

Public Instruction

Categorical Aids

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LFB Summary Items for Which Issue Papers Have Been Prepared

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5	Per Pupil Aid (included in Paper #496)
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LFB Summary Items Removed From Budget Consideration

<u>Item #</u>	<u>Title</u>
20	Driver Education Aid



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May, 2021

Joint Committee on Finance

Paper #505

Special Education Aids (DPI -- Categorical Aids)

[LFB 2021-23 Budget Summary: Page 464, #1, 2, & 3]

CURRENT LAW

Under current law, two 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 of educating and transporting pupils enrolled in special education. Base level funding is equal to \$450,276,200 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 2020-21, \$9,353,800 GPR is appropriated for high cost special education.

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 2020-21), school districts or independent charter schools are eligible for up to \$1,000 for each pupil who has an individualized education program (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 2020-21) provides grant funding for special education workforce transition support services, including pupil transportation, professional development for school personnel, and employing adequate school personnel.

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, independent charter schools, and other educational entities totaled \$199.0 million in 2020-21. 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 2019-20, schools and CESAs received \$64.7 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 2019-20, schools and CESAs received \$17.2 million in federal funds for administration.

4. The majority of special education funding is provided by the state, with two programs reimbursing a portion of the cost of providing special education services to pupils: the primary special education aid appropriation (\$450.3 million GPR in 2020-21) and the high cost special education program (\$9.4 million GPR in 2020-21).

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, 2011-12 to 2020-21
(\$ in Millions)**

	Child Count	Special Education Aid		
		Prior Year Aidable Costs	Appropriation	Proration
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	118,546	1,435.4	368.9	25.7
2018-19	120,602	1,482.1	368.9	24.9
2019-20	120,010	1,534.3	384.5	25.0
2020-21*	120,000	1,596.1	450.3	28.2

*Estimated

7. As shown in Table 1, increased funding for special education aid was provided under 2019 Act 9 (the 2019-21 biennial budget act). At the time of budget deliberations, it was estimated that the additional funding would increase the proration rate under the program from 25.3% in 2018-19 to an estimated 26% in 2019-20 and 30% in 2020-21. However, because actual eligible costs exceeded estimated eligible costs, the preliminary estimate of the proration rate in 2020-21 is equal to 28.2%. The final proration rate will be determined at the end of the current school year.

8. Between 2011-12 and 2020-21, special education costs aidable under the primary special education appropriation increased by an average of 1.4% annually. The rate of increase has increased in recent years; between 2016-17 and 2020-21, aidable costs increased by an average of 2.5% annually, and the increase was equal to 4.0% in 2020-21. In its agency budget request, DPI estimated that costs would increase by 4% annually in 2021-22 and 2022-23. Using that estimate, projected aidable costs would total \$1,659.9 million in 2021-22 and \$1,726.3 million in 2022-23, and the proration with no additional funding would be an estimated 27.1% in 2021-22 and 26.1% in 2022-23.

9. 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. 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.

10. Although a large increase in the special education appropriation was provided in the 2019-21 budget, the rate at which aidable costs have increased over the last decade exceeds the rate

at which the appropriation has increased. Between 2000-01 and 2020-21, the total amount of special education funding increased by approximately 43%, while aidable costs increased by 81%.

11. 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.

12. 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 special education costs.

13. Additionally, it could be the case that the additional federal aid provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, and American Rescue Plan Act (ARPA) provides sufficient additional resources for school districts in the 2021-23 biennium, and therefore increased state funding for special education is not needed. Under the three acts, \$2,401.7 million in federal aid was provided under the elementary and secondary school emergency relief (ESSER) fund, with an additional \$46.6 million allocated to K-12 schools under the Governor's emergency education relief (GEER) fund. Although the use of these funds is limited to the purposes enumerated under the acts, allowable uses include any activity authorized by the IDEA and other activities intended to address the needs of pupils with disabilities. On the other hand, this funding is one-time and it could be argued that it would therefore be preferable to use the funds for one-time or short-term costs, such as purchasing educational technology for remote instruction for pupils with disabilities, continuing to provide specialized therapies required under pupils' IEPs during periods of remote instruction, and offering additional summer or afterschool instruction time to address learning loss among pupils with disabilities. Additionally, the federal funding is distributed to districts primarily based on their number and percentage of children in poverty, rather than based on special education costs or number of pupils with disabilities. The per pupil distribution among school districts varies significantly, and it could be the case that some districts with large special education costs receive relatively little in federal aid under the three acts.

14. Some have expressed concern that a significant increase in state special education funding could limit flexibility in future state budgets. 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 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.

15. 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.

16. Assembly Bill 68/Senate Bill 111 would modify the special education appropriation from sum certain to be a sum sufficient appropriation paying 45% of eligible costs in 2021-22 and 50% in 2022-23 and annually thereafter. The bill would provide \$296,694,600 GPR in 2021-22 and \$412,890,100 GPR in 2022-23, which is estimated to fully fund the reimbursement rates proposed under the bill.

17. The Committee may wish to consider providing additional funding for the special education appropriation in a lesser amount using the current sum certain appropriation. An additional \$17,815,600 GPR in 2021-22 and \$36,540,400 GPR in 2022-23 would maintain the current estimated proration rate of 28.2% in each year of the biennium. [Alternative A1] Alternatively, the Committee could provide an additional \$47,693,800 GPR in 2021-22 and \$67,613,800 GPR in 2022-23, which would increase the proration rate to an estimated 30% in each year. [Alternative A2]

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 continued to allocate a portion of its IDEA Part B grant funding to increase the reimbursement rate under the program in each year from 2003-04 through 2018-19 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. Beginning in 2019-20, DPI reallocated these federal funds to school districts through IDEA Part B formula grants.

