------------------|----------------------|---------------------------|------------------------------------|----------------------------|
|         |                         |                      |                           | <u>Public School<br/>Districts</u> | <u>Private<br/>Schools</u> |
| 2008-09 | \$1,168,143             | \$685,700            | 58.7%                     | 259                                | 40                         |
| 2009-10 | 1,260,478               | 685,700              | 54.4                      | 258                                | 38                         |
| 2010-11 | 1,455,425               | 617,100              | 42.4                      | 249                                | 39                         |
| 2011-12 | 1,479,856               | 617,100              | 41.7                      | 253                                | 35                         |
| 2012-13 | 1,531,266               | 617,100              | 40.3                      | 245                                | 33                         |
| 2013-14 | 1,582,308               | 617,100              | 39.0                      | 242                                | 29                         |
| 2014-15 | 1,344,444               | 617,100              | 45.9                      | 242                                | 27                         |
| 2015-16 | 1,191,313               | 617,100              | 51.8                      | 245                                | 21                         |
| 2016-17 | 1,066,736               | 617,100              | 57.9                      | 241                                | 17                         |
| 2017-18 | N.A.                    | 617,100              | N.A.                      | N.A.                               | N.A.                       |

14. The bill would provide \$382,900 GPR annually above base level funding of \$617,100 for reimbursements under the program. In its agency budget request, DPI estimated that additional funding equal to the amounts provided in the bill would be sufficient to fully fund eligible claims.

15. As the table above shows, the number of participating public and private schools has decreased over the past decade. It could be the case that fewer school districts and private schools are choosing to participate in the program as the proration rate has decreased. If so, increasing the amount of funding available for the program could result in an increase in program participation.

16. As under the school breakfast program, independent charter schools, the state's residential schools for blind and deaf pupils, and residential care centers overseen by the Department of Children and Families are not eligible for state funding under current law. It could be argued that if the school breakfast program is modified to include these entities, it would be consistent to also modify the school day milk program in a similar manner. [Alternative 2b]

17. The committee may wish to provide additional funding for the program, but at a reduced cost. If so, the Committee could consider providing \$132,900 GPR annually, which would result in a proration rate of 75%. [Alternative 2c]

**ALTERNATIVES**

**1. School Breakfast Program**

Approve one or more of the following recommendations:

a. Provide \$2,789,500 in 2019-20 and \$2,889,500 in 2020-21 for the school breakfast program.

| <b>ALT 1a</b> | <b>Change to</b> |             |
|---------------|------------------|-------------|
|               | <b>Base</b>      | <b>Bill</b> |
| GPR           | \$5,679,000      | \$0         |

b. Provide \$1,513,400 in 2019-20 and \$1,610,000 in 2020-21, which would provide a reimbursement rate of \$0.12 per breakfast.

| <b>ALT 1b</b> | <b>Change to</b> |               |
|---------------|------------------|---------------|
|               | <b>Base</b>      | <b>Bill</b>   |
| GPR           | \$3,123,400      | - \$2,555,600 |

c. Provide \$842,700 in 2019-20 and \$923,200 in 2020-21, which would provide a reimbursement rate of \$0.10 per breakfast.

| <b>ALT 1c</b> | <b>Change to</b> |               |
|---------------|------------------|---------------|
|               | <b>Base</b>      | <b>Bill</b>   |
| GPR           | \$1,765,900      | - \$3,913,100 |

d. Allow independent charter schools, the State's Educational Services Program for the Deaf and Hard of Hearing and Center for the Blind and Visually Impaired, and residential care centers to qualify for reimbursement.

e. Specify that schools that ceased operations during the prior school year are not eligible for reimbursement for any breakfasts served during that year.

f. Take no action.

| <b>ALT 1f</b> | <b>Change to</b> |               |
|---------------|------------------|---------------|
|               | <b>Base</b>      | <b>Bill</b>   |
| GPR           | \$0              | - \$5,679,000 |

**2. School Day Milk Program**

a. Provide \$382,900 annually above base level funding of \$617,100 for reimbursements under the school day milk program.

| <b>ALT 2a</b> | <b>Change to</b> |             |
|---------------|------------------|-------------|
|               | <b>Base</b>      | <b>Bill</b> |
| GPR           | \$765,800        | \$0         |

b. Provide \$382,900 annually and also modify the program to allow independent charter schools, the State's Educational Services Program for the Deaf and Hard of Hearing and Center for the Blind and Visually Impaired, and residential care centers to qualify for reimbursement.

| <b>ALT 2b</b> | <b>Change to</b> |             |
|---------------|------------------|-------------|
|               | <b>Base</b>      | <b>Bill</b> |
| GPR           | \$765,800        | \$0         |

c. Provide \$132,900 annually, which would result in a proration rate of approximately 75% and also modify program eligibility as under Alternative 2b.

