



Legislative Fiscal Bureau

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February 7, 2020

TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: February 2020 Special Session: K-12 Education

On February 6, 2020, Governor Evers called a February 11, 2020, special session of the Legislature for the purpose of considering a bill related to funding for K-12 education. This document summarizes the provisions and fiscal effects of the draft legislation.

In total, the bill under the Governor's special session call would appropriate \$251,550,000 GPR and \$362,200 PR under the Department of Public Instruction (DPI) in the 2019-21 biennium. The following table summarizes these items.

February 2020 Special Session Summary of Fiscal Effects

		<u>2019-20</u>	<u>2020-21</u>
General school aids	GPR	\$0	\$130,000,000
Special education aids	GPR	0	79,100,000
Additional special education aid	GPR	0	4,500,000
Special education transition readiness grants	GPR	0	1,500,000
Aid for school mental health programs	GPR	0	19,000,000
School-based mental health service grants	GPR	0	3,750,000
Sparsity aid	GPR	0	10,100,000
Summer school grants for urban districts	GPR	0	<u>3,600,000</u>
			\$251,550,000
Tribal language revitalization grant program operations	PR	\$0	\$100,000
Tribal language revitalization grants	PR	0	<u>262,200</u>
			\$362,200

The following sections describe the proposals contained in the draft legislation, LRB--5625/1. Each summary item includes section numbers referring to that draft.

1. GENERAL SCHOOL AID FUNDING INCREASE

GPR	\$130,000,000
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Provide \$130,000,000 in 2020-21 for general school aids. In the 2019-21 budget act, \$4,903,590,000 is provided for general aid in 2020-21.

[Section: 45(1)]

2. TWO-THIRDS FUNDING OF PARTIAL SCHOOL REVENUES

Beginning in 2020-21, restore the requirement that that state fund two-thirds of K-12 partial school revenues and the associated statutory provisions that existed prior to its repeal in the 2003-05 biennial budget, as modified to reflect changes to K-12 funding provisions in the intervening time.

Define "partial school revenues" as the sum of state school aids, property taxes levied for school districts, and exempt property aid payments to school districts, less the following: (a) the amount of any revenue limit increase due to a school board's increasing the services that it provides by adding responsibility for providing a service transferred to it from another school board; (b) the amount of any revenue limit increase due to a school board increasing the services that it provides by adding responsibility for providing a service that is transferred to it from another governmental unit for a child with a disability or for a limited-English proficient pupil; (c) the amount of any revenue limit increase due to a district depositing funds into a specified capital improvement fund; (d) the amount of property taxes levied for community service activities; (e) an amount equal to the net general aid reduction to the Milwaukee Public Schools' aid entitlement related to the Milwaukee private school choice program; and (f) the amount by which the property tax levy for debt service on referenda-approved debt referendum exceeds \$490 million.

Define "state school aids" as the amounts appropriated under s. 20.255(2), which is the statutory subsection containing the aids for local educational programming, less the appropriation for high poverty aid, federal and program revenue aid appropriations and the appropriations for the private school choice, independent charter school, and special needs scholarship programs, which are also under s. 20.255(2), plus the general program operations appropriation for the program for the deaf and hard of hearing and the center for the blind and visually impaired, plus the DOA appropriation for debt service costs for educational technology infrastructure financial assistance to school districts and the amount, as determined by the DOA Secretary, in the DOA appropriation for telecommunications access for educational agencies allocated for payments to telecommunications providers under contracts with school districts and cooperative educational service agencies and to make information technology infrastructure grants.

Require the Departments of Public Instruction and Administration and the Legislative Fiscal Bureau to jointly certify, by May 15, 2020, and annually by May 15 thereafter, to the Joint Committee on Finance an estimate of the amount necessary to appropriate in the general school aids appropriation in the following school year to ensure that state school aids equal two-thirds of partial school revenues. Require the Joint Committee on Finance, by June 30, 2020, and biennially by June 30 thereafter, to determine the amount appropriated in the general school aids appropriation in following school year. These two-thirds funding certification provisions would take effect on the day after publication of the act. Modify the general school aids appropriation from a sum certain

appropriation to a sum sufficient equal to the amount determined by Joint Finance in the 2020-21 fiscal year and biennially thereafter, and equal to the amount determined by law in the 2021-22 fiscal year and biennially thereafter.

[Sections: 3, 44, and 47(2)]

3. SPECIAL EDUCATION AID

GPR	\$79,100,000
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Provide \$79,100,000 in 2020-21 for special education categorical aid. Base level funding is \$450,276,200, which will reimburse an estimated 30% of eligible costs in 2020-21. It is estimated that the additional aid would allow for reimbursement of 35% of costs in 2020-21.