20. Table 2 provides funding amounts in the high cost special education aids appropriation, as well as the number of districts with 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, 2011-12 to 2020-21

	<u>Appropriation</u>	<u>Districts Receiving Aid</u>	<u>Aidable Costs*</u>	<u>State Reimbursement Rate</u>
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	173	14,541,000	64.3
2019-20	9,353,800	163	26,171,100	35.7
2020-21	9,353,800	N.A.	26,956,300**	34.7**

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

** Estimated

21. Beginning in 2019-20, administrative code governing special education was modified to standardize the determination of aidable costs under the high cost special education program. Under the new administrative code, school districts report eligible special education costs in three tiers: (1) costs particular to one pupil with a disability; (2) costs of a program that serves the pupil, such as one

for disability-specific needs; and (3) costs of non-administrative support services. The rule defines the process for determining nonadministrative costs for a pupil, under which costs are included as follows: (a) the amount identified as attributable to the particular pupil; (b) for specified services (including nursing, social work, psychology, guidance counseling, speech-language pathology, and audiology), a rate defined in administrative code multiplied by the number of days that the pupil was enrolled; and (c) for each program that services the child, a rate determined by dividing the cost of a program by the product of the total number of days it was offered and the full-time equivalency (FTE) of all pupils using the program, multiplied by the number of days and FTE that the specified pupil was served using the program. The new administrative code also establishes a method for including equipment and other capital costs with an expected service life of more than one year, clarifies how federal Medicaid funding is treated under the program, and determines how the \$30,000 threshold for special education costs is calculated against other funding sources that must be deducted from the total costs under state law.

22. DPI indicates that as a result of the changes to the administrative code, districts qualified for aid for a greater number of pupils for whom special education services cost between \$30,000 to \$40,000 annually. This change caused aidable costs to increase significantly in 2019-20, and the proration rate decreased from 64.3% in 2018-19 to 35.7% in 2019-20. Based on costs eligible for reimbursement under the program, and assuming a growth rate of 3% annually, it is estimated that total aidable costs under the program could be equal to \$27,764,900 in 2021-22 and \$28,597,900 in 2022-23, and the current funding level would be sufficient to provide a reimbursement rate of 33.7% in 2021-22 and 32.7% in 2022-23.

23. Assembly Bill 68/Senate Bill 111 would provide additional funding equal to \$1,752,200 GPR in 2021-22 and \$7,804,900 GPR in 2022-23. It is estimated that this funding would increase the proration rate to 40% in 2021-22 and 60% in 2022-23. [Alternative B1]

24. The Committee may wish to consider providing additional funding for the high cost special education aid program in a lesser amount. For example, an increase of \$363,900 GPR in 2021-22 and \$2,085,400 GPR in 2022-23 would increase the estimated proration rate to 35% in 2021-22 and 40% in 2022-23. [Alternative B2]

Transition Readiness Grants

25. 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.

26. 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.

27. 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.

28. DPI indicates that more than 130 applications were received in 2018-19, requesting approximately \$9 million in grant funding, and awards were given to 37 districts. Grants were awarded to 39 districts in 2019-20, and 41 districts in 2020-21. Funding has been used 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.

29. Assembly Bill 68/Senate Bill 111 would provide \$1,500,000 GPR annually above base level funding of \$1,500,000 for competitive grants for special education workforce transition support services. [Alternative C2] The Committee could also consider an increase of \$3,500,000 GPR annually. [Alternative C1]

ALTERNATIVES

A. Special Education

1. Provide \$17,815,600 in 2021-22 and \$36,540,400 in 2022-23 as increases to base level funding of \$450,276,200, which would maintain the current proration rate of 28.2% in each year of the biennium.

ALT A1	Change to Base
GPR	\$54,356,000

2. Provide \$47,693,800 in 2021-22 and \$67,613,800 in 2022-23, which would result in an estimated proration rate of 30% in each year.

ALT A2	Change to Base
GPR	\$115,307,600

3. Take no action.

B. High Cost Special Education

1. Provide \$1,752,200 in 2021-22 and \$7,804,900 in 2022-23 for high cost special education aid above base level funding of \$9,353,800, which would result in an estimated proration rate of 40% in 2021-22 and 60% in 2022-23.

ALT B1	Change to Base
GPR	\$9,557,100

2. Provide an increase of \$363,900 in 2021-22 and \$2,085,400 in 2022-23 which would increase the estimated proration rate to 35% in 2021-22 and 40% in 2022-23.

ALT B2	Change to Base
GPR	\$2,449,300

3. Take no action.

C. Transition Readiness Grants

1. Provide \$3,500,000 annually above base level funding of \$1,500,000 for transition readiness grants.

ALT C1	Change to Base
GPR	\$7,000,000

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

ALT C2	Change to Base
GPR	\$3,000,000

3. Take no action.

Prepared by: Christa Pugh



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

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Joint Committee on Finance

Paper #506

Supplemental Per Pupil Aid (DPI -- Categorical Aids)

[LFB 2021-23 Budget Summary: Page 466, #6]

CURRENT LAW

Base level funding of \$2,500,000 GPR is appropriated for supplemental per pupil aid. DPI distributes this aid by dividing the amount appropriated by the statewide current-year three year average enrollment under revenue limits and distributing the aid to all districts on a per pupil basis.

DISCUSSION POINTS

1. As passed by the Legislature in the 2019-21 budget bill, supplemental per pupil aid was intended to provide additional per pupil aid to districts with higher per pupil property values. A district would have been eligible for this aid if the district's net per pupil payment from the general school aids appropriation was less than the difference between \$1,000 and the per pupil categorical aid payment amount for that year. The payment for an eligible district would have been equal to \$1,000 less the per pupil categorical aid payment amount for that year less the district's net per pupil payment from the general school aids appropriation, multiplied by the enrollment used to calculate the district's per pupil aid in that year. At the time, it was estimated that 30 to 35 school districts would have received this aid.