| <b>ALT 2c</b> | <b>Change to</b> |             |
|---------------|------------------|-------------|
|               | <b>Base</b>      | <b>Bill</b> |
| GPR           | \$265,800        | - \$500,000 |

d. Take no action.

| <b>ALT 2d</b> | <b>Change to</b> |             |
|---------------|------------------|-------------|
|               | <b>Base</b>      | <b>Bill</b> |
| GPR           | \$0              | - \$765,800 |

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May, 2019

Joint Committee on Finance

Paper #579

### **Delete School Performance Improvement Grants (DPI -- Categorical Aids)**

[LFB 2019-21 Budget Summary: Page 331, #25]

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#### **CURRENT LAW**

Under the school performance improvement grants program, grants are awarded to any school, including a public school, independent charter school, or private choice school, located in a school district that received an overall rating of "fails to meet expectations," in addition to schools located in the boundaries of Milwaukee Public Schools. In order to qualify for a grant, a school must meet the following criteria: (a) develops a written school improvement plan to improve pupil performance in math and reading; and (b) if the school received funds under this program in the previous year, the school's overall accountability score improved from its score two years prior to the previous year. Grant amounts are determined by dividing the total amount of available funding by the number of pupils enrolled in schools eligible for a grant in each year.

#### **GOVERNOR**

Delete \$3,690,600 GPR in 2020-21 and repeal the school performance improvement grants program that was created in 2017 Act 59, effective July 1, 2020. In addition, for grants distributed in 2019-20, modify the pupil count that would be used in calculating the grant for each school district from the pupil count used in calculating per pupil aid to instead be the number of pupils enrolled in the district.

#### **DISCUSSION POINTS**

1. The school performance improvement grant program was created under 2017 Act 59, which provided \$3,690,600 GPR beginning in 2018-19 for the program. Under the act, grants could be awarded to any school, including a public school, independent charter school, or private choice

school, located in Milwaukee Public Schools (MPS) or any school district that received an overall rating of "Fails to Meet Expectations" in the previous school year. To be eligible for a grant, a school must develop a written school improvement plan to improve pupil performance in math and reading, and if the school received funds under the program in the previous year, the school's overall accountability score must have improved from its score two years prior to the previous year.

2. Each school that is eligible for funding under the program receives a per pupil payment calculated by dividing the total amount of funding by the number of pupils enrolled in each school eligible to receive an award. For private choice schools, only pupils attending the private school under a private school choice program may be counted for the purpose of calculating and distributing funding under the program. School boards must distribute performance funds to the administrator of the school that earned the award.

3. School district ratings are based on accountability reports that provide data on multiple indicators in four areas: (a) pupil achievement, which includes performance on the statewide reading and mathematics assessments compared to state and national standards; (b) pupil growth, or improvement over time on the statewide reading and mathematics assessments; (c) the progress of pupil subgroups in closing gaps in reading and mathematics performance and graduation rates; and (d) performance on indicators of college or career readiness. The indicators are used to determine the school or school district's overall accountability score, which places the school or district into one of five performance categories.

4. The following table shows the number of school districts in each accountability rating category based on the report cards published for the 2017-18 school year. No school districts were placed in the category of "fails to meet expectations", so MPS is the only school district in which schools will be eligible for performance grants in 2018-19.

**Number of Districts in Accountability Performance Categories, 2017-18**

| <u>Accountability Rating Category</u> | <u>Districts</u> |
|---------------------------------------|------------------|
| Significantly Exceeds Expectations    | 49               |
| Exceeds Expectations                  | 206              |
| Meets Expectations                    | 152              |
| Meets Few Expectations                | 14               |
| Fails to Meet Expectations            | 0                |
| Alternate Accountability              | 1                |

5. The number of schools that will receive funding and the per pupil payment amount in the 2018-19 school year is not yet known. DPI indicates that the application deadline under the program was in late April. Eligibility and per pupil funding amounts will be determined in May or early June.

6. The Department of Administration indicates that the program would be eliminated under the bill so that the funding can be redirected to other priorities, particularly closing achievement gaps.

The bill provides \$9,850,000 GPR in 2020-21 (a total of \$14,700,000 GPR over the biennium) for programs for urban school districts to address achievement gaps. On the other hand, the amount of funding for performance improvement grants is small relative to the overall increase in funding under the bill. Over the biennium, the bill provides an increase of \$1.4 billion in GPR school aids compared to the base year doubled. It could be argued that the cost savings from eliminating this program would not be significant in the context of the overall DPI budget.

7. Some would argue that schools located in districts rated "fails to meet expectations" have the need for additional resources if they are to make meaningful improvements in areas such as professional development, instructional materials, school climate, student services, or to address other needs which could improve performance. In addition, the school performance improvement grant program first applied in 2018-19, and it may be desirable to review its effects over a longer period of time, before considering its repeal. Therefore, the Committee may wish to maintain the existing grant program as a source of additional funds for schools in low-performing districts.

