Date: October 26, 2017

To: District Administrators

From: Mike Thompson, PhD
Deputy State Superintendent

Subject: 2017-19 Biennial Budget Implementation Update

In an effort to simplify the biennial budget information and make it as useful as possible, below is information specifically relevant to school districts (which draws on the condensed version of the budget we recently e-mailed to you). Unless otherwise noted, the provisions of Act 59 are generally effective as of September 23, 2017.

**COLLEGE CREDIT / DUAL ENROLLMENT / PART TIME OPEN ENROLLMENT**

**Replace Youth Options with the Early College Credit Program (ECCP)**

**ECCP:** effective for the 2018-19 school year, eliminate the Youth Options (YO) program as it exists in current law (see next item in this memo), and create the Early College Credit Program (ECCP). A high school pupil in a public or private school in the state will be permitted to enroll in a UW System institution, or a private, non-profit institution of higher education, to take one or more nonsectarian courses, for which the pupil may earn high school credit, post-secondary credit, or both. *The technical colleges are not part of the ECCP.*

Under the ECCP, the costs of courses is shared among the institution of higher education (IHE), the school district (or private school), the state, and in some cases, the pupil’s family. The IHE shares in the cost by virtue of an allowable tuition charge. The school district (or private school) makes payment directly to the IHE within 30 days of the end of the semester, but may receive state aid to offset its costs (reimbursement of expenditures). Additionally, if the pupil is receiving just post-secondary credit for a course, the pupil’s family is responsible for paying 25 percent of the allowable tuition charge, unless that payment would pose an undue financial burden on the family, as determined by the Department. School boards will be responsible for establishing policy on the method for collecting the family’s share of costs.

A pupil’s family cannot be charged for any portion of the allowable tuition amount if the pupil is earning high school credit as a result of enrolling in the course (even if it is a dual enrollment situation, under which the pupil earns both high school and post-secondary credit). Neither the IHE or the school board may charge a pupil any additional costs or fees to a pupil, except that a school board may limit the amount it will pay to no more than 18 postsecondary semester credits per pupil.

**Youth Options:** beginning with the 2018-19 school year, eliminate the Youth Options (YO) program as it exists under current law. The statutory language for the YO program will be moved to the chapter in state law pertaining to the technical colleges. A high school pupil may enroll in a
class offered by a technical college under the parameters of the technical college program. School districts should work with their contacts at the technical colleges for more information on how the change in state law impacts options for high school pupils and processes for the school district.

**Restore Part Time Open Enrollment (Eliminate Course Options)**

Effective with the 2018-19 school year, eliminate the Course Options program and restore the part time open enrollment provisions that existed prior to the Course Options program. Under part time open enrollment, a pupil enrolled in any high school grade in a public school may attend a public school in a nonresident school district for the purposes of taking up to two courses at a time.

**Transportation Aid for Families**

Effective with the 2018-19 school year, a pupil’s family can be reimbursed for costs of transportation related to the pupil’s participation in part time open enrollment and the ECCP, subject to eligibility criteria. For the 2017-18 school year, families will still be able to claim transportation aid related to participation in the Course Options program. However, Act 59 eliminated funding for the Youth Options transportation aid program, effective immediately. Absent a legislative change prior to the end of the 2017-2018 legislative session next spring (or action by the Legislative Joint Committee on Finance during the 2017-18 school year), there will be no funding available to reimburse families for costs associated with pupils participating in the Youth Options program in the 2017-18 school year.

**Licensure And Teacher Development**

**Lifetime Licenses and Provisional License**

Under Act 59, the Department is required to issue a lifetime license to every educator (teacher, administrator, or pupil services professional) who holds a current, valid, professional license; and must issue a three-year provisional license to every educator who holds a valid Initial Educator License. After six successful semesters of experience in a school district, an educator may apply for a lifetime license by submitting an application to the Department that includes a school board verification of the experience. If experience requirements for the lifetime license have not yet been met before the expiration of a provisional license, an educator may apply to renew their provisional license. There is no limit to the number of renewals for provisional licenses. The Department is required to invalidate the lifetime license for an individual who has not been actively employed in a school district for five or more consecutive years (but the individual could apply for a provisional license and follow the process for transitioning into a lifetime license).