2. As vetoed by the Governor, all school districts are eligible for this aid and DPI must pay each eligible school district an amount. In 2020-21, every district will receive an estimated \$3 per pupil from this appropriation.

3. The budget bill would delete the funding and appropriation language for supplemental per pupil aid.

4. Under the main per pupil aid appropriation, districts receive a specified per pupil

payment (\$742 in 2020-21) based on their revenue limit enrollment averages. To the extent that it is viewed as duplicative and needlessly complicated to have a second, much smaller per pupil aid appropriation, the supplemental per pupil aid appropriation could be deleted and the funding used for other purposes. (The per pupil aid payment level for the 2021-23 biennium is addressed in a separate issue paper.)

ALTERNATIVES

1. Delete \$2,500,000 annually and the appropriation and program statutes for supplemental per pupil aid.

ALT 1	Change to Base
GPR	- \$5,000,000

2. Take no action.

Prepared by: Russ Kava



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May, 2021

Joint Committee on Finance

Paper #507

Mental Health Programs (DPI -- Categorical Aids)

[LFB 2021-23 Budget Summary: Page 467, #8 and 9, and Page 495, #5]

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 \$6,000,000 GPR annually.

Additionally, \$6,500,000 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.

DISCUSSION POINTS

1. According to the Wisconsin Behavioral Health Barometer document published by the federal Substance Abuse and Mental Health Services Administration (SAMHSA) in 2020, between 2016 and 2019, 14.9% of Wisconsin youth ages 12-17 reported a major depressive episode in the past year. During the same time period, 12.1% of young adults aged 18-25 in Wisconsin reported having had serious thoughts of suicide in the past year. Wisconsin's 2019 Youth Risk Behavior Survey found that of the pupils surveyed, 49.0% reported high levels of anxiety, 28.5% indicated depression, and

18.5% 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 five-year grant totaling \$9.0 million awarded by SAMHSA in 2019 for Project Advancing Wellness and Resilience Education (AWARE), which promotes mental health awareness and training for school personnel; and (b) a five-year grant beginning in 2020 and totaling \$10.0 million from the U.S. Department of Education to increase the number of qualified mental health service professionals providing school-based mental health services to pupils.

3. Federal aid provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, and the American Rescue Plan Act (ARPA) provides additional resources for school districts in the 2021-23 biennium that can be used to provide mental health services and supports to pupils, according to the allowable uses enumerated under federal law for the elementary and secondary school emergency relief (ESSER) fund. Under the three acts, \$2,401.7 million in federal aid was provided under ESSER, at least 90% of which must be distributed directly to local educational agencies. However, this funding is one-time and it could be argued that it would be preferable to use the funds for one-time or short-term costs rather than for ongoing mental health programs. Additionally, the federal funding is distributed to districts primarily based on their number and percentage of children in poverty, and the per pupil distribution among school districts varies significantly. These issues are discussed in a separate issue paper on federal coronavirus aid.

4. 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 2019-20, grants were provided to 75 school districts and five CESAs. 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. The programs described in this paper were created under 2017 Act 59, and first provided aid in the 2018-19 school year.

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, was first provided in 2018-19. Additional aid was provided under 2019 Act 9, which increased total annual funding for the grant program to \$6,000,000 GPR. In 2019-20, 82 school districts, two independent charter schools, and three private choice schools qualified for aid under the program. Aid under the first tier of aid eligibility (50% reimbursement of the increase in expenditures for school social worker services in the prior school year compared to two years' prior) was fully funded, at a total cost of \$1.9 million. Eligibility under the second tier of aid (unreimbursed total expenditures for social workers among districts and schools that qualified under the first tier of aid) totaled \$44.9 million, and was prorated at 9.1%.

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. 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. At the time the school mental health aid program was created, social workers were targeted for reimbursement under the program because of concern that relatively few pupils had access to a social worker in their school, and because their role in collaborative work with pupils, families, school personnel, and community-based services was considered valuable for addressing pupils' mental health needs. The following table compares the number of school districts that did not report any general fund expenditures for pupil services professionals in the 2016-17 school year compared to the 2018-19 school year, based on WISEstaff data collections.

Districts Reporting No General Fund Expenditures on Pupil Services Professionals

	<u>2016-17</u>	<u>2018-19</u>
Social worker	328	287
School psychologist	189	175
School counselor	3	4
Health (such as school nurse)	108	45

9. 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 of salaries that can be reimbursed under the special education aid program is equal to 59% for school social workers, 10% for guidance counselors, 29% for nurses, and 84% for psychologists.

10. Assembly Bill 68/Senate Bill 111 would provide an increase of \$22,500,000 GPR in 2021-22 and \$24,000,000 GPR in 2022-23 for the program. The bill would also modify current law to include expenditures for any pupil services professional, including school counselors, school psychologists, and school nurses, rather than only social workers as under current law. Additionally, the bill, would modify the program so that all districts, independent charter schools, and private choice schools could qualify for reimbursement of any expenditures made to employ, hire, or retain pupil services professionals under the second tier of aid. It is estimated that the funding under the bill would be sufficient to fully fund 50% of the increase in expenditures for pupil services professionals under the first tier of aid, and fund approximately 10% of statewide costs for pupil services professionals incurred by public school districts, independent charter schools, and private choice schools under the second tier of aid. [Alternative A1]

11. Under current law, if funds remain in the appropriation after the first tier of aid is allocated, the remaining funds are distributed among eligible schools and districts based on their total unreimbursed expenditures for social workers. Only those schools and districts that qualify for aid under the first tier are eligible for a portion of the aid under the second tier. 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. It could be argued that the proposed modification of current law would provide a more sustainable source of funding for those districts or schools considering increasing their funding for pupil services professionals.