8. The Governor would also modify the pupil count used in calculating the grant for schools from the pupil count used in calculating per pupil aid (a district's current three-year rolling pupil count under revenue limits) to instead be the number of pupils enrolled in the district in the current year. This modification was also included in DPI's agency request. The per pupil aid count is intended to provide a district-level count with a smoothing effect if the district experiences enrollment increases or decreases, and is based on prior year counts. If the goal of the program is to provide school buildings with additional aid based on the number of pupils being educated in that building in the current school year, enrollment would be a more accurate number to use, and would be more consistent with the count used for independent charter schools and private choice schools.

**ALTERNATIVES**

**1. Repeal School Performance Improvement Grants**

a. Approve the Governor's recommendation to delete \$3,690,600 in 2020-21 and repeal the school performance improvement grants program.

| ALT 1a | Change to     |      |
|--------|---------------|------|
|        | Base          | Bill |
| GPR    | - \$3,690,600 | \$0  |

b. Take no action.

| ALT 1b | Change to |             |
|--------|-----------|-------------|
|        | Base      | Bill        |
| GPR    | \$0       | \$3,690,600 |

**2. Pupil Count Used for Aid Calculation**

- a. Approve the Governor's recommendation to modify the pupil count that would be used in calculating the grant for each school district from the pupil count used in calculating per pupil aid to instead be the number of pupils enrolled in the district.
- b. Take no action.

Prepared by: Christa Pugh



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May, 2019

Joint Committee on Finance

Paper #580

### High Cost Transportation Aid (DPI -- Categorical Aids)

[LFB 2019-21 Budget Summary: Page 332, #26]

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#### CURRENT LAW

Under current law, districts qualify for aid if they meet the following eligibility requirements: (a) a transportation cost per member greater than 145% of the state average in the prior year; and (b) a pupil population density of 50 pupils per square mile or less, calculated by dividing the school district's membership in the previous school year by the district's area in square miles. Any district that qualified for aid in the preceding school year but is ineligible for aid in the current school year is eligible to receive an amount equal to 50% of its prior year award, with the sum of all payments under this provision not to exceed \$200,000 in any fiscal year.

#### GOVERNOR

Provide \$2,300,000 GPR above base level funding of \$12,700,000 for high cost transportation aid beginning in 2020-21.

Additionally, eliminate the \$200,000 cap for payments for school districts that qualified for aid in the previous year, but did not qualify in the current year, beginning with aid paid in 2019-20, and clarify that DPI can prorate payments if funding is insufficient to fully fund eligible expenses.

#### DISCUSSION POINTS

1. The high cost transportation aid program was created under 2013 Act 20 to provide additional transportation aid to school districts with higher per pupil transportation costs compared to the statewide average. Funding was first distributed under the program in the 2013-14 school year.

2. A district is eligible for high cost transportation aid if its per pupil transportation cost exceeds 145% of the statewide average per pupil transportation cost, based on audited cost and membership information from the previous school year. Transportation costs include only expenditures from the school district's general fund (Fund 10). The statewide average per pupil transportation cost is determined by dividing the total transportation costs for all school districts by the total membership for all districts. This figure is multiplied by 1.45 to determine the threshold for receiving aid, or 145% of the statewide average per pupil transportation cost. The result is then compared to each district's per pupil transportation cost, calculated by dividing the individual district's total transportation cost by its total membership, to determine if the district's per pupil cost exceeds 145% of the statewide average.

3. An additional criterion for funding was added under 2015 Act 55 to address concerns that high cost transportation aid should be targeted to rural districts, which often transport pupils over greater distances and experience significant financial pressures in part as a result of the large portion of their budgets spent on pupil transportation. Under Act 55, only those districts with a pupil population density of 50 or fewer pupils per square miles are eligible to receive aid.

4. Each qualifying district is eligible to be reimbursed for the difference between its per pupil transportation cost and 145% of the statewide average cost per pupil for each pupil in the district. Therefore, the amount of aid for which each district is eligible is determined by subtracting 145% of the statewide average transportation cost per pupil from the district's transportation cost per pupil and multiplying this amount by the district's total membership. If eligible costs exceed the amount appropriated for the aid, aid is prorated. Any costs that are not reimbursed through the high-cost transportation aid program are eligible for aid under the state's equalization aid formula.

5. Under 2017 Act 59, a provision was added under which a district that qualified for aid in one year but is ineligible for aid in the following school year is eligible to receive an amount equal to 50% of its prior year award. The sum of all payments under this provision cannot exceed \$200,000 in any fiscal year. As a result, districts receiving aid under this provision are subject to a different proration rate than districts eligible for aid under the program.