**New License Types**

Act 59 creates new licensure types for which the Department must issue a license: 1) a substitute teacher permit for an individual with a two-year degree or its equivalent and substitute teacher training; 2) a Junior Reserve Officer Training Corps license for an individual who has a bachelor’s degree and has completed the certification program; and 3) an initial (provisional) teaching license to an individual who has a bachelor’s degree and has successfully completed an alternative teacher certification program operated by a non-profit alternative preparation program provider that meets specific criteria laid out in statute.
Other Licensure Related Changes

- Faculty who are in good standing at a UW or private, non-profit (WAICU member) institution of higher education, or at a Wisconsin technical college, and who have passed a background check, may teach in a public high school without a license issued by the Department.

- For the existing license based on reciprocity with another state, the individual will no longer be required to show evidence of a job offer at a school district in Wisconsin.

- An individual may teach an online course in a public school (included a charter school), without a license issued by the Department, if they possess a license or permit issued by another state in the subject and level of the online course.

Teacher Development Program

Act 59 creates a new teacher development program, under which school districts, independent charter schools, and private schools may collaborate with an educator preparation program approved by the Department and headquartered in Wisconsin, to provide eligible school district employees with the necessary curriculum and experience to become fully licensed teachers. Schools and school districts will be able to apply for a grant from the Department of Workforce Development (Wisconsin Fast Forward) to offset costs of program design and implementation.

Information on licensure and teacher development: http://tepdl.dpi.wi.gov/

OPEN ENROLLMENT

Non-Special Education OE Pupils

Increase transfer amount by an additional $100 per year (form FY18 through FY21) above the increase provided under the current law indexing mechanism ($207 for FY18 and estimated at $217 for FY19). The resulting full time open enrollment transfer amount will be $7,055 for FY18 and is estimated at $7,372 for FY19.

Special Education OE Pupils

Increase transfer amount as provided under the current law indexing mechanism ($207 for FY18 and estimated at $217 for FY19). The resulting full time special education open enrollment transfer amount will be $12,207 for FY18 and is estimated at $12,424 for FY19.

Change in payment effect for FY20 payments: For the first year in which a pupil is open-enrolled, the per-pupil payment would be the statutory amount (i.e., under the indexing method). Beginning in FY20, for pupils who are open enrolled for the second or subsequent year, the payment would be either the per pupil payment statutory amount or the actual costs to the non-resident district, up to $30,000, if the non-resident school district had submitted to the Department a financial statement indicating the actual costs to the school district of providing a free and appropriate education to the pupil in the previous school year.

For more information on open enrollment: https://dpi.wi.gov/open-enrollment
SCHOOL BOARD OPERATIONS AND MANAGEMENT

Civics Exam Required for High School Graduation

Effective with the 2017-18 school year, the passing score of the Civics Exam (required for issuance of a high school diploma) increases, from 60 to 65.

Notice of Educational Options

School boards are required under current law to publish a public notice, and post on their Internet sites, a description of available educational options, by January 31 annually. Act 59 requires that this notice reflect the changes in law that will become effective with 2018-19 school year: elimination of the Course Options and Youth Options programs, restoration of part-time open enrollment, and creation of the Early College Credit Program (ECCP).

Report on Employee Health Care Plans

School boards will be responsible for submitting an annual report (no date specified) to the Department of Administration (DOA) regarding employee health care, including health care plan design, premium contributions, self-insurance contributions, deductibles, copays, coinsurance, and other methods by which employees contribute to health care costs. DOA is required to report this information to the Joint Finance Committee and appropriate standing committees of the Legislature.

Union High School Charter Preference

A charter school established under contract with a union high school (UHS) district may give preference in enrollment to pupils who were enrolled during the previous year in a charter school operating under a cooperative agreement with the charter school established under contract with the union high school district.

Virtual Schools – Lifesaving Skills Instruction

Specify that a virtual school would not be required to provide any statutorily-required lifesaving skills instruction in a manner that requires the pupils receiving the instruction and the instructional staff providing the instruction to be together in the same geographic location. Specify that a virtual school could provide all of the required lifesaving skill instruction through means of the internet.

Whole Grade Sharing (WGS) – Timeline for Establishing Agreement

Modify the timeline for entering into a WGS agreement: a school board may not enter into, extend, or renew a whole grade sharing agreement after February 15 of the school year preceding the school year in which the agreement, extension, or renewal takes effect, rather than January 10 as under current law. Additionally, require the school board to adopt a resolution stating its intention to enter into, extend, or renew a whole grade sharing agreement at least 60 days before doing so, rather than 150 days as under current law.
SCHOOL FINANCE – REVENUE LIMIT AND STATE AIDS

Revenue Limit

- There is no allowable per pupil adjustment to the revenue limit for either FY18 or FY19; the low revenue ceiling remains at $9,100.