[Section: 45(2)]

4. HIGH COST SPECIAL EDUCATION AID

GPR	\$4,500,000
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Provide \$4,500,000 for high cost special education aid in 2020-21, and modify the appropriation for the program to be sum sufficient. Additionally, modify the program to allow for reimbursement of 100% of eligible prior year costs above the \$30,000 per pupil threshold. Specify that these changes would first apply to aid paid in the 2020-21 school year.

Under current law, applicants are eligible for high cost aid for 90% of non-administrative costs above \$30,000 for an individual pupil in the previous school year, if the costs were not reimbursed by state special education categorical aid, federal Individual with Disabilities Education Act (IDEA), or the federal Medicaid program. If funding is insufficient, payments are prorated.

[Sections: 4, 38, 39, 45(3), and 46(2)]

5. SPECIAL EDUCATION TRANSITION READINESS GRANTS

GPR	\$1,500,000
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Provide \$1,500,000 annually above base level funding of \$1,500,000 for competitive grants for special education workforce transition support services.

Under current law, 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.

[Section: 45(4)]

6. SPECIAL EDUCATION TRANSITION INCENTIVES GRANTS

Modify the grant program to specify that, beginning in the 2020-21 school year, the per pupil grant amount would be equal to the lesser of the following: (a) the amount determined by dividing

the total appropriation by the number of individuals statewide meeting the criteria for the grant; or (b) \$1,500.

Under current law, school districts or independent charter schools are eligible for up to \$1,000 for each pupil who meets the following criteria: (a) completed school in the district or charter school; (b) had an individualized education program (IEP) in place; and (c) has been enrolled in a higher education program, another postsecondary education or training program, or competitively employed for at least 90 days. Annual base funding is \$3.6 million GPR.

[Sections: 40 thru 42]

7. AID FOR SCHOOL MENTAL HEALTH SERVICES

GPR	\$19,000,000
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Provide \$19,000,000 in 2020-21 above annual base level funding of \$6,000,000 for aid for school mental health programs.

Additionally, modify current law to include expenditures for any pupil services professional, rather than only social workers as under current law. Define pupil services professional as a school counselor, school social worker, school psychologist, or school nurse. Additionally, specify that if there are moneys remaining in the appropriation after paying aid equal to 50% of the increase in eligible expenditures, then any district or choice or charter school may receive aid under the program based on its total expenditures on pupil services professionals, rather than only districts or choice or charter schools that increase their expenditures on pupil services professionals from one year to the next, less any amount of increased expenditures for which the district or school received aid under the first tier of aid.

Under current law, the program reimburses eligible districts and schools for expenditures on social worker services as follows: (a) 50% reimbursement of the increase in expenditures for school social worker services from one year to the next; and (b) a proportion of unreimbursed 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 from one year to the next.

[Sections: 5, 13 thru 21, and 45(6)]

8. SCHOOL-BASED MENTAL HEALTH SERVICES COLLABORATION GRANT

GPR	\$3,750,000
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Provide \$3,750,000 annually above base level funding of \$6,500,000 for grants to school districts and independent charter schools for collaboration with community health agencies to provide mental health services to pupils.

DPI indicates that in 2019-20, grants were awarded to 97 individual school districts, eight consortia representing an additional 23 districts, and one independent charter school.

[Section: 45(7)]

9. SPARSITY AID

GPR	\$10,100,000
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Provide \$10,100,000 in 2020-21 above base level funding of \$24,813,900 for sparsity aid. Modify the program in 2020-21 by creating 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.

Under current law, districts qualify for \$400 per pupil if, in the prior school year, they had an enrollment of less than 745 pupils and had a population density of fewer than 10 pupils per square mile of district attendance area. If funding is insufficient, payments are prorated. In 2019-20, 142 school districts qualified for aid, and aid payments were not prorated. It is estimated that an additional 83 districts could qualify for aid in 2020-21 under the proposal.

Additionally, modify the provision that exists under current law to allow a district that loses its eligibility as a result of an increase in its pupil population density to receive up to 50% of its prior year award, beginning in 2020-21. Currently, any district that qualified for sparsity aid in one year but did not qualify the following year due to an increase in its enrollment is eligible to receive 50% of its prior year award.

[Sections: 22 thru 29 and 45(5)]

10. URBAN SCHOOL DISTRICT SUMMER SCHOOL

GPR	\$3,600,000
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Provide \$3,600,000 in 2020-21 for grants to develop, redesign, or implement a summer school program. Expand grant eligibility from Milwaukee Public Schools (MPS) under current law to all urban school districts. Define an urban school district as a district that either had an enrollment of at least 18,000 pupils in the previous school year (it is anticipated that Green Bay, Kenosha, Madison, MPS, and Racine would qualify as urban school districts). Beginning in 2020-21 require DPI to annually award \$2,000,000 to MPS and allocate the remaining amount of funding equally among the other urban school districts. Specify that the expansion from MPS to urban school districts would first apply in 2020-21.