6. In 2017-18, aid was distributed to 126 school districts based on transportation costs in the 2016-17 school year. In that year, the statewide average transportation cost per pupil was approximately \$413, and therefore the threshold above which districts qualified for high cost aid equaled approximately \$599 per pupil. Statewide costs eligible for reimbursement totaled \$14.7 million. Because these costs exceeded the appropriation for high cost transportation aid, aid was prorated at 84.9%. Thirteen districts had been eligible in the previous year but did not meet the eligibility requirements in the current year, and received payments equal to 51.3% of the maximum amount for which they were eligible (50% of their prior year payment). The following table shows the number of districts that qualified for aid, the total amount of funding appropriated, and the proration rate in each of the three years in which high cost transportation aid has been distributed.

## High Cost Transportation Aid, 2013-14 to 2017-18

|         | <u>Districts</u> | <u>Appropriation</u> | <u>Proration</u> | <u>Prior Year Eligibility Payments</u> |                  |
|---------|------------------|----------------------|------------------|--|------------------|
|         |                  |                      |                  | <u>Districts</u>                       | <u>Proration</u> |
| 2013-14 | 128              | \$5,000,000          | 33.7%            | N.A.                                   | N.A.             |
| 2014-15 | 135              | 5,000,000            | 32.1             | N.A.                                   | N.A.             |
| 2015-16 | 128              | 7,500,000            | 60.4             | N.A.                                   | N.A.             |
| 2016-17 | 123              | 7,500,000            | 51.6             | N.A.                                   | N.A.             |
| 2017-18 | 126              | 12,700,000           | 84.9             | 13                                     | 51.3%            |

7. In its agency budget request, DPI estimated that total transportation costs eligible for reimbursement under the program will be approximately \$14.6 million in each year of the 2019-21 biennium. Therefore, without additional funding, the current annual funding level of \$12.7 million would reimburse approximately 85.6% of eligible costs in each of the next two years, excluding the \$200,000 set aside under current law for payments for districts that lose their eligibility. DPI estimated that \$2.3 million of additional funding would allow the program to fully reimburse eligible transportation costs, as well as provide \$400,000 for payments for districts that lose eligibility (based on eligibility of \$389,607 in 2017-18).

8. Under the bill, the \$200,000 cap for payments for school districts that qualified for aid in the previous year, but did not qualify in the current year, would be eliminated beginning with aid paid in 2019-20. As a result, districts qualifying for aid under this provision would be included in the overall calculation of the proration rate under the program, and the same proration rate would apply to all districts. Based on projected eligible costs in the 2019-21 biennium, the overall proration rate would be an estimated 84.7% in 2019-20 under this provision.

9. It could be argued that under the proposal to fully fund 100% of high transportation costs, school districts would not have an incentive to control transportation costs once those costs exceeded 145% of the statewide average per pupil amount. Therefore, fully reimbursing districts for transportation costs above the aid threshold could result in districts that anticipate exceeding the threshold increasing their transportation expenses more than they otherwise would if they were responsible for a portion of the costs. The Committee may wish to consider reimbursing costs at a lower rate, which would require districts to pay a portion of their costs and could have the effect of constraining spending. For example, the Committee could provide funding equal to 90% of the projected costs of the program, which would represent an increase of \$800,000 GPR compared to the base, or a reduction of \$1,500,000 GPR annually compared to the bill [Alternative 2].

### ALTERNATIVES

1. Provide \$2,300,000 above base level funding of \$12,700,000 for high cost transportation aid beginning in 2020-21. Additionally, eliminate the \$200,000 cap for payments for school districts that qualified for aid in the previous year, but did not qualify in the current year, beginning with aid paid in 2019-20, and clarify that DPI can prorate payments if funding is insufficient to fully fund eligible expenses.

| <b>ALT 1</b> | <b>Change to</b> |             |
|--------------|------------------|-------------|
|              | <b>Base</b>      | <b>Bill</b> |
| GPR          | \$2,300,000      | \$0         |

2. Adopt the provisions of Alternative 1, except provide \$800,000 in 2020-21 above base level funding, which would reimburse an estimated 90% of eligible costs.

| <b>ALT 2</b> | <b>Change to</b> |              |
|--------------|------------------|--------------|
|              | <b>Base</b>      | <b>Bill</b>  |
| GPR          | \$800,000        | -\$1,500,000 |

3. Take no action.

| <b>ALT 3</b> | <b>Change to</b> |              |
|--------------|------------------|--------------|
|              | <b>Base</b>      | <b>Bill</b>  |
| GPR          | \$0              | -\$2,300,000 |

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May, 2019

Joint Committee on Finance

Paper #581

### Gifted and Talented Grants (DPI -- Categorical Aids)

[LFB 2019-21 Budget Summary: Page 334, #32]

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#### CURRENT LAW

School districts are required to provide access to appropriate programs for gifted and talented pupils. Funding for such programming is provided in the form of competitive grants totaling \$237,200 GPR annually, which are awarded to provide gifted and talented pupils with any services and activities not ordinarily provided in a regular school program to allow such pupils to fully develop their capabilities. Under the program, grants may be awarded to nonprofit organizations, cooperative educational service agencies, institutions within the UW System, and school districts.