- **Energy Efficiency Exemption**: school boards are prohibited from considering a resolution to utilize the energy efficiency exemption to the revenue limit after December 31, 2017, until after December 3018 (effectively prohibited after December 31, 2017).

- **Scheduling of Referenda**: beginning with school board resolutions on January 1, 2018, school boards will be limited to holding referenda to just regularly-scheduled election days; and, limited to considering a resolution to hold a referenda to no more than two times in one calendar year (for operating and debt referenda). An exception is created for a school district that has experienced a natural disaster (including a fire): a special referendum could be held within the six-month period following the natural disaster, but no sooner than 70 days after the adoption of the resolution (this type of referendum would not be subject to the scheduling restrictions described above).

General Aid

Act 59 maintains funding in FY18 and increases aid by $72.5 M in FY19.

Categorical Aids

Existing Programs

- **Per Pupil Aid**: increase to $450 per pupil in FY18 and $654 per pupil in FY19. (Base funding for FY20 is set at $630 per pupil).

- **Sparsity Aid**: maintain at $300 per pupil in eligible districts; create a stop gap payment, under which a district that loses eligibility for aid would receive 50 percent of the prior year aid award (for one year only).

- **Pupil Transportation Aid**: raise the reimbursement rate for pupils transported 12 more miles from $300 to $365 per pupil, and remove the proration of aid payments for pupils transported fewer than 90 days; and raise the reimbursement rate for pupils attending summer school, from $4 to $10 per pupil (two to five miles), and from $6 to $10 per pupil (five or more miles).

- **High Cost Transportation Aid**: increase funding by $10.4 million over the biennium, to reimburse districts at a higher rate (estimated at 100%); decrease the threshold for eligibility from 150 to 145 percent of the statewide average transportation cost per pupil; and create a stop gap payment, under which a district that loses eligibility for aid would receive 50 percent of its prior year aid award (for one year only).

- **High Cost Special Education Aid**: increases funding by $1.6 million over the biennium; up to 90 percent of eligible prior year costs are eligible for reimbursement (70 percent under prior law).
• **Special Education Transitions Grants**: increase funding by $6.1 million over the biennium to fully fund estimated claims, based on qualified responses to the Post-Secondary Outcomes Survey.

• **Robotics League Participation Grant**: provide $250,000 GPR annually beginning in FY18 to continue one-time funding provided in FY17 for the robotics league participation grant program, and expand the program to private schools.

**New Programs**

• **Mental Health Categorical Aid**: provide $3.0 million annually beginning in FY19 to create a new categorical aid program to support school districts, independent charter schools, and private schools participating in a parental choice program, in the expansion of mental health services, by reimbursing school districts for expenditures on social worker services (district employees or contracted services). Aid payments provided in the 2018-19 school year would be based on the change in expenditures for social worker services from the 2016-17 to the 2017-18 school year.

• **Mental Health – School-Based Services Grant**: provide $3,250,000 annually beginning in FY19. The Department will award grants to school districts and operators of independent charter schools, to be used for the purpose of providing mental health services to pupils, in collaboration with community health agencies. School boards and independent charter schools are permitted to apply for a grant individually or as a consortium of school boards, charter schools, or both; Cooperative Educational Service Agencies (CESAs) can be considered a consortium for purposes of the grant.

• **Special Education Transition Incentive Readiness Grant**: provide $1.5 million annually beginning in FY19 for a grant program to help districts and independent charter schools expand capacity to provide transition services for pupils with disabilities.

• **Performance Incentive Grant**: provide $3.69 million annually beginning in FY19 for school performance improvement grants, to be awarded to any school, including a public school, independent charter school, or private choice school, located in a school district that received an overall rating of “Fails to Meet Expectations,” in addition to schools located within the boundaries of MPS, provided a written school improvement plan to improve pupil performance in math and reading; and, if the school received funds under this program in the previous year, the school’s accountability score improved from its score two years prior to the previous year.

• **Personal Electronic Computing Device Grants**: provide $9.2 annually, beginning in FY19 and ending with FY23, for grants to school boards, independent charter schools, private schools, and tribal schools, for personal electronic computing devices, software for the devices, or curriculum; or to train professional staff on how to effectively incorporate personal electronic devices into a classroom and into a high school curriculum. Grants will be equal to $125 per ninth grade pupil; requires a local match equal to the grant.