12. The Committee may wish to provide additional aid for the school mental health program, but at a reduced cost. For example, an increase of \$6,000,000 GPR annually would double the available funding for the program. If total funding for the program had equaled \$12 million GPR in 2019-20, aid under the second tier would have been prorated at 22.5%, rather than 9.1% as under current law. [Alternative A2]

School-Based Mental Health Services Grants

13. Under current law, \$6,500,000 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.

14. Examples of allowable activities under the grant include the following: (a) evidence-based mental health curriculum and programs; (b) training for school staff related to mental health; (c) contracting with community mental health providers to provide services such as consultation, training, or mentoring; (d) mental or behavioral health screening; or (e) parent training and informational events. Grants are awarded for a two-year period, with grant amounts of \$10,000 to

\$75,000 awarded in each year. Grant applications must include a memorandum of understanding or letter of commitment from a partnering community mental health provider.

15. In 2019-20, 106 grants were awarded to school districts and consortia of school districts. Grant amounts ranged from \$13,100 to the maximum award of \$75,000. DPI indicated that the grant application process was competitive, with demand exceeding available funding. 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 next round of grant awards will be announced in the summer of 2021.

16. AB 68/SB 111 would provide an additional \$3.5 million GPR annually for the grants, bringing total grant funding to \$10 million GPR annually, which would allow for grants to be awarded to more applicants in future years. The bill would also modify statutory language to allow applicants to partner with mental health providers, rather than requiring partnership with community mental health agencies as required under current law. This change would allow school districts that are geographically distant from a community mental health agency, particularly those that are located in rural areas, to apply for a grant by partnering with an individual provider or using telehealth. [Alternative B1]

Mental Health and School Climate Training Programs

17. 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.

18. 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 178 participants from 37 schools during the 2019-20 school year.

19. "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 2019-20, state funding supported 54 schools participating in professional development related to trauma sensitive schools in collaboration with the Wisconsin Safe and Healthy Schools (WISH) Center. Additionally, DPI held a virtual learning course that included 241 participants, and offered continuing education for individuals training others under the program.

20. 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 2019-20, 84 youth mental health first aid trainings were held throughout the state in collaboration with the WISH Center, and the number of statewide trainers was increased to 70.

21. AB 68/SB 111 would provide an additional \$500,000 GPR annually for mental health training, and require DPI to provide training to school district staff and the instructional staff of independent charter schools regarding social and emotional learning, in addition to the other types of training required under current law. This modification and additional funding was included in DPI's agency budget request. [Alternative C1]

22. In its agency budget request, DPI indicates that training in social and emotional learning could include training in compassion reliance for school staff, which covers the impact of stress, burnout, and compassion fatigue among educators; bullying prevention, including the creation of online training modules for schools; and restorative practices, which helps schools implement a behavioral program in which pupils who have engaged in inappropriate behavior must address the impact of their behavior on others and take responsibility. DPI indicates that of the additional funding requested, \$168,500 would be used for these additional trainings.

23. Of the remaining \$331,500 included in the request, \$201,500 would be used to provide additional support for the WISH Center to hire two additional regional coordinators, in addition to the four it current employs. In addition, \$30,000 would be used to provide virtual training under the youth mental health first aid program, and the remaining \$100,000 would expand the trauma sensitive schools program. DPI indicates that demand for the program exceeds the trainings that the Department is able to provide with the amount of funding currently available. The Committee could consider providing the additional funding for these expansions of the trainings required under current law. [Alternative C2]

ALTERNATIVES

A. Aid for Mental Health Staff

1. Provide an increase of \$22,500,000 in 2021-22 and \$24,000,000 in 2022-23 for the program, modify current law to include expenditures for any pupil services professional, and modify the program so that all districts, independent charter schools, and private choice schools could qualify for reimbursement of any expenditures made to employ, hire, or retain pupil services professionals.

ALT A1	Change to Base
GPR	\$46,500,000

2. Provide an increase of \$6,000,000 annually, which would increase the proration rate for the second tier of aid under current law.

ALT A2	Change to Base
GPR	\$12,000,000

3. Take no action.

B. School-Based Mental Health Services Grants

1. Increase funding for school-based mental health collaboration grants by \$3,500,000 annually, and modify statutory language to allow applicants to partner with mental health providers, rather than requiring partnership with community mental health agencies as required under current law.

ALT B1	Change to Base
GPR	\$7,000,000

2. Take no action.

C. Mental Health and School Climate Training Programs

1. Increase funding for school mental health training programs by \$500,000, and require that training be provided on social and emotional learning, in addition to the training required under current law.

ALT C1	Change to Base
GPR	\$1,000,000

2. Provide \$331,500 annually to provide additional support for the WISH Center, and increased support for the trauma sensitive schools program and the youth mental health first aid training program required under current law.

ALT C2	Change to Base
GPR	\$663,000

3. Take no action.

Prepared by: Christa Pugh



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

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Joint Committee on Finance

Paper #508

Bilingual-Bicultural Aids (DPI -- Categorical Aids)

[LFB 2021-23 Budget Summary: Page 468, #10, and Page 469, #11]

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.

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 by the state to offer special bilingual programming, and are not eligible for bilingual-bicultural aid. Pupils are eligible for the state's bilingual-bicultural education program only until they are able to perform ordinary classwork in English.

2. 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 meaningful participation 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.

3. School districts that are required to offer bilingual programming by the state 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.