#### GOVERNOR

Provide an increase of \$762,800 GPR annually to support gifted and talented education. As a result of the increase, total funding for the grants would equal \$1 million GPR annually.

Additionally, modify the statutory language describing activities eligible for funding under the program to specify that DPI may award grants only for the following purposes: (a) providing to underrepresented gifted and talented pupils those services and activities not ordinarily provided in a regular school program that allow such pupils to fully develop their capabilities, including services and activities provided inside or outside of a pupil's regular classroom; and (b) providing teachers with professional development and training related to identifying and educating gifted and talented pupils. Define an underrepresented gifted and talented pupil as a gifted and talented pupil who is any of the following: (a) a minority group pupil; (b) an economically disadvantaged pupil (eligible for free or reduced-price lunch or other measures of poverty as determined by DPI); (c) a child with a disability; or (d) a limited-English proficiency pupil.

## DISCUSSION POINTS

1. Since 1985, state law has required every school board to ensure that gifted and talented pupils have access to special programming. Gifted and talented pupils are defined as pupils enrolled in public schools who give evidence of high performance capability in intellectual, creative, artistic, leadership, or specific academic areas and who need services or activities not ordinarily provided in a regular school program in order to fully develop such capabilities. Providing access to appropriate programs for gifted and talented pupils is also included as one of the 20 standards for school districts.

2. Administrative code requires school districts to establish a plan and designate a person to coordinate the gifted and talented program. Districts must identify pupils as gifted and talented based on multiple measures, including but not limited to standardized test data, nominations, rating scales or inventories, products, portfolios, and demonstrated performance. The identification process and tools must be responsive to pupils' economic status, disability status, native language, race, and other factors.

3. The gifted and talented grant program was created under 2005 Act 25. Under the program as originally created, grants could be awarded to cooperative educational service agencies (CESAs) and Milwaukee Public Schools (MPS) for advanced curricula and assessments for gifted and talented middle school pupils. Under 2007 Act 20, the program was modified to include nonprofit organizations and to include pupils from all grades, rather than only middle school pupils. The program was further modified under 2011 Act 32 to include UW System institutions as an eligible grant recipient, and to specify that funds could be used to provide services and activities not ordinarily provided in a regular school program that allows such pupils to fully develop their capabilities. Under 2017 Act 59, the specific reference to MPS was deleted, and instead any school district can qualify for funds under the program.

4. In 2018-19, grant requests were received totaling \$286,445. Grants were awarded to 10 recipients, including five CESAs, four school districts, and one non-profit organization. Grants ranged from \$10,000 to \$30,000. (DPI indicates that the Department has capped the maximum grant amount at \$30,000 due to the limited funding available under the program.) The table below shows funding for the grants over each of the last five years, as well as the amount of requested funding and the number of grant recipients.

### Gifted and Talented Grants, 2014-15 to 2018-19

|         | <u>Appropriated</u> | <u>Requested</u> | <u>Recipients</u> |
|---------|---------------------|------------------|-------------------|
| 2014-15 | \$237,200           | \$281,383        | 10                |
| 2015-16 | 237,200             | 317,519          | 11                |
| 2016-17 | 237,200             | 346,123          | 10                |
| 2017-18 | 237,200             | 343,334          | 9                 |
| 2018-19 | 237,200             | 286,445          | 10                |

5. Based on the amount of funding requested in each of the last five years, as shown in the table above, it could be argued that the amount of funding provided in the Governor's proposal would

significantly exceed the demand for funding by eligible applicants in recent years. On the other hand, it could be the case that fewer eligible entities apply for funding due to the lack of available funds and the relatively small cap on individual awards, and the number of applicants could increase in future years if more funding is provided.

6. Other states fund gifted and talented education in a variety of ways. According to data from Ed Build, 32 states provide funding for gifted pupils. In Minnesota, the state provides each school district with a flat amount of \$13 per pupil for gifted and talented education. Iowa designates a portion of the cost of the state's base state aid payment per pupil for gifted programming, equal to approximately \$62 per pupil in 2017-18, which is intended to cover 75% of the cost of educating gifted pupils. North Dakota reimburses school districts for a portion of their costs of providing gifted and talented programming, with state aid budgeted at \$0.4 million in 2018-19. Other states also distribute funding through grant programs, such as Nebraska, which provided \$2.3 million for gifted and talented grants through lottery revenue in 2017-18.

