Legislative Fiscal Bureau

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Preschool to Grade 5 Program (DPI -- Categorical Aids)

[LFB 2011-13 Budget Summary: Page 349, #3]

CURRENT LAW

Since 1986-87, grants have supported programs designed to improve the education of preschool through grade 5 pupils enrolled in school districts with high concentrations of low-income and low-achieving pupils. A district receiving a grant must ensure that each elementary school has class sizes of no more than 25 pupils per teacher, annual testing in basic skills, 4-year-old kindergarten, identification of pupils in need of remedial assistance, parental involvement, in-service training, and staff evaluations. Thirty-seven elementary schools in the school districts of Beloit, Kenosha, Milwaukee, and Racine participate in the program.

GOVERNOR

Delete $7,096,400 annually to eliminate base level funding for the preschool to grade 5 program. Delete related statutory language.

DISCUSSION POINTS

1.   DPI, in its 2011-13 agency budget request, proposed the elimination of a number of categorical aids, to be consolidated and repurposed for a new high school graduation initiative. The agency included a recommendation to end the P-5 program as of 2012-13. However, as part of that recommendation, DPI requested that current P-5 schools be allowed to apply in 2011-12 to transition to SAGE schools in 2012-13.

2.   The student achievement guarantee in education (SAGE) was created under 1995 Act 27 to award five-year contracts to school districts with at least one school with an enrollment made up of at least 50% low-income pupils in the previous school year. Schools were required to

lower class sizes to 15 pupils per teacher in grades kindergarten and first in the first year of the contract. Schools then must expand reduced class sizes to include second grade in the second year of the contract, and finally third grade in the third year of the contract and beyond, in order to receive grants of $2,000 per low-income pupil enrolled in the eligible grades. Since its inception, SAGE has had four rounds of contracts in which new schools were permitted to join the program. New contracts that began with the 2000-01 school year did not require a certain enrollment threshold of low- income pupils be met in order to be eligible for the program. The most recent round of new contracts was authorized under 2009 Act 301 and began with the 2010-11 school year. In order to join the program in 2010-11, each school was required to have an enrollment of at least 30% low-income pupils.

3. In addition, Act 301 modified the contract requirements for current SAGE schools. Beginning in 2010-11, schools may satisfy the class size limitation by reducing each class covered by the contract to no more than 18 pupils, or to no more than 30 pupils if two classroom teachers are assigned to the class. Previously, although the maximum class size was 15 pupils to one teacher, DPI used the agency's statutory authority to waive any law or rule not specifically exempted and granted waivers to some schools that provided more flexibility in class size. The SAGE program is now specifically exempted from that waiver authority, meaning that DPI is no longer permitted to grant SAGE waivers.

4. In 2010-11, there are 214 school districts participating in SAGE, six of which are new to the program. There are 458 individual SAGE schools, including 31 that are new to the program. The total FTE pupil enrollment in SAGE classrooms is 87,654, while the total low-income enrollment is 54,520, for an average poverty rate of approximately 62%. DPI is allowed to enter into five-year renewal contracts with any currently participating SAGE school. However, under current law, the SAGE program is closed to new schools entering the program.

5. The Governor's budget recommendations would eliminate all of the categorical programs that DPI had recommended for consolidation in its agency request. However, the Governor did not include the high school graduation initiative proposed by DPI, and instead reduced overall GPR funding for categorical aids. In an April 21 letter addressed to members of the Committee, DPI staff addressed a number of education proposals contained in the Governor's budget recommendations. In the letter, DPI again argued that former P-5 schools should be allowed to join the SAGE program.

6. The preschool to grade 5 program predated the much larger SAGE program as a class-size reduction and school improvement program intended to raise achievement levels in high poverty schools. When SAGE was created, the program specifically prohibited schools receiving P-5 grants from also receiving SAGE grants, because the two programs are so similar. However, because P-5 began first, the P-5 program has served elementary schools with some of the highest concentrations of poverty in the state. The 37 schools in P-5 enrolled 14,981 students in 2010-11, 12,785 of whom are eligible for free or reduced price lunch, for an average poverty rate of 85%, or 23 percentage points higher than the average for SAGE schools.

7. There are 19 P-5 schools in Milwaukee, all of which have poverty rates between 90

and 98%, even though the overall poverty rate in MPS is 77.4%. In Beloit, P-5 schools have poverty rates from 79% to 92%; in Kenosha, poverty rates range from 44% to 89% in P-5 schools; and finally, in Racine poverty rates range from 76% to 95% for P-5 schools. The statewide average poverty rate is 39% in 2010-11.