4. To be eligible for reimbursement under the state 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.

5. 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.

6. 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 2019-20, the following school districts were eligible for this aid: Abbotsford, Beloit, Darlington, Delavan-Darien, Green Bay, Madison, Sheboygan, Walworth, Waterloo, and Whitewater. The set-aside aid is divided proportionately among eligible school districts based on their reported costs.

7. In 2018-19, 51,825 EL pupils were reported statewide. In that year, 53 school districts received aid under the program for 27,532 EL pupils who were enrolled in schools that met the statutory bilingual-bicultural education threshold; the remaining 24,293 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 \$103.1 million, with an average cost of \$3,746 per EL. The proration rate was equal to 8.1%, or an average of \$303 per pupil.

8. The following table shows the total amount of bilingual-bicultural aid appropriated in each year from 2010-11 to 2019-20, 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, 2010-11 to 2019-20

	<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>
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	361	52,446	53	27,961
2018-19	8,589,800	7.7	365	51,825	53	27,532
2019-20	8,589,800	8.1	361	51,706	N.A.	N.A.

9. 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 2018-19, the average Title III funding per EL in the state was approximately \$135.

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 pupils 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 78%, from 29,016 pupils in 2000-01 to 51,706 pupils in 2019-20. 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 2019-20.

12. It could be argued that general school aids, funded at \$4.90 billion in 2020-21, 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. [Alternative 4]

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. Under Assembly Bill 68/Senate Bill 111, the program would be modified so that an eligible school district or independent charter school would receive aid in the following amounts, beginning in the 2022-23 school year: (a) \$10,000, if there was at least one EL pupil enrolled in the school district or attending the charter school in the previous school year; (b) an additional \$500 for each EL pupil over 20 pupils enrolled in the school district or attending the charter school in the previous school year. Current law specifying that districts are only eligible for aid if they 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, would be deleted, and aid eligibility would be expanded to include independent charter schools. The Governor's budget proposal would provide an additional \$9,745,500 GPR in 2021-22 and \$18,287,200 GPR in 2022-23 to fully fund this change. [Alternative A1]

15. The modification to the bilingual-bicultural education aid program proposed in the bill could particularly benefit smaller districts that do not have the concentration of EL pupils required to qualify for aid. Under current law, these districts do not receive any funding to cover the additional cost of educating an EL pupil.

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 of \$2,200,000 GPR in 2021-22 and \$7,800,000 GPR in 2022-23. These increases would fund an estimated reimbursement rate of 10% in 2021-22 and 15% in 2022-23, assuming a 1% annual growth rate in eligible expenditures under the program. [Alternative A2] To fund a 10% reimbursement rate in each year would require an increase of \$2,200,000 GPR in 2021-22 and \$2,300,000 GPR in 2022-23. [Alternative A3]

17. In its agency budget request, DPI proposed the creation of a new grant program with \$750,000 GPR beginning in 2022-23 to provide funding for a school board or independent charter school operator to provide support and financial assistance to its staff and teachers in obtaining licensure or certification as bilingual teachers and teachers of English as a second language (ESL). DPI indicated that this grant program would allow school districts and independent charter schools to support current staff becoming certified and filling needs for bilingual and ESL educators, which is a current area of teacher shortage in Wisconsin. The Governor included funding for this program in his budget recommendations. [Alternative B1]

ALTERNATIVES

A. EL Categorical Aid

1. Provide \$9,745,500 in 2021-22 and \$18,287,200 in 2022-23, and modify the bilingual-bicultural aid program to provide aid to eligible school districts and independent charter schools as follows: (a) \$10,000, if there was at least one EL pupil enrolled in the school district or attending the charter school in the previous school year; and (b) an additional \$500 for each EL pupil over 20 pupils enrolled in the school district or attending the charter school in the previous school year.

ALT A1	Change to Base
GPR	\$28,032,700

2. Provide \$2,200,000 in 2021-22 and \$7,800,000 in 2022-23, which would result in an estimated reimbursement rate of 10% in 2021-22 and 15% in 2022-23 under the current law program.

ALT A2	Change to Base
GPR	\$10,000,000

3. Provide \$2,200,000 in 2021-22 and \$2,300,000 in 2022-23, which would result in an estimated reimbursement rate of 10% in each year under the current law program.

ALT A3	Change to Base
GPR	\$4,500,000

4. Take no action.

B. Bilingual Teacher Licensure

1. Provide \$750,000 in 2022-23 for a new grant program for a school board or independent charter school operator to provide support and financial assistance to its staff and teachers in obtaining licensure or certification as bilingual teachers and teachers of English as a second language

ALT B1	Change to Base
GPR	\$750,000

2. Take no action.

Prepared by: Christa Pugh



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

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Joint Committee on Finance

Paper #509

Sparsity Aid (DPI -- Categorical Aids)

[LFB 2021-23 Budget Summary: Page 470, #14]

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 \$24,813,900 GPR in 2020-21.

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, two districts (Chequamegon and Crivit) qualified for a total of \$213,500 in one-time aid under the provision. No districts qualified for aid under this provision in 2019-20, and one district (Riverdale) qualified for \$143,535 in aid under this provision in 2020-21.

4. In 2020-21, 144 school districts qualified for aid with a combined pupil membership of 62,275. (One additional school district, Riverdale, received aid under the provision described above.) Aid payments were prorated at 99.6%. The table below 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 2012-13 and 2020-21.