[Sections: 6, 30 thru 33, 43, 45(8), 46(3)]

11. TRIBAL LANGUAGE REVITALIZATION GRANTS

PR	\$262,200
GPR-Earned	- 262,200

Provide \$262,200 in 2020-21 above base funding of \$222,800 for grants to support tribal language programming in schools. Provide that in addition to the current law grants to support instruction in one or more American Indian languages, two-year grants could be awarded beginning in 2020-21 to develop, implement, and provide American Indian heritage, language, and cultural instruction programs for children participating in Head Start programs and for pupils in grades kindergarten through two. Authorize DPI to contract with the Great Lakes Inter-Tribal Council, Inc., to implement and administer the grant program. The program revenue is provided from tribal gaming revenue transferred from DOA. Because this tribal gaming revenue would otherwise be deposited in the general fund as GPR-Earned, a corresponding reduction in GPR-

Earned is shown.

[Sections: 34 thru 36 and 45(9)]

12. TRIBAL LANGUAGE REVITALIZATION GRANT OPERATIONS

PR	\$100,000
GPR-Earned	- 100,000

Provide \$100,000 beginning in 2020-21 to pay operational and administrative costs incurred by the Great Lakes Inter-Tribal Council, Inc., to implement and administer tribal language revitalization grant programs. Authorize DPI to contract with the Great Lakes Inter-Tribal Council, Inc., to implement and administer the grant program, and make payments to the Council from the operations appropriation.

The program revenue is provided from tribal gaming revenue transferred from DOA. Specify that the unencumbered balance in the appropriation on June 30 of each year would revert to the appropriation for Indian gaming receipts. Because this tribal gaming revenue would otherwise be deposited in the general fund as GPR-Earned, a corresponding reduction in GPR-Earned is shown.

[Sections: 1, 2, 7, and 37]

13. CHOICE, CHARTER, AND OPEN ENROLLMENT PAYMENTS

Under current law, the various per pupil payment amounts under these programs are equal to the sum of the payment amount for the program in the previous year plus the per pupil revenue limit adjustment for the current year, if positive, plus the statewide change in funding per pupil for statutorily-specified categorical school aid appropriations, including per pupil aid, between the previous year and the current year, if positive. Per pupil payments will increase by an estimated \$254 in 2020-21 based on the revenue limit adjustment and increases in categorical aids under current law.

If all of the increases to categorical aid appropriations under the bill were included in the indexing calculation, it is estimated that the current law indexing provision would increase the various program payments by an additional \$146 per pupil in 2020-21. The table below shows the effect of this increase on payments for each of the programs.

2020-21 Per Pupil Payments Under Current Law and Under Proposal

	<u>Current Law</u>	<u>Proposal</u>
Choice (K-8)	\$8,300	\$8,446
Choice (9-12)	8,946	9,092
Special Needs Scholarship	12,977	13,123
Independent Charter	9,165	9,311
Open Enrollment	8,125	8,271
Open Enrollment (Special Ed)	12,977	13,123

14. REHIRED ANNUITANT TEACHERS

Specify that a Wisconsin Retirement System (WRS) participant who is employed as a teacher by a school district, and who retires on or after the effective date of the bill, would have a break-in-service requirement of 30 days between termination of employment as a teacher and again becoming a WRS participant teacher (as an employee or contractor) with any school district to qualify for an annuity or lump sum payment. Further, specify that a rehired annuitant meeting these conditions could provide employee services as a teacher without suspending annuity payments and without resuming participation in the WRS if: (a) at the time of terminating employment, the individual does not have an agreement to return to employment or enter into a contract as a teacher with any school district that is a WRS employer; and (b) the individual elects on a form provided by ETF to not become a participating WRS employee. These provisions would take effect on, and would first apply to individuals who terminate their employment on, the day after publication of the act.

Under current law, any WRS participant who retires on or after July 2, 2013, has a break-in-service requirement of 75 days between termination of employment and becoming a participating employee with a WRS employer. This separation from WRS employment must occur for an individual who applied for an annuity or lump sum payment to continue to qualify for an annuity or to retain the lump sum payment. Also under current law, any WRS participant who retires on or after July 2, 2013, must suspend their annuity and become a participating WRS employee if they are employed in covered employment, or enter into a contract with a WRS employer, and are expected to work at least two-thirds of what is considered full-time employment by ETF. Under the bill, teachers who retired between July 2, 2013, and the day before the effective date of the bill would continue to have a 75 day break in service requirement and would continue to be required to suspend their annuity and become a participating WRS employee if they are employed in any covered employment, or enter into any contract with a WRS employer, for which they are expected to work at least two-thirds of what is considered full-time employment by ETF.

[Sections: 8 thru 12, 46(1), and 47(1)]

15. EFFECTIVE DATE

Unless otherwise noted, the bill would take effect on July 1, 2020.

[Section: 47 intro]