7. The Blue Ribbon Commission on School Funding recommended an increase in gifted and talented funding in January, 2019. The bipartisan Commission, which consisted of sixteen members, including legislators, school administrators, and other stakeholders, held public hearings and informational hearings throughout the state in 2018. In its final report, the Commission recommended increasing funding for gifted and talented grants by \$500,000, \$1,000,000, or \$2,500,000 GPR annually. The Committee may wish to consider modifying the amount in the bill to match one of these funding amounts. [Alternative 1b, 1c, and 1d]

8. The bill would also modify the statutorily-allowed uses of the grants to emphasize funding programs for underrepresented pupils. The bill would define an underrepresented gifted and talented pupil as a gifted and talented pupil who is any of the following: (a) a minority group pupil; (b) an economically disadvantaged pupil (eligible for free or reduced-price lunch or other measures of poverty as determined by DPI); (c) a child with a disability; or (d) a limited-English proficiency pupil.

9. Some have expressed concern that underrepresented pupils may not have equal access to gifted programs. Research cited by a 2015 National Bureau of Economic Research working paper suggests that minority group pupils, low-income pupils, and English learners are all less likely to be referred to gifted programs, and therefore are underrepresented in those programs compared to their share of the overall population. As a result, such pupils may not have access to coursework and other educational opportunities that are sufficiently challenging.

10. In its agency budget request, DPI indicated that of the approximately 860,000 pupils enrolled in Wisconsin public schools in 2017-18, 103,000 may meet the statutory definition of gifted and talented in intellectual, creative, artistic, leadership, or specific academic areas. It could be argued that because the amount of funding available is relatively small compared to the number of gifted pupils in the state, it may be beneficial to target the funding to areas of particular need. The bill would take this approach by funding programs that target pupils who may otherwise not have access to gifted programs.

11. On the other hand, some would say that because the grants are awarded through a

competitive process, all eligible entities should be able to compete for funds regardless of the population they target. Programs that compete favorably should receive funding, whether they target underrepresented pupils or not. The Committee may wish to consider maintaining the current-law grant requirements. [Alternative 2b]

12. In addition to restricting the use of grants for programs related to underrepresented pupils, the bill would also modify the program to allow funding to be used for professional development related to identifying and educating gifted pupils. In its agency budget request, DPI indicated that adding professional development as an allowable use of grant funds would result in more effective gifted programming. It could be argued that providing training to educators in effective activities and programs for gifted and talented pupils may allow gifted programming to reach a greater number of pupils over a longer period of time, because each trained staff member will educate many pupils over the course of his or her career.

## ALTERNATIVES

### 1. Funding

a. Approve the Governor's recommendation to provide \$762,800 annually above base level funding of \$237,200 for grants to support gifted and talented education.

| ALT 1a | Change to   |      |
|--------|-------------|------|
|        | Base        | Bill |
| GPR    | \$1,525,600 | \$0  |

b. Provide an increase of \$500,000 annually over base level funding, as recommended by the Blue Ribbon Commission in its 2019 final report.

| ALT 1b | Change to   |            |
|--------|-------------|------------|
|        | Base        | Bill       |
| GPR    | \$1,000,000 | -\$525,600 |

c. Provide an increase of \$1,000,000 annually over base level funding, as recommended by the Blue Ribbon Commission in its 2019 final report.

| ALT 1c | Change to   |           |
|--------|-------------|-----------|
|        | Base        | Bill      |
| GPR    | \$2,000,000 | \$474,400 |

d. Provide an increase of \$2,500,000 annually over base level funding, as recommended

by the Blue Ribbon Commission in its 2019 final report.

| <b>ALT 1d</b> | <b>Change to</b> |             |
|---------------|------------------|-------------|
|               | <b>Base</b>      | <b>Bill</b> |
| GPR           | \$5,000,000      | \$3,474,400 |

- e. Take no action.

| <b>ALT 1e</b> | <b>Change to</b> |              |
|---------------|------------------|--------------|
|               | <b>Base</b>      | <b>Bill</b>  |
| GPR           | \$0              | -\$1,525,600 |

## **2. Eligible Grant Activities**

a. Approve the Governor's recommendation to modify the statutory language describing activities eligible for funding under the program to specify that DPI may award grants only for the following purposes: (a) providing to underrepresented gifted and talented pupils those services and activities not ordinarily provided in a regular school program that allow such pupils to fully develop their capabilities, including services and activities provided inside or outside of a pupil's regular classroom; and (b) providing teachers with professional development and training related to identifying and educating gifted and talented pupils. Define an underrepresented gifted and talented pupil as a gifted and talented pupil who is any of the following: (a) a minority group pupil; (b) an economically disadvantaged pupil (eligible for free or reduced-price lunch or other measures of poverty as determined by DPI); (c) a child with a disability; or (d) a limited-English proficiency pupil.