Sparsity Aid, 2012-13 to 2020-21

	<u>Districts</u>	<u>Funding</u>	<u>Proration</u>
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	25,071,900	100.0
2019-20	143	24,713,900	99.4
2020-21	144	24,813,900	99.6

5. Under Assembly Bill 68/Senate Bill 111, the program would be modified to 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. It is estimated that an additional 85 districts would have qualified for aid in 2020-21 had the expanded eligibility provision been in place in that year. The bill would provide an additional \$9,922,100 in 2020-21 and \$10,038,900 in 2022-23 to fully fund the proposed expansion.

6. 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.

7. 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 this proposal, 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.

8. 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.

9. DPI's agency request included an expansion of the sparsity aid program that would provide \$100 per pupil to any school district with an enrollment of between 745 and 1,000 pupils and a population density of fewer than 10 pupils per square mile. This approach would provide greater predictability for districts whose membership is close to the 745 pupil cut-off, but at a reduced cost to the state. This proposal would require additional funding of \$3,148,500 GPR in 2021-22 and \$3,169,900 in 2022-23 above the base. [Alternative 2]

10. The Committee may also wish to consider fully funding the program with the existing eligibility criteria. DPI estimates that eligibility under current law will total \$24,930,000 in 2021-22 and \$25,046,800 in 2022-23. Based on these estimates, fully funding the existing program with no proration rate would require an increase of \$116,100 GPR in 2021-22 and \$232,900 GPR in 2022-23. [Alternative 3]

ALTERNATIVES

1. Provide an increase of \$9,922,100 GPR in 2021-22 and \$10,038,900 GPR in 2022-23, and modify the program to 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.

ALT 1	Change to Base
GPR	\$19,961,000

2. Provide an increase of \$3,148,500 GPR in 2021-22 and \$3,169,900 GPR in 2022-23, and modify the program to provide \$100 per pupil to any school district with an enrollment of between 745 and 1,000 pupils and a population density of fewer than 10 pupils per square mile.

ALT 2	Change to Base
GPR	\$6,318,400

3. Provide an increase of \$116,100 GPR in 2021-22 and \$232,900 GPR in 2022-23 to fully fund the sparsity aid program under current law.

ALT 3	Change to Base
GPR	\$349,000

4. Take no action.

Prepared by: Christa Pugh



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May, 2021

Joint Committee on Finance

Paper #510

School Nutrition Programs (DPI -- Categorical Aids)

[LFB 2021-23 Budget Summary: Page 471, #16 and 17]

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 will fund approximately 7.9 cents per meal in 2020-21.

DISCUSSION POINTS

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 2020-21, for a family of four, 130% of the federal poverty is equal to \$34,060 in annual income, and 185% is equal to \$48,470.

2. In 2020-21, the federal basic reimbursements equal \$0.32 per paid breakfast, \$1.59 per reduced-price breakfast, and \$1.89 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 \$0.37 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 for school breakfasts totaling \$53.7 million in 2017-18.

3. In 2020-21, 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 2020-21, it is estimated that payments will be prorated at \$0.079 per breakfast. In that year, approximately 31.7 million breakfasts will be served in public and private schools to Wisconsin pupils. In 2017-18, the most recent year for which finalized federal nutrition program data is available, 366 school districts, 102 private schools, and 25 other educational institutions participated in the Wisconsin school breakfast program.

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

**School Breakfast Program Funding and Participation
2011-12 to 2020-21**

	<u>Appropriation</u>	<u>Reimbursement Per Breakfast</u>	<u>Total Breakfasts Served</u>
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	31,792,576
2016-17	2,510,500	0.08	31,764,547
2017-18	2,510,500	0.08	32,138,309
2018-19	2,510,500	0.08	32,247,843
2019-20	2,510,500	0.09	27,241,401
2020-21	2,510,500	0.08	31,688,413

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% annually. Based on this projected growth rate, the current appropriation would allow for reimbursements of approximately \$0.078 in 2021-22 and \$0.076 in 2022-23.

6. School districts have continued to provide meals to pupils during the COVID-19 pandemic, even during periods of remote or virtual instruction. The federal Summer Food Service program and Seamless Summer Option program allow participants in federal school nutrition programs to serve up to two free meals a day to children ages 18 and under during periods when schools are closed. Waiver authority provided to the USDA Food and Nutrition Service under the Families First Coronavirus Response Act, as well as funding provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, allowed the federal government to issue waivers under which these programs could apply to schools closed during the pandemic, and such waivers were issued for all 50 states. Under this provision, free meals can be provided to any pupil without income verification, through September 30, 2021. Numerous additional flexibilities have been provided by

the federal government through this waiver process, such as allowing multiple meals to be provided at once, allowing parents or guardians to pick up meals for pupils, and allowing food to be taken to-go and eaten at home. Accordingly, meals have been provided to pupils in a variety of ways, including offering curbside pickup, delivering meals on bus routes, or entering into partnerships with community organizations to deliver meals.

7. Assembly Bill 68/Senate Bill 111 would provide an increase of \$2,459,500 GPR in 2021-22 and \$2,559,500 GPR in 2022-23 for the school breakfast program. It is estimated that this level of funding would be sufficient to fully fund payments of \$0.15 per breakfast in each year of the biennium.

8. The Committee may wish to consider providing additional support for the school breakfast program, but at a reduced cost. Based on estimates of program costs in the 2021-23 biennium, an increase of \$721,800 GPR in 2021-22 and \$786,400 GPR in 2022-23 would provide sufficient funding for a reimbursement of \$0.10 per breakfast.

9. The bill would also expand aid eligibility to include 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. Under current law, only public and private schools are eligible to receive state reimbursements under the school breakfast program. DPI estimates that 607,341 breakfasts were served by these institutions in 2019-20 and that reimbursement at \$0.15 per breakfast would have cost approximately \$91,100 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.