8.   Despite high concentrations of poverty, usually a predictor of weak scores on standardized tests, many P-5 students perform well on the Wisconsin knowledge and concepts exams. In Beloit P-5 schools, between 67% and 96% of fifth graders were either proficient or advanced in reading in 2010-11. In Kenosha, between 66% and 94% of fifth graders were proficient or advanced in each P-5 school. In Racine, while one school had 22% proficiency, the other five schools ranged from 60% to 70% reading proficiency among fifth graders.

9.   Milwaukee P-5 schools, all over 90% poverty, also showed low rates of reading proficiency; for example, seven schools had fewer than 50% of fifth graders scoring proficient or advanced in reading, and three schools were between 50 and 60%. However, seven P-5 schools scored between 60 and 70% proficient. Two schools had reading proficiency rates over 80%. The Milwaukee district average was 63.8% proficient in reading in fifth grade.

10.   Although authorized SAGE per pupil funding was increased to $2,250 (from the prior $2,000 per pupil) beginning in 2007-08, SAGE grants have been prorated due to insufficient funding to cover all pupils. In 2008-09, funding available for SAGE grants was $111,734,100, and aid was prorated to $2,238 per pupil. For 2009-10, funding decreased 2.5% due to across-the-board budget reductions, and low-income pupil enrollment increased nearly 5%, likely due to the economic recession and higher unemployment rates. Funding was prorated to $2,078 per pupil. In 2010-11, in part due to new schools that were allowed to join the program, and in part due to the decreased funding level, SAGE aid decreased to $1,998 per pupil.

11.   It is expected that per pupil aid amounts will continue to decline in the 2011-13 biennium, as SAGE schools new to the program in 2010-11 are required to expand to grade two in 2011-12 and grade three in 2012-13. DPI, as part of its agency budget proposal, requested an additional $2,285,500 in 2011-12 and $4,509,500 in 2012-13 in order to maintain funding at approximately $2,000 per pupil. Under the Governor's budget bill, SAGE aid is level-funded for the next two years. Based on DPI's enrollment projections, per pupil funding could drop to approximately $1,960 in 2011-12 and $1,920 in 2012-13 under the current law program.

12.   Arguably, due to the significant concentrations of poverty in P-5 schools, and the low academic achievement that often accompanies such a situation, these schools should be allowed to enter the SAGE program. SAGE was originally designed to serve low-income pupils, having been based on studies suggesting that low class size is particularly important for poor students in the early grades, while non-economically disadvantaged pupils tend to do well even in larger classes. On the other hand, allowing former P-5 schools to join SAGE, without providing additional funding, would further decrease the per pupil amount for all schools. The payment amount would depend on the number of P-5 schools that would choose to transition to SAGE. In addition, under SAGE, schools typically are required to reduce class size only in kindergarten and first grade in the first year of the contract. In the second year, class size is also reduced in second grade, and in the

third and subsequent years, in kindergarten to third.

13.   In 2010-11, the 37 P-5 schools enrolled a total of 12,785 low-income pupils, including 7,863 enrolled in grades kindergarten through third. On average, 85% of P-5 pupils would be eligible to receive SAGE per pupil payments, totaling approximately 3,400 pupils in grades K-1, 5,000 in grades K-2, and 6,700 when fully implemented in grades K-3. If P-5 schools were allowed to join beginning in 2011-12, and no additional funding were provided, then the SAGE per pupil payment amount would be approximately $1,850 in 2011-12 and approximately $1,770 in 2012-13.

14.   Alternatively, the Committee could choose to provide additional SAGE funding for the additional P-5 students. In order to provide approximately $2,000 per low-income pupil, the Committee would need to appropriate $6,800,000 to fund grades kindergarten and first in 2011-12, and $10,000,000 to fund grades kindergarten through second in 2012-13.

ALTERNATIVES

1.   Approve the Governor's recommendation to eliminate the preschool to grade 5 program and associated funding of $7,096,400 annually.

2.   Modify the Governor's recommendation to allow former preschool to grade 5 schools to instead join the SAGE program beginning in 2011-12. Under this alternative, no additional funding would be provided, and current SAGE funding would be redistributed to fund all SAGE schools.

3.   Modify the Governor's recommendation to allow former preschool to grade 5 schools to instead join the SAGE program beginning in 2011-12. Provide $6,800,000 in 2011-12 and $10,000,000 in 2012-13 in order to provide $2,000 per low-income pupil that would be transitioning from P-5 into the SAGE program. Depending on actual low-income enrollment in all SAGE schools, the final per pupil payment amount could be slightly below or slightly above $2,000 in each year.

ALT 3	Change to Bill Funding
GPR	$16,800,000

4.   Delete the provision.

ALT 4	Change to Bill Funding
GPR	$14,192,800

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