- b. Take no action.

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May, 2019

Joint Committee on Finance

Paper #582

### Minority Teacher Grant Program (DPI -- Categorical Aids)

[LFB 2019-21 Budget Summary: Page 335, #34]

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#### CURRENT LAW

No provision.

#### GOVERNOR

Provide \$500,000 GPR annually to create a minority teacher grant program. Require DPI to award grants on a competitive basis to school districts to recruit minorities to teach in the school district beginning in the 2019-20 school year. Define a minority as an individual who is any of the following: (a) Black American; (b) American Indian; (c) Hispanic; or (d) a person admitted to the United States after December 31, 1975, who is either a former citizen of Laos, Vietnam, or Cambodia or whose ancestor was or is a citizen of Laos, Vietnam, or Cambodia.

Require DPI to award 50% of the total appropriation to Milwaukee Public Schools, and the remaining 50% to other school districts in the state. Additionally, require DPI to give preference in awarding funding under the remaining 50% to school districts that have a high percentage of pupils who are minorities, as defined by DPI by rule.

#### DISCUSSION POINTS

1. Under the proposal, grants would be awarded through a competitive process to school districts to recruit minority teachers. A minority would be defined as an individual who is any of the following: (a) Black American; (b) American Indian; (c) Hispanic; or (d) someone who is Laotian, Vietnamese, or Cambodian, and was admitted to the United States after December 31, 1975.

2. Minority pupils may benefit from being taught by an educator of the same race. A study

published by the Institute of Labor Economics in March, 2017, cites research demonstrating that elementary school pupils score higher on standardized tests when randomly assigned to a teacher of their race, and also show improvement in their attendance rates and suspension rates. The study found that African-American pupils who are assigned to an African-American teacher at least once in 3<sup>rd</sup>, 4<sup>th</sup>, or 5<sup>th</sup> grade are less likely to drop out of high school and more likely to report an interest in pursuing a college degree, with the largest effect found in low-income African-American boys.

3. A number of possible reasons have been cited for these effects. Pupils may identify more strongly with a teacher of the same race, and therefore may be more likely to view that teacher as a role model. Minority teachers may also be better able to relate to or understand their minority pupils than a white teacher, particularly if those teachers come from similar backgrounds and communities as their pupils. The effect of unintended and unconscious racial biases could also be a factor, such as if white teachers hold stereotypes about their pupils' academic abilities or behavior that influence their actions in the classroom.

4. Staffing data indicates that the percentage of Wisconsin public school teachers who are minorities is significantly lower than the percentage of pupils who are minorities. The table below shows the percentage of teachers from each race or ethnic group, based on data available from DPI staff reports, compared with the percentage of pupils from each group in 2017-18, both statewide and in Milwaukee Public Schools (MPS).

**Percentage of Wisconsin Teachers and Pupils by Race, 2017-18**

|                  | Statewide |        | MPS      |        |
|------------------|-----------|--------|----------|--------|
|                  | Teachers  | Pupils | Teachers | Pupils |
| White            | 94.9%     | 69.9%  | 71.2%    | 11.1%  |
| Hispanic         | 1.9       | 12.0   | 8.7      | 26.5   |
| African-American | 1.8       | 9.1    | 16.5     | 52.1   |
| Asian            | 0.8       | 4.0    | 2.5      | 7.1    |
| Two or More Race | 0.3       | 3.8    | 0.7      | 2.6    |
| American Indian  | 0.3       | 1.1    | 0.0      | 0.6    |
| Pacific Islander | 0.0       | 0.1    | 0.0      | 0.1    |

5. Under the bill, DPI would be required to award 50% of the total appropriation to MPS, and the remaining 50% to other school districts in the state. At DPI's agency briefing, the State Superintendent indicated that MPS and other urban districts are targeted by a number of proposals in the budget bill because of their concentration of minorities and low-income pupils, and because of the persistent achievement gaps in those districts. In 2017-18, MPS educated 50.0% of the African-American pupils enrolled in public schools in Wisconsin, and 25.9% of the state's total minority pupil population. Therefore, it could be argued that specifying that 50% of the minority teacher grant program funds would be distributed to MPS represents a use of funds that is proportionate to the distribution of minorities in the state.

6. The Budget in Brief document indicates that the Governor's intent is for the grant program to replace the minority teacher loan program under the Higher Education Aids Board

(HEAB), which would be deleted under a separate provision of the bill. A separate issue paper under HEAB will address that proposal.