10. A potential expansion of the current program involves state reimbursement for the cost of reduced-price meals, so that those meals would be provided at no cost to pupils who meet the federal income eligibility guidelines. The payment would be equal to the number of reduced-price meals provided in the previous school year multiplied by the difference in the federal reimbursement for a free meal compared to a reduced-price meal. It is estimated that this additional reimbursement would cost \$2,432,000 GPR annually, which would be provided under the bill.

11. Under the federal school nutrition programs, families qualify for a reduced-price meal with an income of between 130% and 185% of the federal poverty level. For a family of four, this corresponds with an annual income of between \$34,060 and \$48,470 in 2020-21. The proposed new program expansion could particularly benefit families whose incomes are just above the income limit for free meals. It may be difficult for these families to pay even a reduced amount for school meals.

ALTERNATIVES

A. School Breakfast Aid

1. Provide an increase of \$2,459,500 in 2021-22 and \$2,559,500 in 2022-23 for the school breakfast program to fully fund payments of \$0.15 per breakfast in each year of the biennium, and expand eligibility for aid to include 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.

ALT A1	Change to Base
GPR	\$5,019,000

2. Provide an increase of \$721,800 in 2021-22 and \$786,400 in 2022-23, which would fund payments of \$0.10 per breakfast for the entities eligible for reimbursement under current law.

ALT A2	Change to Base
GPR	\$1,508,200

3. Take no action.

B. Supplemental Nutrition Aid

1. Provide \$2,432,000 annually in a new sum sufficient appropriation for providing reimbursement for the cost of reduced-cost meals, so that those meals would be provided at no cost to eligible pupils.

ALT B1	Change to Base
GPR	\$4,864,000

2. Take no action.

Prepared by: Christa Pugh



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May, 2021

Joint Committee on Finance

Paper #511

High Cost Transportation Aid (DPI -- Categorical Aids)

[LFB 2021-23 Budget Summary: Page 472, #18]

CURRENT LAW

Under current law, districts qualify for high cost transportation 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. Base level funding is equal to \$13,500,000 GPR annually.

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, 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 all other districts receiving aid under the program.

6. In 2019-20, aid was distributed to 136 school districts based on transportation costs in the 2018-19 school year. In that year, the statewide average transportation cost per pupil was \$441, and therefore the threshold above which districts qualified for high cost aid equaled \$639 per pupil. Statewide costs eligible for reimbursement totaled \$16.8 million. Because these costs exceeded the appropriation for high cost transportation aid, aid was prorated at 79.3%. Twenty-two districts had been eligible in the previous year but did not meet the eligibility requirements in the current year, and received payments equal to 36.5% 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 seven years in which high cost transportation aid has been distributed.

High Cost Transportation Aid, 2013-14 to 2019-20

	<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%
2018-19	139	13,500,000	71.1	15	57.5
2019-20	136	13,500,000	79.3	22	36.5

7. In its agency budget request, DPI estimated that total transportation costs eligible for reimbursement under the program will be approximately \$15.0 million in each year of the 2021-23 biennium. Therefore, without additional funding, the current annual funding level of \$13.5 million would reimburse approximately 88.7% 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 \$2.0 million of additional funding would allow the program to fully reimburse 100% of eligible transportation costs, as well as provide \$500,000 for payments for districts that lose eligibility (based on eligibility of \$548,513 in 2019-20), if the current \$200,000 limit on such payments were deleted.

8. Any transportation 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 equalized property value and shared costs, and how the district competes under the equalization aid formula. The overall proportion of a district's unfunded transportation costs that would be aided under the formula would depend on these factors in addition to the district's total transportation costs

9. Assembly Bill 68/Senate Bill 111 would provide an increase of \$2,000,000 GPR annually for high cost transportation aid, which would fully fund payments of 100% of eligible costs in each year based on estimates of eligible costs in the 2021-23 biennium.

10. 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 maintaining the current funding level, which requires districts to pay a portion of their costs and could have the effect of constraining spending.

11. A separate question relates to the proposed elimination of 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 2021-22. Under this option, 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, if any, would apply to all districts. A consistent proration rate for all qualifying school districts under the program may be preferable to provide more predictable funding for districts that fall in and out of eligibility under the program.

ALTERNATIVES

1. Provide an additional \$2,000,000 GPR annually for high cost transportation aid, to fund 100% of estimated eligible expenses under current law. 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 2021-22.

ALT 1	Change to Base
GPR	\$4,000,000

2. Maintain the current level of funding, but 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 2021-22. Under this alternative, payments to all school districts would be subject to the same level of proration.

3. Take no action.

Prepared by: Christa Pugh



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May, 2021

Joint Committee on Finance

Paper #512

Open Enrollment Transportation Aid (DPI -- Categorical Aids)

[LFB 2021-23 Budget Summary: Page 473, #21]

CURRENT LAW

Under the full-time open enrollment program, a pupil may attend a public school outside their school district of residence, if their parent or guardian complies with certain application dates and procedures. The pupil's parent is responsible for transporting the pupil to and from the school, except that if a child with disabilities requires transportation under their individual education plan, the nonresident district must provide transportation for the child. A district is allowed to provide transportation for any nonresident or resident pupil participating in the open enrollment program.

Parents of pupils who are eligible for the federal free or reduced-price lunch program may apply to DPI for reimbursement of transportation costs. (In 2020-21, a child in a family of four with an income of less than \$48,470 qualifies for a free or reduced-price lunch.) DPI determines the reimbursement amount, which may not exceed the parent's actual costs or three times the statewide average per pupil transportation costs, whichever is less. By the second Friday following the first Monday in May, DPI is required to provide each parent an estimate of the amount of reimbursement that the parent will receive in the following school year.

Base level funding of \$454,200 GPR is appropriated for open enrollment transportation aid. If the appropriation is insufficient, payments are prorated.