• **Consolidation Aid**: For a school district consolidation that takes effect **July 1, 2019 or later**, replace current law provisions related to aid for consolidated districts with a flat aid payment equal to $150 per pupil attending school in the consolidated district for the first five years after
the consolidation (then 50 percent and 25 percent, of the fifth-year amount, in the sixth year and
seventh year, respectively). The appropriation is sum-sufficient (no proration).

Aid Programs Administered by other State Agencies

- Career and Technical Education (CTE) Incentive Grants: increase the minimum amount that the
  Department of Workforce Development (DWD) must allocate from the Wisconsin Fast Forward
  program (workforce training appropriation) for CTE Incentive grants, from $3.0 to $3.5 million
  annually; no other changes to the grant program. [Administered by DWD.]

- NEW – Technical Education Equipment Grant: require DWD to allocate at least $500,000
  annually from the Wisconsin Fast Forward program for this new grant program, to assist school
  districts in acquiring equipment that is used in advanced manufacturing fields in the workplace,
  software necessary for the operation of the equipment, and any instruction material necessary to
  train pupils in the operation of the equipment. Local match is required. [Administered by
  DWD.]

- Technology for Educational Achievement (TEACH) Grant: extend the sunset date for TEACH
  grants from July 1, 2017 to July 1, 2019; expand access to the program by modifying eligibility
  criteria to allow school districts with 16 or fewer pupils per mile (instead of 13 or fewer pupils
  per square mile) to receive grants; and, include portable hotspots devices placed on buses or
  check out from a school as an eligible expense.

- Fabrication Laboratory (“Fab Lab”) Grants: Require WEDC to allocate at least $500,000 in
  FY18 and FY19 from existing fund sources for Fab Lab grants, to eligible recipients for
  purchases of equipment used in Fab Labs, for instructional and educational purposes by grade
  school, junior high school, and high school pupils. In addition, require WEDC to allocate
  $100,000 in FY18 and $300,000 in FY19 from existing fund sources to make Fab Lab technical
  assistance grants, to one or more nonprofit organizations, for the provision of services to
  Wisconsin school districts in which the school board has adopted a resolution to initiate a Fab
  Lab.

- Computer Aid: modify the calculation of Computer Aid (reduces the district’s Fund 10 levy), so
  that payment in July 2018 will be equal to the July 2017 payment increased by 1.47 percent; the
  payment in July 2019 will be equal to the 2018 payment increased by the change in the inflation
  rate; and, payment in each year thereafter will be equal to the 2019 aid payment amount.
  [Administered by the Department of Revenue – DOR.]

- NEW – Exempt Personal Property Aid: create a new state aid program to make payments to
  each local taxing jurisdiction, beginning in FY19, to reflect changes in Act 59 that created a new
  personal property tax exemption for non-manufacturing machinery, tools, and patterns. Aid
  payments would be equal to the amount of property taxes levied in the 2017(18) property tax
  year by that jurisdiction on personal property assessed as non-manufacturing, as of January 1,
  2017. Aid payments would remain at the initial payment amount in future years. Payments
  would be made on or before the first Monday in May. For school districts, this new aid would
  act as an offset to the districts’ general fund (Fund 10) levy. [Administered DOR.]

Aids to Non-School Organizations
• **Bullying Prevention Grant**: Provide $150,000 GPR annually beginning in FY18, for the Department to award grants to a nonprofit organization to provide training and an online bullying prevention curriculum to pupils in grades K-8.

• **Rural Schools Teacher Talent Pilot Program**: provide $500,000 GPR annually beginning in FY18, for grants to CESAs to coordinate with universities and colleges to provide practicums, student-teacher placement, and internships for undergraduate college students in rural school districts.

• **Teach for America**: transfer funding for Teach for America ($500,000 GPR annually), beginning in FY18, to DWD for a new grant program, under which DWD will award grants to a non-profit organization that operates a program to recruit and prepare individuals to teach in public or private schools located in low-income or urban school districts in Wisconsin.