## ALTERNATIVES

1. Approve the Governor's recommendation to provide \$500,000 annually to create a minority teacher grant program to award grants to school districts to recruit minorities to teach in the school district.

| <b>ALT 1</b> | <b>Change to</b> |             |
|--------------|------------------|-------------|
|              | <b>Base</b>      | <b>Bill</b> |
| GPR          | \$1,000,000      | \$0         |

2. Take no action.

| <b>ALT 2</b> | <b>Change to</b> |              |
|--------------|------------------|--------------|
|              | <b>Base</b>      | <b>Bill</b>  |
| GPR          | \$0              | -\$1,000,000 |

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May, 2019

Joint Committee on Finance

Paper #583

### Water Filtration Grants (DPI -- Categorical Aid)

[LFB 2019-21 Budget Summary: Page 336, #36]

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#### CURRENT LAW

No provision.

#### GOVERNOR

Provide \$250,000 GPR annually for water filtration grants. Require DPI to award grants beginning in 2019-20 to school districts to purchase water bottle filling equipment that includes a water filtration component.

#### DISCUSSION POINTS

1. According to a Wisconsin Department of Health Services (DHS) report titled "2016 Report on Childhood Lead Poisoning in Wisconsin," approximately 5% of the 86,771 children tested for lead in the state in 2016 had a level of lead in their blood that was above the recommended level. Children from low-income families, particularly those residing in Milwaukee or Racine, are more likely to experience lead poisoning because they are more likely to live in older houses with lead-based paint or pipes. In Milwaukee, 10.8% of tested children met the criteria for lead poisoning in 2016, while in Racine 6.2% of children met the criteria in that year. DHS indicates that any amount of lead exposure can cause brain damage and result in life-long effects on learning, behavior, and health.

2. Some have expressed concern over children's exposure to lead through water pipes in their schools. The DHS report indicates that lead pipes and solder were commonly used in pipes prior to 1986. As a result, pipes located in older school buildings could be a source of lead exposure.

3. The bill would provide \$250,000 for water filtration grants, and require DPI to award

grants to school districts to purchase water bottle filtration equipment. According to the Executive Budget Book, the purpose of the program is to "assist districts to install water bottle filling stations with filters that reduce harmful toxins, such as lead and nitrates," in pupil drinking water.

4. DPI indicates that in 2018-19, there are 2,216 public school buildings located in the state, and approximately 860,000 pupils enrolled in public schools. Based on these figures, the amount in the grant would be sufficient to provide grants of approximately \$113 per school building, or \$0.30 per pupil per year. It could be argued that given the severity of the issue and the long-term consequences of lead exposure, more funding should be provided for water filtration. For example, the Committee could consider increasing the funding to \$2.5 million GPR annually beginning in 2020-21, which would provide funding of approximately \$1,100 for each school building in each year, or about \$3 per pupil. [Alternative 2]

5. On the other hand, it could be the case that the funding in the bill would be sufficient to begin the installation of water filters in a small number of school buildings, and the program could be expanded statewide in future years. It is also the case that many school buildings in the state are not at risk of exposing pupils to lead, especially those buildings that were constructed in the last thirty years.

## ALTERNATIVES

1. Approve the Governor's recommendation to provide \$250,000 annually for water filtration grants

| ALT 1 | Change to |      |
|-------|-----------|------|
|       | Base      | Bill |
| GPR   | \$500,000 | \$0  |

2. Provide \$2,500,000 for water filtration grants beginning in 2020-21.

| ALT 2 | Change to   |             |
|-------|-------------|-------------|
|       | Base        | Bill        |
| GPR   | \$2,500,000 | \$2,000,000 |

3. Take no action.

| ALT 3 | Change to |             |
|-------|-----------|-------------|
|       | Base      | Bill        |
| GPR   | \$0       | - \$500,000 |

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# **PUBLIC INSTRUCTION**

## **Categorical Aids**

### **LFB Summary Items for Which No Issue Paper Has Been Prepared**

| <u>Item #</u> | <u>Title</u>                                   |
|---------------|--|
| 5             | Special Education Transition Incentives Grants |
| 27            | Pupil Transportation Aid                       |
| 30            | Driver Education Program Fees                  |
| 31            | Delete Information Technology Education Grant  |
| 35            | Robotics League Participation Grants           |
| 37            | Tribal Language Revitalization Grants          |
| 38            | School Library Aids Reestimate                 |

### **LFB Summary Items Addressed in a Separate Paper**

| <u>Item #</u> | <u>Title</u>   |
|---------------|--|
| 16            | Per Pupil Aid (Paper #550)   |
| 28            | Transportation Aid for the Early College Credit Program (Paper #593) |

### **LFB Summary Items Removed From Budget Consideration**

| <u>Item #</u> | <u>Title</u>  |
|---------------|---|
| 21            | Career and Technical Education Grants                     |
| 22            | Technical Education Equipment Grant Program               |
| 29            | Driver Education Aid                                      |
| 33            | Grants for Teacher Development, Training, and Recruitment |