DISCUSSION POINTS

1. The open enrollment program began in the 1998-99 school year, with funding provided for transportation aid. Funding in the early years of the program was sufficient to fully fund eligible transportation claims. Funding was first prorated in 2002-03, when \$500,000 was appropriated for this aid.

2. While the appropriation has, during its history, also funded transportation aid at various times for the part-time open enrollment program and dual enrollment programs, almost all of the eligible claims and funding have been under the full-time open enrollment program.

3. Table 1 shows, for each year since 2008-09, the number of families submitting claims for open enrollment transportation aid and total approved eligible claims for the aid.

TABLE 1

Open Enrollment Transportation Aid Participation and Claims

	<u>Families Submitting Claims</u>			<u>Approved Eligible Claims</u>		
	<u>Families</u>	<u>Change to Prior Year</u>		<u>Claims</u>	<u>Change to Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
2008-09	840			\$1,011,900		
2009-10	1,107	267	31.8%	1,475,900	\$464,000	45.9%
2010-11	914	-193	-17.4	1,334,300	-141,600	-9.6
2011-12	796	-118	-12.9	1,378,400	44,100	3.3
2012-13	842	46	5.8	1,418,400	40,000	2.9
2013-14	924	82	9.7	1,571,800	153,400	10.8
2014-15	1,094	170	18.4	1,757,200	185,400	11.8
2015-16	1,296	202	18.5	2,164,000	406,800	23.2
2016-17	1,237	-59	-4.6	2,048,000	-116,000	-5.4
2017-18	1,537	300	24.3	2,433,600	385,600	18.8
2018-19	1,324	-213	-13.9	2,189,100	-244,500	-10.0
2019-20	1,313	-11	-0.8	1,824,900	-364,200	-16.6

4. Table 2 shows, for the same time period, the amount appropriated for open enrollment transportation aid, approved eligible claims, and the resulting proration rate.

TABLE 2**Open Enrollment Transportation Aid Appropriation History**

	<u>Appropriation</u>	<u>Approved Eligible Claims</u>	<u>Proration Rate</u>
2008-09	\$500,000	\$1,011,900	49.4%
2009-10	482,500	1,475,900	32.7
2010-11	482,500	1,334,300	36.2
2011-12	434,200	1,378,400	31.5
2012-13	434,200	1,418,400	30.6
2013-14	434,200	1,571,800	27.6
2014-15	434,200	1,757,200	24.7
2015-16	434,200	2,164,000	20.1
2016-17	434,200	2,048,000	21.2
2017-18	454,200	2,433,600	18.7
2018-19	454,200	2,189,100	20.7
2019-20	454,200	1,824,900	24.9

5. Table 3 shows the average approved claim and the average claim payment for each year, as well as the difference between the two.

TABLE 3**Open Enrollment Transportation Aid Claims and Payments**

	<u>Approved Claim</u>	<u>Average Claim Payment</u>	<u>Difference</u>
2008-09	\$1,205	\$595	-\$610
2009-10	1,333	436	-897
2010-11	1,460	528	-932
2011-12	1,732	545	-1,187
2012-13	1,685	516	-1,169
2013-14	1,701	470	-1,231
2014-15	1,606	397	-1,209
2015-16	1,670	335	-1,335
2016-17	1,656	351	-1,305
2017-18	1,583	296	-1,287
2018-19	1,653	343	-1,310
2019-20	1,390	346	-1,044

6. While there is annual variation in the number of families submitting claims, approved claims, and claim payments, the general trend has been toward a steeper prorate and lower average claim payments. To the extent that families with lower incomes would be unable to pay the unfunded portion of their claims, it could deter them from participating in the program, effectively reducing the available educational opportunities for children.

7. The bill would provide \$645,700 in 2021-22 and \$759,400 in 2022-23 over base level funding for open enrollment transportation aid. The administration estimates that the requested funding would fund 50% of eligible claims for each year of the biennium, assuming a 10% annual increase in approved eligible claims.

8. Any number of options exist to provide additional funding for this aid, if the Committee chooses. The alternatives present four options to provide funding for estimated proration rates of 25%, 30%, 35%, and 50% of eligible claims. The actual prorate will likely differ based on actual claims submitted and approved.

ALTERNATIVES

1. Provide \$97,800 in 2021-22 and \$153,000 in 2022-23 for open enrollment transportation aid, which would result in an estimated proration rate of 25% in each year.

ALT 1	Change to Base
GPR	\$250,800

2. Provide \$208,200 in 2021-22 and \$274,500 in 2022-23, which would result in an estimated proration rate of 30% in each year.

ALT 2	Change to Base
GPR	\$482,700

3. Provide \$318,600 in 2021-22 and \$395,900 in 2022-23, which would result in an estimated proration rate of 35% in each year.

ALT 3	Change to Base
GPR	\$714,500

4. Provide \$645,700 in 2021-22 and \$759,400 in 2022-23, which would result in an estimated proration rate of 50% in each year.

ALT 4	Change to Base
GPR	\$1,405,100

5. Take no action.

Prepared by: Russ Kava



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May, 2021

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.

Prepared by: Russ Kava

Public Instruction -- Categorical Aids

LFB Summary Items for Which No Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
4	County Children with Disabilities Education Board Aid
7	Per Pupil Aid -- Clarify Current Law
12	Out-of-School-Time Program Grants
13	Energy Efficiency Grants
15	Transfer Head Start Supplement to DCF
19	Pupil Transportation Aid
22	Computer Science Licensure Grant Program
24	Early College Credit Program Transportation Aid
25	School Library Aids Reestimate
26	Grants to Replace Certain Race-Based Nicknames, Logos, Mascots, and Team Names