**PRIVATE SCHOOL CHOICE PROGRAMS AND INDEPENDENT CHARTER SCHOOLS**

**Per Pupil Payment Amount**

Increase transfer amount as provided under the current law indexing mechanism ($207 for FY18 and estimated at $217 for FY19). The resulting payments will be as follows:

<table>
<thead>
<tr>
<th>Program</th>
<th>FY18</th>
<th>Estimated FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private School Choice: grades K-8</td>
<td>$7,530</td>
<td>$7,747</td>
</tr>
<tr>
<td>Private School Choice: grades 9-12</td>
<td>$8,176</td>
<td>$8,393</td>
</tr>
<tr>
<td>Special Needs Voucher</td>
<td>$12,207</td>
<td>$12,424</td>
</tr>
<tr>
<td>Independent Charter School</td>
<td>$8,395</td>
<td>$8,612</td>
</tr>
</tbody>
</table>

**Private School Choice Programs**

**Statewide Parental Choice Program Expansion**: Act 59 modifies criteria for participation in the private school parental choice programs. Beginning with applications for the 2018-19 school year, under the Wisconsin (statewide) program:

• Family income eligibility is increased, from 185% to 220% of the federal poverty level (FPL);

• Pupils on a waiting list (due to district caps) will be permitted to enter the program at any grade;

• No verification of family income required for a pupil to move into one of the other parental choice programs (in the immediately following year); and

• The current law, prior year attendance criteria would not apply to a pupil who is enrolled in a private school that is not currently participating in the Wisconsin or Racine choice programs, but that begins to participate, via merger with existing private school that is already participating in, the Wisconsin or Racine choice programs.

Under current law, for pupils who started attending a private school in 2015-16 or later in the Racine and Wisconsin programs, the school district of residence incurs a deduction from its state aid payment equal to the amount of the payments made to the private school on behalf of the pupil, but also receives a corresponding revenue limit adjustment to allow the district to capture, in
property taxes, the forgone state aid amount. The resident school district counts the pupil for aid membership purposes.

**Information on private school choice programs:** [https://dpi.wi.gov/sms/choice-programs](https://dpi.wi.gov/sms/choice-programs)

**Special Needs Scholarship Program (SNSP) Expansion:** Act 59 modifies criteria for participation in the SNSP. Beginning with applications for the 2018-19 school year, a pupil will no longer be required to have:

- Been enrolled in a public school in Wisconsin for the entire school year immediately preceding the school year for which the pupil is applying for the scholarship; or

- Applied to and been denied placement in a non-resident school district under open enrollment.

**Change in payment effect for FY20 payments:** for the first year in which a pupil participates in the SNSP, the per-pupil payment would be the statutory amount (i.e., under the indexing method). Beginning in FY20, for pupils who participate in the SNSP for the second or subsequent year, the payment would be either the statutory per pupil payment amount or the actual costs to the private school, up to 150% of the statutory per pupil payment amount, if the private school had submitted to the Department a financial statement with the documentation of the actual cost to the school district of implementing the child’s most recent IEP or services plan, as modified by agreement between the private school and the child’s parent, and related services agreed to by the private school and the child’s parent that are not included in the child’s IEP or services plan, in the previous year.

Under current law, for pupils who participate in the SNSP, the school district of residence incurs a deduction from its state aid payment equal to the amount of the payments made to the private school on behalf of the pupil, but also receives a corresponding revenue limit adjustment to allow the district to capture, in property taxes, the forgone state aid amount. The resident school district counts the pupil for aid membership purposes.

**Information on special needs scholarship program:** [https://dpi.wi.gov/sms/special-needs-scholarship](https://dpi.wi.gov/sms/special-needs-scholarship)

**Independent Charter School Authorizers**

Act 59 permits any UW Chancellor (in addition to the UW-Milwaukee and UW-Parkside Chancellors under current law) and any technical college district board (in addition to the Milwaukee and Gateway Technical College Boards under current law) to contract with a person to operate an independent charter school. The funding mechanism for independent charter schools that are established by any of the newly permitted authorizers under Act 59 would be the same as current law describes for the chartering entities authorized under 2015 Act 55 (UWS Office of Educational Opportunity, Gateway Board, Tribal Colleges, and Waukesha County Executive): the pupil is counted by the district of residence for general aid and revenue limit purposes, and incurs an aid reduction in the amount equal to the payment to the independent charter school on behalf of the pupil (district cannot levy to backfill for the aid reduction).

**Information on charter schools:** [https://dpi.wi.gov/sms/charter-schools](https://dpi.wi.gov/sms/charter-schools)
Thank you for your attention to these matters. The Department continues to review the K-12 education issues included in 2017 Act 59 and will provide additional information as it becomes available.

cc: Emilie Amundson  
    Brian Pahnke