



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #513

Four-Year-Old Kindergarten Grants (DPI -- Categorical Aids)

[LFB 2021-23 Budget Summary: Page 474, #23]

CURRENT LAW

The four-year-old kindergarten (K4) grant program provides two-year grants to school districts that implement a new K4 program. Annual base level funding of \$1,350,000 GPR is appropriated for these grants. Each eligible district receives up to \$3,000 for each K4 pupil enrolled in the district in the first year of the grant and up to \$1,500 for each K4 pupil enrolled in the second year of the grant. If the appropriation amount is insufficient to fully fund the maximum payments, DPI is required to prorate the payment amounts. In awarding the grants, DPI is required to give preference to districts that use community approaches to early education. Under DPI rules, districts continuing in the grant program in their second year have priority for funding over districts new to the grant program in their first year.

Funding for K4 programs is provided to districts by allowing them to include K4 pupils in their enrollment counts for revenue limits and general school aids. Separate appropriations do not exist to solely fund ongoing K4 programs. Under current law, a pupil enrolled in a K4 program is counted as 0.5 member if the pupil attends for at least 437 hours. If the program provides at least 87.5 additional hours of outreach activities, the pupil is counted as 0.6 member.

DISCUSSION POINTS

1. The K4 grant appropriation was created in the 2007-09 biennial budget. The intent of the program is to provide categorical aid to school districts to cover a portion of revenue limit authority for K4 pupils that is not realized by the district in the first two years of a new K4 program under the three-year rolling average of enrollment used to calculate revenue limits.

2. In the 2006-07 school year, 168 of the 414 districts in the state that offered elementary

grades during that year did not have a K4 program. In the 2020-21 school year, five of the 410 districts that now offer elementary grades did not have a K4 program. Elmbrook, Germantown, Gibraltar, New Berlin, and Paris J1 are the five districts that did not.

3. Until 2018-19, the amounts appropriated annually for K4 grants were fully expended. With fewer districts starting K4 programs recently, funding began to lapse from the appropriation starting in that year. The amounts lapsed were \$613,500 in 2018-19, \$732,000 in 2019-20, and an estimated \$1,074,000 in 2020-21.

4. In its agency budget request, DPI requested that the K4 grant appropriation be deleted beginning in 2021-22, based on information available at the time that no new K4 programs would be starting in the 2021-22 school year.

5. The bill would maintain the K4 grant appropriation and delete \$50,000 in 2021-22 and \$700,000 in 2022-23 in funding. The administration estimated that the funding in the bill would fully fund eligible payments in the biennium for the Elmbrook School District, which is starting a K4 program in the 2021-22 school year.

6. Based on information from DPI and the minutes of the school board, the Germantown School District is planning for a K4 program beginning in the 2022-23 school year. In that event, under the bill and DPI rules, the second-year grant to Elmbrook would have priority over the first-year grant to Germantown for the proposed \$650,000 in funding in 2022-23.

7. To accommodate districts that may be in the planning stages for the 2022-23 school year, the Committee could choose to maintain base level funding in the appropriation in the 2021-23 biennium. Under this alternative, any unused funding would continue to lapse from the appropriation.

8. The Committee could also choose to approve statutory language to sunset the program after either the 2022-23 or the 2023-24 school years, depending on the level of funding being provided and the desired timeline to end the program.

ALTERNATIVES

A. Appropriation Funding

1. Delete \$50,000 in 2021-22 and \$700,000 in 2022-23 from the K4 grant appropriation.

ALT A1	Change to Base
GPR	- \$750,000

2. Take no action, which would leave annual base level funding of \$1,350,000 available to fund these grants.

B. Appropriation Sunset

1. Specify that no funding could be encumbered from the K4 grants appropriation after June 30, 2023.
2. Specify that no funding could be encumbered from the K4 grants appropriation after June 30, 2024.
3. Take no action.

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